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Customer Orientation and Innovativeness in a Customer Satisfaction Framework

A study within the Norwegian Airline Industry

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Table of Contents

EXECUTIVE SUMMARY IV

1.0 INTRODUCTION 1

2.0 LITERATURE REVIEW 6

 2.1 CUSTOMER ORIENTATION 6

 2.2 PERCEIVED FIRM INNOVATIVENESS 8

 2.3 PERCEIVED PRICE, QUALITY AND VALUE 10

 2.3.1 *Perceived Quality*..... 11

 2.3.2 *Perceived Price*..... 13

 2.4 CUSTOMER SATISFACTION 14

 2.5 PERCEIVED RELATIVE ATTRACTIVENESS 15

 2.6 CUSTOMER LOYALTY..... 17

 2.7 ENGAGEMENT IN SOCIAL MEDIA (SOME) 18

 2.8 COMPETITIVE STRATEGIES WITHIN THE AIRLINE INDUSTRY 20

3.0 CONCEPTUAL RESEARCH MODEL 23

4.0 METHODOLOGY 24

 4.1 SUBJECTS AND DESIGN 24

 4.2 RESEARCH CONTEXT 24

 4.3 OPERATIONALIZING THE CONSTRUCTS 26

 4.4 VALIDITY AND RELIABILITY 30

 4.4.1 *Validity*..... 30

 4.4.2 *Reliability*..... 30

 4.5 SURVEY DEVELOPMENT AND DATA COLLECTION..... 31

 4.6 PRE-TEST..... 31

 4.7 ANALYTICAL PROCEDURES..... 31

5.0 RESULTS 33

 5.1 RESPONDENT CHARACTERISTICS 33

 5.2 DESCRIPTIVE STATISTICS 34

 5.3 ASSUMPTIONS FOR PARTIAL LEAST SQUARES STRUCTURAL EQUATION
MODELING 34

 5.4 TEST OF VALIDITY AND RELIABILITY..... 35

 5.4.1 *Validity*..... 35

5.4.2 Reliability.....	36
5.5 PARTIAL LEAST SQUARES STRUCTURAL EQUATION MODELING	38
5.6 PARTIAL LEAST SQUARES MULTI-GROUP ANALYSIS.....	41
5.7 EMPIRICAL MODEL	42
5.8 TESTING THE HYPOTHESES	43
5.9 MAIN FINDINGS SUMMARIZED	46
6.0 DISCUSSION	46
6.1 MANAGERIAL IMPLICATIONS	52
6.2 LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH.....	54
REFERENCES.....	57
APPENDICES	64
<i>Appendix 1: Questionnaire</i>	<i>64</i>
<i>Appendix 2: Respondent Characteristics.....</i>	<i>68</i>
<i>Appendix 3: Descriptive Statistics on items.....</i>	<i>72</i>
<i>Appendix 4: t-statistics for the Outer Model.....</i>	<i>73</i>

Executive Summary

Obtaining satisfied and loyal customers is essential for the success of any business, and therefore it is crucial to continually develop a greater understanding of what drives customer satisfaction and loyalty. Subsequently, a number of national customer satisfaction indices have been introduced in the last decade. However, because of the changing market conditions, it is important to learn, adapt and improve these indices to be able to measure customer satisfaction in the best way. Accordingly, this research has taken this matter into consideration, and has included customer orientation and innovativeness to evaluate if the consequences of these constructs lead to customer satisfaction and loyalty. Additionally, the research also considers perceived price and quality as individual variables for creating perceived value, it evaluates relative attractiveness within the model, and appraises if customer loyalty can create engagement in social media.

The empirical research has been conducted within the Norwegian airline industry, with focus on the different competitive strategies of the chosen airlines to investigate the relationship between the customers' experience and the firm's implementation of these strategies. As the airline industry is a competitive industry that changes rapidly, airlines should evolve their strategies around the customers want and needs, and be innovative to get a competitive advantage and outstanding business performance.

A conceptual model was synthesized with inspiration from the Norwegian Customer Satisfaction Barometer. Then, Norwegian airline passengers was surveyed about the effects within the framework, and their perceptions of the airline. Further, Structural Equation Modeling techniques was used to analyze the data and to answer our hypotheses. Overall, the study presents strong support for the conceptual model and hypothesized paths, and thus adding some new angles to the strategic service marketing literature.

1.0 Introduction

Countless research implies that attaining satisfied and loyal customers is vital for the success of any business (Ruekert, 1992; Fornell, Johnson, Anderson, Cha & Bryant, 1996; Guo, 2002; Olsen, Witell & Gustafsson, 2014; Mithas, Krishnan & Fornell, 2016). Thus, it is essential to continually develop a greater understanding of what drives customer satisfaction and customer loyalty (Oliver, 1999).

Correspondingly, a number of customer satisfaction indices have been introduced in the last decade (Fornell, 1992; Fornell et al., 1996; Andreassen and Lindestad, 1998; Johnson, Gustafsson, Andreassen, Lervik & Cha, 2001). The first annual Customer Satisfaction Barometer (CSB) was developed in Sweden in 1989 to promote the importance of quality, and to make clear guidelines on how companies can become more competitive and market orientated (Fornell, 1992; Fornell & Johnson, 1993). The purpose of CSBs is to rate the level of customer satisfaction within different industries in addition to customer loyalty, as well as estimating the product and service performance on a national basis (Fornell, 1992). Following, the Norwegian Customer Satisfaction Barometer (NCSB) was developed in 1996, and was based on the American Customer Satisfaction Barometer (ACSB) from 1994 (Fornell et al., 1996; Johnson et al., 2001).

After the evolution of national customer satisfaction barometers, there have been a lack of research on how well firms use their capabilities to actually meet the customers' needs. Customers expectations are increasing, and they are demanding higher standard of services, which results in challenges for service providers (Fornell et al., 1996). To be able to understand customers' expectations, a customer oriented approach is appropriate (Kohli & Jaworski, 1990). Research has shown that over the last couple of years, a customer-centric view has become an important role for firms to be profitable, and the aim of shifting to a customer-centric paradigm is to create value for the customer, and in the process create value for the firm (Shah, Rust, Parasuraman, Staelin & Day, 2006). Theory also indicate that firms that have a customer-centric view uses metrics such as customer satisfaction, customer equity and customer loyalty to manage marketing initiatives and to be profitable. However, firms that do not manage to be customer-centric will get unsatisfied and non-loyal customers (Shah et al., 2006; Olsen et al., 2014).

Innovativeness is also a part of understanding and capturing consumers' interests and needs, and thereafter developing and implementing new innovative solutions to remain and create competitive advantage (Kohli & Jaworski, 1990; Kunz, Schmitt & Meyer, 2010; Andreassen, Lervik-Olsen & Calabretta, 2015). Because of the limited face-to-face interaction in today's business environment, it is required that companies interact with their customers using technology to provide services instantaneously across international borders (Kandampully, 2002). The essence with innovativeness lies in satisfying the customers through new ideas and solutions, to make products or services more efficient and convenient, which again is beneficial for companies in terms of increased organizational performance (Kunz et al., 2010).

In line with innovativeness, several emerging trends appears in the marketplace, such as heightened customer expectations and advances in technology, which are bringing increased competition to markets (Bitner, Zeithaml & Gremler, 2010; Andreassen et al., 2015). Because of this rise, modern technology now plays a crucial role in how firms and consumers interact with each other, and for businesses, the use of social media is becoming a compelling way to increase touchpoints with customers (Solem, 2016; Raab, Berezan, Krishen & Tanford, 2016). Social media further allows consumers to create and share their content, which includes participation, conversation, and connectivity to the community (de Vries, Gensler & Leeftang, 2012; Gamboa & Gonçalves, 2014). This can be a cause of how brand loyalty denotes an intended behavior of being a part of a community, and engage in it (Solem, 2016).

Moreover, customers value judgement is proven to be an antecedent to customer satisfaction and loyalty for businesses (Overby & Lee, 2006). The concept of perceived value has been discussed diligently in the literature, which has resulted in different perspectives and meanings regarding the concept (Zeithaml, 1988; Overby & Lee, 2006; Sanchez, Callarisa, Rodríguez & Moliner, 2006; Boksberger & Melsen, 2011). However, the most adopted view of perceived value is that it is an overall assessment of the utility of a product or service, which are based on customers' perceptions of what is received and what is given (Zeithaml, 1988). Sanchez et al. (2006) also emphasize price and quality as functional sub-factors that contributes to value for consumers, and therefore it is important to evaluate

both price and quality separately, and investigate how they effect customers perceived value.

Furthermore, limited research has investigated the link between relative attractiveness and the consumers present and future purchase intention (Andreassen & Lervik, 1999). Andreassen and Lervik (1999)'s study on relative attractiveness showed that perceived relative attractiveness is the key driver for future purchase intention, and that both perceived relative attractiveness today and tomorrow have an impact on future purchase intention (Andreassen & Lervik, 1999). This is in correlation with Andreassen and Olsen (2008), as they also found relative attractiveness to be the key driver for future purchase intention, and that linking customers past experiences to the future purchase intention, with focus on customer past service experience, gives an indication on how attractive the firm is (Andreassen & Lervik, 1999; Andreassen & Olsen, 2008).

Previous research on customer satisfaction indices has concentrated on customer expectations, value, price, customer complaints, quality and customer loyalty (Bolton & Drew, 1991; Fornell, 1992; Anderson & Sullivan, 1993; Fornell et al., 1996; Andreassen & Lindestad, 1998; Johnson et al., 2001; Homburg & Giering, 2001). Considering the changes in the marketplace, innovativeness, customer orientation, relative attractiveness and social media will probably have a great impact on the customer satisfaction indices. By considering creativity and innovativeness as firm's knowledge-based capabilities, it can help firms learn about new technologies and trends to meet the market demands superiorly, which again can build and sustain a competitive advantage (Racela, 2014). Additionally, a customer oriented approach provides businesses with strategic advantages to focus on creating value, and innovative solutions (Racela, 2014). Consequently, it is essential to investigate these relationships further to better understand how customer orientation and innovativeness effects customer satisfaction and customer loyalty.

Because of the contemporary research on customer satisfaction barometers, it has led to improvements and distinctions between the different barometers, involving differences in constructs and formations. This research draws inspiration from

Johnson et al. (2001) who have underlined the importance of learning, adapting and improving how to measure customer satisfaction.

Against this background, the theoretical level of the study is to investigate:

“To what extent do customer orientation and innovativeness effect perceived price, quality and value, customer satisfaction, relative attractiveness, customer loyalty and engagement in social media?”

More specifically, this research has two objectives:

- To develop a model that evaluate the effects of customer orientation and innovativeness on perceived price, quality and value, customer satisfaction, relative attractiveness, customer loyalty and social media; and,
- To explore how customers perceive the two different airline companies: SAS and Norwegian.

That is, this research identifies consequences of customer orientation and innovativeness on customer satisfaction and customer loyalty. Essentially, this research responds to the call for new thinking of the customer satisfaction indices. There are no other complete approaches that have looked into how customer orientation and innovativeness effects customer satisfaction and loyalty, neither have they considered perceived price and quality as individual variables for creating perceived value. It is also limited research conducted in regards of relative attractiveness in the service industry, as well as how customer loyalty can create engagement in social media.

The context of the research is empirically tested within the Norwegian airline industry, and the two airlines SAS and Norwegian. According to Norsk Innovasjonsindeks (Norwegian Innovation Index), the customers experience Norwegian as the least attractive airline in Norway today, with a score of 13 percentage points lower than SAS (score 65, scale 0 to 100: best). For the assessment of the quality of the delivered services, it is more balanced, but still Norwegian has the lowest score of 68, while SAS has 73. It is also evident that the sum of low quality and low relative attractiveness in the market means that

Norwegian has the least loyal customers with a score of 61, which is 10 percentage points lower than SAS. Contrary, customers believe that Norwegian is the most innovative airline (Andreassen, Lervik-Olsen & Kurtmollaiev, 2017).

The reason why it is interesting looking at these two companies is because Norwegian is perceived as an innovative and efficient airline, while SAS as an older and business oriented firm. The truth is however, that despite of different competitive strategies, both companies' experiences adversity as many others in the airline industry because of great competition, which demands continuous requirements to improve efficiency, as well as that consumers are demanding more when travelling with airlines (SAS, 2015).

SAS has had a remarkable savings program over the past 10 years, the problem is however, that competitors are getting better too. Even though SAS manage to cut costs to introduce cheaper flight tickets, Norwegian, especially, has managed to become even cheaper (Nilsen, 2016). There is also a constant chase for airlines for newer aircrafts and more cost-efficient solutions (Nilsen, 2016). In 2013, Norwegian started its long-distance investment, and is constantly expanding within the long-distance market (Lorentzen, 2017). Many analytics are saying that if SAS should have a chance to compete with Norwegian on price, they also need to seek growth outside Scandinavia (Nilsen, 2016).

Based on this, it is of interest to investigate the Norwegian airline industry, and how-well the two airlines are perceived when it comes to customer orientation and innovativeness, and how satisfied the customers are with the services provided.

The rest of the study is structured as follows: First, it will carry out an extensive literature review with hypotheses. Then, the research methodology and data analysis is presented. Next, the findings and results are discussed and summarized. The paper concludes with a discussion of theoretical and managerial implications and directions for further research.

2.0 Literature Review

In this section, we will present selected literature to explain the background of the research question in depth, and to form a substantial foundation for the hypotheses and research model.

2.1 Customer Orientation

A customer orientated approach has long been advocated as a business philosophy that leads to superior performance and firm profitability (Racela, 2014).

Researchers started to recognize and operationalize this marketing concept in the 1990's as an understanding of consumers, in order to create superior value for businesses (Narver & Slater, 1990). Since then, a lot of articles have been published on the topic customer orientation and its effect on business performance. Ruekert (1992, p. 228) defines customer orientation as: *“degree to which the organisation obtains and uses information from customers, develops a strategy which will meet customer needs, and implements that strategy by being responsive to customers needs and wants.”* (Ruekert, 1992, p. 228).

The concept of customer orientation has been used synonymously with the term *market orientation*, and it has been operationalized as a dimension of a market orientation construct (Narver & Slater, 1990; Racela, 2014). Narver and Slater (1990, p. 20) defines market orientation as *“the business culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value of buyers, and, thus, continuous superior performance for the business.”* (Narver & Slater, 1990, p. 20). Compared to customer orientation, market orientation scans the market more broadly, have a longer-term focus and is more proactive in nature (Narver & Slater, 1990). Even though customer orientation has been seen as a dimension of market orientation, recognizing the distinct nature of customer orientation from that of the broader market orientation construct, a growing number of studies have examined customer orientation as an isolated construct (Racela, 2014).

Further, a customer orientated approach includes all the activities that are involved in acquiring information about customers in a market, and disseminate this information throughout the organization (Racela, 2014). More concrete, it

involves finding and determining the right needs and wants from the targeted population, and further deliver satisfying services or products more effectively and efficiently than competitors (Agarwal, Erramilli & Dev, 2003; Kumar, Jones, Venkatesan & Leone, 2011). However, many managers express concerns about the validity of the construct, and its effect on customer satisfaction measurement, as well as how to use the scale for better performance (Olsen et al., 2014). Findings from Olsen et al. (2014) shows that to succeed with being a customer oriented company, the management has to be aware of three phases: strategy, measurement and analysis, and implementation (Olsen et al., 2014). That is, companies should focus on how to collect, analyze and use the data from customer satisfaction indices to constantly try and improve their services and products to meet the customer preferences superiorly. Even though it is developed a lot of theories on how to become customer oriented, the limitations lie with the managers of the companies, and how they use the collected data and market research to meet customers wants and needs (Olsen et al., 2014).

From Brady and Cronin (2001)'s study on customer orientation, it is shown that customer orientation has a positive effect on customers perceived quality, and it leads to better business performance. As a strategic orientation, a customer orientated approach provides the firm with a strategic direction to encourage appropriate behaviors that not only focus on creating superior customer value (Racela, 2014). Further, Homburg, Müller & Klarmann (2011) looked into customer orientation and customer orientation behavior benefits, which are the identification stages to recognize customers wants and needs in sales encounters to increase sales and profit. Homburg et al. (2011) defines the behavior benefits as *"behaviors aimed at identifying the customer's interests, goals, and other product-related needs"* (Homburg et al., 2011. p.56).

A supplier's general price level imply the quality of its products and services, and accordingly, the value a customer receives (Homburg et al., 2011). Therefore, if a supplier's price level is above the market average, customers will expect and evaluate the benefits in return for accepting higher prices (Homburg et al., 2011). Consequently, it is vital to be able for businesses to understand customers wants and needs, so that their perceptions will correlate with what they will get when receiving services from the business.

Accordingly, we want to investigate how customer orientation effect the customers experience with the perceived quality in a service encounter, and how important the perceived price is in the customers mindset when evaluating the service for purchase, based on how customer oriented the firm is. Thus, we hypothesize that:

H1: *Customer Orientation has a direct effect on Perceived Price and Perceived Quality.*

2.2 Perceived Firm Innovativeness

Innovativeness and *innovation* are terms that are used interchangeably, but it is important to emphasize that there is a key difference between the two concepts. Where innovativeness is the capability of a firm to be open to new ideas and work on new solutions, innovation focuses on the outcome of a firm activity (Kunz et al., 2010). Only evaluating a narrow perspective around technical innovations will not give the right and whole picture if a firm is innovative, consumers rather have to feel that they are engaged with a firm that is innovative in an extensive organizational and cultural sense. Thus, in our study, we are using a broad-based, consumer-centric view of innovation denoted to as “perceived firm innovativeness” (PFI) from Kunz et al. (2010). It is of interest to look at how consumers observe a range of a company's activities to derive a judgement of a firm’s overall innovativeness, rather than only evaluate one product from a company, one by one.

We use the definition from Kunz et al. (2010, p. 2) in our research, that PFI is the: “*consumer’s perception of an enduring firm capability that results in novel, creative, and impactful ideas and solutions for the market.*” (Kunz et al., 2010, p. 2). The different aspects that are included should be strongly interrelated, and none of them alone suffices for an overall perception of firm innovativeness (Kunz et al., 2010). This perspective has been largely missing from the literature, even though there have been several attempts for developing such a view (Kunz et al., 2010).

Scholars have linked innovativeness to organizational performance, and that if firms are going to be able to succeed, they need to be innovative to gain a competitive edge in order for them to survive and grow in the market (Kunz et al., 2010). Rubera and Kirca (2012) looked into the relationship between firm innovativeness and firm performance, and the findings showed that there was a direct effect from innovativeness to a financial position, which again leads to better firm performance. Thus, being aware of changes in trends and consumption patterns will contribute to firm performance (Rubera & Kirca, 2012). In alignment with this, Andreassen et al. (2015) has introduced a “trend spotting” method to guide innovations for businesses. Matching innovation efforts with the most promising consumer trends is a valued approach for surviving the challenges of a swiftly changing consumer market (Andreassen et al., 2015). It is also important, that after capturing consumers interests, companies need to be able to implement these successfully. In contrast, Sorescu and Spanjol (2008) findings showed that innovativeness does not affect risk, which is an important factor for shareholder to invest in the firm. If shareholders do not want to take the risk and invest in the firm, it will decrease the firms equity and value, which again leads to lower firm performance (Sorescu & Spanjol, 2008).

Further, previous research has shown that a positive perception of a company has a significant impact on evaluations on a company (Brown & Dacin, 1997; Walsh & Beatty, 2007; Kunz et al., 2010). Delivering innovation reshapes customers’ behaviors and helps firms create co-creation value for the customers (Chen, Tsou & Huang, 2010). Therefore, service delivery innovativeness can be a new way to deliver services to customers, and it is emphasized that research should investigate the issues with regard to service delivery innovativeness in the business and marketing literature (Deshpandé, Farley & Webster, 1993; Chen et al., 2009; Kunz et al., 2010).

Likewise, innovativeness is viewed as a positive characteristic of a business, and this can contribute to positive evaluations from the consumers (Kunz et al., 2010). Research has shown that consumers use associations to derive specific attributes, for example a company name can signal quality and trustworthiness because of specific attributes (Walsh & Beatty, 2007; Kunz et al., 2010). Consequently, PFI can be a cue for these specific attributes because innovative firms are perceived as

delivering successful innovations that create quality and value for the consumers. Moreover, innovative efforts should focus on providing different functional value through functional solutions and/or emotional value through new design, and aesthetics and new communication approaches (Kunz et al., 2010). As investors are focused on company growth, they may use PFI as a critical piece of information to judge the value and potential of a company (Kunz et al., 2010).

Also, since consumers have different evaluations on company innovativeness, consumers are usually willing to pay a premium price for innovative solutions that they see as worth paying for (Rubera & Kirca, 2012). However, if companies command higher prices for innovations that consumers do not want to pay a premium price for, it can damage the perceived firm innovativeness of the firm. On the other hand, if companies integrate innovations within their services and command an acceptable price, it will make consumers evaluate the company more beneficially.

Consequently, one of the purposes of being an innovative firm is improving service quality, and this will eventually have an effect on an acceptable price-level for the customers (Gallowj & Weinstein, 1997). Therefore, we propose that perceived firm innovativeness will have a positive effect on consumers' evaluations of the company, including the perceived quality, price and value aspects:

H2: *Innovativeness has a direct effect on perceived price and perceived quality, and an indirect effect on perceived value.*

2.3 Perceived Price, Quality and Value

The concept of perceived value has been discussed diligently in the literature, which has resulted in different perspectives and meanings regarding the concept of quality and value (Zeithaml, 1988; Overby & Lee, 2006; Sanchez et al., 2006). Zeithaml (1988) pointed out that quality and value are not well differentiated from each other, or other similar concepts such as utility. What was evident from this study, was that consumers had different definitions of what value was for them, and they divided it into four different consumer definitions: (1) value is low price,

(2) value is whatever I want in a product, (3) value is the quality I get for the price I pay, and (4) value is what I get for what I give. Throughout the study, they managed to capture the four consumer definitions into one overall definition: “*perceived value is the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given.*” (Zeithaml, 1988, p. 14). To differentiate value from quality, research shows that value is more personal than quality, and is therefore on a higher level than quality.

More recent research on perceived value has divided the concept into more complex dimensions: Hedonic value and Utilitarian value. Overby and Lee (2006, p. 1161) defined hedonic value as: “*an overall assessment of experiential benefits and sacrifices, such as entertainment and escapism.*” and utilitarian value as: “*an overall assessment of functional benefits and sacrifices.*” (Overby & Lee, 2006, p. 1161). In addition, these dimensions have started to evolve in research, and Varshneya and Das (2017) explain value as containing of four distinctive dimensions: cognitive, hedonic, social and ethical value (Varshneya & Das, 2017). They further used a scale to measure the different dimensions, and defined them as: “*experiential value may be apprehended holistically in terms of quality of services, time, effort and convenience (cognitive value); enjoyment, pleasure and escapism (hedonic value); status, esteem and social approval (social value); trust and privacy (ethical value).*” (Varshneya & Das, 2017, p. 48). The concept has been termed with the name experiential value, and it captures more dimensions than earlier literature has. This is in line with our study as we look into the service industry, and we find this concept of value in experiences of most relevance.

2.3.1 Perceived Quality

In the service marketing literature, quality is looked at as an overall assessment (Parasuraman, Zeithaml & Berry, 1985), and Parasuraman, Zeithaml & Berry (1988) emphasizes, that the customer’s assessment of overall service quality depends on the gap between the expectations and perceptions of actual performance levels. We use the explanation from Zeithaml (1988, p. 3) that perceived quality is the “*consumer’s judgement about an entity’s overall excellence or superiority.*” (Zeithaml, 1988, p. 3). It is a form of attitude, linked

but not equivalent to satisfaction, and results from a comparison of expectations with perceptions of performance (Zeithaml, 1988). This is similar to the position taken by Parasuraman et al. (1988) that perceived quality is a global judgement, or attitude, relating to the superiority of a supplier's current offering. Additionally, quality is also found to be measured most precisely through the eyes of the customer, and it will not be improved unless it is frequently measured (Sultan & Simpson Jr., 2000). Also, the most crucial step in defining and delivering successful service quality for a service provider is to understand precisely what customers expect (Chen & Chang, 2005).

To look at consumer's judgement about quality, we have been using the SERVQUAL instrument, developed by Parasuraman et al. (1988). It is a 22-item instrument for assessing customer perceptions of service quality in service and retailing organizations. Within this study we have decided to concentrate on three dimensions from this instrument, which are *tangibles*, *reliability* and *assurance* (Parasuraman et al., 1988). These dimensions are used because they are shown to be of most importance for the service and airline industry (Sultan and Simpson Jr., 2000; Chen & Chang, 2005; Basfirinci & Mitra, 2015), and previous research has showed that reliability is the dominant dimension in the service quality paradigm (Zeithaml, Berry & Parasuraman, 1993; Sultan & Simpson Jr., 2000). It is also a general problem within businesses that they find it easier to meet customers expectations in the dimensions that are found to be least important for customers (tangibles), while it is harder to meet their expectations in the dimensions that are found to be of most importance (reliability) (Zeithaml et al., 1993; Sultan & Simpson Jr., 2000).

Overall, the traditional approach suggests that the higher the perceived service quality, the higher the customer's satisfaction (Basfirinci & Mitra, 2015). However, the relationship between the dimensions of service quality and customer satisfaction can present a nonlinear pattern. This means that if paying more consideration to a specific dimension of service quality, this does not necessarily mean that this dimension always leads to higher customer satisfaction (Basfirinci & Mitra, 2015). Based on previous literature, we want to look closer into how perceived quality effect perceived value, and how perceived value effect the customer satisfaction level:

H3: *Perceived quality has a direct effect on perceived value, and an indirect effect on customer satisfaction.*

Moreover, value judgements are also proven to be antecedents to customer satisfaction and loyalty (Overby & Lee, 2006). Thus, we have initiated the following hypothesis:

H4: *Perceived Value has a positive effect on customer satisfaction.*

In addition, there are several views of what value is for the consumers, and recent studies have suggested that perceived value is a subjective construct that differ between culture and consumers at different times and that perceived price and quality are functional sub-factors that contribute to value for the consumer (Sanchez et al., 2006). Thus, it is important to evaluate both price and quality within a study to look at what contributes to value, customer satisfaction and loyalty.

2.3.2 Perceived Price

Zeithaml (1988) has delineated the component of price into; objective price, perceived non-monetary price and sacrifice, where other researchers (e.g. Gabor & Granger, 1961; Jacoby & Olson, 1977 referenced in Zeithaml, 1988) have distinguished between objective price (*what you actually pay for the product or service*) and the perceived price (*how the consumers encode the price*). The perceived price, involves how the consumers form decisions after what type of product or service it is, and on the usage situation they need it for (Boksberger & Melsen, 2011). What is evident from earlier studies is that a large part of researchers has supported the distinction between objective and perceived price.

Boksberger and Melsen (2011) emphasize the relationship between price and value. They further imply that defining perceived value solely on perceived price is an important, but insufficient conceptualization because price is highly interrelated and frequently used with the concepts of benefits and sacrifice. In this regard, utility theory suggests a balanced weighting of utility and costs, while

consumer behavior research assumes that individuals tend to weigh losses such as price significantly more heavily than gains such as quality (Lai, 1995; Varki & Colgate, 2001). Furthermore, Johnson et al. (2001) has addressed limitations and concerns with the different national satisfaction barometers, and they have suggested that a pure price construct could replace the value construct in the NCSB. Value can also be viewed as the ratio of perceived quality relative to price or benefits received relative to costs incurred (Zeithaml, 1988; Dodds, Monroe, & Grewal 1991; Anderson, Fornell & Lehmann, 1994;). Consequently, the relationship between price, quality and value is an interesting aspect, and since it is questioned if price and value measure different attributes and thus should be two separate constructs, we want to see how consumers encode the price for the overall service, separately from value:

H5: *Perceived Price has an effect on customer's Perceived Value.*

2.4 Customer Satisfaction

Customer satisfaction is a well-known and established concept, and it is proven to have a strong positive effect on customer loyalty intentions, and lower the costs of future transactions across products and services (Fornell, 1992; Anderson & Sullivan, 1993; Andreassen & Lindestad, 1998). Customer satisfaction is based on current and past experiences, as well as future or anticipated experiences, and it can be distinguished between at least two conceptualizations; cumulative and transaction-specific customer satisfaction (Anderson et al., 1994). The cumulative customer satisfaction conceptualization can be defined as: “*an overall evaluation based on the total purchase and consumption experience with a good or service over time.*” (Johnson & Fornell, 1991; Fornell, 1992; Anderson et al., 1994; Johnson et al., 2001). While a transaction-specific perspective, views customer satisfaction as a post choice evaluative judgment of a specific purchase occasion (Anderson et al., 1994; Johnson et al., 2001). An important advantage of the cumulative satisfaction conceptualization over the transaction-specific perspective is that it is better to predict subsequent behaviors and economic performance. This is because customers make decisions based on their purchase and consumption experience to date, not only a particular episode (Johnson et al., 2001), and therefore this study will consider customer satisfaction as cumulative.

Further, customer satisfaction is based upon customers perception of service quality in the service production and delivery (Johnson & Fornell, 1991; Cronin & Taylor, 1992; Fornell, 1992; Anderson & Sullivan, 1993; Anderson et al., 1994). The difference between these two constructs is that customers need to experience a product or service in order to determine how satisfied they are with it, while quality can be perceived without a specific consumption experience (Anderson et al., 1994). It has also been recognized for a long time, that customer satisfaction is dependent on value (Anderson et al., 1994).

There is an increasing interest in customer satisfaction as a means of evaluating quality, and for firms, customer satisfaction can be used as a benchmark for diagnosing product or service performance (Anderson & Sullivan, 1993). High customer satisfaction ratings are believed to be the best indicator of a company's future profits (Anderson & Sullivan, 1993). Still, to provide actions that will lead to an optimal level of quality and satisfaction, it is vital to discern the link between the antecedents and consequences of customer satisfaction (Anderson & Sullivan, 1993). For the consequences of customer satisfaction, Andreassen and Olsen (2008) shows that customer satisfaction has a strong effect on relative attractiveness, and that this construct should be included in satisfaction modeling because it may be a more rational construct than customer service. Customer satisfaction is also seen as the only viable strategy in order to keep existing customers, and many scholars have found a positive correlation between customer satisfaction and loyalty (Bolton & Drew, 1991; Fornell, 1992; Anderson & Sullivan, 1993; Andreassen & Lindestad, 1998).

2.5 Perceived Relative Attractiveness

Changes in cumulative satisfaction, caused by for example good or bad customer service, will update customers' perception of the service provider's relative attractiveness compared to other competitors in the market (Andreassen & Lervik, 1999). Perceived relative attractiveness has been seen as using past experiences as the key predictor for future intent, and linking service to key performance measures, which indicates that it is crucial to create customer perception of positive attractiveness (Andreassen & Lervik, 1999; Andreassen & Lindestad,

1998; Andreassen & Olsen, 2008). According to Andreassen and Olsen (2008), a change in perceived relative attractiveness of the supplier may be triggered by the supplier's action or changes in the competitive market.

Furthermore, it is argued that customers purchase intention is driven by perceived relative attractiveness of the firms and services offered. Andreassen and Olsen (2008) discovered three major findings in their study. First, perceived relative attractiveness is the key driver for future intent, which should motivate managers to invest in good service quality and loyalty programs as it is crucial to create customer perception of positive attractiveness. Second, expected future relative attractiveness has no impact on customer intent in the B2B market. Third, perceived relative attractiveness today and expected relative attractiveness in the future have an impact on customers purchase intention (Andreassen & Olsen, 2008). Their study also showed that customer service is an important variable in creating competitive advantage through satisfied and loyal customers. This means that firms should focus on customer service as an important variable to maintain the right profitable customers. The reasoning for this is because customers that experience bad customer service, and also those who experience good customer service, underlies the same variables when deciding to make a future purchase (Andreassen & Lindestad, 1998; Andreassen & Olsen, 2008).

Moreover, Andreassen and Lervik (1999)'s research on relative attractiveness showed that customers that were satisfied and loyal with the supplier could regret their decision after a period of time, as a result of new information and changes. Regret is a variety-seeking or exit behavior as a cause of new changes and information about a better offer in the market (Hirschman, 1970). Also, regret theory is arguing that perceived relative attractiveness captures both accumulated and transaction satisfaction and therefore may be used as a predictor for future intent (Andreassen & Lervik, 1999). In contrast, customers may stay loyal to a supplier, despite the lack of relative attractiveness, because they believe that the firm will improve their services or offers in the future (Andreassen & Lervik, 1999).

2.6 Customer Loyalty

Dick and Basu (1994, p. 99) defines customer loyalty as *“the strength of the relationship between an individual’s relative attitude and repeat patronage.”* (Dick & Basu, 1994, p. 99). Customer loyalty intends to communicate the customer’s behavior related to a specific service or company (Andreassen & Lindestad, 1998). This intended behavior encompasses the likelihood of renewal of service contracts, how likely it is that the customer changes service or company, how likely it is that the customer is to provide positive word-of-mouth, or the likelihood of the customer to provide voice (Andreassen & Lindestad, 1998).

A commonly used definition of loyalty is the one by Oliver (1999, p. 34) who describes loyalty as: *“a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.”* (Oliver, 1999, p. 34). He also recognizes a framework of loyalty phases, where he argues that consumers can become *loyal* at each attitudinal phase. The first loyalty phase is cognitive loyalty, which is based on brand belief, and then the second phase is affective loyalty where a liking or attitude toward the brand has developed on the grounds of cumulatively satisfying usage moments. Thereafter, the conative or behavioral loyalty phase occurs, where the consumer has a brand-specific commitment or motivation to repurchase. At last, action loyalty focuses on whether the consumers are willing to take action from their motivation to repurchase (Oliver, 1999).

Research in large, supports the proposition that customer loyalty is a complex construct that encompass both behavioral and attitudinal components (Dick & Basu, 1994; Raab et al., 2016). Therefore, some definitions of loyalty are based only on behavior (Cunningham, 1961; Tucker, 1964) whereas others encompass attitude to the store or brand (Dick & Basu, 1994). The behavioral dimension comprises static outcomes, such as consumption, repeat purchase, spending amount, frequency, duration, share of wallet, and willingness to pay (Raab et al., 2016). And the attitudinal dimension is dynamic and comprise of a devotion

toward a brand that is developed through emotional commitment, psychological attachment, and trust (Raab et al., 2016).

In light of the many views on the loyalty construct, in our study the behavioral intention measures for operationalizing loyalty are based on Johnson et al. (2001) and Zeithaml, Berry and Parasuraman (1996). The measures include the likelihood of retention, the likelihood of speaking favorably about the company to others and the likelihood of recommending the company to others (Zeithaml et al., 1996; Johnson et al., 2001).

We want to investigate the effect on how satisfied customers are with the overall experience from the service provider, and how attractive the service is relative to competitors, as well as the chance for future purchase intent. Thus, we have initiated the following hypotheses:

H6: *Customer Satisfaction has a direct effect on Relative Attractiveness and Customer Loyalty.*

H7: *Relative Attractiveness has an effect on Customer Loyalty.*

2.7 Engagement in Social Media (SoMe)

Research implies that there are different components that determine customer loyalty, which includes process, value and communication, whereas communication is seen as one of the most important aspects (Shoemaker & Lewis, 1999; Raab et al., 2016). Mostly, this is because of the technological changes and innovations, which includes the social media channels (Raab et al., 2016). This is leading to a market where communication plays an essential role in the creation of the customer experience, and the customer-firm relationship (Peltier, Zahay & Krishen, 2013; Raab et al., 2016).

Previously, customers could only communicate with brands by sending letters, making phone calls, or go to the store. Today, however, customers can make contact with the brand, at all times through the internet. This has made a change in the communication model from “one-to-many”, where the company was the main

player, to “many-to-many”, where the collaboration and participation of consumers have become essential (Gamboa & Gonçalves, 2014). In alignment with this, we have seen the importance of this shift, and the impact loyalty has on engagement in social media, which allows consumers to create and share their content such as bringing conversation and connectivity to the community (de Vries et al., 2012; Gamboa & Gonçalves, 2014). Consumers can interact with a company by liking or commenting on brand posts (de Vries et al., 2012), and they can also interact with fellow customers of the same brand on these platforms. In this way, customers can help to build a brand through sharing information about the brand, exchange opinions with other customers, and speak directly with the brand via compliments, complaints and questions (de Vries et al., 2012; Gamboa & Gonçalves, 2014).

The communication aspect on social media includes Electronic-Word-of-Mouth (eWOM), which is customer-created communication, and as the traditional Word-of-Mouth (WOM) it is a critical element of the marketing mix. EWOM is defined as: *“any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet.”* (Raab et al., 2016, p. 140). When customers repeatedly spread positive WOM about a business, this type of “free advertising” can cut down the amount spent on marketing campaigns, and save resources for other purposes (Raab et al., 2016). At the other hand, negative WOM can hurt the business, and results in losses.

The use of social media for businesses is becoming a compelling way to increase touchpoints with customers, however, there is a lack of research on the impact customer loyalty has on engagement in social media (Raab et al., 2016). Most managers are very incredulous because there do not exist a perfect formula to measure the potential of the digital world (Gamboa & Gonçalves, 2014). Since this phenomenon is still very new and controversial in the research context, a great challenge lies in achieving engagement on social media (Gamboa & Gonçalves, 2014). More specifically, how social media can be used to manage customer relationships, marketing communications and branding (de Vries et al., 2012). Based on discussed research, we hypothesize:

H8: *Customer Loyalty leads to customer engagement on Social Media platforms.*

2.8 Competitive Strategies within the airline industry

Throughout the years, companies have been frustrated by the lack of results from investments in quality, and therefore managers have to justify their action financially when improving quality (Rust et al., 1995). Rust et al. (1995) looks into the return on quality (ROQ) approach, which is based on the assumptions that quality is: an investment, quality efforts must be financially accountable, it is possible to spend too much on quality and that not all expenditures are equally valid (Rust et al. 1995., p. 58). Findings showed that the ROC approach helps managers pinpoint where, when and how much to spend on quality to sustain a competitive advantage (Rust et al., 1995). Therefore, it is critical for the management to be able to understand customers' expectations, so that these expectations can be met or exceeded to be able to deliver high-quality service and satisfy customers (Chen & Chang, 2005; Huang, 2010; Chou, Liu, Huang, Yih & Han, 2011).

In practice, airlines try to measure and understand the passengers perception of their service offerings, but it is often without clear knowledge of what expectations the consumers have for the services provided. This raises a gap when measuring overall service quality because customers expectations for services, and the management's perceptions of these expectations contradicts. Considering that the airline industry is defined by a broad interaction between service providers and passengers, the role of the frontline employees in delivering exceptional service cannot be overemphasized. Lack of understanding the passengers' expectations can pose complications in resource allocation decisions. Notwithstanding, there has been done little work to investigate differences between passengers' expectations and the perception of these expectations by the airline (Chen & Chang, 2005).

The airline industry has become a highly competitive environment due to both the deregulation and passenger's increase in awareness of service quality (Huang, 2010; Chou et al., 2011). Thus, the provision of high quality services to passengers is the main competitive advantage for an airline's profitability and

sustained growth. By concentrating on service quality, it will increase customer satisfaction, and airlines are now adopting this strategy of maintaining and improving the service quality (Huang, 2010; Chou et al., 2011). Service quality also influences an airline's competitive advantage by retaining customer patronage, and along with this comes greater market share (Huang, 2010).

Since service quality perceptions are positively connected with the satisfaction and value associated to a service transaction, airlines that have a strong customer orientation will increase the satisfaction and value aspects, and also the behavioral outcomes (Brady & Cronin, 2001). So, airlines benefit both directly and indirectly from being customer oriented: through the impact of being customer oriented on their quality perceptions, and the derived impact of quality perceptions on consumers value and satisfaction attribution (Brady & Cronin, 2001). It is also shown that customer oriented firms are perceived as having better quality, physical goods and employee performance (Rust et al., 1995; Brady & Cronin, 2001). Hence, it is important for the management of successful customer oriented firms to balance the cost connected to the service quality to avoid bankruptcy (Rust et al., 1995).

Moreover, many airlines aim to contribute with a high level of service quality to enhance customer satisfaction, and to increase the efficiency of airline brands, to be able to change the generic reputation of LCC's as low fare's benefit (Kim & Lee, 2011). It is important because several researchers have shown that passengers consider and evaluate both price and service quality when choosing airlines (Jou, Lam, Hensher, Chen & Kuo, 2008; Kim & Lee, 2011). But, the perception of service quality is said to not correlate to price loyalty. Although passengers are satisfied with an airline, these satisfied customers do not usually switch to other airlines because of their more attractive prices. Thus, price may not be an outstanding factor in choosing an airline among LCC's, even though many expect that (Kim & Lee, 2011).

Further, Zeithaml (1988) point out that service quality is a more beneficial attribute than what price is, which is often ignored. Thus, improving service quality is a fundamental factor that effects airlines in a highly competitive market, and many airlines try to enhance organizational effectiveness and productivity by

managing service quality (Kim & Lee, 2011). On the other hand, LCC passengers are often more sensitive to price changes, because their major demand for choosing an airline is price. Therefore, airlines use pricing to differentiate market segments based on elasticity of demand (Chou et al., 2011).

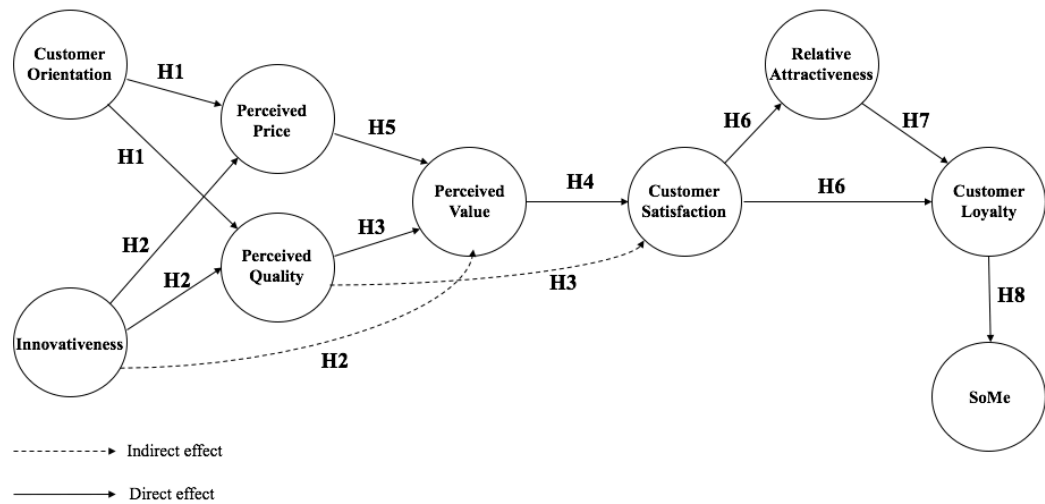
The reason why we chose the two companies (SAS and Norwegian) is because they are operating in a high intensity industry, with different competitive strategies. Norwegian on the one hand is perceived as innovative, while SAS is perceived as more attractive in terms of quality of the delivered services and relative attractiveness (Andreassen et al., 2017). Therefore, we want to look deeper into how customers perceive the two airlines on the grounds of our customer satisfaction model, and hypothesises the following:

H9: *For Norwegian, it will be a stronger relationship between innovativeness and a) perceived price, b) perceived quality, than the relationship between customer orientation and a) perceived price, b) perceived quality.*

H10: *For SAS, it will be a stronger relationship between customer orientation and a) perceived price, b) perceived quality, than the relationship between innovativeness and a) perceived price, b) perceived quality.*

3.0 Conceptual Research Model

In this section we have made conceptualizations of the research question and hypotheses through a research model, to clarify the interplays. We propose a new model, which is rooted in the NCSB model to investigate the relationships and roles of customer orientation and innovativeness in the research model. As the model presents, customer orientation and innovativeness has direct effects on perceived price and perceived quality. Then, perceived price and perceived quality have an effect on perceived value, which again leads to customer satisfaction. Customer satisfaction leads to relative attractiveness and customer loyalty, while relative attractiveness also leads to customer loyalty. Lastly, customer loyalty leads to social media.



Model 1: Conceptual Research Model

4.0 Methodology

This section will illustrate the various methodological choices made in order to answer the research question, and to provide a deeper understanding of the data collection, while minimizing impacts of limitations to ensure high quality of the findings.

4.1 Subjects and Design

Because this research seeks to describe meaningful observations of market phenomena, a descriptive research design is applicable (Malhotra & Birks, 2006). A descriptive research design is defined by formulations of definite research questions and hypotheses, and this method also uses data collection procedures that include questionnaires (Malhotra & Birks, 2006). Moreover, a descriptive research design is considered synonymously with survey research for gathering quantitative data from a large representative sample (Malhotra & Birks, 2006; Hair, Bush & Ortinau, 2006). Nevertheless, since a lot of the variables included in this study have been examined in scientific literature, and also since this is a procedure in line with what is used in the national customer indices, a quantitative approach is suitable (Malhotra, 1999).

We targeted respondents ranging from the age of 21-70 who were travelling with one of the two airlines used in our study, which we divided into three life-stage segments based on Andreassen et al. (2015)'s study: *Young, free and simple* (21-30), *Chaos in my life* (31-50) and *Got my life back* (51-70).

4.2 Research Context

We have chosen to study two Norwegian airlines, SAS and Norwegian, and as mentioned, the airline industry is characterized by great competition and price pressure, which demands continuous requirements to improve efficiency. Consumers are also travelling more due to increased prosperity, and with attractive prices due to price pressures have resulted in turning the airline industry into a growth sector (SAS, 2015). In addition, consumers are demanding more when travelling with airlines, including comfort, safety, efficiency and low prices,

which have expanded airlines' offerings in the air, on the ground and digitally (Chen & Chang, 2005; SAS, 2015).

Both airlines compete in the Scandinavian market, but they are different because of their competitive strategies. Norwegian is positioned as a Low Cost Carrier (LCC), and is one of Scandinavia's largest LCC's today, while SAS is positioned somewhere in between a Full service Carrier (FSC) and a LCC.

Norwegian has kept a clear vision and goal from the beginning in 2002 with: "*Affordable fears for all*", and the goal with the vision is for Norwegian to be: "*the preferred airline in selected markets and generate profitability and return to its shareholders*" (Norwegian, 2017). As a result of this, consumers know clearly what the company stands for. At the other hand, SAS has changed their vision and strategy in the latest years, by now focusing more on being part of a community and the overall experience for the customers from choosing SAS instead of competitors (SAS, 2012, p. 5). SAS's vision today is: "*To make life easier for Scandinavia's frequent flyers. With SAS you are part of a community experiencing easy, joyful and reliable services delivered the Scandinavian way.*" (SAS, 2017a). Since SAS has changed their vision and strategy several times, it can be confusing for both consumers and employees when it comes to perceived and performed value of the services provided.

Moreover, SAS has a competitive strategy that includes a free benefit program called EuroBonus. This comprise of that members can earn points on everyday purchases, get offers and discounts, which they can use on products or services with SAS or with other cooperation organisations. This program also has four different membership levels: *member, silver, gold* and *diamond*. The more members fly, the higher they climb and this will give them more benefits such as free baggage, free inflight WI-FI and private lounges on airports (SAS, 2017b). On the other hand, Norwegian has a free benefit program called Norwegian Reward. With this program, members are given the opportunity to earn Cashpoints and rewards for the use of goods or services from Norwegian, or from other providers that are a part of this program (Norwegian Reward, 2017). Both SAS and Norwegian have credit cards that also can be used to collect and earn points on everyday purchases to retain their customer base.

4.3 Operationalizing the Constructs

Definitions and items of this research are acquired from both scales from former research, and new scale development. First, the constructs customer satisfaction, relative attractiveness, customer loyalty and perceived price are based on the NCSB framework, which again has ground in research by Fornell (1992), and Johnson et al. (2001). In this manner, a 7 point Likert-scale was used for all constructs, and respondents had to indicate their level of agreement with the different statements and capabilities of the company on each question. As an example of the labelling and scaling: 1 = strongly disagree, 2 = slightly disagree, 3 = disagree, 4 = neither agree nor disagree, 5 = slightly agree, 6 = agree, 7 = strongly agree. The items were randomized in the questionnaire to minimize the impact of order bias (Sekaran & Bougie, 2009). Further, the demographic variables that were measured include gender, age, education, annual gross income in household, status and kids (see questions 13-18 in appendix 1: Questionnaire).

For the customer orientation construct, we have used the research by Olsen et al. (2014) and the definition from Ruekert (1992, p. 228) as mentioned in the literature review, to base our measures on. The questions are based on the company-customer relationship and how the customers perceive this relationship, through the aspect of the definition and explanations on the subject (Johnson et al., 2001; Olsen et al., 2014). For this construct, respondents were asked to indicate their response to the following statements: *“XX meets customer needs”*, *“XX has focus on its customers”*, *“XX tries to do the best for its customers”*, and *“XX knows its customers well”*.

Further, the innovativeness construct was drawn from Kunz et al. (2010). Their scale was also used as an online survey, but in the mobile phone industry. Thus, we had to make it fit the airline industry. Additionally, the scale was translated into Norwegian that is as a poorer language than English, therefore two questions were considered unnecessary since the formulations became too similar, and we felt that we covered what we wanted to look at with the five remaining. For this construct, respondents were asked to indicate their response to the following statements: *“The company constantly generates new ideas”*, *The company has*

changed the market with its offers”, “The company is an advanced, forward-looking firm”, “The company is innovative”, and “The company is creative”.

For the construct perceived quality, we used previous research from the SERVQUAL instrument by Parasuraman et al. (1988), and adjusted these towards the airline service quality. In addition to this instrument, we also based our questions on Sultan and Simpson Jr. (2000), Chen and Chang (2005) and Basfirinci and Mitra (2015). As mentioned, we have included the items *tangibles, assurance and reliability*, with a reduced item-scale. This was done because of the fit of our study, and previous studies have showed that those included are the most important ones in the airline industry. An element of risk by not including all items, is that we may not cover all the aspects, however, we feel confident of finding out what we need for our study in this case. When testing this construct, respondents were asked to respond to the following statements: *“Quality is relevant to me”, “XX’s services are appealing (for example: web pages for booking, check-in, etc.)”, “XX’s aircrafts appear as modern and new”, “XX has a competent staff who answers my questions and meets my requirements”, and “This airline provide its services at the time they promise”.*

We have been explorative with the perceived value construct, and have foremost based our items on Sanchez et al. (2006), because this was directed towards the tourism industry. They looked at functional, emotional and social value in their study. In addition, we have used Varshneya and Das (2017)’s study including cognitive, hedonic, social and ethical value, which looks at the service industry. We have excluded ethical value, as security is a hygiene factor within the airline industry, and is an essential factor that all airlines follow with strict rules and regulations. Overby and Lee (2006) has also been evaluated while composing the construct. The perceived value were therefore measured on six statements that respondents had to consider: *“By using XX’s services, I feel that I save time (e.g. self check-in, bag-drop, etc.)”, “The flight ticket was a good purchase for the price paid”, “The experience I get when I travel with XX is worth all the time effort I contribute with”, “Travelling with XX gives me a good self-esteem”, “Travelling with XX is good for my status”, and “Travelling with XX is positive for my social relations”.*

To construct a scale for engagement in social media, we had to be more creative because there was no previous verified work on this. We chose to use the same customer loyalty scale as mentioned above, only to add social media related terms and definitions within the questions. Therefore, the questions are based on the previous work of Johnson et al. (2001). We argue that this was appropriate as the construct is intended to reflect the same aspects as loyalty, only that it takes place online on social media. In this regard, respondents were asked to indicate their response to the following questions: “How likely or unlikely is it that you want to like XX in social media?”, “How likely or unlikely is it that you want to comment on XX’s platforms in social media?”, and “How likely or unlikely is it that you will share that you are using XX’s services on social media?”.

Table 1 (below) displays the items used and the sources of these operationalization’s, which are translated into English, as participants were subjected to a Norwegian version of the questionnaire. The original and complete version of the questionnaire is provided in Norwegian in appendix 1: Questionnaire.

Constructs & Questions	References	Items
<i>Customer Orientation</i>		
XX meets customer needs	Olsen et al. (2014) Ruekert (1992) Walsh and Beatty (2007)	CO_1
XX has focus on its customers	Olsen et al. (2014) Ruekert (1992) Walsh and Beatty (2007)	CO_2
XX tries to do the best for its customers	Olsen et al. (2014) Ruekert (1992) Walsh and Beatty (2007)	CO_3
XX knows its customers well	Olsen et al. (2014) Ruekert (1992) Walsh and Beatty (2007)	CO_4
<i>Innovativeness</i>		
The company constantly generates new ideas	Kunz et al. (2010)	INN_1
The company has changed the market with its offers	Kunz et al. (2010)	INN_2
The company is an advanced, forward-looking firm	Kunz et al. (2010)	INN_3
The company is innovative	Kunz et al. (2010)	INN_4
The company is creative	Kunz et al. (2010)	INN_5
<i>Perceived Price</i>		
How good/bad do XX’s price correlate with your expectations?	Johnson et al. (2001)	PP_1
How relevant is price to your purchase decision?	Johnson et al. (2001)	PP_2
How good fit is there between XX’s price and quality in terms of its services?	Johnson et al. (2001)	PP_3

<i>Perceived Quality</i>		
Quality is relevant to me	Chen and Chang (2005) Parasuraman et al. (1988)	PQ_1
XX's services are appealing (for example: web pages for booking, check-in, etc.)	Sultan and Simpson Jr. (2000)	PQ_2
XX's aircrafts appear as modern and new	Sultan and Simpson Jr. (2000) Basfirinci and Mitra (2015)	PQ_3
XX has a competent staff who answers my questions and meets my requirements	Sultan and Simpson Jr. (2000) Basfirinci and Mitra (2015)	PQ_4
This airline provide its services at the time they promises	Sultan and Simpson Jr. (2000) Basfirinci and Mitra (2015)	PQ_5
<i>Perceived Value</i>		
By using XX's services, I feel that I save time (e.g. self check-in, bag-drop, etc.)	Overby and Lee (2006) Varshneya and Das (2017) Sanchez et al. (2006)	PV_1
The flight ticket was a good purchase for the price paid	Overby and Lee (2006) Sanchez et al. (2006)	PV_2
The experience I get when I travel with XX is worth all the time and effort I contribute with	Overby and Lee (2006) Sanchez et al. (2006)	PV_3
Traveling with XX gives me a good self-esteem	Varshneya and Das (2017) Sanchez et al. (2006)	PV_4
Travelling with XX is good for my status	Varshneya and Das (2017) Sanchez et al. (2006)	PV_5
Traveling with XX is positive for my social relations	Varshneya and Das (2017) Sanchez et al. (2006)	PV_6
<i>Customer Satisfaction</i>		
How satisfied or dissatisfied are you with XX?	Johnson et al. (2001)	CS_1
To what extent does XX meet your expectations?	Johnson et al. (2001)	CS_2
What is your opinion of XX's services?	Johnson et al. (2001)	CS_3
<i>Relative Attractiveness</i>		
XX has better prices on its services	Johnson et al. (2001)	RA_1
XX has better quality on its services	Johnson et al. (2001)	RA_2
XX has a better reputation	Johnson et al. (2001)	RA_3
XX is more attractive	Johnson et al. (2001)	RA_4
XX is more innovative	Johnson et al. (2001)	RA_5
<i>Customer Loyalty</i>		
How likely or unlikely is it that you will continue as a customer at XX?	Johnson et al. (2001) Walsh and Beatty (2007)	CL_1
How likely or unlikely is it that you would recommend XX, if anyone asks you for advice?	Johnson et al. (2001) Walsh and Beatty (2007)	CL_2
How likely or unlikely is it that you will mention XX in a positive way?	Johnson et al. (2001) Walsh and Beatty (2007)	CL_3
<i>Social Media</i>		
How likely or unlikely is it that you want to like XX in social media?	Johnson et al. (2001) Walsh and Beatty (2007)	SoMe_1
How likely or unlikely is it that you want to comment on XX's platforms in social media?	Johnson et al. (2001) Walsh and Beatty (2007)	SoMe_2
How likely or unlikely is it that you will share that you are using XX's services on social media?	Johnson et al. (2001) Walsh and Beatty (2007)	SoMe_3

Table 1: Constructs and Items

4.4 Validity and Reliability

To be able to complete the examination of our structural model, it is fundamental to establish the reliability and validity of the latent variables to avoid errors that might influence the results (Wong, 2013).

4.4.1 Validity

Validity is the extent to which an instrument measures the attributes of a concept accurately (Hair, Black, Babin & Anderson, 2010). First, to measure construct validity, it is important to look at convergent and discriminant validity to see if we are measuring what we claim to measure (Hair et al., 2006). The convergent validity is whether the measured items in the dataset relates to the factors they are supposed to represent, and are conducted through values of Average Variance Extracted (AVE) (Wong, 2013). Bagozzi and Yi (1988) suggests that AVE values should be 0.50 or above to indicate convergence. Moreover, discriminant validity is whether the measured construct is unrelated with other constructs (Wong, 2013). Fornell and Larcker (1981) suggests that the square root of the AVE values of each latent variable should be greater than the correlation between the latent variables to be acceptable.

4.4.2 Reliability

Reliability is the ability of an instrument to measure the attributes of a variable on construct consistency (Hair et al., 2010). If multiple measures are taken, the reliable measures will be consistent with their value. To check for indicator reliability one need to check the outer loadings in the Partial Least Squares Structural Equation Modelling (PLS-SEM). A score of 0.70 or higher is preferred for this evaluation (Hulland, 1999; Wong, 2013). Further, Cronbach's alpha (α) is used to measure internal consistency reliability, however it tends to give a conservative measurement in PLS-SEM (Wong, 2013). Therefore, prior literature recommends to use the composite reliability as a replacement (Bagozzi & Yi, 1988; Hair, Hult, Ringle & Sarstedt, 2013). The preferred Cronbach's alpha (α) level should be above 0.70, and the same applies for the composite reliability.

4.5 Survey Development and Data Collection

First of all, as mentioned above, we started out with questions from the NCSB framework for the constructs customer satisfaction, perceived price, relative attractiveness and customer loyalty (Johnson et al., 2001). In addition, we expanded with additional scales on customer orientation, innovativeness, perceived quality, perceived value and SoMe. All of these questions were then adjusted towards the airline industry. The total number of items that were used in our complete questionnaire was 37. Complete questionnaires were then collected through online surveys from 239 representative respondents.

The data collection was done online from a Qualtrics survey, and respondents were obtained through encouragement through our social media networks, where the targeted subjects was drawn from the population of all Norwegian and SAS customers. The advantages of collecting responses online is that it is easy to administer, and respondents can answer at their convenience. However, there is a risk that they might not answer it at all (Sekaran & Bougie, 2009).

4.6 Pre-test

We pre-tested the complete questionnaire before conducting responses, in order to ensure clearness and user friendliness of all questions and scales together in the survey. The questionnaire was provided to a relatively small sample of 15 persons, containing of a mix of students, family and friends to get a representative selection for our pre-test. At the end of the questionnaire, it was included a question where respondents could comment on what they thought of the survey, and describe if it was something that was difficult to understand, or unclear to them. We got some important feedback about some question statements being unclear or similar to each other, and adjustments were made accordingly. In addition to valuable feedback, we saw a clear variation in answers, and therefore concluded with that the topic and questionnaire was desirable to go on with.

4.7 Analytical Procedures

The received data file was first imported from Qualtrics to SPSS Statistics, where necessary cleaning and recoding was done. We did not have an issue with

uncompleted questionnaires or missing values, because the collection in Qualtrics was organized so that all questions had to be answered, and uncompleted questionnaires was deleted within a certain time. The only exception was the question regarding *total income in a household*, where the respondents could choose to not answer. After cleaning up the data in SPSS, we ran a PLS-SEM analysis in SmartPLS where we exported the SPSS data file to visually examine the relationships that exist among the variables of interest, and be able to answer our hypotheses (Wong, 2013). In addition, to be able to answer all of our hypotheses, we did a Partial Least Squares Multi-Group (PLS-MGA) Analysis.

5.0 Results

This section includes the results from the conducted data analyses. First, we will describe the respondent characteristics and descriptive statistics. Then, we will go through the underlying assumptions for a PLS path modelling, followed by the testing of the validity and reliability. Thereafter, the main results from the PLS-SEM and PLS-MGA analyzes will be presented. Lastly, we will examine whether there exists support for the hypotheses.

5.1 Respondent Characteristics

The sample provides a total of 239 respondents, with a representative gender distribution, whereas 55.2% was females, and 44.8% was men. Most of the respondents age ranged from 21 to 71 years old, with only 3.8% below 20 years old and 2.1% above 71 years old. The average age is laying in the *young, free and simple* (38.9%) segment, followed by *Got my life back* (28.9 %) and *Chaos in my life* (26.4%).

When it comes to travel frequency we see that the average respondent travels by air, three to five times a year (33.9%), followed by one to two times a year (23%), six to nine times a year (19.2%), ten or more (18%) and less than one (5.9%). For the respondents purpose with travelling, most of the respondents travels as tourists (72.8%), while 17.2% travels because of work, and 10% as students. Added, as many as 64% of the total had travelled within the two last months. Here we clearly see that respondents go on holidays several times a year, and travels by air on a regularly basis.

For more airline industry specific information, 33.9% uses SAS as their main airline company and 66.1% uses Norwegian, of the 239 respondents. It is interesting that of the respondents who uses Norwegian, 59.5% are members of the loyalty program Norwegian Rewards, compared to SAS where 81.5% are members of SAS EuroBonus. For a complete overview of the respondent characteristics, including: *frequency of travels, purpose of travel, which airline being used (SAS or Norwegian), membership of loyalty program (SAS EuroBonus or Norwegian Reward), gender, education, income, status, age and children*, please see appendix 2.

5.2 Descriptive Statistics

Table 2 (below) illustrates a descriptive statistic for the mean, std. deviation, skewness and kurtosis for our constructs. Skewness is an indication of the symmetry, and balances the distribution, and can be compared to a normal distribution (Hair et al. 2010). Values of skewness that are outside a range -1/+1 are indications of a substantially skewed distribution. All our constructs are within this range, while one item (CL_1: 1.564) are outside of this range.

Kurtosis is a measure of the peakedness of the distribution, where values below zero indicates a flat distribution, and values above zero imply a peaked distribution (Hair et al. 2010). There are two of the constructs that have a flat distribution (perceived price and SoMe), while all the other constructs have a peaked distribution. For the items, most of them have a peaked distribution, while seven have a flat distribution. Please see appendix 3 for the descriptive statistics on the items.

Constructs	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Innovativeness	4.7431	1.14383	-.309	.157	.755	.314
Customer Orientation	4.8755	1.09330	-.283	.157	.624	.314
Perceived Price	5.5105	0.89074	-.214	.157	-.337	.314
Perceived Quality	5.0837	0.94650	-.154	.157	.264	.314
Perceived Value	4.3138	0.98464	-.041	.157	.676	.314
Customer Satisfaction	5.1604	1.04468	-.612	.157	1.359	.314
Relative Attractiveness	4.3745	1.11164	-.142	.157	1.102	.314
Customer Loyalty	5.6109	1.1557	-.956	.157	1.374	.314
SoMe	3.2148	1.46970	.342	.157	-.465	.314

Table 2: Descriptive Statistics

5.3 Assumptions for Partial Least Squares Structural Equation Modeling

PLS path modeling is a causal modelling method that allows for estimation of cause and effect relationships with latent variables, with no assumptions about

data distribution (Vinzi et al., 2010 referenced in Wong, 2013). As our survey measures are reflecting an indication of more latent variables, a PLS-SEM method is used to estimate a model, with an objective to explain variance (Johnson et al., 2001). There are some weaknesses connected to the PLS-SEM analysis, and these are: high-valued structural path coefficients are needed if the sample is small, problem of multicollinearity, cannot model undirected correlations, and lack of complete consistency in scores on latent variables may result in biased component estimation, path coefficients and loadings (Wong, 2013. p. 3). However, the method is well suited to test small samples, and since we have a sample of 239, it does not impose distributional assumptions of the data (Fornell et al., 1996). This method has been deployed in many fields, such as behavioral sciences, marketing, organization, management information system, and business strategy (Wong, 2013). In addition, as our model is based upon the NCSB from Johnson et al. (2001), which also have used this method. Based on this, we find our study well-fitted for doing this method, as well as meeting the requirements for conducting this analysis.

5.4 Test of Validity and Reliability

5.4.1 Validity

In regard to convergent validity, our results showed that all the variables had an AVE value above the preferred threshold of 0.50 (Bagozzi and Yi, 1988; Wong, 2013). The scores were preferably high for customer satisfaction and customer loyalty with the highest score of 0.865. Perceived quality had the lowest score of 0.509. Accordingly, convergent validity is confirmed in our model.

When it comes to the discriminant validity, the results from our analysis showed that the square root of AVE on perceived quality (0.714) was lower than the correlation values in the column (0.720) and row (0.715) of perceived quality. Except from this variable, all the other constructs had a square root of AVE higher than the correlation values. Fornell and Larcker (1981) advise that the square root of the AVE value of each latent variable should be greater than the correlation between the latent variables, but due to the small differences between the values of perceived quality, and because convergent validity was confirmed, we consider

discriminant validity to be well established. Table 3 (below) displays the Fornell-Larcker criterion results.

	CL	CO	CS	INN	PP	PQ	PV	RA	SoMe
Customer Loyalty	0.930								
Customer Orientation	0.537	0.876							
Customer Satisfaction	0.650	0.768	0.919						
Innovativeness	0.299	0.330	0.374	0.885					
Perceived Price	0.363	0.360	0.491	0.507	0.781				
Perceived Quality	0.547	0.712	0.720	0.442	0.566	0.714			
Perceived Value	0.470	0.656	0.689	0.392	0.490	0.650	0.782		
Relative Attractiveness	0.540	0.713	0.702	0.374	0.408	0.715	0.724	0.864	
Social Media	0.399	0.396	0.335	0.238	0.152	0.341	0.381	0.378	0.848

Table 3: Fornell-Larcker Criterion

5.4.2 Reliability

When checking for indicator reliability, the results showed that most items had an acceptable score, but one indicator for perceived price (PP_2: 0.533), three for perceived quality (PQ_1: 0.693, PQ_3: 0.650, PQ_5: 0.655), one for relative attractiveness (RA_1: 0.524), and one for perceived value (PV_1: 0.682) were below the preferred score of 0.70 (Hulland, 1999; Wong, 2013). If we should have excluded the indicators mentioned above, the constructs perceived price and perceived quality would have only two indicators left on each construct. Good practice precept a minimum of three or four items per factor (Hair et al., 2006), thus making us dig deeper into this issue. Consequently, we ran the analysis again, with and without the indicators with low score. The overall analysis including reliability and validity evaluation showed very little difference. But, the model with all the constructs and indicators, except the one item from relative attractiveness (RA_1), and one from perceived value (PV_1) actually gave the best results overall. Based on this, we chose to keep all the indicators, except one from relative attractiveness (RA_1) and one from perceived value (PV_1), for further investigation of the model. Table 4 (below) shows the outer loadings for all items.

	CL	CO	CS	INN	PP	PQ	PV	RA	SoMe
CO_1		0.867							
CO_2		0.923							
CO_3		0.905							
CO_4		0.807							
CS_1			0.932						
CS_2			0.937						
CS_3			0.886						
INN_1				0.808					
INN_2				0.847					
INN_3				0.896					
INN_4				0.936					
INN_5				0.929					
CL_1	0.882								
CL_2	0.955								
CL_3	0.951								
PP_1					0.856				
PP_2					0.533				
PP_3					0.903				
PQ_1						0.693			
PQ_2						0.751			
PQ_3						0.650			
PQ_4						0.805			
PQ_5						0.655			
RA_1								0.524	
RA_2								0.888	
RA_3								0.882	
RA_4								0.908	
RA_5								0.734	
SoMe_1									0.926
SoMe_2									0.808
SoMe_3									0.803
PV_1							0.682		
PV_2							0.705		
PV_3							0.781		
PV_4							0.807		
PV_5							0.771		
PV_6							0.756		

Table 4: Outer Loadings for all items

For internal consistency, the reliability scores are relatively high for customer satisfaction, customer orientation, innovativeness and customer loyalty with the highest score of 0.950. The other constructs also have considerably high scores, as the lowest score of 0.817 was for perceived price. This proves the internal consistency reliability to be significant, as all the constructs have a score above 0.70 (Wong, 2013). Table 5 (below) presents the composite reliability scores for each construct related to our model, as well as the AVE values.

Constructs	Observed Measures	Nr. of items	Composite Reliability	Average Variance Extracted (AVE)
Customer Orientation	CO_1 CO_2 CO_3 CO_4	4	0.930	0.768
Innovativeness	INN_1 INN_2 INN_3 INN_4 INN_5	5	0.947	0.782
Perceived Price	PP_1 PP_2 PP_3	3	0.817	0.610
Perceived Quality	PQ_1 PQ_2 PQ_3 PQ_4 PQ_5	5	0.837	0.509
Perceived Value	PV_2 PV_3 PV_4 PV_5 PV_6	5	0.887	0.611
Customer Satisfaction	CS_1 CS_2 CS_3	3	0.942	0.844
Relative Attractiveness	RA_2 RA_3 RA_4 RA_5	4	0.921	0.746
Customer Loyalty	CL_1 CL_2 CL_3	3	0.950	0.865
Social Media	SoMe_1 SoMe_2 SoMe_3	3	0.884	0.719

Table 5: Composite Reliability and AVE values

5.5 Partial Least Squares Structural Equation Modeling

Since this study test a theoretical model, using SmartPLS is appropriate as it focuses on the analysis of variance (Wong, 2013). Firstly, it is meaningful to look at the overall model fit, but even though SmartPLS includes some model fit assessment criteria, it is important to note that they must be used with caution as they may often not be useful for PLS-SEM. This is because they are in their very early stages of research, and not fully understood yet. The Standardized Root Mean Square Residuals (SRMR) is introduced as a goodness of fit measure for PLS-SEM and is defined as the difference between the observed correlation and the model implied correlation matrix. Thus, it allows for assessment of the average magnitude of the discrepancies between observed and expected correlations as an absolute measure of model fit criterion, and can be used to avoid model misspecification (Henseler & Sarstedt, 2013). A value less than 0.10 or of 0.08 is considered as a good fit, and our SRMR value showed 0.087, which indicates that our model has a good fit.

Further, regarding the target endogenous variable variance, it is evident that the coefficient of determination, R^2 is 0.437 for customer loyalty. This means that all the latent variables (customer orientation, innovativeness, perceived price, quality and value, customer satisfaction, and relative attractiveness) explain 43.7% of the variance in customer loyalty. For customer satisfaction, the latent variables

(customer orientation, innovativeness, perceived price, quality and value) explain 47.5% of the variance in customer satisfaction. This is quite similar to customer loyalty. Further, customer orientation and innovativeness better explain the variance of perceived quality with 55.5%, while only 29.9% of perceived price. Perceived value and relative attractiveness has a weak moderately explained variance (0.445, 0.492), but SoMe has a low explained variance of 15.9%.

In addition, the model's effect size (f^2) should be appraised, which shows how much an exogenous latent variable contributes to an endogenous latent variable's R^2 value. The effect size assesses the magnitude or strength of the relationship between the latent variables (Wong, 2013). Our results show that we have a variety of magnitude or strengths between the variables. Four relationships have large effects, three have medium and four have small effects.

Predictive relevance is also another aspect that should be evaluated for the inner model. When a PLS-SEM model displays predictive relevance, it accurately predicts the data points of the indicators (Wong, 2013). Our results indicate that the constructs customer satisfaction and loyalty has large predictive relevance, perceived price, quality and value, and relative attractiveness has moderately predictive relevance, while SoMe has weak predictive relevance. However, all the Stone-Geisser's (Q^2) values are above zero, thus providing support for the model's predictive relevance for the seven endogenous constructs. Table 6 (below) displays a detailed overview of the different effect sizes, and the predictive relevance for the constructs.

Model effect size (f^2)		Predictive Relevance (Q^2)	
Construct Effects	f^2	Constructs	Q^2
Customer Orientation → Perceived Price	0.060 = small	Perceived Price	0.161 = medium
Customer Orientation → Perceived Quality	0.809 = large	Perceived Quality	0.257 = medium
Innovativeness → Perceived Price	0.242 = medium	Perceived Value	0.241 = medium
Innovativeness → Perceived Quality	0.108 = small	Customer Satisfaction	0.379 = large
Perceived Price → Perceived Value	0.039 = small	Relative Attractiveness	0.344 = medium
Perceived Quality → Perceived Value	0.369 = large	Customer Loyalty	0.354 = large
Perceived Value → Customer Satisfaction	0.905 = large	Social Media	0.082 = small
Customer Satisfaction → Relative Attractiveness	0.970 = large		

Customer Satisfaction → Customer Loyalty	0.258 = medium		
Customer Loyalty → Social Media	0.189 = medium		

Table 6: Model effect sizes and Predictive Relevance

To test the normality of the data, we used the bootstrapping procedure (Wong, 2013). This is a t -statistics for significance testing of both the inner and outer model. Firstly, using a two-tailed t -test with a significance level of 5% ($\alpha = 0.05$), the path coefficient for the inner model will be significant if the t -statistics is larger than 1.96 (Wong, 2013). Our results show that all path coefficients in the inner model are statistically significant, as all linkages are larger than 1.96. Table 7 (below) displays the path coefficient beta (β) values, t -statistics and p -values of the inner model. Then, for testing the outer model, we checked the t -statistics in the outer loadings. Here as well, our results showed that all the outer model loadings were larger than 1.96, and therefore highly significant at the 5% level ($\alpha = 0.05$). Please see appendix 4 for the t -statistics for the outer model.

Paths	Beta	T-statistics	P-value
Customer Orientation → Perceived Price	0.217	3.542	0.000
Customer Orientation → Perceived Quality	0.636	14.087	0.000
Innovativeness → Perceived Price	0.436	7.878	0.000
Innovativeness → Perceived Quality	0.232	4.039	0.000
Perceived Price → Perceived Value	0.179	2.892	0.004
Perceived Quality → Perceived Value	0.549	9.775	0.000
Perceived Value → Customer Satisfaction	0.689	20.412	0.000
Customer Satisfaction → Relative Attractiveness	0.702	18.856	0.000
Customer Satisfaction → Customer Loyalty	0.535	7.580	0.000
Relative Attractiveness → Customer Loyalty	0.165	2.417	0.016
Customer Loyalty → Social Media	0.399	10.117	0.000

Table 7: Inner Model: (β), t - and p -values

Besides from our hypotheses, it is of interest to look at which variables that have the strongest effect on another variable that have several loadings. Innovativeness ($\beta: 0.436, t: 7.878, p: 0.000$) has a stronger effect on perceived price, than customer orientation ($\beta: 0.217, t: 3.542, p: 0.000$) has on perceived price. However, customer orientation ($\beta: 0.636, t: 14.087, p: 0.000$) has a stronger effect on perceived quality, than innovativeness ($\beta: 0.232, t: 4.039, p: 0.000$) has. Further, perceived quality has the strongest effect on perceived value ($\beta: 0.549, t: 9.775, p: 0.000$), while perceived price has a much lower effect on perceived value ($\beta: 0.179, t: 2.892, p: 0.004$). For the customer loyalty construct, customer satisfaction has the greatest effect ($\beta: 0.535, t: 7.580, p: 0.000$), and relative attractiveness has a considerably lower effect ($\beta: 0.165, t: 2.417, p: 0.016$).

5.6 Partial Least Squares Multi-Group Analysis

To examine how the two airlines differ, we had to do a PLS-MGA. This is done to test if the data groups have significant differences in their group-specific parameter estimated (Sarstedt et al., 2011). In our case, the data groups are SAS and Norwegian. A result is significant at the 5% probability of error level, if the p -value is smaller than 0.05 or larger than 0.95 for a certain difference of group-specific path coefficients (Henseler et al., 2009; Sarstedt et al., 2011). In table 8 (below) the beta (β), beta (β) delta, t - and p -values for the two airlines are presented. The t -values have to be above 1.96 and the p -value under 0.05 for the paths to be significant. On the other hand, the path coefficient beta (β) have a significant beta (β) value at 0.10, but it does not matter if the t - and p -values are violated.

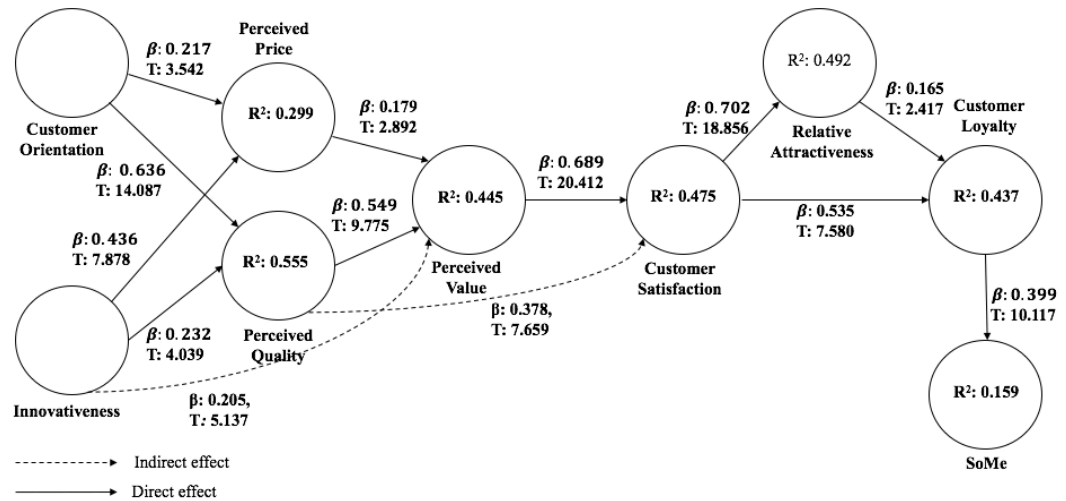
The PLS-MGA results shows some interesting findings. The effect of relative attractiveness on customer loyalty violates the threshold for t - and p -values for both SAS ($\beta: 0.229, t: 1.462, p: 0.144$) and Norwegian ($\beta: 0.106, t: 1.583, p: 0.114$). Additionally, innovativeness to perceived price ($\beta: 0.215, t: 1.612, p: 0.107$) and perceived quality to perceived value ($\beta: 0.183, t: 1.561, p: 0.119$) is not significant for SAS, and perceived price to perceived value, is not significant for Norwegian ($\beta: 0.051, t: 0.693, p: 0.488$).

	Beta		Beta delta (difference)			T-statistics		P-value	
	SAS	Norwegian	Beta diff	t-value diff	p-value diff	SAS	Norwegian	SAS	Norwegian
Customer Orientation → Perceived Price	0.462	0.275	0.188	1.380	0.169	3.994	3.538	0.000	0.000
Customer Orientation → Perceived Quality	0.627	0.604	0.023	0.224	0.823	7.491	10.209	0.000	0.000
Innovativeness → Perceived Price	0.215	0.315	0.100	0.644	0.520	1.612	3.567	0.107	0.000
Innovativeness → Perceived Quality	0.212	0.217	0.005	0.036	0.971	2.085	2.947	0.037	0.003
Perceived Price → Perceived Value	0.551	0.051	0.500	3.991	0.000	5.360	0.693	0.000	0.488
Perceived Quality → Perceived Value	0.183	0.672	0.488	4.199	0.000	1.561	11.560	0.119	0,000
Perceived Value → Customer Satisfaction	0.676	0.701	0.026	0.378	0.705	11.928	17.916	0.000	0.000
Customer Satisfaction → Relative Attractiveness	0.720	0.694	0.026	0.343	0.732	13.364	14.534	0.000	0.000
Customer Satisfaction → Customer Loyalty	0.399	0.615	0.215	1.460	0.146	2.544	8.858	0.011	0.000
Relative Attractiveness → Customer Loyalty	0.229	0.106	0.123	0.846	0.399	1.462	1.583	0.144	0.114
Customer Loyalty → Social Media	0.416	0.378	0.038	0.437	0.662	5.768	7.651	0.000	0.000

Table 8: PLS-MGA

5.7 Empirical Model

Model 2 (below) shows the variance of the latent variables and how it is being explained by the other latent variables. Additionally, it shows the path coefficient beta values, which presents how strong the effect of one variable is on another variable. It is preferred that the beta value is above 0.10, and that the *t*-statistics is above 1.96 to be significant (Wong, 2013).



Model 2: Empirical Model

5.8 Testing the Hypotheses

We have used PLS-SEM in SmartPLS to answer our hypotheses 1 to 8, while for (H9) and (H10), a PLS-MGA in SmartPLS has been applied. Within these analyses, we have evaluated the beta path coefficients (β), t - and p -values to investigate if the hypotheses are significant and supported.

The first hypothesis shows that customer orientation has a significant effect on both perceived price ($\beta: 0.217, t: 3.542, p: 0.000$) and perceived quality ($\beta: 0.636, t: 14.087, p: 0.000$). What is evident is that a firm’s ability to be customer oriented has a stronger positive impact on perceived quality than for perceived price. Consequently, we can give support to (H1).

For the second hypothesis regarding the effect innovativeness has on perceived price and quality, and the indirect effect on perceived value, our results indicate that innovativeness has a direct significant effect on both perceived price ($\beta: 0.436, t: 7.878, p: 0.000$) and perceived quality ($\beta: 0.232, t: 4.039, p: 0.000$). It is also a significant indirect effect between innovativeness and perceived value, through perceived price and quality ($\beta = (0.232 \cdot 0.549) + (0.436 \cdot 0.179)$). This implies that there is a low indirect impact on customer perceived value. With this (H2) is supported.

Regarding the effect from perceived price to perceived value, our results shows that perceived price has a significant effect on perceived value ($\beta: 0.179, t: 2.892,$

$p: 0.004$). This implies that customers in the airline industry prioritize price, to some extent as a factor when choosing a service provider. ($H3$) stating that perceived price effect the customer perceived value of a service provider is supported as the path coefficient is above 0.1 and the t -statistics is above 1.96, thus significant.

($H4$) looks at the effect perceived quality has on perceived value and the indirect effect on customer satisfaction. The results show that perceived quality has a significant effect on perceived value ($\beta: 0.549, t: 9.775, p: 0.000$). With this, we can imply that customers within the airline industry see quality as an antecedent of perceived value. Further, perceived quality also has an indirect effect on customer satisfaction ($\beta: 0.378, t: 7.659, p: 0.000$) ($\beta = (0.549 * 0.689 = 0.378)$), through perceived value. This emphasize the importance of service quality and value in creating satisfied customers. With this, we can say that ($H4$) is significant and supported.

Further, ($H5$) involves the effect perceived value has on customer satisfaction. The outcome of our analysis shows that perceived value has a strong significant impact on customer satisfaction ($\beta: 0.689, t: 20.412, p: 0.000$). This indicates that the value created from perceived quality and perceived price affects how satisfied the customers are with the experience of the service provider. Therefore, ($H5$) is supported.

($H6$) consider the effects customer satisfaction has on relative attractiveness and customer loyalty. The results here show that there is a significant relationship between customer satisfaction and relative attractiveness ($\beta: 0.702, t: 18.856, p: 0.000$), and also the effect between customer satisfaction and customer loyalty ($\beta: 0.535, t: 7.580, p: 0.000$) is moderately statistical. Because customer satisfaction has an effect on both relative attractiveness and customer loyalty, ($H6$) is supported.

The effect relative attractiveness has on customer loyalty defines hypothesis seven. Our results show that there is a slightly significant effect ($\beta: 0.137, t: 2.417, p: 0.016$) for the impact between relative attractiveness and customer loyalty. Since the β -value is above 0.1 and the t -statistics is above 1.96, we can

state that relative attractiveness has a significant effect on customer loyalty, and consequently, (*H7*) is statistically significant.

Regarding if customer loyalty leads to customer engagement on social media platforms, the results illustrate that customer loyalty has a significant effect on SoMe (β : 0.399, t : 10.117, p : 0.000). This entails that loyal customers will more likely engage on firms' social media platforms to communicate their experience with the different providers. Consequently, we can give support to (*H8*).

Hypothesis nine looks at the effect from innovativeness on perceived price and quality, in comparison to how customer orientation effects perceived price and quality for Norwegian. The relationship between innovativeness and a) perceived price and b) perceived quality shows β -values of 0.315 for perceived price (t : 3.567, p : 0.000), and 0.217 for perceived quality (t : 2.947, p : 0.003), compared to customer orientation, which shows β -values of 0.275 for perceived price (t : 3.538, p : 0.000) and 0.604 for perceived quality (t : 10.209, p : 0.000).

This implies that there is a stronger relationship between innovativeness and perceived price, than for customer orientation and perceived price. Contrary, when looking at the relationship between innovativeness and perceived quality, there is a stronger relationship for customer orientation and perceived quality than for innovativeness and perceived quality. This is indicated by both the t - and p -value, which violates the threshold. Thus, (*H9*) is partly supported with innovativeness to a) perceived price, but not for innovativeness to b) perceived quality.

In comparison, for SAS and the relationship between customer orientation and a) perceived price and b) perceived quality shows β -values of 0.462 for perceived price (t : 3.994, p : 0.000), and 0.627 for perceived quality (t : 7.491, p : 0.000), compared to innovativeness which shows β -values of 0.215 for perceived price (t : 1.612, p : 0.107) and 0.212 for perceived quality (t : 2.085, p : 0.037).

In this case, there is a stronger relationship between customer orientation and perceived price than innovativeness and perceived price. Additionally, the relationship between customer orientation and b) perceived quality is also shown to have a stronger relationship than for innovativeness to b) perceived quality. The

t-statistics for innovativeness to perceived quality is not significant either, since it has a value below 1.96. Consequently, we can fully support (*H10*). Please see table 8 for a detailed overview of the PLS-MGA analysis, in regard to the testing of (*H9*) and (*H10*).

5.9 Main Findings Summarized

The results are summarized in table 9 (below), which shows that we have good support for our hypotheses, while only one is partly supported (*H9*).

Hypotheses	Result
H1: Customer orientation has a direct effect on perceived price and perceived quality.	Supported
H2: Innovativeness has a direct effect on perceived price and perceived quality, and an indirect effect on perceived value.	Supported
H3: Perceived quality has a direct effect on perceived value, and an indirect effect on customer satisfaction.	Supported
H4: Perceived value has a positive effect on customer satisfaction.	Supported
H5: perceived price has an effect on customer’s perceived value.	Supported
H6: Customer satisfaction has a direct effect on relative attractiveness and customer loyalty.	Supported
H7: Relative attractiveness has an effect on customer loyalty.	Supported
H8: Customer loyalty leads to customer engagement on social media platforms.	Supported
H9: For Norwegian, it will be a stronger relationship between innovativeness and a) perceived price, b) perceived quality, than the relationship between customer orientation and a) perceived price, b) perceived quality.	Partly Supported a) Supported b) Not supported
H10: For SAS, it will be a stronger relationship between customer orientation and a) perceived price, b) perceived quality, than the relationship between innovativeness and a) perceived price, b) perceived quality.	Supported

Table 9: Hypotheses Summarized

6.0 Discussion

This study has tested modifications and improvements for antecedents and consequences of customer satisfaction and customer loyalty in the Norwegian airline industry, on the grounds that attaining satisfied and loyal customers is

fundamental for the success of any business (Ruekert, 1992; Fornell et al., 1996; Guo, 2002; Olsen et al., 2014; Mithas et al., 2016). Essentially, this research has responded to the call for new thinking of the customer satisfaction indices. There are no other complete approaches that have looked into how customer orientation and innovativeness effects customer satisfaction and loyalty, neither have they considered perceived price and quality as individual variables for creating perceived value. It is also limited research conducted in regards of relative attractiveness in the service industry, as well as how customer loyalty leads to engagement in social media. Therefore, this research contributes to literature by new thinking of the customer satisfaction and customer loyalty indices, with new constructs and relationships within the airline industry.

Overall, the study presents relatively strong support for the hypothesized relationships, and thus adding some new angles to the strategic service marketing literature. As the study was inspired by the NCSB model, the context was rather established for those variables, but when applying the new variables; customer orientation, innovativeness, relative attractiveness and social media, and letting perceived price and quality separately lead to value, showed that the overall model had a good fit. Additionally, we have explored how customers perceive the airlines SAS and Norwegian, and what is most important for the customers when choosing an airline.

Customer orientation has been well-discussed in the literature, with recognition of customer orientation being a prerequisite for quality, perceived value and customer satisfaction. It is also underlined that the essence is to meet customers needs and wants, where you have to collect, analyze and use the data proper to be successful. Our findings correspond to previous literature, as it has an effect on perceived quality, and an indirect effect on perceived value and customer satisfaction. Additionally, our findings bring light on that customer orientation has a strong effect on perceived quality, while a weaker effect on perceived price, but both variables cause an effect on perceived value and customer satisfaction. Perceived price has not been tested in this way before, however, the effect is quite lower for price than for quality. This is not surprising, as firms' service quality has been shown to be more important for customers to create value than price.

In line with this, innovativeness is also a part of understanding consumers' interests and needs (Kohli & Jaworski, 1990; Andreassen et al., 2015). It is a rather new topic in the literature, and consequently it is required substantial more research on it. To gain competitive edge to survive and grow in the market, it is said that businesses have to create impactful ideas and solutions, which again will create value for the consumers (Kunz et al., 2010). Our results show exactly this, as innovativeness has an indirect effect on perceived value, through perceived price and quality. This is in line with previous research, but now we can further demonstrate it within the airline context. The perception of how innovative a company is, has a positive evaluation on the company overall (Brown & Dacin, 1997; Walsh & Beatty, 2007; Kunz et al., 2010). Because there exist positive effects from innovativeness to perceived value in our research, this indicates that there is an important construct to include in satisfaction barometers. Still, an interesting finding is that innovativeness has a stronger effect on perceived price than on quality, which according to previous literature should not effect the customers more than the perceived quality of the service.

Further, perceived price, quality and value have been discussed actively in the literature in many years, and researchers have different views on how the relationship is between these three constructs. Brady and Cronin (2001) showed that price has an indirect effect on quality and value, whereas Sanchez et al. (2006) found that price and quality leads to value to the customer. This is also in line with Johnson et al. (2001)'s findings that price and quality together have an effect on customer loyalty. Basfirinci and Mitra (2015) also indicated that the higher the quality, the higher customer's satisfaction will be, but that the relationship between the two can represent a nonlinear pattern. Our results are consistent with this, as we have found that perceived price has a weak positive effect on value, and a stronger indirect effect on customer satisfaction. Moreover, this structure of having perceived price and quality separately leading to overall perceived value is new for the CSB. It can be seen that perceived quality has the strongest effect on value, however it is interesting how perceived quality separately effects perceived value, and that this might be the best way to measure customer satisfaction. Further, the relationship between perceived value and customer satisfaction is strong, which is also indicated by Overby and Lee (2006), who showed that value leads to customer satisfaction and loyalty. It is worth

noting that this research looks at the experiential value (Varshneya & Das, 2017), which can have an effect on the outcome in this context, and that the airline industry may be different from other industries.

Furthermore, it is argued that it is important to evaluate both the antecedents and consequences of customer satisfaction to reach an optimal level of customer satisfaction (Anderson & Sullivan, 1993). As discussed, it is supported in this research that perceived price, quality and value have direct and indirect effects on customer satisfaction. However, the strongest effect on customer satisfaction is from perceived value, which implies that perceived price and perceived quality together creates more value than alone. For the consequences of customer satisfaction, the strong relationship between this construct and customer loyalty has been well discussed in the literature for a long time (Fornell, 1992; Anderson & Sullivan, 1993; Andreassen & Lindestad, 1998), and it is related to the obstacle of retaining the patronage of the satisfied customers and to develop a sustainable competitive advantage. Customer loyalty is a complex construct that involves behavioral intentions of the likelihood of customer retention, customer's speaking favorably about the brand, and recommending it to others. Our findings also show a strong effect from customer satisfaction to customer loyalty.

In addition, relative attractiveness is a fairly new research topic that is proven to be the key driver for customer purchase intention (Andreassen & Lindestad, 1998; Andreassen & Lervik, 1999; Andreassen & Olsen, 2008). Because of the limited research on the topic, it was interesting to see the effect from customer satisfaction to relative attractiveness, and if the relative attractiveness would have an effect on customer loyalty. The outcome of our results showed that customer satisfaction has a strong effect on relative attractiveness, but the effect from relative attractiveness on customer loyalty was rather low. This was surprising, as it has been shown to drive customers future purchase intentions of the firms and services offered. We assume that this could have something to do with the findings of Andreassen and Lervik (1999), that some customers that were satisfied and loyal with a supplier regretted their decision after a time, while some customers stayed loyal to a supplier even though there was a lack of relative attractiveness. Other reasons for the low effect can be because the airline industry

is very competitive, and that customers purchase behavior differ, and that it is different from the retail industry, and thereby influence the effect.

Moreover, the technological changes and innovations have made a shift in the communication between firms and consumers (Gamboa & Gonçalves, 2014). Consequently, the use of social media for businesses is becoming a compelling way to increase touchpoints with customers (Raab et al., 2016). Our results show that customer loyalty has a significant effect on social media, which entails that loyal customers will more likely engage in the firms' social media platforms. However, the effect was rather low, and this may be because social media is a new phenomenon, and especially within the airline context. But, our findings reveal that social media has the potential to be used to manage customer relationships, marketing communications and branding (de Vries et al., 2012).

Today, it is evident that customers believe Norwegian is the most innovative airline in Norway, while SAS is perceived as more attractive because of higher scores on quality and relative attractiveness, which again equals that they are perceived as more customer oriented (Andreassen et al., 2017). Our results are in alignment with these previous findings as customer orientation for SAS has a stronger effect on perceived price and quality compared to Norwegian. However, the effect from customer orientation to perceived quality for Norwegian are almost as high as it is for SAS. When looking at innovativeness, our results shows that Norwegian has a stronger effect on perceived price and quality, but the effect is relatively low for both perceived price and quality for the two airlines.

Norwegian has a newer fleet of aircrafts and more modern technology than SAS, which may explain the high effect from customer orientation to perceived quality. When looking at innovativeness, the effect to price is higher than for quality. A reasoning for this outfall can be that even though consumers perceive Norwegian as more innovative, they feel that it effects the price level more than the quality the airline provides. Kim and Lee (2011) discussed price as the most important component for maximizing profit by competing on low prices and this may be in line with Norwegian's strategy of being a LCC. Another interesting finding in regard of (H9) is that the consumers feel that the relationship between customer

orientation and perceived quality is stronger, than for innovativeness and perceived quality.

Moreover, SAS are focusing more on extra services such as private lounges and fast tracks than modern aircrafts, and this may influence the customers experience and service quality more than what modern technology contributes with. This can imply that SAS is more customer oriented than Norwegian, and that consumers feel that the balance between price and quality are more favorable with their overall service experience. This is interesting since Homburg et al. (2011)'s study showed that suppliers general price level implies the quality of its services and the value consumers receive from it. Somehow, this is against our findings as respondents prefer tangibles as the most important factor for creating value, and SAS is perceived rather low when it comes to modern and new aircrafts. On the other hand, SAS is perceived better on the other value aspects, reliability and assurance (Sultan & Simpson Jr., 2000).

As mentioned, the airline industry is a competitive industry, whereas consumers are demanding more when travelling with airlines, including comfort, safety, efficiency and low prices (Chen & Chang, 2005), which raises a constant chase for airlines, for more cost-efficient solutions to get a competitive advantage. As customers perceive SAS as a more attractive airline, it does not necessarily mean that customers would choose them if for example Norwegian had lower prices on the same destination. This could be seen in correspondence with that most airline passengers are price sensitive, and chose airline after the best price (Chou et al., 2011). Additionally, consumers evaluate different components of an airline before buying an airline ticket, and price and quality are shown to be the two most important components from previous studies when choosing an airline (Kim & Lee, 2011). Yet, how satisfied customers are with the airlines may be based on an overall evaluation on the total experience with the airline, and which dimensions that are important for the individual customer to create value for them can be measured on a subjective construct that differ between culture and customers at different times (Sanchez et al., 2006).

6.1 Managerial Implications

Based on the findings from this study we can draw some managerial implications. We are now going to present, and explain how these can help managers in the airline industry, as well as other service industries to perform better in their market.

Customer orientation has a stronger effect on perceived quality, which emphasize that managers should focus on having a customer-centric view to create value for the consumers and for the firm. Especially, it is of great importance to focus on the perceived quality, which will consequently lead to value. It seems like perceived price is less important for a customer oriented approach, and therefore managers should focus mostly on heighten the quality aspects of their services towards customers wants and needs. On the other hand, innovativeness has a stronger effect on perceived price, which imply that innovativeness is more associated with creating solutions that make it more convenient and cost-efficient. These essential outcomes and expectations is something that managers should consider and understand when implementing business activities. Added, perceived quality has the strongest effect on value, which can imply that quality weight more when consumers think about perceived value, however, it is crucial to not forget the price aspect, since most consumers are price sensitive in the end. To further evaluate the managerial context of the study, we will discuss the results for the airlines.

It is interesting that Norwegian is seen as the least attractive airline, but at the same time they are perceived as the most innovative one. Even though they are seen as the least attractive airline, consumers purchase tickets from them, which may be because consumers see it as convenient with the low prices, and weight the price more than the quality and additional features that SAS for instance offers. This can also be related to our findings, since innovativeness has a stronger effect on perceived price, which can be a cause for the behavior of the consumers. The underlying assumptions of Norwegian being a more innovative airline, in alignment of the low prices, makes it more beneficial and convenient for the consumers of choosing this alternative.

Our findings also show that price has less impact compared to quality on the value creation for Norwegian's customers, whereas SAS's customers perceive price as a more important factor than quality. This is interesting since it is Norwegian who compete most on price. For managers to get more loyal and satisfied customers they should focus on finding out what dimensions that creates value for the targeted segment. Further, it will also be of big importance for managers to balance the price relative to the quality, so that customer's not will get disappointed and regret their action towards the airline.

Additionally, SAS is seen as a firm with more focus on meeting customers wants and needs. This is also on the grounds, that they have older airplanes and are perceived as less innovative. The reason for why customers are more positive to SAS, might be because they have been in the airline industry for a longer period. Also, perceived quality has a stronger effect on perceived value, which can compensate for the cost-efficient prices Norwegian mostly focuses on. Since quality is perceived as more important in creating value, this raises the perception of SAS being a trustworthy and quality branded airline, even though it is not perceived as innovative as Norwegian is.

Further, the constant race to improve efficiency, and cut costs lays there for all airlines, and while Norwegian has expanded their fleet with new aircrafts and more innovative solutions, SAS has tried to cut costs. Yet, it is important to keep a balance so that they do not contradicts their competitive strategy and confuse the customers of not being that trustworthy and service minded airline that they are perceived to be. Analytics have said that SAS should look at the opportunity to seek growth outside Scandinavia, and expand their fleet, however this also has risks attached to it, as the airline industry consist of adversity. It is also important to highlight that SAS has already confused the consumers somehow, in changing their vision through the years. Ergo, it is important for managers to map what contributes to value and satisfaction for the consumers, to be able to meet these demands, and at the same time not contradict with the business values and strategies. A comprehensive picture of an airline determines what consumers expect and perceives, and also in the service industry in general.

Lastly, our study also found a strong effect from customer satisfaction to customer loyalty. Getting past the barrier of capturing satisfied customers, managers should follow up their loyalty programs, and evaluate other variables that determine satisfied and loyal customers, so that the programs reflect what consumers see as valuable for them. That again, can encourage them in remaining with the one company. Our findings show that even though SAS had more members within their loyalty program than Norwegian, Norwegian has a stronger effect from customer satisfaction to customer loyalty than SAS. We see a potential for managers to evolve and use their loyalty programs more superiorly, and they should also tap into the phenomenon of engagement on social media. We saw an effect from customer loyalty to social media, which makes it important for managers to include it within their scope of strategies, because this can help retain satisfied and loyal customers.

In sum, our result suggests that companies should assess and include a customer orientated approach and innovativeness, as they have a positive effect on firm performance. These constructs also make companies capable of creating value and satisfaction for consumers, and consequently loyal customers.

6.2 Limitations and Directions for Future Research

There are limitations associated with this study that should be assessed. Even though results provided good support for most of our hypothesis, and the theoretical framework is of solid character, it is important to reflect upon our research.

We have used a descriptive research design, with a survey to collect the data. There are some limitations in regards of this method, and the primary weakness is confidentiality where the respondents may think the questions are too personal, and thereby refuse to answer correct. There may also be errors and subjectivity when designing the questionnaire, which means that the respondents may have answered after what they thought was the right answer. We have tried to overcome these errors by pre-testing the quality of the survey before we sent it out.

Furthermore, as the research is conducted within a single context, the airline industry in Norway, the results may not be generalized to other contexts. Other demographics and cultures may have other expectations to airlines, and to gain more insight, other characteristics and culture differences should be addressed. In this way, it is possible to see if there are significant differences across cultures. Also, the conducted sample was unequally distributed in terms of chosen airline, where 81 uses SAS, and 158 uses Norwegian of the 239 respondents. If the study would have equal samples, it may have been other findings. It would also be interesting to investigate how consumers of XX (e.g. Norwegian) relate to XY (e.g. SAS) within the same study.

Moreover, the sampling was done online, which may have affected the respondents' answers, and the validity and reliability of the study. It is also important to mention that we were explorative in our study. We constructed the items for the social media construct, which was based on the customer loyalty construct from Johnson et al. (2001). Social media has a low explained variance of 16%, but we see this as acceptable because it is a new variable. Also, the loadings for the items has well acceptable values of 0.8 and above, and since it is a quite newly phenomenon, it is an explorative variable and relationship that should be looked closer into. Additionally, some of the constructs have never been measured within the airline context before, and thereby it would be interesting to broaden the investigation of these constructs.

We also want to highlight further investigation in the relationship between relative attractiveness and customer loyalty as our study found rather low effect, and previous literature has shown that relative attractiveness drives future purchase intention. It could be of interest to find out if it is the context that could have something to do with the low effect.

Lastly, we would like to point out that throughout the summer of 2017, there have been a portion of problems in the airline industry in Norway. To exemplify, Norwegian has cancelled a lot of their departures as well as handling the complaint situation very badly. This might change the respondents perception of the chosen airlines, because the negative publicity and recent events of Norwegian. It would be interesting to compare this data-set to a new data-set to

look if there are any changes from now and then, and how this perception changes over time.

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Appendices

Appendix 1: Questionnaire

Spørreundersøkelse (original questionnaire in Norwegian)

Forside

Denne spørreundersøkelsen er laget i forbindelse med vår masteroppgave i Strategisk Markedsføringsledelse ved Handelshøyskolen BI.

Alle svar vil være anonyme. Vær vennlig å svar så ærlig som mulig, det finnes ingen rette eller gale svar. Undersøkelsen vil ta ca. 6 minutter å gjennomføre.

Denne spørreundersøkelsen vil omhandle flyselskapene Norwegian og SAS.

Takk for at du deltar i undersøkelsen og hjelper oss med å samle inn data til vår masteroppgave.

Svar

For de fleste svaralternativene brukes skalaen 1 til 7, der 1 er laveste og 7 er høyeste. Eksempelvis: svært misfornøyd til svært fornøyd, svært usannsynlig til svært sannsynlig, i svært liten grad til i svært stor grad.

Åpningsspørsmål

1. Hvor ofte flyr du i løpet av et år? (1 gang = tur/retur)
 1. 10 ganger eller mer
 2. 6-9 ganger
 3. 3-5 ganger
 4. 1-2 ganger
 5. Sjeldnere

 2. Har du flydd i løpet av de siste 2 månedene?
 1. Ja
 2. Nei

 3. Hvilket formål har reisene dine? Velg det alternativet som utgjør mesteparten av reisene dine på et år
 1. Turist
 2. Jobbreise
 3. Student

 4. Hvilket flyselskap pleier du vanligvis å benytte deg av når du reiser? Det svaret du velger, blir det flyselskapet som du skal ta utgangspunkt i gjennom spørreundersøkelsen.
 1. SAS
 2. Norwegian

 5. *Avhengig av hvilket flyselskap de velger, får de opp gjeldene kundelojalitetsprogram som tilhører det selskapet de valgte.*
- Er du medlem av Norwegian Reward?
1. Ja

2. Nei

Er du medlem av SAS EuroBonus?

1. Ja
2. Nei

6. Lojalitet og SoMe

Tenk tilbake på dine erfaringer med XX, og vennligst ta stilling til følgende utsagn. Hvor sannsynlig eller usannsynlig er det at du vil:

Fortsette som kunde hos XX? (1 svært usannsynlig, 7 = svært sannsynlig)

Anbefale XX, hvis noen spør deg om råd? (1 = svært usannsynlig, 7 = svært sannsynlig)

Anbefale XX på en positiv måte? (1 = svært usannsynlig, 7 = svært sannsynlig)

Like XX i sosiale medier? (1 = svært usannsynlig, 7 = svært sannsynlig)

Kommentere på XX sine plattformer i sosiale medier? (1 = svært usannsynlig, 7 = svært sannsynlig)

Dele at du benytter deg av XX sine tjenester på sosiale medier? (1 = svært usannsynlig, 7 = svært sannsynlig)

7. Innovasjon

Nå ber vi deg ta stilling til følgende utsagn. I hvor stor grad passer følgende utsagn til XX:

Kommer stadig med nye ideer (1 = i svært liten grad, 7 = i svært stor grad)

Har endret markedet med sine tilbud (1 = i svært liten grad, 7 = i svært stor grad)

Er et ledende og fremtidsrettet firma (1 = i svært liten grad, 7 = i svært stor grad)

Er nytenkende (1 = i svært liten grad, 7 = i svært stor grad)

Er kreativ (1 = i svært liten grad, 7 = i svært stor grad)

8. Kundeorientering

Nå vil vi be deg ta stilling til noen utsagn angående forholdet mellom XX og deres kunder:

XX imøtekommer sine kunders behov (1 = Svært uenig, 7 = Svært enig)

XX har fokus på sine kunder (1 = Svært uenig, 7 = Svært enig)

XX prøver å gjøre det beste for sine kunder (1 = Svært uenig, 7 = Svært enig)

XX kjenner sine kunder godt (1 = Svært uenig, 7 = Svært enig)

9. Oppfattet kvalitet og Oppfattet pris

I hvor stor grad passer følgende utsagn til XX:

Kvalitet er relevant for meg (1 = I svært liten grad, 7 = I svært stor grad)

XX sine tjenester fremstår som innbydende (Eksempelvis: nettsider for booking, Check-in, etc.) (1 = Svært uenig, 7 = Svært enig)

XX sine fly fremstår som moderne og nye (1 = Svært uenig, 7 = Svært enig)

XX har et kompetent personale som svarer på mine spørsmål og møter mine krav (1 = Svært uenig, 7 = Svært enig)

Flyavgangene til XX går til oppsatt tid (1 = Svært uenig, 7 = Svært enig)

XX sine priser passer med det jeg forventer (1 = Svært uenig, 7 = Svært enig)

Pris er relevant for kjøpsbeslutningen min (1 = Svært uenig, 7 = Svært enig)

Det er samsvar mellom pris og kvalitet på XX sine tjenester (1 = Svært uenig, 7 = Svært enig)

10. Verdi

Nå vil vi be deg om å tenke på hvilken betydning XX har for deg. Hvor enig eller uenig er du i disse utsagnene:

Ved å benytte meg av XX sine tjenester så føler jeg at jeg sparer tid (Eksempelvis "Self Check-in", "Bag-Drop", etc.) (1 = Svært uenig, 7 = Svært enig)

Jeg synes flybillettene jeg kjøper av XX er gode kjøp (1 = Svært uenig, 7 = Svært enig)

Opplevelsen jeg får når jeg reiser med XX er verdt all den tid og innsats jeg selv må bidra med (1 = Svært uenig, 7 = Svært enig)

Å reise med XX gir meg en god selvfølelse (1 = Svært uenig, 7 = Svært enig)

Å reise med XX er bra for min status (1 = Svært uenig, 7 = Svært enig)

Å reise med XX er positivt for mine sosiale relasjoner (1 = Svært uenig, 7 = Svært enig)

11. Relativ Attraktivitet

Nå ber vi deg sammenligne XX med andre bedrifter som tilbyr samme tjenester. Sammenlignet med andre flyselskap, i hvor stor grad passer følgende utsagn til XX:

XX har bedre priser på sine tjenester (1 = I svært liten grad, 7 = I svært stor grad)

XX har bedre kvalitet på sine tjenester (1 = I svært liten grad, 7 = I svært stor grad)

XX har bedre omdømme (1 = I svært liten grad, 7 = I svært stor grad)

XX er mer attraktiv (1 = I svært liten grad, 7 = I svært stor grad)

XX er mer innovativ (1 = I svært liten grad, 7 = I svært stor grad)

12. Kundetilfredshet

Nå ber vi deg tenke tilbake på dine erfaringer med XX totalt sett:

Hvor fornøyd eller misfornøyd er du med XX? (1 = Svært misfornøyd, 7 = Svært fornøyd)

I hvor stor grad innfrir XX dine forventninger? (1 = I svært liten grad, 7 = I svært stor grad)

Hva er din oppfatning av XX sine tjenester? (1 = Svært fjernt fra idealet, 7 = Svært nærme idealet)

Bakgrunnsspørsmål

13. Kjønn

1. Kvinne
2. Mann

14. Alder

1. 20 år eller yngre
2. 21-30 år
3. 31-40 år
4. 41-50 år
5. 51-60 år
6. 61-70 år
7. 71 år eller eldre

15. Hvor høy utdanning har du?

1. Grunnskole
2. Videregående skole
3. Høyskole/Universitet

16. Årlig bruttoinntekt i din husstand:

1. Lavere enn 200.000
2. 200.000 – 499.000
3. 500.000 – 799.000
4. 800.000 – 1.099.000

5. 1.100.000 – 1.399.000
6. Mer enn 1.400.000
7. Jeg ønsker ikke å oppgi informasjon om min inntekt

17. Status

1. Singel
2. Kjæreste
3. Samboer
4. Gift

18. Har du barn? Isåfall, vennligst angi hvor mange

1. Nei
2. 1
3. 2
4. 3
5. 4 eller flere

Takk for at du tok deg tid til å ta denne spørreundersøkelsen. Svaret ditt er registrert.

Appendix 2: Respondent Characteristics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Hvor ofte flyr du i løpet av et år? (1 gang = tur/retur)	239	1	5	2.79	1.158
Har du flydd i løpet av de siste 2 månedene?	239	1	2	1.36	.481
Hvilket formål har reisene dine?	239	1	3	1.37	.661
Hvilket flyselskap pleier du vanligvis å benytte deg av når du reiser?	239	1	2	1.66	.474
Er du medlem av Norwegian Reward?	158	1	2	1.41	.492
Er du medlem av SAS EuroBonus?	81	1	2	1.19	.391
Kjønn	239	1	2	1.45	.498
Hvor høy utdanning har du?	239	1	3	2.69	.497
Årlig bruttoinntekt i din husstand:	239	1	7	3.64	1.864

Status	239	1	4	2.65	1.207
Har du barn? Isåfall, vennligst angi hvor mange	239	1	5	2.02	1.190
Alder	239	1.00	7.00	3.19	1.41385

Hvor ofte flyr du i løpet av et år? (1 gang = tur/retur)				
		Frequency	Percent	Cumulative Percent
Valid	10 ganger eller mer	43	18.0	18.0
	6-9 ganger	46	19.2	37.2
	3-5 ganger	81	33.9	71.1
	1-2 ganger	55	23.0	94.1
	Sjeldnere	14	5.9	100.0
	Total	239	100.0	

Har du flydd i løpet av de siste 2 månedene?				
		Frequency	Percent	Cumulative Percent
Valid	Ja	153	64.0	64.0
	Nei	86	36.0	100.0
	Total	239	100.0	

Hvilket formål har reisene dine?				
		Frequency	Percent	Cumulative Percent
Valid	Turist	174	72.8	72.8
	Jobbreise	41	17.2	90.0
	Student	24	10.0	100.0
	Total	239	100.0	

Hvilket flyselskap pleier du vanligvis å benytte deg av når du reiser?				
		Frequency	Percent	Cumulative Percent
Valid	SAS	81	33.9	33.9
	Norwegian	158	66.1	100.0
	Total	239	100.0	

Er du medlem av Norwegian Reward?				
		Frequency	Percent	Cumulative Percent
Valid	Ja	94	39.3	59.5
	Nei	64	26.8	100.0
	Total	158	66.1	
Missing	System	81	33.9	
Total		239	100.0	

Er du medlem av SAS EuroBonus?				
		Frequency	Percent	Cumulative Percent
Valid	Ja	66	27.6	81.5
	Nei	15	6.3	100.0
	Total	81	33.9	
Missing	System	158	66.1	
Total		239	100.0	

Kjønn				
		Frequency	Percent	Cumulative Percent
Valid	Kvinne	132	55.2	55.2
	Mann	107	44.8	100.0
	Total	239	100.0	

Hvor høy utdannelse har du?				
		Frequency	Percent	Cumulative Percent
Valid	Grunnskole	4	1.7	1.7
	Videregående skole	65	27.2	28.9
	Høyskole/ Universitet	170	71.1	100.0
	Total	239	100.0	

Årlig bruttoinntekt i din husstand:				
		Frequency	Percent	Cumulative Percent
Valid	Lavere enn 200.000	25	10.5	10.5
	200.000 - 499.000	57	23.8	34.3

	500.000 - 799.000	49	20.5	54.8
	800.000 - 1.099.000	33	13.8	68.6
	1.100.000 - 1.399.00	26	10.9	79.5
	Mer enn 1.400.000	22	9.2	88.7
	Jeg ønsker ikke å oppgi informasjon om min inntekt	27	11.3	100.0
	Total	239	100.0	

Status				
		Frequency	Percent	Cumulative Percent
Valid	Singel	68	28.5	28.5
	Kjæreste	26	10.9	39.3
	Samboer	67	28.0	67.4
	Gift	78	32.6	100.0
	Total	239	100.0	

Alder				
		Frequency	Percent	Cumulative Percent
Valid	Under 20år	9	3.8	3.8
	Young, Free and Simple	93	38.9	42.7
	Chaos in my life	63	26.4	69.0
	Got my life back	69	28.9	97.9
	Over 71år	5	2.1	100.0
	Total	239	100.0	

Har du barn? Isåfall, vennligst angi hvor mange				
		Frequency	Percent	Cumulative Percent
Valid	Nei	122	51.0	51.0
	1	26	10.9	61.9
	2	63	26.4	88.3
	3	20	8.4	96.7
	4 eller flere	8	3.3	100.0
	Total	239	100.0	

Appendix 3: Descriptive Statistics on items

Items	Mean	Std.	Skewness		Kurtosis	
	Statistic	Deviation Statistic	Statistic	Std. Error	Statistic	Std. Error
Loyal_1	5,97	1,236	-1,564	,157	2,925	,314
Loyal_2	5,51	1,240	-,782	,157	,809	,314
Loyal_3	5,36	1,252	-,501	,157	,139	,314
SoMe_1	4,02	1,852	-,077	,157	-,920	,314
SoMe_2	2,77	1,553	,566	,157	-,309	,314
SoMe_3	2,85	1,660	,496	,157	-,701	,314
INN_1	4,38	1,227	-,027	,157	,363	,314
INN_2	4,90	1,382	-,317	,157	,030	,314
INN_3	5,08	1,288	-,594	,157	,787	,314
INN_4	4,73	1,272	-,289	,157	,206	,314
INN_5	4,62	1,300	-,189	,157	,189	,314
CO_1	4,99	1,230	-,503	,157	,609	,314
CO_2	4,92	1,256	-,247	,157	,123	,314
CO_3	4,90	1,287	-,447	,157	,259	,314
CO_4	4,69	1,217	,012	,157	-,045	,314
PQ_1	5,21	1,121	-,177	,157	,188	,314
PQ_2	5,10	1,180	-,660	,157	1,190	,314
PQ_3	5,21	1,293	-,333	,157	-,468	,314
PQ_4	4,95	1,287	-,506	,157	,517	,314
PQ_5	5,03	1,286	-,692	,157	,769	,314
PP_1	5,25	1,120	-,409	,157	,417	,314
PP_2	5,99	1,096	-,736	,157	-,238	,314
PP_3	5,29	1,180	-,524	,157	,395	,314
VAL_1	5,18	1,229	-,293	,157	,103	,314
VAL_2	5,16	1,025	,031	,157	-,097	,314
VAL_3	4,79	1,212	-,334	,157	,618	,314
VAL_4	4,23	1,347	-,304	,157	,451	,314
VAL_5	3,72	1,309	-,395	,157	,477	,314
VAL_6	3,67	1,336	-,368	,157	,471	,314
RA_1	4,69	1,276	-,214	,157	,181	,314
RA_2	4,38	1,267	,002	,157	,177	,314
RA_3	4,34	1,350	-,024	,157	,016	,314
RA_4	4,42	1,307	-,126	,157	,205	,314
RA_5	4,35	1,231	-,301	,157	,714	,314
CS_1	5,38	1,142	-,848	,157	1,658	,314
CS_2	5,18	1,134	-,647	,157	,987	,314
CS_3	4,91	1,136	-,312	,157	,545	,314

Appendix 4: t-statistics for the Outer Model

Outer loadings	Beta (β)	T-statistics	P-values
CO_1 \leftarrow Customer Orientation	0.867	37.546	0.000
CO_2 \leftarrow Customer Orientation	0.923	64.352	0.000
CO_3 \leftarrow Customer Orientation	0.904	64.140	0.000
CO_4 \leftarrow Customer Orientation	0.807	28.952	0.000
INN_1 \leftarrow Innovativeness	0.808	20.220	0.000
INN_2 \leftarrow Innovativeness	0.847	28.644	0.000
INN_3 \leftarrow Innovativeness	0.896	60.538	0.000
INN_4 \leftarrow Innovativeness	0.936	89.219	0.000
INN_5 \leftarrow Innovativeness	0.929	81.201	0.000
PP_1 \leftarrow Perceived Price	0.857	32.586	0.000
PP_2 \leftarrow Perceived Price	0.903	6.979	0.000
PP_3 \leftarrow Perceived Price	0.528	70.216	0.000
PQ_1 \leftarrow Perceived Quality	0.692	11.764	0.000
PQ_2 \leftarrow Perceived Quality	0.751	13.468	0.000
PQ_3 \leftarrow Perceived Quality	0.654	12.708	0.000
PQ_4 \leftarrow Perceived Quality	0.806	33.159	0.000
PQ_5 \leftarrow Perceived Quality	0.652	11.476	0.000
PV_2 \leftarrow Perceived Value	0.690	17.592	0.000
PV_3 \leftarrow Perceived Value	0.771	29.317	0.000
PV_4 \leftarrow Perceived Value	0.839	35.647	0.000
PV_5 \leftarrow Perceived Value	0.810	23.232	0.000
PV_6 \leftarrow Perceived Value	0.791	21.286	0.000
CS_1 \leftarrow Customer Satisfaction	0.932	82.209	0.000
CS_2 \leftarrow Customer Satisfaction	0.936	95.194	0.000
CS_3 \leftarrow Customer Satisfaction	0.887	46.513	0.000
RA_2 \leftarrow Relative Attractiveness	0.893	54.468	0.000
RA_3 \leftarrow Relative Attractiveness	0.907	61.840	0.000
RA_4 \leftarrow Relative Attractiveness	0.924	67.094	0.000
RA_5 \leftarrow Relative Attractiveness	0.714	12.208	0.000

CL_1 ← Customer Loyalty	0.878	40.412	0.000
CL_2 ← Customer Loyalty	0.956	120.572	0.000
CL_3 ← Customer Loyalty	0.953	126.748	0.000
SoMe_1 ← Social Media	0.925	40.180	0.000
SoMe_2 ← Social Media	0.809	13.057	0.000
SoMe_3 ← Social Media	0.804	12.596	0.000