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GLOBAL AIRLINE ALLIANCES PERCEIVED VALUE AND QUALITY OF LIFE AMONG AIRLINE ALLIANCES TRAVELERS: MEDIATOR EFFECTS OF ALLIANCES BRAND EQUITY AND TRAVELERS' EXPERIENCES

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ABSTRACT

The travel and tourism sector is recognized globally as key industry contributing to numerous countries' economic growth and well-being in generating revenue. Travel has emerged as a significant Quality-of-Life factor and replaced material objects as a status symbol of wealth and well-being. The airline is one of the important transportations used to fly people from one destination to other destinations to prosper the tourism industry. Nevertheless, one airline cannot transport people to various destinations due to high operational costs; therefore, Global Airline Alliance is formed. Currently, there are three global alliances, namely, the Star Alliance, SkyTeam, and Oneworld. The purpose of these alliances was to create a more consistent, seamless network and revenue sharing. The International Air Transport Association has identified 274 airlines that are currently operating in over 117 countries. Out of 274 airlines, 58 have joined the alliances. This study examined the effect of Global Airline Alliances Perceived Value toward Alliances Brand Equity, Travelers' Experiences, and Travelers' Quality of Life using a quantitative approach. The Global airline alliance's perceived value consists of six dimensions: Perceived Network Extension, Perceived Frequent Flyers Program, Perceived Price Competitiveness, Perceived Psycho-socio, Perceived General Attitude and Perceived Safety and Security. Data was collected at Kuala Lumpur International Airport and via social media using convenience sampling. A total of 262 usable responses representing airline alliance travelers who have travelled for the past 6 months with any global airline alliances were successfully analyzed using PLS-SEM. This study found that airline alliance perceived value positively influenced airline alliance brand equity while travelers' experiences influence travelers' quality of life. Additionally, travelers' experiences were found to mediate global airline alliances' perceived value with travelers' quality of life. Nevertheless, global airline alliances perceived value and airline alliances' brand equity do not influence travelers' quality of life. Findings from this study provide valuable insights for airline alliances members to understand travelers' needs and demands so that they can better strengthen their business strategy, use the unadvertised benefits of the alliance as their marketing promotion, and enhance the travelers' experiences starting from the purchasing of the ticket until arriving at their final destinations. Theoretically, this study made relevant contributions to the global airline alliances' perceived value, travelers' quality of life literature, and theories. The limitations of the study have been identified, such as the risk of losing out on big-picture details on the variable used due to the quantitative approach used and focusing only on the six dimensions of global airline alliance perceived value. Future research is encouraged to use the qualitative approaches and tap on other dimensions of global airline alliance perceived value so that a more holistic picture can be obtained to explain the study.

Keywords: Airline; Airline Alliances Perceived Value; Alliance Brand Equity; Travelers Experiences; Quality of Life

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CHAPTER 1
INTRODUCTION

1.1   Preview

This study aims to examine the influence of global airline alliances' perceived value, alliances brand equity and traveler experiences towards traveler quality of life. This chapter provides the outline of this study. It is structured as follows: research background, problem statement, research objectives, research questions, theoretical framework, research hypotheses, the operational definition, scope of study, the structure of the study, and concluded by summary.

1.2   Research Background

The airline industry was growing steadily with increasing passenger demand and intense competition before COVID-19. However, during COVID-19, travel restrictions and lockdowns led to a sharp decline in air travel, causing financial losses and job cuts. Post-COVID-19, the industry is gradually recovering, adapting to new safety measures, and exploring sustainable practices. The pace of recovery varies, with domestic and leisure travel rebounding faster than international travel. Airlines are implementing flexible booking options and focusing on customer communication to rebuild trust.

The COVID-19 pandemic has substantially disrupted travel, introducing a host of challenges such as travel restrictions, quarantine mandates, and heightened health apprehensions, all of which have collectively diminished the overall travel experience. Additionally, safety and security concerns persist for travelers, encompassing issues like theft, scams, and even potential terrorist threats. These safety challenges exhibit significant variation depending on the destination, with certain regions posing higher risks than others, compounding the complexity of travel decisions and necessitating comprehensive safety measures and support systems.

The COVID-19 pandemic has impacted air travel mobility internationally, which affected the airline industry in general. COVID-19 has a significant influence on the airline sector, with International Air Transport Association (IATA) projecting revenue losses of up to US$113 billion for global passenger airlines (IATA, 2020). The