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อุตสาหกรรมสายการบินต้นทุนต่ำในประเทศไทย**

**Customers' Perception of Corporate Social Responsibility and Brand  
Satisfaction towards Brand Loyalty :**

**The Evidence from Thailand' Low-Cost Carriers Industry**

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**บทคัดย่อ**

การวิจัยครั้งนี้มีวัตถุประสงค์เพื่อศึกษาอิทธิพลของการรับรู้ของผู้โดยสารสายการบินต้นทุนต่ำ (แอร์เอเชีย นกแอร์ และ วันทูโก) ต่อหลักการความรับผิดชอบต่อสังคม 5 ด้าน (ด้านสิ่งแวดล้อม ด้านเศรษฐกิจ ด้านกฎหมาย ด้านจริยธรรม และด้านสังคม) และความพึงพอใจในตราสินค้า ที่มีต่อความภักดีต่อตราสินค้าของกลุ่มผู้เคยใช้บริการสายการบินต้นทุนต่ำในประเทศไทย โดยเป็นการวิจัยเชิงปริมาณ ใช้แบบสอบถามกับกลุ่มตัวอย่างที่เคยใช้บริการสายการบินต้นทุนต่ำในประเทศไทยจำนวนทั้งสิ้น 400 คน การวิเคราะห์ข้อมูลใช้การวิเคราะห์ความสัมพันธ์และความถดถอยเชิงพหุ ผลการวิจัยพบว่า การรับรู้ของผู้โดยสารสายการบินต้นทุนต่ำต่อความรับผิดชอบต่อสังคมมีความสัมพันธ์เชิงบวกกับความพึงพอใจในตราสินค้า ในขณะที่การรับรู้ของผู้โดยสารสายการบินต้นทุนต่ำต่อความรับผิดชอบต่อสังคมและความพึงพอใจในตราสินค้ามีอิทธิพลเชิงบวกต่อความภักดีต่อตราสินค้าอย่างมีนัยสำคัญทางสถิติที่ร้อยละ 95

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## ABSTRACT

The main objective of this research is to study the influence of passengers' perceptions towards CSR in five dimensions (environment, economic, legal, ethical, and social responsibility) and brand satisfaction on brand loyalty in the context of low cost carriers industry (LCCs) in Thailand (Air Asia, Nok Air, and One-two-Go). This research is derived from primary data obtained from self-structured questionnaire of 400 samples. By employing correlation coefficients and multiple regression statistical tools, this research found that passengers' perception of CSR has a positive relationship with brand satisfaction while both of mentioned variables have a positive influence on brand loyalty at the significant level of 0.05.

**Keywords:** Perception of Corporate Social Responsibility, Brand Satisfaction, Brand Loyalty, Low-Cost Carriers Industry

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## Introduction

Brand loyalty has become a key to success in operating business around the globe (Kotler, 2000). One of the most important emphasis of brand loyalty according to Rosenberg and Czepiel (1984) is that brand loyalty allows firms to maintain current customers which will cost much less than attracting new customers.

The concept of brand loyalty has been spinning around the globe for decades. The previous researches demonstrate that the main antecedents of loyalty can be derived from various variables. Examples of the major factors creating brand loyalty are satisfaction (Anderson *et al.*, 1997; Mittal and Kamura, 2001), trust (Chaudhuri and Holbrook, 2001; Sahin *et al.*, 2011), brand image (Bennett *et al.*, 2005; Nandan *et al.*, 2005) and customer experience (Sahin *et al.*, 2011). However, a number of recent studies showing that corporate social responsibility (CSR) are also a key determinant of both satisfaction which leads to brand loyalty. One of a good example is a research conducted by Luo and Bhattacharya (2006) which concludes that there is a strong relationship between CSR initiatives and customer's

satisfaction in the banking industry whilst Green and Peloza (2011) also asserts that CSR can positively affect customer loyalty through customer's brand satisfaction.

Loyalty plays a very prominent role in creating sustainability to businesses and this has no exception for the airline industry especially in Thailand considering itself as a hub connecting mainland China to the countries in Southeast Asia, and of course, to the rest of world. This strategic location allows airline industry in Thailand to grow dramatically in recent years. According to Kositchotethana (2012), budget airlines have played a significant role in boosting Thailand's airline industry sharing 40% of market shares in total of the traffic volumes. "Low-cost carriers (LCCs) carried 20.34 million passengers through the country's six main airports, representing 38.8% (this figure has risen from 17.64 million passengers last year)" (Kositchotethana, 2012). Moreover, according to the Amnatchaloenrit (2013), "...given the country's strategic location as a connectivity base, Thailand is becoming a battleground for aviation players, however, this will force Thai operators to face stiffer competition and will find it even harder to stay in the business".

This paper thus aims to study the effects of customer's perceptions of CSR and brand satisfaction on brand loyalty in the low-cost airline industry (LCCs) in Thailand. The reason of choosing the LCCs industry is the nature of the industry. This is because the fact that all operators are employing cost leadership strategies which implies that any other activities such as flyer bonus programs or related campaign such as CSR which is, in most circumstances, perceived as unnecessary extra cost, as a result, it will not be considered and prioritized. Therefore, this study will demonstrate that customer's perceptions of CSR is a fundamental basis of attaining customer's satisfaction and brand loyalty which eventually help maintaining the existing customers and gaining competitive advantage as a whole.

There are a number of previous studies conducted to investigate brand loyalty in the airline business. These include a study of the relationships of service quality, customer satisfaction, and behavioral intentions (Saha and Theingi, 2009), price perception on customer loyalty in the airline context (Anuwichanont, 2011), CSR initiatives and customer loyalty in the airline industry (Asatryan, 2013), services mix and brand loyalty (Satyanarayana and Malyadri, 2012), price satisfaction and brand loyalty in low cost airlines industry (Poh and Mohayidin, 2011). However, there is a very few studies emphasizing on the impact of CSR on satisfaction and brand loyalty relationship especially in the low cost airline context. Previous studies regarding this aspect were conducted in other areas/industries such as a study of CSR perception of customers towards satisfaction in the banking industry (Hasoneh and Alafi, 2012), a research of the impact of CSR on satisfaction and loyalty in a telecommunication industry in Iran (Abbasi *et al.*, 2012).

## Research Objectives

1. To examine the relationship between perception of CSR and brand satisfaction.
2. To investigate the influence of perception of CSR and brand satisfactions on brand loyalty.

## Research Contributions

This research significantly contributes to the existing theoretical and practical knowledge regarding the relationship between CSR initiatives and brand satisfaction as well as CSR and brand loyalty as a whole especially in the context of the LCCs industry which a very few researches in this issue have been conducted in Thailand. The results of this particular study demonstrates that passengers flying LCCs in Thailand expecting LCCs to invest, in some points, on CSR activities. This is reflected in the results obtained which demonstrating the tight linkage of CSR activities to be done by the LCCs with brand satisfaction.

Nonetheless, especially when these two factors (brand satisfaction and perceptions of CSR) combined, the impact on the level of brand loyalty will significantly increase. Moreover, this research has also proven that in order to attain loyalty from the customers, LCCs can no longer neglect CSR as a part of their business practices.

## Literature Review and Hypothesis Development

### Industry Backgrounds and the Low-Cost Carriers (LCCs) Industry in Thailand

Before going through the LCCs industry and its market in Thailand, it is of vital to first understand the definitions and the nature of the business of LCCs. Basically, the term low-cost air carriers or 'no frills' airlines generally refer to airlines that operate on a single-class of travel and service on-board, high density seating, and comparatively few or no frills and services being offered. For instance, LCCs generally reduce their costs through simplifying their consumer products, focusing only on the provision of high-density seating and omitting the provision of food and drinks on-board, airport lounges and fast-track check-in desks at the airport.

These product features of LCCs are all aimed towards cost-reduction and are also complemented by simplified business operations, where the cost reductions are maximised through the use of a standardised fleet to reduce the maintenance and pilot costs. In addition,

a quick turnaround time and the use of secondary airports that tend to be emptier also allow the maximisation of aircraft utilisation through quicker and more efficient operations. (see Table 1)

**Table 1:** Product Features of Low Cost and Full Services Carriers

Product Features	Low Cost Carriers	Full Service Carriers
<b>Brand</b>	One brand: low fare	Brand extensions: fare + service
<b>Fares</b>	Simplified: fare structure	Complex: structure + yield management
<b>Distribution</b>	Online and direct booking	Online, direct, travel agent
<b>Airports</b>	Secondary (specially for LCCs)	Primary (major city airport)
<b>Check-in</b>	Ticketless/online	Ticketless, IATA ticket contract
<b>Connections</b>	Point-to-point (no connection flight)	Interlining, code share (alliances)
<b>Class segmentation</b>	Single (high density)	Two up to three classes
<b>Inflight</b>	Pay for amenities	Complementary extras
<b>Aircraft utilization</b>	Very high	Medium to high
<b>Turnaround time</b>	Less than 25 minutes	Low turnaround
<b>Product</b>	One product: low fare	Multiple integrated product
<b>Aircraft</b>	Single type: no assignment	Multiple types
<b>Seating</b>	Small pitch, no assignment	Generous pitch, seat assignment
<b>Customer service</b>	Generally under performs	Full service
<b>Operational activities</b>	Focus on core and cost	Extension: e.g. maintenance

**Source:** adapted from O'Connell and Williams, 2005

As for Thailand, Air Asia - the first Thailand's LCCs - was introduced in 2003. As of 2012 (when this research was conducted) there are three major LCCs operators which are Thai Air Asia, One-Two-Go, and Nok Air operating on a point-to-point basis for both domestic and international destinations. All of these airlines are based at Donmuang International Airport which has become official secondary airport for LCCs in Thailand. According to Krungsri Securities's company update on June 27, 2013, total domestic passengers for the aviation market in Thailand in 2013 was 17.8 million passengers. Basically, there are three main players in the domestic market which are Thai Airways sharing 34% of the market, Thai Air Asia or AAV with 25% and Nok Air with 22% Meanwhile, others in the figure representing the rest of operators such as Orient Thai, One-Two-Go, and Bangkok Airways with a total of 19% of the market share (Krungsri Securities Public Company Limited, 2013)

Despite the fact being that LCCs has to operate their business under the pressure from the conventional airline with a strong reputation and high standards of services and efficient networks, according to Thansettakij (2012), also LCCs have been challenging by their rivalries within the same industry and most strategies being employed varies from expanding new routes, price reduction to decreasing in operation cost per head to maximize profits and survive in the business.

With the unique nature of its business which is cost leadership strategies, LCCs has no obligation to offer any reward or point collections programs. Unlike the conventional airline, LCCs does not require to join or establish a group of other airline such as Star Alliance. It can maintain and survive by attracting customers with a low price strategies and promotions. Based on such practice, corporate social responsibility or CSR is therefore irrelevant due to an extra cost that these operators have to pay.

Although it seems like LCCs do not bear any responsibility towards the society and environments, it is undeniable that aviation industry including LCCs is a cause of air pollution and global warming. According to Royal Commission on Environmental Pollution (2002), "air travel will become one of the major sources of anthropogenic climate change by 2050". Thus, it can be concluded that LCCs must play a role in both reducing environmental impacts as well as giving back to the society and environment as a whole. However, based on the information found on the websites of the major LCCs in Thailand regarding their initiatives and campaign regarding CSR, there is a very few attempts and movements that have been implemented by those airlines. Exception for One-Two-Go, there has been attempts to invest in CSR activities but it is still very limited on the social contributions.

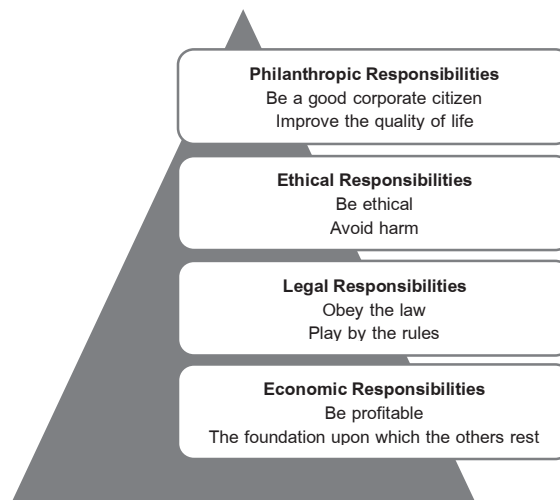
Examples of CSR activities initiated by the airline studied in this research, Air Asia, for instance, promoting itself as an environment responsible airline based on its fleet which employ same aircraft type (Airbus A320) which consume less fuel. Moreover, there is an attempt by One-Two-Go to invest in CSR activities but it is still very limited both in activities and on the social contributions. Whilst, Nok Air, news and activities regarding CSR are hard to be found.

### **Corporate Social Responsibility (CSR)**

Porter (1991) believes that business and society are able to thrive only in the healthy environment. Reed (2003) suggests that "the marketing approaches such as low-cost leadership and differentiation have become obsolete and insufficient in maintaining firm's competitive advantage". Hence, as companies and businesses are a subset of the society, they are now expected to contribute to the satisfaction of the social and environmental needs.

Turning back on raising social demands on environmental emphasis will put companies on a risk and from external pressure from both political and social parties surrounding which is, of course, unworthy.

With this aspect, the concept of CSR has emerged and become a topic of interest in term of practice for years. Even though there are various definitions for CSR given by a number of scholars, according to Podnar and Golob (2007), there are two aspects which are the societal concerns of companies and the expectations of stakeholders and the society have upon the companies. Based on the finding of Kolkailah, *et al.* (2012), they suggest that the most common and most conclusive CSR definition used in marketing and management fields is given by Carroll (1979) which defines CSR as “the social responsibility of businesses which encompasses the economic, legal, ethical, and discretionary expectations that society has in organizations.” (see Figure 1)



**Figure 1:** Carroll's corporate social responsibility (1991)

**Source:** adapted from Carroll (1991)

However, the context of CSR in developed countries and developing countries is also distinctive. According to Visser (2008), one of examples of the different perceptions towards CSR in developed and developing countries is that the developing countries represent a fast growing economic and expanding market while the developed countries are relative stable, therefore maximization of profits must be the first priority for the firms operating in the developing countries. With this respect, customer might not concern the CSR initiatives and do not post a high expectations in term of CSR towards firms in developing countries.

This has led to a debate in term of incentives that firms will attain from being perceived as CSR companies and by investing in CSR activities. According to Vlachos *et al.* (2009), one important motives for firms to pursue CSR initiatives is based on the consumers' perceptions which can be divided into four types: egoistic-driven (firms views CSR as a public relations procedures with no intention to really help the society), stakeholder-driven (firms applied CSR because of the stakeholder pressure), strategic-driven (firms employ CSR as a parallel strategic roles in achieving their objectives, and lastly, value-driven ( firms fully engage in CSR because they really value in giving back to society).

### **Brand Satisfaction**

Oliver (1996) defines satisfaction as "a judgment that a product of service feature, or the product or service itself, provided/providing a pleasurable level of consumption related fulfillment, including levels of under- or overfulfillment". While, Giese and Cote (2002) provides a definition of satisfaction as "a summary affective response of varying intensity with a time-specific point of determination and limited duration directed toward focal points of product acquisition and consumption".

Satisfaction also relates to expectations. It has a strong linkage with experience and expectations with attribution arise from service performance and usage of a particular product. Oliver (1980) found that customers are satisfied when the product/services perform better than expected or known as 'positive disconfirmation.

Thus, brand satisfaction in this study is subjective evaluation customers have toward a particular brand. This evaluation is measurable at a specific situation which in this case will be based on satisfaction towards CSR initiatives of major LCCs operators in Thailand

### **Brand Loyalty**

Brand loyalty has become a focus for marketers over the past few years. It can be said that brand existence is parallel with a strong support and supply of customer loyalty. Rosenberg and Czepiel (1984) describe importance of maintaining current customers as "it can cost up to six times as much to win over a new customer as it costs to retain an already existing one". Nevertheless, it is evident that brand loyalty is potential in term of preventing current customers to switch brand in the long term (Chaudhuri and Holbrook, 2001). This is especially true when considering the LCCs industry in Thailand because all LCCs provide similar services and there is just a slightly different in term of the ticket's prices thus is it in nature of such business that the level of brand loyalty will be lower than other industry such as automobile as an example. Thus, brand loyalty then mainly focuses on how to be assured that



when their customers come to a decision making process again, they will be choosing the same brand and do not switch to another brand.

### **Behavioral Brand Loyalty VS Attitudinal Brand Loyalty**

The previous research shows that brand loyalty is divided into attitudinal brand loyalty and behavioral brand loyalty (Baldinger and Rubinson, 1996 in Bennett *et al.*, 2005). Bennett and Rundle-Thiele (2002) points out that "attitudinal brand loyalty consists of brand attitudes, attitudes towards intention to repurchase and brand commitment". Meanwhile, Bennett *et al.* (2005) provides a board definition of behavioral loyalty as the long term process that customers demonstrates the sign of supports and repurchase some particular products or services overtime.

### **CSR, Brand Satisfaction and Brand Loyalty**

Anderson *et al.* (2004) defines customer satisfaction as an overall evaluation based on the customer's total purchase and consumption experience with a good or service over time. There are various findings and studies demonstrate that CSR is one of important determinants in creating customer satisfaction. Fornell *et al.* (2006) has found that one of the key antecedents of satisfaction is perceived value. Luo and Bhattacharya (2006) then asserts that for customers who value and concern that the products and services they are buying must be from socially responsible companies, this would automatically create a sense of value in the customers' mind.

Moreover, according to Brown and Dacin (1997), CSR record provides a general evaluation criterion for customer satisfaction in two ways. Firstly, social programs make consumers feel that they belong to a community or social group when consuming a service. Secondly, CSR strengthens a sense of positive feeling towards the organization thereby creating a bridge between the client and the organization (Sen and Bhattacharya, 2001).

Ochoti *et al.* (2013) also asserts that CSR initiative of the firms can predict organizational competitiveness and customer satisfaction in all types of organizations. In line with Alafi and Al Sufy (2012) who claim that there is a positive relationship between CSR and customer satisfaction in the Housing banks in Jordan. As well as a research conducts to demonstrate a relationship between CSR and satisfaction in innovative companies which found that when CSR is coupled with innovations brand loyalty will be much stronger (Luo and Bhattacharya, 2006)

Apart from the CSR-brand satisfaction relationship, there are a number of studies demonstrating that CSR also positively affect brand loyalty as well. Based on a study of Visut Bootsriboom and Tipparat Laohavichien

customer loyalty and CSR in banking industry in Thailand by Mandhachitara and Poolthong (2011), CSR has a significantly strong and positive association with both attitudinal loyalty and behavioral loyalty through the mediating relationship of perceived service quality. This finding is also supported by Green and Peloza (2011) who assert that by producing moral and motivating values, CSR actions can reinforce loyalty and customer satisfaction.

Thus, since this study aims to assess the customers' perception of CSR towards LCCs operating in Thailand and its effect on satisfaction which implies that if the customer perceive value from the concept of CSR, they will be likely to feel satisfied and loyal to the brand they use. Therefore, the following hypotheses are proposed:

*H1* : There is a positive relationship between customers' perception of CSR and brand satisfaction

#### **Customer's Perceptions of CSR and Brand Satisfaction towards Brand Loyalty**

Satisfaction has been proven a primary key to brand loyalty (Bennett *et al.*, 2005; Hu *et al.*, 2010; Getty and Thompson, 1995; Sahin *et al.*, 2011). According to Babin and Griffin (1998), "satisfaction is defined as affective response to a purchase situation." Patterson *et al.* (1997) asserts that satisfaction will never occur if firms fail to provide service/product that does not meet customer's expectations. Moreover, research has also shown that "evaluation of a service following purchase and consumption leads to brand attitudes, which play an important role in determining whether the buyers will purchase that service/product again" (Zeithaml, 1981).

Bennett *et al.* (2005) states that "Satisfaction is an antecedent of brand loyalty, increasing in satisfaction will be leading to increases in brand loyalty". In his study of satisfaction on brand loyalty in a business-to-business setting, it is confirmed that satisfaction has a direct influence on attitudinal brand loyalty for a professional business service. He also found that satisfaction in services and products offered by firms will culminate in customer's brand satisfaction which eventually leads to brand loyalty.

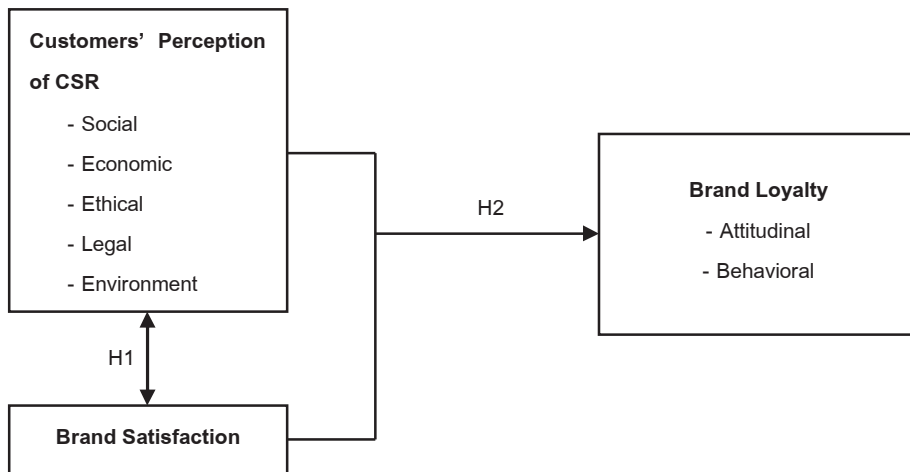
Another research conducted by Sahin *et al.* (2011) on finding effects of satisfaction on building brand loyalty based on global brands basis, they found that brand satisfaction has a significantly positive influence on brand loyalty. Their results of the study has supported by a number of research about satisfaction and brand loyalty (Bolton, 1998). Therefore, it is reflected from the previous research as discussed above as well as in Olive's model in the previous sector have shown that satisfaction is a significant player contributing to brand loyalty.

Therefore, this paper will then assume that customer satisfaction has a positive effect to brand loyalty.

*H<sub>2</sub>* : Customers' perception of CSR and brand satisfaction positively influences on brand loyalty

## Conceptual Framework

Based on the literature review in the previous part, it can be concluded that there is a relationship between customers' perception of CSR and Brand satisfaction which will be the first hypothesis of this research. Meanwhile, literature review also reflects that both customers' perception of CSR and brand satisfaction is antecedents of brand loyalty. Therefore, the second hypothesis assumes that the mentioned two variables have the positive influence towards brand loyalty. (see Figure 2)



**Figure 2** : Conceptual Framework

## Research Methodology

### Research Design

The overall research will be conducted in a sequential manner based on quantitative approach. The research questions are addressed by, first of all, reviewing the literature on CSR, brand satisfaction, and brand loyalty. Then, a 37-question questionnaire which is developed based on the literature reviews was distributed to Thais who have experienced in flying one of the low cost airlines (domestic flights only). However, before distributing the questionnaires, a pilot test will be conducted in order to attain acceptable reliability of each item. Thereafter, the data will be processed and analyzed using social science software program to provide initial findings and relationships between the variables studied in this research, and these will be discussed along with the literature review gathered from journals and published reports. Finally, an overall analysis, along with managerial implications, the limitations and areas for further research will be presented later on in this research.

### Unit of Analysis

The unit of analysis in this research was individual level, focusing on Thai nationals who have experienced in flying one of the low cost airlines operating domestic flights regardless of frequencies of using the services and destinations. In order to access to the participants of the questionnaire, the survey was conducted at Donmuang International Airport because all major low cost airlines include Nok Air, Air Asia and One-To-Go are based at this airport.

Since the main target population of this research is the Thai nationals, the questionnaires therefore were translated into plain and simple Thai language in order to assure that the respondents are able to clearly understand all the questions listed on the survey. To reassure that the content of the original measurements (originally in English) are properly and accurately translated into Thai, the questionnaires were proofread and back translated into English by one Thai expert who achieve an IELTS score of 6.5 or higher and then were compared with the original questions for the content accuracy (Mandhachitara and Poolthong, 2011; Chaiman-kong *et al.*, 2012)

### Sample Size and Sampling Methods

The sample size of this research was calculated based on the total population of the passengers travelling with LCCs operators (domestic flight only) which approximately equivalent to 17.8 million (Krungsri Securities Public Company Limited, 2013). Therefore, the appropriate sample size of this study should be 400 samples based on the complete calculation of Yamane's formula (Yamane, 1967).

$$\begin{aligned} n &= \frac{N}{1 + Ne^2} \\ &= \frac{17,800,000}{1 + (17,800,000)(0.0025)} \\ &= 399.99 \end{aligned} \quad (1)$$

The sampling for the research instruments is based on a non-probability convenience sampling method. This particular approach allows the researcher to easily access to the target sample group. Moreover, such a method is deemed to be cheaper and quicker than other forms of sampling methods. Although this sampling method might not provide definitive findings to be generated and generalized to the whole population which might result in the reliability of the whole samples, it is still useful when considering the fact being that collecting data at the public area, where the researchers are able to access to the samples as many as possible (Pisanboot, 2001). As mentioned in the previous part, the data collection would be conducted at Donmuang International Airport where all major low cost airlines are operating. The data collected is expected to be useful to provide further explanation to the findings and able to conclude the results of hypothesis testing of this research.

### Measurements

Closed-ended and scale questions were used based on a multiple-choice and a 7-point rating scale. The questionnaire instrument used in this study was taken from Grace and O'Cass, 2005; Oliver, 1980; Taylor and Baker, 1994; Zeithaml *et al.*, 1996; Maignan, 2001; Harris and Goode, 2004; Sondoh Jr. *et al.*, 2007; Ramasamy and Yeung, 2009; Arli and Lasmono, 2010; Mandhachitara and Poolthong, 2011. The questionnaires are divided into two main sections comprising of total 37 questions. The first section involves examining the basic information regarding gender, education, purpose of travel, income, and the frequency of flying. The second section contains three main groups of questions aiming to identify the

respondent's perceptions of CSR, brand satisfaction and brand loyalty. The respondents would be asked to complete all questions by choosing the most appropriate answer. The respondents would assess the second part on a seven-point scale basis or known as Likert-type scale, from 'totally disagree' to 'totally agree'. A pre-test of the questionnaires was carried out with 30 respondents to evaluate its clarity and reality based on Cronbach's alpha with all values must be greater than the cutoff value of 0.7 (Hair *et al.*, 1998)

The first pilot test was conducted. It demonstrated that there are five variables (social, legal, environment, satisfaction and attitudinal loyalty) attaining the Cronbrach's alpha of greater than 0.7 which is acceptable for this study and recommended by Hair *et al.* (1998). However, there were three variables which are economic, ethical and behavioral loyalty that fail to meet the minimum requirement of the Cronbrach's alpha of 0.7

The modifications, therefore, were made by eliminating the first item of the variable 'economic' in the questionnaire in order to attain the Cronbrach's alpha of 0.727. The eliminated question asked the respondent that 'business must maximize their profits' which might confuse the respondent. While, the ethical responsibility and behavioral loyalty, the researcher decided to review the clarity of the questions listed on the questionnaires in order to reassure that the question statements are understandable and to avoid any unclear and ambiguous wordings. After the revision of the original questionnaires was done, a second pilot test was conducted by using another sample group of 30 respondents. The result of the second pilot test showed that the Cronbrach's alpha of both variables 'ethical responsibility' (0.808) and 'behavioral loyalty' (0.887) exceeded the minimum requirement of the study (0.7 and greater) which means that there was only one item (economic 1) eliminated from the questionnaires.

Validity test was conducted by checking the value of factor loading of each question in the questionnaires to assure that the value must exceed 0.40. The results of validity test shows that all questions in this study obtain the value of greater than 0.40 which is generally acceptable.

## Research Findings

### Descriptive Statistical Analysis

A self-administered questionnaire survey distributed to a total of 420 passengers based on a non-probability convenience sampling method at Donmuang International Airport, however, only 400 questionnaires are usable. Table 2 exhibits the attributes of the participants.

**Table 2:** The Basis Attributes of the Participants

Attributes	Frequency	%
<b>Gender (n = 400)</b>		
Male	148	37.00
Female	252	63.00
<b>Age</b>		
Under 20	3	0.80
20-30	160	40.00
31-40	160	40.00
41-50	42	10.50
51-60	30	7.50
Over 60	5	1.20
<b>Education</b>		
Below undergraduate	45	11.30
Bachelor's degree	147	36.80
Master's degree	200	50.00
Doctoral degree	8	2.00
<b>Income</b>		
Below 15,000	72	18.00
15,000 – 30,000	175	43.80
30,001 – 45,000	67	16.80
45,001 – 60,000	42	10.50
60,001 – 75,000	15	3.60
Over 75,000	29	7.30
<b>Airlines</b>		
Nok Air		
Air Asia	92	23.00
One-2-Go	110	27.50
Nok Air and Air Asia	10	2.50
Nok Air and One-2-Go	117	29.30
Air Asia and One-2-Go	9	2.30
Nok Air, Air Asia, and One-2-Go	11	2.80
(The respondents choose only one choice based on their real experience)	51	12.80
<b>Frequency of Flying (per year)</b>		
1	208	52.00
2	86	21.50
3	35	8.80
4	30	7.50
5 and over	41	10.20

Table 2: (Cont.)

Attributes	Frequency	%
<b>Reasons of Flying</b>		
Travel	256	64.00
Business/official	26	6.50
Return home	52	13.00
Travel and business/official	30	7.50
Travel and Return home	30	7.50
Travel, business/official, and return home	6	1.50

### Hypothesis Testings

One of the objectives of this particular research is to explore the relationship between the different construct of the study which consisting of customers' perception of CSR, brand satisfaction, and lastly, brand loyalty. In order to acquire the strength of the relationship, the Spearman correlation coefficient was employed to examine the direction and strength of the relationships among constructs. Based on the result, it demonstrates that there is a positive relationship between customer's perception of CSR and Brand Satisfaction (0.326) at the significant level of 0.01, thus, **H1 is accepted**. The results were displayed in correlation matrix in Table 3.

Table 3: Spearman Correlation Coefficient

Construct	Brand Loyalty	Customer's Perception of CSR	Brand Satisfaction
Brand Loyalty	1.000		
Customer's Perception of CSR	.296**	1.000	
Brand Satisfaction	.701**	.346**	1.000

\*\*Correlation is significant at the 0.01 level (2-tailed)

Coefficient and VIF verification are shown in Table 4. It demonstrates the output of model summary by conducting stepwise - multiple regression analysis. It appears that among the two independent variables, brand satisfaction (Beta = 0.745) should be placed the first priority over customers' CSR perception (Beta = 0.207). Moreover, this regression model is significant (sig. <0.01) which basically implies that **H2 is also accepted**.



Regarding one of the most important rules of using multiple regressions in testing hypothesis is that it must not violate the rule of multicollinearity which is stated that there is a correlation among independent variables. However, after performing collinearity statistics, it appears that the VIF value equals to 1.119 which basically means that even though there is a trivial correlation between customers' perception of CSR and brand satisfaction construct, the VIF value which does not exceed the value of 10 is considerably acceptable. (Hair *et al.*, 2010)

**Table 4:** Model Summary (Coefficients and VIF Verification)

Construct	Unstandardized Coefficients		t	Sig.	Collinearity Statistics	
	B	Std. Error			Tolerance	VIF
(Constant)	-.203	.309	-.657	.512		
Brand satisfaction	.745	.048	15.499	.000	.894	1.119
Passengers' perception of CSR	.207	.049	4.243	.000	.894	1.119

Dependent variable: Brand Loyalty

Significant at the 0.05 level

R = 0.677, R<sup>2</sup> = 0.459, Adjusted R<sup>2</sup> = 0.456

Based on Table 4, the multiple regression equation of the influences that Brand satisfaction and CSR perception have upon brand loyalty can be written as:

$$\text{Brand Loyalty} = -0.203 + 0.745\text{Satisfaction} + 0.207\text{CSR} \quad (2)$$

This implies that if particularly look onto the level of brand loyalty in the LCCs industry alone, it shows the negative value (B = -0.203) which can be interpreted that the level of brand loyalty among the LCCs customers does not exist in the first place. This is especially true when consider the nature of this business whereas the price of switching of cost is extremely low because there are many service providers in this business that customers can choose from and still attain a relatively same service and price. Moreover, based on the equation above, it explains that brand satisfaction plays a higher role in building overall brand loyalty (B = 0.745), However, from the H1 testing in the previous section, it has be proven that there is positive relationship (r = 0.363) between brand satisfaction and customer's perception of CSR and hence can be summarized that investing in CSR activities would help improve the level of brand satisfaction as well as brand loyalty in the whole.

Thus, if LCCs ignore to improve their satisfaction level of the customers as well as invest in CSR activities, the level of brand loyalty would become negative. While, if LCCs endorse CSR activities and initiatives, it will not only increase the level of brand satisfaction, it will also increase overall level of brand loyalty too.

## Research Discussion

The first part aims to shows the overall result of the analysis displayed in Table 3 and Table 4. Based on these two tables, it is confirmed that this research has eventually achieved its primary research goals which were (1) to examine the relationship between perception of CSR and brand satisfaction, and (2) to investigate the influence of perception of CSR and brand satisfaction on brand loyalty.

The findings suggest that perceptions of CSR (five dimensions) are associated with brand satisfaction in a positive manner. This is consistent with our literature findings which show that CSR helps improve the level of brand satisfaction (Sen and Bhattacharya, 2001)

Moreover, the findings also demonstrate that customers have a negative attitude towards LCCs at the first place. This reflects in the equation derived from Table 4 where Beta equivalent to -0.203 indicating that without satisfaction from services and other related factors, there will be no loyalty to the airline. Thus, it can be concluded that brand satisfaction and CSR plays a very significant role in creating brand loyalty. This is in line with a number of research which found that when CSR is coupled with satisfaction, the level of brand loyalty will increase (Luo and Bhattacharya, 2006).

## Recommendations

The LCCs industry in Thailand has become extremely competitive from both pricing and new entrant factors. Moreover, based on the fact being that these operators in the business provide similar services and standards (except destinations and types of aircraft), it is important to differentiate themselves from the other airlines.

This research is in line with a number of previous studies such as Mandhachitara and Poolthong (2011) - who found that CSR has a strong association with loyalty - and has proven that initiating and investing in CSR activities could be an important asset in creating brand loyalty as well as brand satisfaction which are fundamental in maintaining current passengers' loyalty. However, this must be particularly coupled with an effective public relations and

marketing in order to communicate with the customers and to assure that customers are well informed and aware of the CSR activities and programs implemented by the LCCs.

## Research Limitations

However, this research is not without its limitations. Firstly, due to the limited time constraint, resulting in the scope of this study that was an only focused to particular antecedent of brand loyalty. Moreover, since this research employed only quantitative methods, it might be insufficient in conducting research in CSR fields which is perceived new for the Thai people.

The second limitation lies in the sampling method in this research which employs convenience sampling tools and was taken place at Donmuang International Airport. Due to the fact being that respondents would feel awkward and inconvenient in assessing the questionnaire because of time limited and location where might not be suitable in conducting research. Some respondents finished the questionnaire in less than 3 minute time. Consequently, all questions might not be carefully read and understood which might result in the unclear findings.

The final limitation lies on the fact being that this study is focusing on the LCCs industry which might not be able to claim for generalizability to overall airline customers regardless of types of airline. Therefore, the result might turn out to be in opposite /different if the sample group is changed to customers in the conventional airlines (Thai Airways etc.)

## Future Research

Future research could allow longer time to conduct the research. It might be useful to combine both quantitative and qualitative methods in order to attain deeper understanding and to provide the new insights that has never explored in this context. More importantly, future research should investigate other related antecedents of brand loyalty especially in the context of LCCs.

Moreover, it should be tested in multi-group basis that can allows researchers to compare the differences between perception of CSR between LCCs (Nok Air, Air Asia) and conventional airlines (Thai Airways, Bangkok Airways etc.) in order to provide more meaningful explanations.

## Appendix

**Table 5:** Appendix – Constructs and Items

Constructs	Items (7-point scales)
<b>Corporate Social Responsibility</b> (Maignan, 2001; Ramasamy and Yeung, 2009; Arli and Lasmono, 2010; Mandhachitara and Poolthong, 2011)	<b>Social Responsibility</b> <ol style="list-style-type: none"> <li>1. Business must participate in the management of public affairs</li> <li>2. Business must help solve social problems</li> <li>3. Business must play a role in our society that goes beyond the mere generation of profits</li> <li>4. Business must allocate some their resources to philanthropic activities</li> </ol> <b>Economic Responsibility</b> <ol style="list-style-type: none"> <li>5. <i>Business must maximize profits* (eliminated)</i></li> <li>6. Business must always improve economic performance</li> <li>7. Business must plan for their long-term success</li> <li>8. Business must control their production costs strictly</li> </ol> <b>Ethical Responsibility</b> <ol style="list-style-type: none"> <li>9. Business must be committed to well - defined ethical principles</li> <li>10. Business must ensure that the respect of ethical principles has priority over that of economic performance</li> <li>11. Business must permit ethical concerns to negatively affect economic performance</li> <li>12. Business must avoid compromising ethical standards in order to achieve corporate goals</li> </ol>

Table 5: (Cont.)

Constructs	Items (7-point scales)
	<p><b>Legal Responsibility</b></p> <p>13. Business must always submit to the principles defined by the regulatory system</p> <p>14. Business must ensure that their employees act within the standards defined by law</p> <p>15. Business must refrain from putting aside their contractual obligations</p> <p>16. Business must refrain from bending the law even if this helps improve performance</p> <p><b>Environmental Responsibility</b></p> <p>17. Business should support forest preservation</p> <p>18. Business should support environment preservation</p> <p>19. Business should support water resource preservation</p>
<p><b>Brand Satisfaction</b></p> <p>(Grace and O'Cass, 2005; Oliver, 1980; Taylor and Baker, 1994; Harris and Goode, 2004 Sondoh Jr. <i>et al.</i>, 2007)</p>	<p>1. I am satisfied with my decision to purchase this brand</p> <p>2. I think that I did the right thing when I used this brand</p> <p>3. I believe that using this brand is usually a very satisfying experience</p> <p>4. My choice to use this brand has been a wise one</p>

Table 5: (Cont.)

Constructs	Items (7-point scales)
<b>Brand Loyalty</b> (Dick and Basu, 1994; Zeithaml <i>et al.</i> , 1996; Harris and Goode, 2004; Sondoh Jr. <i>et al.</i> , 2007)	<b>Behavioral Loyalty</b> 1. I would always continue to favor the offerings of this brand before other 2. I intend to continue using this brand in the future 3. If I had to do it over again, I would choose this brand 4. I would highly recommend this brand to my friend/relatives  <b>Attitudinal Loyalty</b> 5. I say positive things about this brand to other people 6. I would continue to do business with this brand even if its price increase somewhat 7. This brand is my first choice 8. I will always choose to use this brand in preference to other brand/competitors

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