

# **The effect of performative and social legitimation on Brand Equity: a customer – based approach**

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## **ABSTRACT**

Customer brand support is intensively used among marketers and marketing academics. It designs the support that the consumer markets give to the brand building thus or enhancing brand equity variables. This support refers mainly to the brand equity variables as they have been introduced by Aaker (1992). Consumer based brand equity is not only a financial indicator for contemporary companies balance sheets; it a leading factor for companies' social and performative legitimation, leading the company to a unique brand orientation, which makes it more competitive. This brand orientation is examined in this research paper as an outcome of both legitimation types previously mentioned, and customer based brand equity stemming from customers based support. The paper empirically explores these relationships based on researcher administered questionnaire survey of 244 British and Greek easy jet customers.

**KEYWORDS:** customer support for the brand, customer based brand equity, social performative legitimation, brand oriented company

## **1. Introduction**

The airline industry has experienced consistently decreasing profitability despite unbroken traffic growth as a result of intense competition and rising costs (Oum & Yu, 1997). Currently it “is undergoing one of the major transitions in its history” caused, primarily, by a “change in market power constellations in favour of the customers who are now becoming more conscious of their needs” (Teichert, Shehu, & von Wartburg, 2008, p. 227) and are redefining their values in order to control the recession effects on their finances (Baltas, 2008), a situation that makes branding “a question of survival” (David Davis of the FutureBrand agency quoted in Spaeth, 2001). Earlier econometric analyses of airline choice have shown that convenience, service quality and frequent flyer programs are better predictors of behaviour than price (Bailey & Liu, 1995; Gayle, 2004). These findings are consistent with those of studies of branding strategy that have linked consumer based brand equity to perceived quality (Keller, 1993; Yoo, et al., 2000) and have proposed that it is the key to increasing cash flow through non-price based competitive advantage (Yoo, et al., 2000).

Airline industry branding experts are unequivocal and unanimous: survival through branding comes with building strong and long-lasting brands that are characterized by “laser-sharp focus”, simplicity in pricing structures and convincing the customer that the airline is “doing one thing and doing it well” (Laura Ries president of Ries & Ries quoted in Nigam, 2008). The importance of a consistent branding strategy fully aligned with the service offerings is also strongly emphasised (Collins, 2008) and appears to have been fully espoused by the European low cost carriers who use strong and consistent branding to claim some space in the overcrowded air-space (Spaeth, 2001).

This paper focuses on easyJet, the UK based, cheap, no frills and heavily promoted as the underdog champion of the poor airline brand which enjoys increasing cash flow and market share growth despite the economic crisis (easyJet, 2009b).

## **2. Conceptual framework and research hypotheses**

### **2.1.Brand equity and practical support**

This paper follows a quantitative empirical perspective and seeks to examine the relationship between the value of the brand expressed in monetary terms by customer purchases, here embodied in the proposed construct of practical support for the brand and the widely discussed in academia construct of brand equity (Berry, 2000; Keller, 1993; Lassar, Mittal, & Sharma, 1995; Shocker & Weitz, 1988; Yoo, et al., 2000).

The usual behavioural measurement of consumer based brand equity through attitude scales (Lassar, et al., 1995) focuses on feeling and assumes that action will follow. This study adopts the Yoo et al (2000) approach to brand equity measurement to explore consumers' feelings towards easyJet.

Branding is traditionally seen as a means of achieving non-price based competitive advantage and, indeed, in choosing airlines, quality, convenience and service have been found to be better predictors of consumer choice than price (Bailey & Liu, 1995; Gayle, 2004). When airline service quality is discussed in its traditional sense, however, it does not really lend itself to describing easyJet, which is designed to be kept 'simple' (easyGroup, 2008) to the point of offering nothing but transportation. EasyJet proudly calls itself the first carrier where you have to pay for coffee (Sager, 1998) and print your ticket yourself. Seating is in a high density, narrow aisle single class cabin and allocated on a first-come-first-served basis with reusable boarding passes (Sager, 1998). However, the fleet is new, with an average aircraft age of 2.2 years, and fuel-efficient (Airbus Press Department, 2006), there are two over-wing exits more than the aviation authority requires (Anon, 2008) and the company has taken a heavily publicised firm stance on environmental issues (Dunn, 2007). The brand message is safe and 'green' travel for the masses. These parameters were used instead of the general statements on quality of the Yoo et al.(2000) brand quality scale items to operationalise the service performance of the airline (brand performance variables in Table 1).

However, what really matters for companies is not so much what people feel but what people buy. Brands are valuable assets that need careful management (Simon & Sullivan, 1993) and branding is an expensive exercise aimed not at having books written about the brand or at livening up the skies with brightly painted aircraft but at generating revenue. The "profitable financial equation" that turns "potential" - brand equity - into "reality" -purchase and repurchase (Kapferer, 2004, p. 13) is conceptualised as practical support and measured here as the percentage of easyJet trips over the total number of air trips taken in the past three years.

Thus attempting to link the concepts of brand equity and practical support, the first hypothesis this paper addresses is:

*H1 : Brand equity is positively related to consumer support for the brand, developing brand equity elements*

### **2.2.The institutional theory approach to brand equity and practical support**

It has been strongly argued that consumer support is conditional upon the firm's ability to demonstrate its being aligned with society's behavioural norms, ideology and moral standards (Brown & Dacin, 1997; Carroll, 1999; Maignan & Ferrell, 1999). Institutional theory posits

that, within a given socially constructed value and belief system, a firm will seek legitimation through actions that are perceived as proper and desirable (Suchman, 1995). Using its resources and engaging in profit generating activities in compliance with rules and regulations (Friedman, 1970, 1982) the firm achieves pragmatic legitimacy (Handelman & Arnold, 1999; Suchman, 1995). The achievement of social or moral legitimacy (as defined in Handelman & Arnold, 1999; Suchman, 1995) involves compliance with the higher standards of regional or supra national bodies (Wartick & Wood, 1998), adherence to ethical principles and returning something back to the community the firm operates in (Wood, 1991) with the ultimate aim of establishing a level of identification with customers high enough for them to offer their support to the brand (Pullman, Granzinb, & Olsenc, 1997). In the branding literature, the ‘ethical’ function, defined “as satisfaction linked to the responsible behaviour of the brand in its relationship with society”, is described as the one aspect of the brand that needs to be defended at all times (Kapferer, 2004, p. 22).

Indeed, experimental results of stakeholder expectations of firms’ institutional performance have demonstrated that there is a certain level below which the effectiveness of the firm's performative actions, is hindered significantly (Handelman & Arnold, 1999). However, the ability of superior institutional performance to enhance the effect of performative actions and generate support for the firm and higher levels of consumer based brand equity, has never been explored before.

Thus, following the principles of institutional theory, and by including performative (giving customers what they expect) and social (giving society what it expects) legitimation as conceptualised and measured in the Handelman and Arnold (1999) study, this paper explores their link with brand equity and practical support through the following research hypothesis:

*H<sub>2</sub> : Practical support for the brand and consumer based brand equity are positively related to performative and social legitimation.*

The conceptual framework under investigation included both researched dimensions related to brand equity and legitimation factors

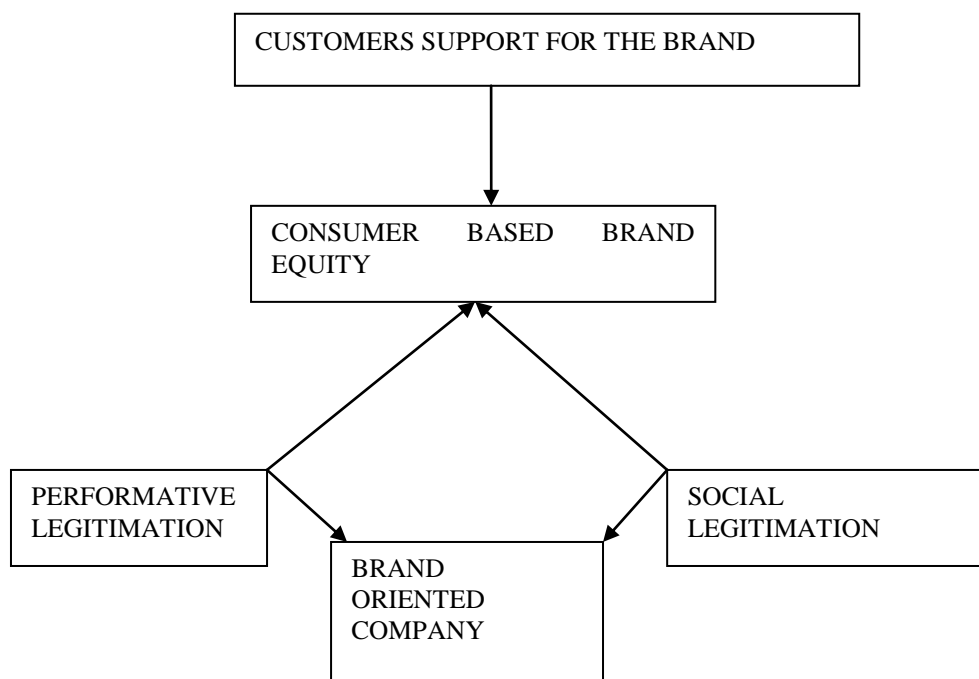


Figure 1. Factors affecting branding of a low cost airline company

### **3. Empirical Research Method and analysis**

The respondents were approached at the easyJet check-in counters at Luton (UK) and El. Venizelos (Greece) airports while waiting to board a plane to Athens and London respectively. Only British and Greek passport holders were asked to complete the bilingual, self-administered questionnaire. No incentives were offered for participation. Further to the brand equity and legitimation scales, a list of brand values was also presented to the respondents to measure the degree to which corporate communications had managed to convey the intended image of the airline to consumers. All variables were measured using 5-point Likert scales defined as 1=strongly disagree to 5=strongly agree. Demographic characteristics (age, gender, education, occupation, country of origin and country of residence) were also collected using multiple choice scale items except for the number of air-trips and number of easyJet trips taken in the last three years that were open.

A total of 244 (83 British people in El. Venizelos and 161 Greek people at Luton airport) agreed to participate and returned useable questionnaires with no missing values. Men and women and younger and older looking people were alternatively approached thus resulting in an almost balanced male (53%) to female (47%) and under 30 (42%) to over 30 (58%) sample. All socioeconomic classes were represented in the sample as follows: blue collar workers (12%), white collar workers, business owners and professionals (52%), students (24%) and unemployed (12%). Overall, about 25% of the respondents had a post-secondary qualification and there were no postgraduate degree holders in either the Greek or the British sample. The majority of Greeks had finished high school (65.8%) but most (62.9%) British people hadn't completed secondary education.

#### **3.1. Brand Equity and its relationship to practical support for the brand**

Robust tests for equality of group means (Welch and Brown-Forsythe) with groups defined by (a) country of residence (UK and Greece) to control for the effect of exposure to easyJet messages (intensive advertising and the very popular British television reality show 'Airline' which, for almost a decade, showcased weekly the daily happenings of easyJet passengers and staff in the UK but practically no exposure in Greece) and (b) country of origin (British or Greek passport holders) to control for cultural differences in the scoring of questionnaire items revealed that the means for six and eight respectively of the 16 brand equity variables differed significantly at the 0.05 level but discriminant analysis failed to produce two clearly distinct groups for country of residence (Eigenvalue of 0.162, canonical correlation 0.373) and country of origin (Eigenvalue of 0.181, canonical correlation 0.392). Thus, Factor analysis using Principal Component analysis with Equamax rotation with Kaiser Normalization method was performed on all the responses together after removing the variables that had a Measure of Sampling Adequacy below the recommended 0.5 as well as the 'I am aware of easyJet' variable that had zero variance (all responses were 'strongly agree'). The analysis resulted in three instead of the expected four factors (Yoo, et al., 2000) (Table 1) which were saved as new variables using the Anderson-Rubin method.

On average the respondents had taken 9.98 air trips in the last three years (minimum one and maximum 40) and the mode was eight trips. Approximately 20% of the respondents had taken five trips or less, 60% between six and 14 and another 20% over 15 trips. Half of the respondents had taken 10 trips or less. Eight people had never taken an easyJet trip before and the rest reported a mean of 7.69 easyJet trips (minimum 0, maximum 30) in the last three years

with a mode of four. The mean percentage of easyJet trips was 77.25%, with 25% of them having taken over half of their trips and 50% of the respondents having taken all their trips with easyJet thus indicating a very high level of practical support for easyJet.

Partial correlations (controlling for country of origin and country of residence) of practical support with the brand equity dimensions revealed only one weak but highly significant correlation with brand loyalty (correlation coefficient of 0.211 significant at the 0.01 level).

### **3.2. The relationship between consumer based brand equity and practical support with performative and social legitimation**

The reasons why the 126 people in the sample had taken all their trips with easyJet was sought first in the variable by variable examination of the frequencies of the respondents responses. It appears that the reasons these 126 people fly only easyJet lie with their perception of the airline as offering routes and services that satisfy their needs (92% and 87% of them strongly agree and agree with these statements) as well as good value for their money (76%). As for the airlines social role, loyal customers find that it sets an example for other airlines' behaviour (73%) and that it genuinely listens to the demands people put on it (75%).

The airline's social role, described in the easy brand values as the underdog fighting for competition and travel for the masses (easyJet, 2009a), appears to have been appreciated by those that are loyal to it as the people that use it exclusively for their air travel think that because of easyJet other airlines were forced to reduce their prices (80% agree and strongly agree) and were made to listen to what people want (72%). They also believe that the competition easyJet has introduced to the airline industry is good for consumers (83%) and that easyJet has provided people on low incomes with an opportunity to travel (80%). When all the responses were examined together the picture did not change.

Factor analysis was performed on all the legitimation variables (Handelman & Arnold, 1999) after removing the variables that had an MSA lower than 0.5. The procedure was carried out using Principal Component Analysis and Equamax rotation with Kaiser Normalization. It converged in 3 iterations and produced two factors accounting for 81% of the variance in the data. The structure of the two factors is shown in Table 2. The factor scores were saved as new variables using the Anderson-Rubin method and were correlated to the brand equity factor scores and practical support measure (the results of the Spearman's rho test are shown in Table 3).

Practical support was not correlated to any of the legitimation dimensions factor scores but brand quality and brand awareness were found to be influenced by perceptions of both performative and social legitimation. Following the procedures described in the previous section, surrogate performative and social legitimisation variable were calculated and crosstabulated to brand equity which was found to be moderately but significantly correlated to both (correlation coefficient 0.256 and 0.357, sig. 0.004 and 0.000 respectively). Thus H<sub>2</sub> is also accepted.

## **4. Conclusions, Limitations and Implications**

The study presented here empirically explores the link between consumer based brand equity, practical support for the brand and institutional performance of the firm both at the social and performative legitimation level.

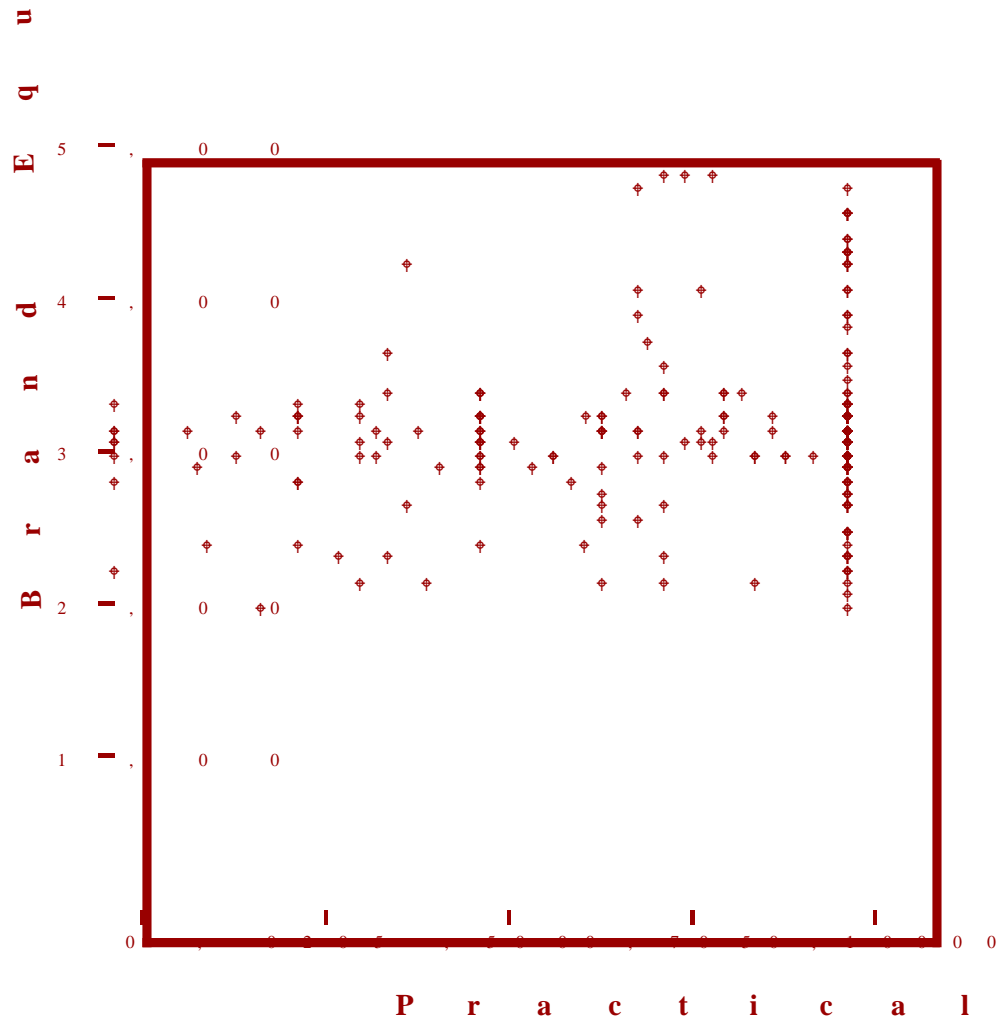
The new construct proposed in this paper supports that brand equity is a construct based on moderating variables depending on the case examined opposite to the literature which tries to unify the brand equity building approaches, and the brand equity building tools. Customer or

consumer based brand equity is based on customer support for the brand, which develop brand equity elements thus are first hypothesis was accepted, and also to performance and social legitimation leading us to accept the second hypothesis. In cases were customer supports for the brand isn't important constructs such as performative and social legitimation are more important for the brand equity building process. Our analysis showed also that social legitimation had a stronger impact on brand equity than performative legitimation.

The brand under examination seems to perform functions like the ethical brand or the identifiable brand. The brand covers the optimization function which is fulfilled along with the continuity function. The results don't show a clear distinction between perceptions of loyal customers and non loyal ones. The brand enjoys consistency from its client's consistency of deliverance in terms of tangible and intangible benefits and a value for money much more clear than in other cases. The brand is expected then to be stronger and the brand equity variables more linked to the construct itself. Overall, under the researched circumstances the brand is ready to pay more in the future loyal and non loyal customers.

**Table 1: Rotated Component Matrix for Brand Equity variables**

Variables	Component		
	Brand Loyalty	Brand Performance	Brand Awareness
It makes sense to fly easyJet instead of any other airline, even if they are the same	<b>0.931</b>		
Even if there is another airline as good as easyJet, I prefer to fly easyJet	<b>0.887</b>	-0.130	0.146
If another airline is not different from easyJet in any way it seems smarter to fly easyJet	<b>0.882</b>	-0.157	0.141
I will not fly other airlines on a route that easyJet flies	<b>0.876</b>		
Even if another airline is the same as easyJet, I would prefer to fly easyJet	<b>0.873</b>	-0.157	0.107
I consider myself to be loyal to easyJet	<b>0.868</b>		
easyJet would be my first choice	<b>0.860</b>	-0.122	0.109
easyJet prices are significantly lower than those of other airlines	0.113	<b>0.867</b>	0.275
easyJet is a safe airline	0.123	<b>0.783</b>	0.483
Flying with easyJet is uncomfortable	-0.313	<b>0.771</b>	-0.374
The service that easyJet offers is poor	-0.330	<b>0.753</b>	-0.348
I can recognise easyJet among other airlines			<b>0.868</b>
I can quickly recall the easyJet Logo			<b>0.826</b>
<b>Variance</b> in the data <b>explained</b> by the factor (total variance explained = 80%)	44%	20%	16%
<b>Scale reliabilities</b> Cronbach's Alpha Based on Standardized Items	0.950	0.813	0.756



**Figure 1: Relationship between Brad equity and practical support for easyJet**

**Table 2: Rotated Component Matrix of Legitimation variables**

Variables	Component	
	Social Legitimation	Performative Legitimation
EasyJet genuinely listens to the demands that people put on it	<b>0.937</b>	
EasyJet sets an example for how airlines should behave	<b>0.936</b>	
EasyJet sets an example for how other airlines should conduct their activities	<b>0.700</b>	<i>0.541</i>
EasyJet routes satisfy my needs	-0.227	<b>0.866</b>
EasyJet offers good value for money	0.395	<b>0.786</b>
EasyJet offers services that meet my needs	0.584	<b>0.609</b>
<b>Variance</b> in the data <b>explained</b> by the factor (total variance explained = 81%)	47%	34 %
<b>Scale reliabilities</b> Cronbach's Alpha Based on Standardized Items	0.869	0.723



**Table 3: Correlations of brand equity and legitimation**

LEGITIMATION A-R factor scores	BRAND EQUITY A-R factor scores			Brand Equity	
		loyalty	performance	awareness	means
performative	Cor	-0.119	-0.276 (**)	0.429 (**)	0.026
	Sig	0.063	0.000	0.000	0.688
social	Cor	0.048	0.381 (**)	0.241(**)	0.339 (***)
	Sig	0.458	0.000	0.000	0.000

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