

# The Effect of Corporate Image and Customer Delight towards Customer Loyalty in Malaysia Airlines Berhad (MAB)

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**Abstract:** This paper seeks to discuss the effect of corporate image and customer delight in affecting customer loyalty among Malaysia Airlines passengers. Air transportation services are virtually inseparable from the modern-day transportation industry. This paper suggests that all the variables, namely corporate image and customer delight, significantly positively affect customer loyalty, specifically among Malaysia Airlines passengers. Data will be collected from 232 Malaysia Airlines passengers. The collected data will be analysed using the Statistical Packages for Social Sciences (SPSS) 28. The study will provide evidence that, in turn, will enable businesses to design effective and efficient strategies that combine the identified criteria to boost customer loyalty.

**Keywords:** Corporate Image, Customer Delight, Customer Loyalty, Malaysia Airlines Berhad passengers.

## 1. Introduction

Malaysia has effectively improved its travel and tourism competitiveness by ranking 26th out of 136 countries, according to [1] in the Travel & Tourism Competitiveness Index Report (TTCI). The improvement was mainly because Malaysia has remained an attractive destination due to its price competitiveness, robust air travel connectivity and beautiful natural resources. With the statistics, it can be predicted that Malaysian airspace will get more crowded with major Malaysian and international airline carriers. These statistics were also supported by [2], who expects that airline passengers will be more diverse geographically due to emerging markets. The report states that The World Bank estimated moderate global gross domestic product (GDP) growth of “Emerging Markets and Developing Economies” (EDME) between 2016 and 2018, which will attain 3.0% growth than in higher income countries [3]. Therefore, Malaysia can attract tourists from all over the world, thus enabling major airline providers in Malaysia to expect an accelerated

passenger carriage growth in load factors, which may come from more competitive pricing, attractive value-added services, and strategies.

Loyalty has become one of the most studied concepts in business and academic research. Due to the subjectivity and unpredictability of customer behaviour, it is exceedingly difficult to anticipate the most influential factors that convince customers to become loyal and maintain their loyalty. Over time, business managers realise the value of loyal customers and prioritise customer relationship strategies to retain their allegiance to their brands, stores, services, and products. Long-term, loyal customers are more profitable and can help a business attract new customers. In a competitive market, customer loyalty gives a business a long-lasting advantage that is hard for competitors to replicate [4]. The aviation industry plays a significant role in work and leisure for people around the globe. It improves economic growth and helps alleviate poverty by providing employment opportunities and increasing revenues from taxes [5]. Despite the nature of the industry, Malaysia Airlines is vulnerable to challenges in the aviation industry, ranging from the global competitive market, network rivals in the local market, particularly from low-cost carrier airlines (AirAsia, AirAsia X, Malindo Air, FireFly), fluctuation of oil prices, risks of accidents or terrorist attacks that affect customers' confidence, aviation regulations and government policies, shortages of airline personnel and economic crisis. With so many threats encircling the airline company, it is imperative that Malaysia Airlines addresses these problems and restores the faith and loyalty among its customers.

Customer loyalty usually serves as the benchmark for airline companies in retaining long-term relationships with their customers. Maintaining customers' loyalty is an achievement of its purpose in interacting with its customers. Airline customers expect excellent and consistent service quality in all phases of their flights. The decline in service quality reduces customer loyalty [6]. Customer loyalty also means when a customer repetitively chooses to use the same airline services although he has other options for his needs. Although the customer has more spending power, he tends to stick to his preferred airline service longer despite the price hikes, resist other competitive offers and manage to tell other people about the airline company and its services. Airline services will make these types of customers their number one priority, for it will eventually directly impact the airline's financial results. Consequently, airline companies must develop appropriate strategies and tactics to increase customer loyalty.

Malaysia Airlines has always had difficulties sustaining consistent profits, possibly due to transgression in the organisation. The disappearance of MH370, followed by the downing of MH17 just 131 days later, caused Malaysia Airlines to endure the worst catastrophe in Malaysia's aviation history. After these two tragic events, Malaysia Airlines' ticket bookings plummeted by 33%, which caused the airline to collapse even more and severely erode its competitive advantage. The airline's position is a prime example of how external factors, such as the disappearance of one plane and the crash of another, have produced significant internal and potentially national issues. The airline's management had to design a plan that they believed would salvage the business in the long run. This strategy entailed reducing the number of Malaysia Airlines employees, focusing more on Asian route flights, reducing the number of flights, and removing the Chief Executive Officer at the moment to start the company from the ground up [7].

This study uses the Relationship Quality model (RQ) because it is a better measurement of customer loyalty. [8] mentioned that relationship quality has constantly been referred to as a global construct comprised of all prior interactions and perceptions the customer has had with the service

provider. The previous theoretical viewpoints on customer-service provider relationships led to the development of measures for measuring the quality of exchange relationships [9].

Customers value the relationship as a whole and evaluate it based on past experiences, expectations, predictions, goals, and desires. Customer loyalty has been shown to be correlated with relationship quality. There is no universally accepted definition of relationship quality. As a multi-component construct, relationship quality has been conceptualised as a concept. It is widely acknowledged that relationship quality, which includes customer satisfaction and trust, is a significant determinant of long-term customer behaviour and loyalty. [10], [11], [12]. Retention of customers, positive word-of-mouth, and financial benefits to organisations can all be viewed as outcomes of relationship quality and its constituents, such as customer satisfaction and trust [13], [14], [11], [15].

This study aims to suggest an extension of the relationship quality dimensions by contributing to corporate image and customer satisfaction as a means of fostering customer loyalty at Malaysia Airlines. Recently, the hotel industry has become interested in customer delight [16]. A study on hotel hospitality conducted by [17] revealed that the presence of customer delight enhances the delightful experience for the customer and positively influences customer loyalty. Customers who are delighted are more profitable than those who are merely content. [18] mentioned that [19] found that delighted customers reported significantly greater loyalty, commitment, repeat business, and willingness to pay than satisfied customers. It was also recognised that customer delight could incur additional expenses for businesses. Customer delight may necessitate more exceptional performance and, thus, more costs, but eventually, bigger profits for the business [16]. According to [20], customer delight is a more accurate indication of customer relationship management in the hospitality industry.

This study will provide Malaysia Airlines with more knowledge about the influence between commitment, trust, corporate image, and customer delight on customer loyalty, which will help them review and re-examine its organisation strategies, to not only alleviate customer loyalty but also to remain competitive.

## **2. Literature Review**

### **2.1 Corporate Image and Customer Loyalty**

The company's image is defined as the cumulative positive or negative feelings, ideas, attitudes and experiences that are stored in memory and reconstructed when the company's name is heard or brought to mind by someone [21]. A strong airline image is formed if the service quality is high. An excellent airline reputation can lead to repeat business from customers and good word-of-mouth about the airline's reputation. If passengers have a good impression of the airline, it will help keep the level of service high and improve the airline's image [22]. Aside from the service quality that is rendered in the airline industry, the appearance of employees' neatness and tidiness, kindness and willingness to help, well versed in safety aspects and language skills create satisfaction among passengers which translates into airlines' positive organisational image [23].

Corporate image is an effective marketing approach for acquiring new customers, maintaining existing customers, and differentiating a business from its competitors. An airline should

consistently defend and strengthen its image, as it is the image that customers hold in the highest regard. Improving a company's image involves delivering high-quality service, creating a visual brand identity, and mobilising the public relations department [24]. While researching the relationship between customer satisfaction and customer loyalty at the Ritz-Carlton Guangzhou Hotel, [25] mentioned that loyalty is a combination of service characteristics and quality. It symbolizes service and the fundamentals of a successful corporate image.

A well-known brand can satisfy customers' psychological and social needs, hence influencing their preferences. Therefore, establishing quality, brand image and enhancing the corporate image of a company is crucial for boosting consumer loyalty. Corporate image is a mosaic formation intertwining all behavioural mechanisms, including visual and verbal, encapsulating the business [26].

Thus, the following proposition is suggested.

P1: There is a positive relationship between corporate image and customer loyalty.

## **2.2 Customer Delight and Customer Loyalty**

Customer delight entails going above and beyond customer satisfaction to provide what can be best described as a joyful experience for the customer. Delight is characterized by a more intense emotion and a distinct physiological condition than satisfaction [27]. Recently, researchers and practitioners have shown an increased interest in the notion of delight. Customers are frequently pleased with unexpected surprises, but the potential drawback of this strategy (i.e., rising customer expectations) has received little consideration. Due to the limited number of studies on the concept of customer delight, the little available literature contains inconsistencies in its definition [28]. Currently, customization in the airline sector is limited to the booking platform (mobile/app/website/travel agent) and meal preferences. Customers are inundated with public relations and marketing messages, social media promotions, and unending, repeated emails as a result of the advent of information technology and communication. To win and maintain customer loyalty, airlines should exceed customer expectations and surprise tech-savvy customers with exceptional service [29].

A study of Oktoberfest festivalgoers uncovered unexpected characteristics of the event, such as opportunities for flirting, the absence of legal or ethical restrictions on beer consumption, and the presence of different retail and souvenir tents. When both dissatisfiers and satisfiers were present, these pleasant surprises to the customer experience boosted overall satisfaction at a cumulative rate (of higher performance and quality). If this is the case, then these delighter characteristics offer great potential for a tent to distinguish itself from other tents at the festival. This study's findings indicated that beer tent operators might design specific techniques to increase customer satisfaction, thus fostering customer loyalty. [30] believed that it is fundamental to examine customer delight and delightful service from the perspective of service industry front liners, for they are the ones who are the substantial intermediators.

Front liners are service industry employees who understand the core principle and the importance of delightful service concepts. The employees' degree of eagerness, in addition to their dedication to performing excellent service, will have substantial effects on generating customer loyalty. The service quality (SERVQUAL) or service quality gap (GAPS) model, which was developed by [31] suggested a primary cause that service performance does not correlate with customer-driven standards is due to service providers, managers and the frontline employees

having different perceptions and experience of delightful service, and lack of purposefulness or determination to implement it. Based on the discussion, the proposition below is put forth.

P2: There is a positive relationship on the relationship between customer delight and customer loyalty.

### 3. Framework

Figure 1 shows the proposed conceptual framework for this study:

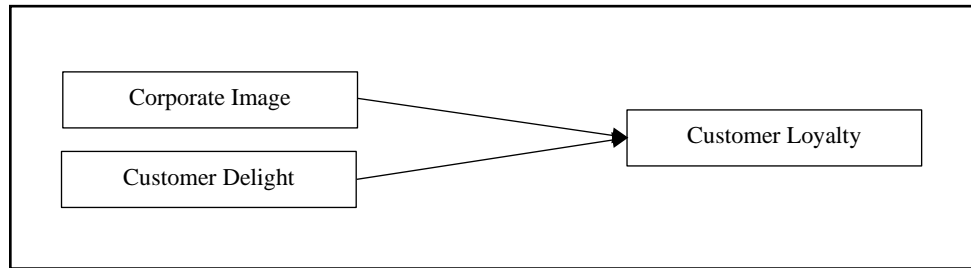


Fig. 1. Conceptual model of the study

### 4. Proposed Methodology

This study will apply the survey method, whereby questionnaires will be used as the measurement to collect the required data. This study is a cross-sectional study where the data is collected only once. The unit of analysis of this study is individual, representing the Malaysia Airlines passengers. The total population of this study is 40,000 Malaysia Airlines Berhad passengers based on Malaysia Airlines' websites. Referring to [32] table, the data will be distributed to 232 passengers as a sample size for this study using a non-probability sampling technique, precisely the purposive sampling technique. The collected data will then be analysed using Statistical Package for Social Sciences (SPSS) 28.

## **5. Conclusion**

Reviewing the literature review regarding corporate image, customer delight, and customer loyalty reveals the relationship among the variables. The corporate image and customer delight will lead to improving customer loyalty among Malaysia Airlines passengers. The originality of this study can be seen from its scope as it investigates corporate image and customer delight simultaneously towards customer loyalty since the previous study examined the relationship of corporate image-customer loyalty link and customer delight-customer loyalty link separately. Future research must look at more extensive literature regarding determinant factors that could affect customer loyalty, specifically among airline passengers, since this industry is significant to contribute to the Malaysian economy. Future research is also suggested to insert the role of customer intention as a mediating variable that could influence the relationship between corporate image and customer delight on customer loyalty.

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