

**The Impact of Strategic Airlines Alliances on
Brand Management Practices:
The Case of Royal Jordanian Airlines in Oneworld Alliance**

Dana Fawzi Kakeesh

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University of York

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**To my beloved father, Fawzi, and my grandmother, Nora, who passed
away just before witnessing this moment.**

Abstract

The trend over several decades towards the creation of global brand alliances in the highly competitive airline industry is likely to persist. However, few academic studies consider how such horizontal brand alliances have been achieved and even fewer analyse their creation and maintenance from an individual company's perspective.

Furthermore, current studies are largely derived from a western management perspective: little work has been done in the Arab world or the Arabian airlines apart from recent studies of Gulf carriers. This thesis adds to this small body of work by examining Royal Jordanian Airlines' role within the Oneworld Alliance. In particular, it analyses how the entry of a small airline into a large, well-established global organization affected the airline's branding practices. The thesis also explores in lesser detail the branding and marketing strategies within the global alliances.

A qualitative approach was used; purposive and snowball-sampling techniques were adopted to analyse 61 semi-structured interviews with senior managers and other actors within the airline industry. Two main themes have emerged: the first theme, the Airlines Industry's Attitude towards Brand Alliances, examines the major challenges in the airlines industry, demonstrates the main motivations behind forming strategic airline alliances and explores the relationship between globalisation and the initiatives to formulate more strategic airline alliances. The second theme, the key branding and marketing strategies, investigates the alliances' brand practices and marketing strategies and explains how a small national airline company has responded to this trend and offers a set of potential choices for future.

Also this study provides compelling evidences of how the Oneworld Alliance creates branding value for the small airlines member and contributes toward understanding the case of the Arab world and the interplay between global alliance brands and national airlines companies. Finally, it demonstrates a number of issues that the alliance members need to address in order to avoid any brand dilution or negative spillover effect.

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Author's Declaration

I hereby certify that this thesis is entirely my own work and has not been taken from the work of others, except where otherwise stated. Other sources are acknowledged by explicit references. This work has not been submitted for award, at this, or any other, institution.

“Somehow I cannot believe that there are any heights that cannot be scaled by a man who knows the secrets of making dreams come true. This special secret, it seems to me, can be summarized in four Cs.

They are curiosity, confidence, courage, and constancy, and the greatest of all is confidence. When you believe in a thing, believe in it all the way, implicitly and unquestionable.”

Walt Elias Disney

Chapter One

Introduction and Scope of the Study

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Chapter Two:	The Case of Royal Jordanian Airlines
Chapter Three:	Brand Alliances in Airlines Industry Framework
Chapter Four:	Research Design and Methodology
Chapter Five:	Theme One: The Airlines Industry's Attitude toward Brands Alliances
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Chapter Seven:	Conclusions and Recommendations

1.1 Background

For several decades after the pioneering Paris Convention of 1919 competition between airlines operating internationally was at best “artificial” because of the high level of regulatory constraints imposed by national governments along with high barriers to new entrants¹ (Doganis, 1973). This all changed with the worldwide deregulation of carriers that accompanied globalisation (Button, 2008). The US took the lead in liberalization² when Congress approved the Deregulation Act of 1978, increasing competition between its domestic airlines. This was followed by the liberalization of a number of European carriers and a proliferation of international bilateral agreements (Keeler, 1991). As a result from the 1980s there was significant growth in the demand for

¹ Doganis (2002) highlighted that the Paris Convention had as a result “the free trade, laissez-faire approach towards air transport of the early years of aviation was gradually replaced by an incomplete patterns of bilateral agreements between countries developing their own airlines”. In 1944, before the end of Second World War, “a number of states met in Chicago to consider some form of multinational agreement” and rethink the Paris Convention. But the Chicago Conference failed.

² The USA was the first to completely deregulate its domestic market by 1984, by the mid-1990s the relaxation of the airlines industry regulations’ applied by a number of countries such as Western Europe and Canada (O’Conner, 2001). The most recent initiative has been established among the Association of Southeast Asian Nations (ASEAN) and called Single Market Aviation (ASEAN-SAM). The ASEAN-SAM will be effective starting from January 2016 (ICAO, 2015). However, there are still many other countries around the world that have a highly regulated market such as India and China (IATA, 2015).

and supply of airline services, although international travel was still hampered by nationalistic regulation. Another crucial step towards liberalization came in 1992 when the USA signed bilateral Open Skies Agreements (OSAs) with over fifty countries; within three years air transport costs had reduced by nine per cent, competition was open to most airlines and markets grew phenomenally (Micco and Serebrisky, 2006).

Even with such high levels of growth the international market for flying is highly competitive. There is comparatively little difference between modern long-haul aircraft, so once an airline has developed a pricing structure to attract its target markets it can only distinguish itself on the grounds of service.

The huge growth in international travel has thus been driven in no small measure by airlines who add value by supplying the most advanced service to a high quality exceeding the passenger's expectations. This in turn drives further service innovation as customers demand particular specialist services, such as a non-stop flight and upgraded in-flight service, or better luggage-handling and check-in services (Segal-Horn, 1993; Mak and Go, 1995; Zeithaml, Bitner and Gremier, 2009). While overall there has been widespread standardization in the quality and delivery of services, the competitive environment means that the customer's satisfaction is an essential element for any international airline. As these companies rapidly found as air travel boomed, maintaining consistency all around the globe is difficult to achieve even for the largest airlines.

Consequently from the 1990s these businesses have found novel ways to gain and sustain high levels of customer approval and satisfaction as they operate in global markets. In particular airlines have come together in alliances that offer high levels of service integration and coordination between companies that retain an independent corporate existence (Porter, 1986; Oum, Park and Zhang, 2000). At this point the benefits of branding become obvious: branding allows an airline to distinguish itself in a highly competitive industry by highlighting its particular mix of service provision and quality. If branding is successful, passengers "reward" an airline by being loyal to it and returning to travel again (Blackett, 1999).

Long-haul airlines therefore offer an excellent opportunity to study how branding has been used to maintain distinctive corporate identities and commercial strategies in an industry where market forces have led to apparently ever-higher levels of integration between key players. The influx of new airline companies in the 1990s also witnessed the collapse of long-established firms such as Pan American, Eastern and Braniff. In contrast other well-established airlines such as British Airways, American Airlines and US Airways survived, responding at first to increased levels of competition by creating new routes and offering better prices (Bailey, Graham and Kaplan, 1985; Dresner and Tretheway, 1992). Yet despite these opportunities, profitability was marginal because new entrants continued to put downward pressure on fares. Established airlines urgently needed to reduce costs while developing marketing strategies that attracted more customers, ideally while maintaining or increasing the yield per passenger. The successful airlines made strategic choices either to form international – and ultimately global – alliances with other companies, or to merge with or acquire other airlines. (Aharoni, 2000; Kleymann and Seristö, 2004).

The latter strategy was not always possible. It is a common practice to attempt to preserve the ownership of national institutions, airlines included, as they are considered to be part of the national heritage of any country (Seristoe, 1999). In Jordan for example foreign individuals or entities may not own more than a 49 per cent share in any national company; this is by no means an isolated case, as some foreign carriers cannot own more than 25 per cent of the voting shares of any airline in the USA, Canada or Australia (Investment Law, 2000).

Accordingly in the 1990s strategic brand alliances became an essential element for any firm seeking to survive against global competition; airline companies followed this general trend by cooperating together on a recognisable scale, creating so-called brand alliances (Seristoe, 1999). Reflecting on this Porter (2011, p. 612) argued that:

“Alliances are frequently transitional devices. They proliferate in industries undergoing structural change or escalating competition, where managers fear that they cannot cope.”

The first large airline alliance was created in 1989 between Northwest and KLM, under the name *Wings*. This bilateral alliance was followed by another, *Qualiflyer*, formed in 1992 between Swissair and Austrian Airlines. More airlines joined these two alliances later. Indeed the 1990s witnessed an explosion of alliances; a period now recognised as the *Airlines Alliance Frenzy Era*. The industry reached a point where most airlines were part of one alliance or had an affiliate or partnership with one or more other companies, making it difficult to differentiate competitors from partners. At the same most airlines were operating new routes and expanding services, while fares dropped and competition forced improvements in service quality. By the late 1990s, global alliances had emerged between different airline companies, enabling them to compete on a global scale (Das and Teng, 2001; Button, 2004). The era of airlines alliance frenzy brought into being three major global airline alliances that still exist: Sky Team, Oneworld Alliance (OWA) and Star Alliance³ (Doganis, 2006).

Branding and service quality are central to these alliances. High levels of competition put airlines under great pressure to provide a near-global seamless high-quality service and to access new markets. For these reasons, the alliances are attractive to even the largest operators as they allow them to compete to a degree that would be impossible alone. Alliances also enable national airlines to circumvent the regulations on ownership that would otherwise condemn them to global irrelevance. Airline alliances pool their members' strong brands while at the same time creating a new brand, that of the alliance, which in turn feeds back to strengthen the individual brands. This is a very complex process: airlines have had to adopt highly innovative marketing and branding strategies to work together, to achieve a better strategic position in the global market, or simply to survive (Shaw, 2011).

Airline alliances have become a single global brand for many domestic, regional and global operators and brands, focused on building and designing one single strategy across

³ *Wings* and *Qualiflyer* were dissolved. There were many interline alliance appeared at the time for the total of 500 interline-airlines alliances (Doganis, 2006). See Appendix A for more information on the major global airlines' alliances.

multiple geographic markets through horizontal integration. The managers of these new alliances had to overcome new challenges to ensure that their individual brands were reflected in the overall image of the alliance, and also that the original brand was still visible to consumers (Porter, 1986; Bryan and Fraser, 1999).

The main motivation for individual airlines was to build a secure environment in which it was possible to develop their own brands consistent with their partners' and the overall brand; they had to pay attention to their company's marketing programme and develop effective services and a marketing-mix programme that led to higher brand equity compared to that of the competition (Langeard et al., 1981b; Krishnan, 1996; Maio, 2003). Yet little of all this has been studied in any depth at the level of an individual airline, particularly when it comes to operators outside of the North America, Europe, Australasia and eastern Asia. This thesis therefore looks at how global alliances have affected one small-sized Arabian airline.

1.2 Scope of Research

This study takes a deeper look at the case of Royal Jordanian Airlines (RJ at IATA or RJA at ICAO)⁴ within OWA and explains how airline branding practices are affected after becoming an alliance partner with other competitors within the same industry.

As the brand is something which a firm creates, owns, develops and invests a considerable resource in building terms of value both perceived and implicit. Depending on one's perspective (Keller, Apéria and Georgson, 2008; Farquhar, 1989) a brand goes beyond an identifier and provides the customer with tangible and intangible characteristics, with a strong indicator of product quality as an assurance of performance. In addition, it represents consumers' sensitivity and emotional attachment to the product itself (da Silva Lopes, 2002; da Silva Lopes and Casson, 2007). With the additional characteristics and the added values the customer is going to reward the company by being

⁴ IATA is International Air Transport Association. ICAO is International Civil Aviation Organization. The researcher adopted the official directory of IATA's airlines codes.

loyal and satisfied to reward the company for its product (De Chernatony and Segal-Horn, 2003; Keller and Lehmann, 2003). Furthermore, its success results from being able to sustain these added values in the face of competition (De Chernatony and Segal-Horn, 2003, p. 25).

Strategically speaking spending resources on a brand to protect and build it can be expensive however it can help a firm to carve a niche in the market that can last a long time (Wolfe, 2010). Conversely, in a highly regulated market such as the airlines industry where the companies need to expand to satisfy their customers and approach new ones this task can be impossible without creating partnerships with the competitors. Brand alliances have become an increasingly popular tool of marketers and there has been considerable study of brand alliances by academics and practitioners (Abratt and Motlana, 2002; Kapferer, 2012; Keller and Lehmann, 2006; Hao et al., 2013).

The brand alliance is considered as a powerful marketing strategy in certain cases even though some negative effects may happen and can threaten the existence of the brand (Hao et al., 2013) . From the individual partner's perspective, a brand alliance may generate positive outcomes, yet it can also lead to financial and marketing problems if the correct brand partner is not selected (Hao et al., 2013).

In the airlines industry, the companies created horizontal brand alliances notwithstanding the competition among them as a way to survive in a highly competitive global industry. This strategy is extremely important to the small airlines which lack adequate financial resources and marketing knowledge in order to gain the competitive edge, so these small companies can compete on a large scale.

This case study is concerned with attempting to understand more thoroughly the reasons as to why a particular action is occurring, as opposed to describing it; thus an approach which is inductive, rather than deductive, is more appropriate (Saunders et al., 2011). The study is exploratory since it assesses phenomena with fresh eyes, asks questions and searches for new insights into an area in order to discover what problems or issues need more exploring (Robson, 2002; Bryman and Bell, 2007).

Brand alliance have been studied by many researchers (Wernerfelt, 1988; Rao and Ruekert, 1994; Rao, Qu and Ruekert, 1999; Simonin and Ruth, 1998; Voss and Gammoh, 2004). However, these tend to relate to brands that provide complementary goods or services and what is the possible effect on each member's outcome, for example, the cooperation between Nike and Apple; Android and Samsung; British Airways and Hertz.

On the other hand, the researchers were either looking at the brand alliances from the consumer point of view (Aaker and Keller, 1990; Lassar et al, 1995; Aaker, 1996; De Chernatony and McDonald, 1998, Keller and Lehman, 2003) or from a financial perspective (Farquhar, 1989; Simon and Sullivan, 1993; Agarwal and Rao, 1996).

However, less studies have been focusing on how horizontal brand alliances have been achieved. A number of recent studies were looking at horizontal alliance in Airlines (Iatrou and Alamdari, 2005; Kalligiannis, Iatrou and Mason, 2006). Studies on airline alliances in particular have not placed much emphasis on the issue of brand management inside the alliance through the eyes of the airline operator instead of the consumer point of view. There are also very few studies that have investigated how countries have responded to airline industry competition, looking inside individual airlines and their branding and marketing strategies (Semercioz and Kocer, 2004; Pecotich and Ward, 2007; Bluemelhuber, Carter and Lambe, 2007; Voss and Tansuhaj, 1999).

Conjointly, the results of current studies are derived from a western management perspective (He and Balmer, 2006; Kleymann and Seristö, 2004; Iatrou and Alamdari, 2005; Park and Zhang, 2000; Glisson et al., 1996). Such studies investigated the case of dominated countries and the well-established airlines companies such as British Airways, AA, KLM, Northwest, Lufthansa, Delta, Swissair, SAS Thereby neglecting the small carriers and the related challenges (Gomes-Casseres, 1997; Staniland, 2003)

The studies that have focused on the Arab context are either focused on non-branding and marketing views (Grimme, 2011; Feiler and Goodovitch, 1994) or are oriented toward Gulf Carriers in general and more specifically to the phenomena of the Middle East Big

Three Carriers (MEB3)⁵ (O'Connell, 2011; O'Connell, 2006; Hooper et al., 2011). Correspondingly, there is a serious shortage of Arabic studies which talk about the airline industry, alliance formation, and there also empirical research into Arabian businesses in general (Driver, 1999).

1.3 Significance of the Problem

So a significant gaps remains in the literature both in terms of (small brand) in (horizontal) and specific Arab countries have responded to challenges and fierce competition within the airline industry and how Arab countries traditionally dominated by local strategies have responded to the airlines alliance frenzy era.

From the discussion above, this study contributes to the body of knowledge in four distinctive ways. First, it seeks to understand how brand alliances can impact on branding and related issues. It investigates the status quo within the industry and how being part of a global alliance and going through a horizontal integration with other companies can challenge each alliance member.

Secondly, this study explores the macro-level of brand alliances and aims to define marketing strategies and branding practices with a view to build on existing branding theories.

Thirdly, this study provides marketing views from the perspective of the less known rather than the well-known partner. In addition, it looks from the eye of the company itself rather than the consumer perspective and explores the marketing and brand management aspects from inside the company, providing an understanding of the individual brands in relation to the global brand alliance. Likewise, by looking at the case of RJ within OWA, this study will be studying an under researched airlines brand alliance phenomena in under-researched region and by the end will be providing new evidence which helps in expanding the scope of the branding theories.

⁵ MEB3 consists of Emirates Airline, Etihad Airway and Qatar Airways.

Finally, this research employs qualitative method with the aim to add different perspectives and contextual factors to existing quantitative studies, which expand our knowledge and understanding of brand alliances.

Royal Jordan Airlines (RJ) is a worthy case to be considered in the context of airline alliances inasmuch as it was the first Arab company to join an alliance and took the initiative for signing new code-sharing agreements. Moreover; it was the only Arabian airlines to keep delivering a non-stop service to trouble spots in the Middle East during numerous conflicts i.e. Gulf war in 1991; the 2003 invasion of Iraq; and the Syrian Civil War 2011-2014. Also, RJ kept its normal services to Cairo and Alexandria destinations during Egypt's chaos and revolutions 2011-2013 without any alteration of schedules (Annual Report, 2012; 2013; 2014).

RJ operates to Tel Aviv twice per day and it is the only Middle-Eastern airline that flies to the Palestinian Territory and Israel. The Middle-East region is struggling with the consequences of the so-called Arab Spring, and many other conflicts that are sweeping through the entire region. Given these circumstances, it will be interesting to understand the case of an airline which is part of a global alliance based on a conflict-zone which nevertheless continues to deliver a non-stop service to the trouble spots in the Middle East. Considering what exactly the alliance membership role is in this case is also of significance.

The study also wants to consider the case of RJ as a possible case of any similar airlines running within similar circumstances and taking part of global alliances. Consequently, by conducting semi-structured interviews with the members of OWA such as British Airways and American Airlines and a number of Arabian airlines like Egypt Air and Qatar Airways, the researcher is looking for extending the reach of the investigation to develop insights which could be relevant to other airlines. The use of reflective methodology and interpretative research are appropriate since they are requirements to analyse the identified problem, understand it, and answer the resultant queries raised.

This study seeks to explore the intense interplay between theoretical development and data resulting in insights and other important contributions which would not have been gained from less focused studies. This case is significant in that it offered “an opportunity to learn” (Stake, 1994, p. 243) more about the challenges facing an Arab airline, the motivation for their membership in a global alliance and how they may face the future. The next chapter will discuss the case of RJ within OWA in more details.

The semi-structured interviews were the main technique adopted for this study along with participant observations conducted mainly with RJ managers and a number of managers from other OWA member airlines. In addition, a number of participants from Arab carriers and practitioners and experts have been interviewed in this investigation. The data collection process developed through two stages; the pilot study and the main study. Data analysis was carried out using NVivo 10 software.

1.4 Research Aim and Objectives

The literature clearly indicated that there has been a trend towards the creation of global brand alliances in the airline industry which is likely to persist (He and Balmer, 2006; Iatrou and Oretti, 2012). The broad aim of this study is *to understand why alliances in branding are considered a key area of the global airline industry and how these alliances have shaped the global airlines industry*. Five main objectives have been identified, and will guide this investigation:

- To identify the main motivations behind forming strategic airline alliances in branding.
- To examine the relationship between globalisation and the initiatives to formulate more strategic airline alliances.
- To understand how global airlines alliances are critical and essential to airlines’ brand practices and marketing strategies success.
- To contribute towards a better understanding of airline alliances in the Arab world.

- To explain how a small flag carrier airline such as RJ has been affected by the trend towards global brand alliances and was able to grow and survive in a highly competitive environment.

1.5 Research Questions

In order to achieve the research main objectives. The study will try to answer the following questions:

1. What are the key drivers behind creating global airline alliances in branding?
2. How has globalisation affected the service branding strategies of the airlines industry?
3. What is the impact of global airline alliances on airline branding strategies?
4. How have national airline companies traditionally dominated by domestic strategies responded to the airlines alliance frenzy era, such as in the case of RJ?

1.6 Thesis Structure

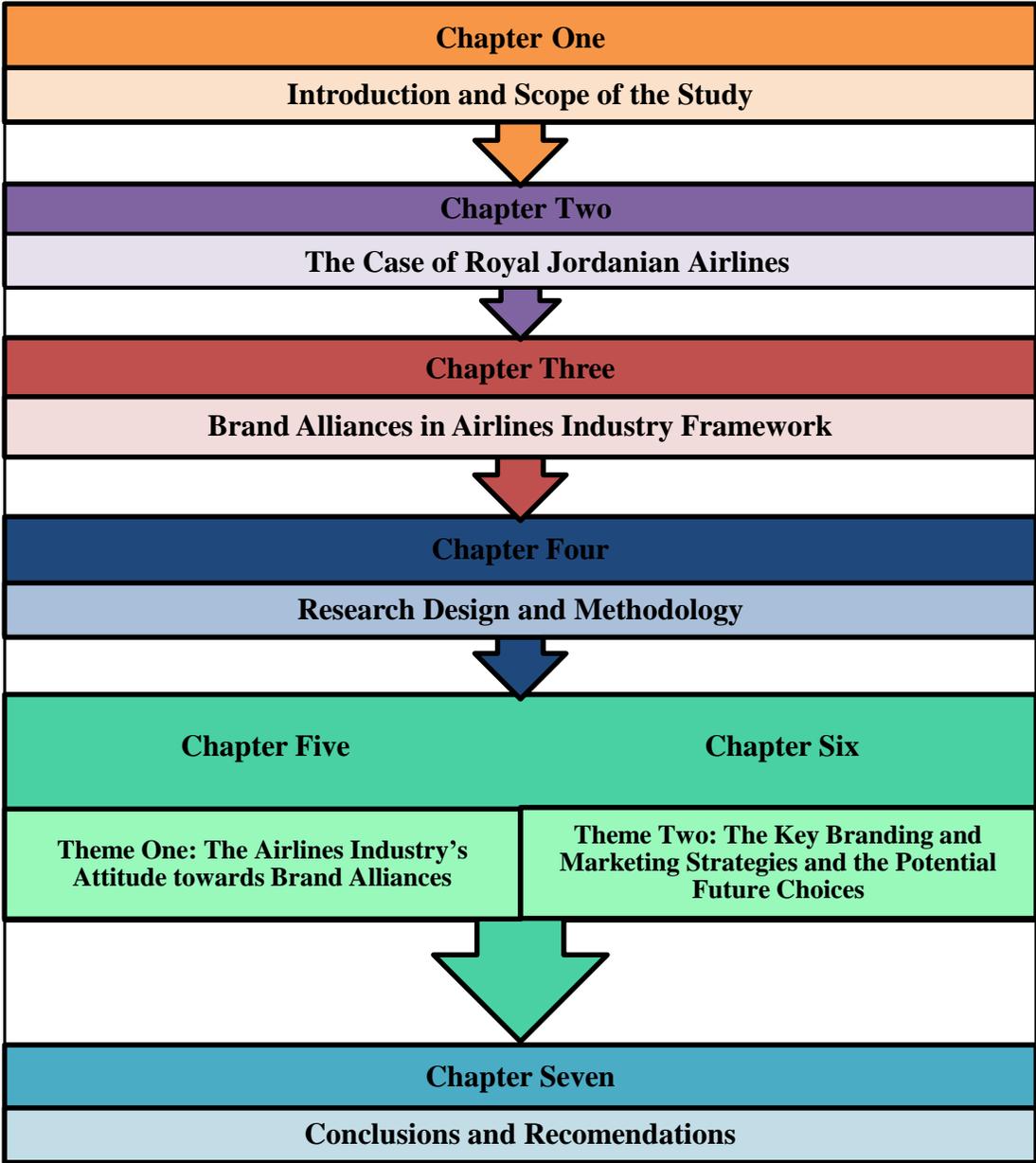
The thesis comprises 7 chapters as illustrated in Figure 1.

Chapter One outlines the overall view of the thesis structure, research problem, aims, objectives and significance of the study in order to give a direction and flow towards the achieving of the thesis's overall aim and objectives.

Chapter Two presents the case study of RJ; the chapter provides background on Jordan. It then gives a brief on the civil aviation industry before introducing the case study. The chapter finishes with a section on OWA and its members. The aim of this chapter is to highlight the relevancy of RJ within OWA for the study.

Chapter Three discusses the relevant literature review on a thematic basis. The first thematic analysis discusses the macro-level context of the airline industry. The second theme takes an in depth review of the macro-level of brand alliances within service branding. Further, it explores what is known theoretically about service branding in the context of brand alliance, identifies and presents a discussion of possible future brand successes or failures.

Figure 1 Thesis Structure



Chapter Four explains the methodological approach of the study. It begins by presenting the philosophical background to the research. Research methods and justifications for their use are then presented. The second part of the chapter provides more practical consideration of the sample, validity and reliability of the study. It goes on to explain in detail how data was collected and the main tools used in conducting interviews. The final section of this chapter covers the data organization process and how interview

output and email correspondence was dealt with. Finally, details of the coding process are presented and challenges encountered in this stage are discussed.

Chapter Five presents data analysis and discusses Theme One. This chapter discusses the Airlines Industry's attitude towards brand alliances and identifies the major challenges that RJ is facing and how they are managing these challenges. The main findings are presented in four major subthemes: macro environmental pressures (incorporating globalisation and business environment drivers); strategic motivations; RJ competencies; and RJ inadequacies.

Chapter Six represents Theme Two of the study and focuses on understanding the branding and marketing strategies' RJ employed to cope with the global alliance in particular and the airlines industry in general. The findings has discussed through five main subthemes; the brand management definition, the branding benefits of joining the alliance, managing the alliance brands, the success factors of brand planning and airlines services marketing strategies and the future possibilities of the aviation industry.

Chapter Seven presents conclusions and implications of the study, overall findings and the main answers discovered for the research questions. It goes on to highlight the main theoretical contribution of the study and proposes a number of managerial implications. The last section addresses the limitations of the study and provides directions for future research.

1.7 Chapter Summary

This chapter has provided a holistic overview of the study, discussed the research gaps that it seeks to address and presented the context it seeks to explore. The chapter began with an overview of the airlines industry and how factors such as deregulation, globalisation and OSAs have forced airlines to form alliances and more airlines agreements.

Also, this chapter has briefly clarified how alliances in branding and marketing are considered a key area in the strategies of airline firms. Questions about brand alliances in airlines within the Arab World were discussed and the rationale for investigating RJ is

presented. As well as the main aims and objectives were defined. Then the research questions guiding the study were determined to be exploring the key drivers behind creating global airline alliances in branding and how has globalisation affected the service branding strategies of the airlines industry. Also looking at the impact of global airline alliances on airline branding strategies and final question to be investigating the small national airline companies' attitude toward the airlines alliance frenzy era, such as in the case of RJ. The final section of this chapter described the research plan and presented the chapters' outline of the thesis.

Chapter Two

The Case of Royal Jordanian Airlines

Chapter One:	Introduction and Scope of the Study
Chapter Two:	The Case of Royal Jordanian Airlines
Chapter Three:	Brand Alliances in Airlines Industry Framework
Chapter Four:	Research Design and Methodology
Chapter Five:	Theme One: The Airlines Industry's Attitude towards Brand Alliances
Chapter Six:	Theme Two: The Key Branding and Marketing Strategies and the Potential Future Choices
Chapter Seven:	Conclusions and Recommendations

2.1 Introduction

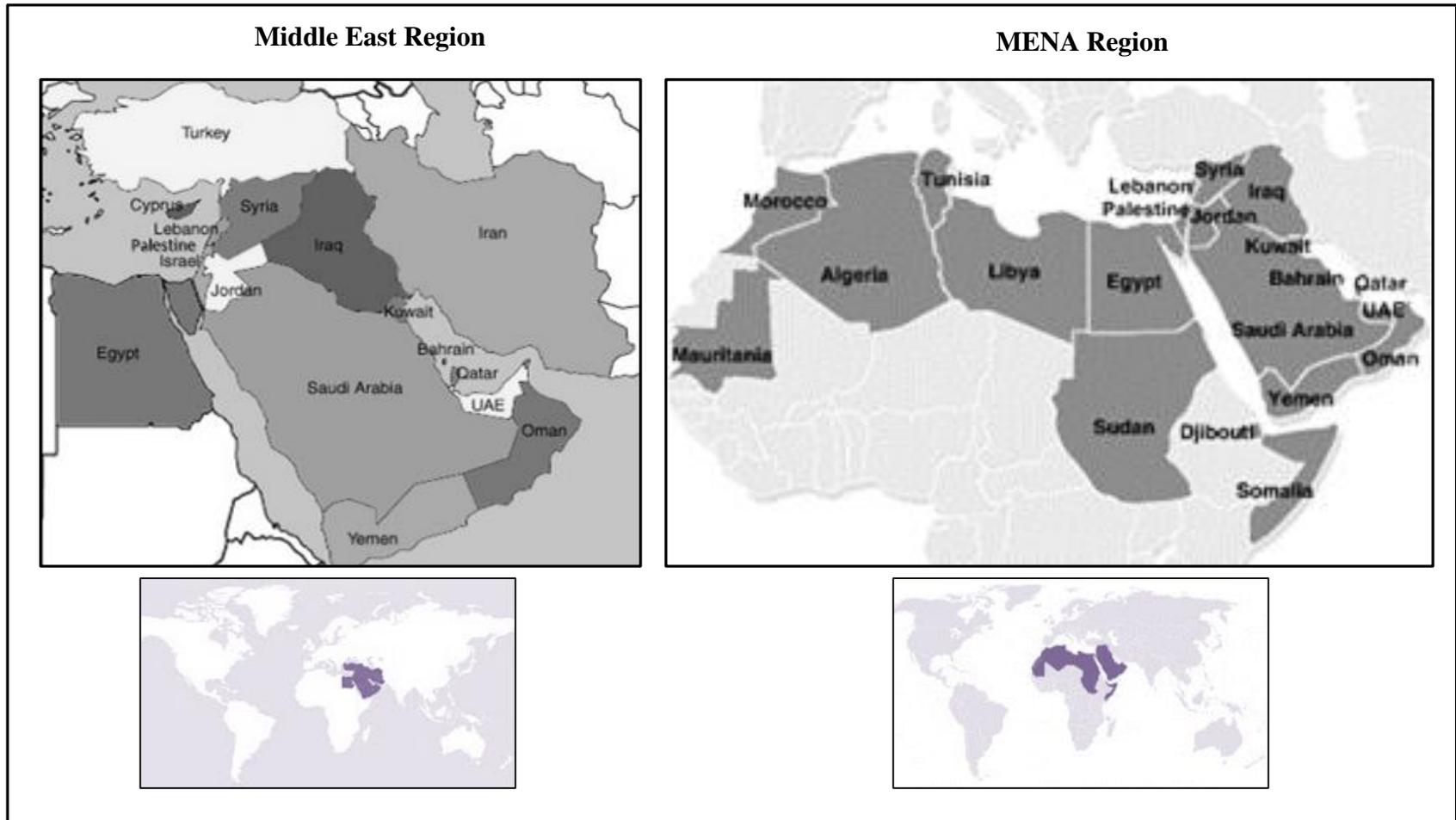
The previous chapter presented an overview of the investigation and outlined the roadmap for achieving the aims and objectives. This chapter begins by providing macro-level information about the environment in which RJ operates. It goes on to explain the scope and scale of RJ activity and operations covering key business functions like operations, human resources, marketing, financial strategy and overall strategic planning. A discussion of the civil aviation sector in Jordan is presented as well as the information about the OWA is presented.

2.2 The Hashemite Kingdom of Jordan and the Region

Jordan or officially The Hashemite Kingdom of Jordan⁶ is a small country with an area of 92,300 square kilometres and has a population of approximately 6.584 million (Statistics, 2015). Jordan is considered a part of numerous overlapping regions; the main ones are the Levant, Middle East and MENA. Figure 2 below shows the different regions.

⁶ See Robins, P. (2004). A history of Jordan: Cambridge University Press for more details.

Figure 2 Middle East and MENA Maps



Source: UNICEF (2014); World Atlas(2015).

The Levant is a British term that refers to the geographical landscape of southwestern Asia (Goring-Morris and Belfer-Cohen, 2014). Historically, the Levant has included Anatolia in Turkey, parts of Sinai Egypt, Cyprus and sometimes Southeast Europe, including parts of the Balkan Peninsula (Marsh, 2011; Goring-Morris and Belfer-Cohen, 2014).

However, the modern Levantine countries now vary between different classifications. Some argue that the Levant encompasses Syria, Jordan, Lebanon, and Palestine (Rubin, 2015), which others include Iraq in the classification (Marsh, 2015). For the purpose of this study, Marsh's definition (2015) has been adopted in order to be consistent with the RJ strategy plan of the Levant which consists of the five countries and which will be discussed in detail in Chapter 4.

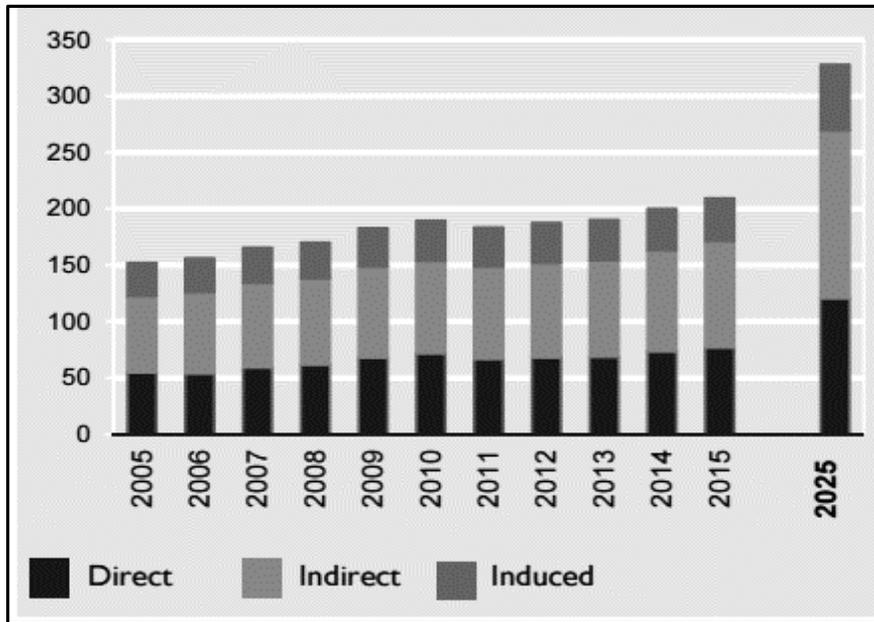
The concept of the Middle East has been in common use since World War II when a US military officer coined the term (DeNovo, 1963). The Middle East geographically consists of countries down the Mediterranean Sea (Anderson, 2013; Rubin, 2015), encompassing Egypt, the Levant Countries, the Arabian Peninsula, Iran, Turkey, and Cyprus. (DeNovo, 1963; Marsh, 2011). As it shown in figure 2 the last classification has adopted in this research.

Also Jordan is part of the MENA region. MENA is an acronym stands for Middle East and North Africa Region. This encompasses the region extended from Morocco to Iran and Turkey; however, there is some dispute about the inclusion of these countries in MENA (Anderson, 2013). For the research purpose, the MENA consists of the Arab league only as it shown in figure 2.

In general the Arab countries in the MENA shared the same language also they have similar spiritual, traditions, traits, and cultural values (Hazbun, 2006). Most of the attractive things in the Arab countries are the legendary Arab hospitality of their ultimate Bedouin ancestry and the heritage and historical places that can be found in many of the Arab countries and specially speaking in the Levant region that contain many ancient ruins and biblical sites (Tuncalp, 1999; Daher, 2007). Tourism is multi-industry sector that encompasses other sectors and activities and has a direct effect on the GDP of most of the

touristic countries. Figure 3 below shows the total contribution of travel and tourism in MENA

Figure 3 Total Contribution of Travel and Tourism in MENA



Source: World Travel and Tourism Council (2016)

As it shows in the figure above the total contribution of travel and tourism is 200.5 US Billion Dollar with percentage of 7.4 from the total GDP. The direct, indirect, and induced contributions were rising year after year and also are forecasting to rise in 2025.

The tourism in general consider highly sensitive and vulnerable toward any kind of violence, political conflicts, and terrorism which put the MEMA and Middle East regions in a very critical situation (Richter and Waugh 1986; Sönmez 1998). These regions were, and still are, in the middle of many regional conflicts. Starting from the historical Arab-Israeli Conflict in 1948 and continuing with the multiple wars in 1967 and 1974 (Smith, 2004).

Furthermore the Middle East is a conflict torn spot and throughout history it has witnessed many turmoil and conflicts. These conflicts have had a tremendous impact on Jordan. Along with the long standing Arab or Palestinian-Israeli Conflict there were many

wars such as the Iraq-Iran war between 1980 to 1988, The Iraqi invasion of Kuwait in 1990 and the Persian Gulf War between 1990 and 1991 (Tibi, 1998).

A new wave of conflicts was triggered with the invasion of Iraq in 2003. The Arab league countries encompass an area known for oil rich resources and lack of democracy with authoritarian regimes. Despite the fact that gulf and non-gulf countries have less successful economies, political unrest and sectarian friction triggered chaos during the so called 'Arab Spring' in many Arabic countries (Tibi, 1998; Campante and Chor, 2012).

In December 2010, the first uprising happened in Tunisia to trigger the disturbance across the different Arabic regimes. The second one was in Egypt and took place in January 2011 then the Libyan revolutionary the same month. Then followed shortly by the Syrian unrest in March that led Syria to the frontline of the Arab Spring. The last major one is the Yemeni Revolution which has started with a demonstration in April. Some minor demonstrations happened in many other countries but have been ended peacefully (BBC, 2015; Al Jazeera, 2015).

The Middle East is a place of war and confusion recently culminating with the Arab Spring and the rise of the Islamic extremist groups mainly Daesh or ISIS; Sunni group formed with the defeat of Saddam Hussein and the fragmentation of Iraq and Syria (Al-Anani, 2012). As the war is rages in both Syria and Iraq, the consequences on the tourism sector the losses are huge and left them out of the tourists' plans but also the consequences of ISIS threats in the region took toll even on Jordan's tourism sector too.

2.2.1 Tourism in Jordan

Jordan is strategically located in the Middle East and in a place that crossroads the East world with the West world. Despite the fact that Jordan is a small country with an area of 92,300 square kilometres, there were a number of urban civilizations such as Hellenes, Nabataeans, Moabites, Romans, Byzantines, and Early Islamic that have spanned over a period of 9000 years (Daher, 2007). These civilizations have left many ancient ruins and Islamic and Biblical sites. Figure 4 below shows the main historical and touristic places in Jordan.

Figure 4 Jordan Touristic Map



Source: The official website of the late King Hussein bin Talal

Based on the natural and historical sites in Jordan the touristic resources in Jordan can be classified into 3 main sources (Shdeifat, Kassinos and Amarin, 2007).

- The First one consists of the natural resources with tourist attraction i.e. Petra, Wadi Rum, Jarash, Aqaba Gulf, Wadi Al Mujib spring-fed streams and Dana natural reserve.

- The second source encompasses all the cultural resources and archaeological sites, galleries, cultural and art events, and handcrafts. Some of these spots are Jordan

Archaeological Museum, Jordan Folklore and Popular Traditions Museums, La Storia Tourism Complex, and Royal Automobile Museum.

- The third resources is the therapeutic resources which consists of all diagnostic and therapeutic spots either natural sites such as Dead Sea, Ma'in Spa or healthcare facilities the hospitals and cosmetic centres.

Tourism in Jordan is the largest export sector and also the second largest private sector employer. Also it is the second sector in producing foreign exchange. With the globalisation and opening up the markets, the tourist cash flow has been enhanced also the collaboration among countries and regions went to another level of foreign direct investment. Taking into consideration that the tourism sector has spillover effect on other sector and create many employment opportunities and attract the foreign investors. The diverse activities that can be done on relatively low cost comparing to other countries around the world has enhanced the presence of Jordan on the World Touristic Map. Table 1 shows the number of tourism activities based on the location within Jordan.

Table 1 Number of the Tourism Activites by Location in 2015

Location	Total	Water Sports	Skydiving	Tourist Transportation Companies	Tourist Shops	Rent a Car Offices	Tourist Restaurants	Travel Agencies	Hotels
Amman	2,159	-	-	8	170	200	752	659	370
Aqaba	287	12	1	-	41	12	124	34	64
Petra	122	-	-	-	37	5	6	34	40
Irbid	114	-	-	-	7	8	32	51	16
Dead Sea	22	-	1	-	14	-	-	-	8
Ma'in Spa	1	-	-	-	-	-	-	-	1
Madaba	108	-	-	-	65	1	18	14	10
Zarqa	77	-	-	-	-	10	22	39	6
Al Azraq	7	-	-	-	-	-	4	-	3
Ajlun	15	-	-	-	4	1	1	6	3
Karak	25	-	-	-	8	-	3	7	7
Jarash	55	-	-	-	37	1	11	4	2
Wadi Rum & Deesah	15	-	-	-	-	-	1	2	12
Ma'an	6	-	-	-	2	-	-	-	4
Tafiela	10	-	-	-	-	1	-	2	7
Shobak	2	-	-	-	-	-	-	-	2
Rwaished	2	-	-	-	-	-	-	-	2

Location	Total	Water Sports	Skydiving	Tourist Transportation Companies	Tourist Shops	Rent a Car Offices	Tourist Restaurants	Travel Agencies	Hotels
Balqa	25	-	-	-	-	11	9	5	
Fuhais	14	-	-	-	-	-	13	-	1
Russeifa	4	-	-	-	-	-		4	-
Ramtha	2	-	-	-	-	-	1	1	-
Mafraq	9	-	-	-	-	2	1	6	-
Al Aghwar	8	-	-	-	-	-	8	-	-
Total	3,089	3	9	8	385	252	1,006	868	558

Source: Ministry of Tourism and Antiques

2.3 The Civil Aviation Sector in Jordan

2.3.1 Airline Companies in Jordan

The transport, storage and communications (TSC) sector is considered one of the most prominent sectors in the Jordanian economy which in 2014 made up to 14 per cent of GDP⁷. This large percentage in relation to the contribution of other sectors has led the Jordanian economy to be services oriented, especially given that Jordan is not rich in natural resources and has few strong manufacturing industries in comparison with the service industries (Jordanian Department of Statistics, 2010).

The air transport, travelling across, to and from Jordan, produces three forms of economic benefit. Studies like this one focus in particular on the aviation industry's economic footprint, as measured by the tax revenues, addition to the GDP, jobs and the supply chain. However, the industry's economic value extends further than this. Important benefits are provided for the shipper or passenger, the customer, who uses the air service. Additionally, the networks between markets and cities are a crucial infrastructure that creates benefits by enabling direct investment from overseas, specialisation, and business clusters, that impact on the economy of a country's productive capacity.

The aviation sector contributes 593 million US Dollar (2.2 per cent) to Jordanian GDP. In addition, there are 808 million US Dollar in catalytic benefits through tourism, which raises the overall contribution to 1,401 million US Dollar or 5.3 per cent of GDP (IATA, 2014).

This sector in Jordan is supervised by the Civil Aviation Regulatory Commission (CARC). The CARC is responsible for managing aviation affairs and regulating the industry and all related international ties including the Air Service Agreements (ASAs) (Barakat, 2012). There are nine operating airlines companies who has been granted an Air

⁷ The contribution to GDP from other sectors: insurance, real estate and business services 18.9 per cent; manufacturing 16.8 per cent; finance, government services 11.4 per cent; wholesale and retail trade, restaurants and hotels 8.6 per cent; construction 4.6 per cent; agriculture; forestry and fishing 3.5 per cent; electricity and water 2 per cent; mining and quarrying 1.9 per cent; other services 0.6 per cent.

Operating Certificate (AOC) to run commercial air operations within Jordan. Table 1 shows a summary of these airlines.

The only airline with scheduled airlines services within Jordan is RJ – it has the biggest customer share in the Jordanian market, details about which are presented later in this chapter. The second biggest airline company in Jordan is Jordan Aviation which was established in 1998 and is based in Amman, operating charter flights to limited regional destinations (CARC, 2015).

Other airlines include a low cost carrier (LCC); AirArabia Jordan which has founded at the end of 2014 as a joint venture between Rum Group (51 per cent) and AirArabia United Arab Emirates (49 per cent) (FlightGlobal, 2015). This first LCC based in Jordan inaugurated operations in May 2015 providing flights across Europe and MENA (Association, 2015). More details on RJ and its charter arm, Royal Wings, will be discussed later in this chapter.

Jordan has five civil airports; two located in Amman the capital of Jordan, two in the south and another one in the north. The main gateway is Queen Alia International Airport (QAIA) in Amman. This airport has recently been refurbished and expanded under the new management of the Airport International Group (AIG).

AIG are a 25-year-old Build-Operate-Transfer (BOT) Consortium responsible for all the related affairs of the airport. AIG have invested in QAIA by expanding it so that it is almost a totally new and modern airport (Graham, 2013). As a result of the new modern gateway, along with the strategic location, QAIA has returned Jordan to its position as a leading airport in the Middle East. In 2014 the Airport Council International named QAIA as the best airport in the Middle East at *the Airport Service Quality International Survey* (CNN, 2015). Also in 2016, the RJ Lounge in QAIA voted as the best in Africa and Middle East at *the Priority Pass Airport Lounge of the Year Awards* (Petra News Agency, 2016). Table 2 below shows the main airlines companies in Jordan

Table 2 Airlines Companies in Jordan

Airline Company Name	IATA Code	IACO Code	Country	Region	Airline Type	Passengers ('000)	Aircraft	Status
Barq Aviation	-	-	Jordan	Middle East	Airlines ACMI	188	0	Operating
Jordan Aviation	R5	JAV	Jordan	Middle East	Charter	200	9	Operating
Jordan International Air Cargo	J4	JCI	Jordan	Middle East	Cargo	0	3	Operating
Royal Falcon Airlines	-	RFJ	Jordan	Middle East	Mainline	135	1	Operating
Royal Jordanian	RJ	RJA	Jordan	Middle East	Mainline	3249	27	Operating
Royal Wings	RY	RYW	Jordan	Middle East	Regional	48	1	Operating
Solitaire Air	-	STR	Jordan	Middle East	Cargo	0	0	Suspended
Transworld Air Freighters	-	-	Jordan	Middle East	Mainline	0	0	Ceased
Air Arabia Jordan	9P	JAD	-	-	Low-cost	53	3	Operating

Source: FlightGlobal (2015).

Table above listed the main airlines companies in Jordan. As it can be seen that RJ has the highest passenger numbers and the largest fleet. Despite the fact that RJ is completely dominating the Jordanian market, some practitioners are expecting a promising future for both Jordan Aviation and Air Arabia Jordan.

2.3.2 Air Services Agreements

An Air Services Agreement (ASA) is an agreement that is signed by a number of airlines to secure access to destinations. While OSA is an advanced form of ASA that has widened the framework of the traditional agreements, simplified the regulations imposed by international aviation and lessened the strict regulatory rule imposed⁸ on every aspect of the service (Tang, 2015). Table 3 below shows the major difference between bilateral ASA and OSA,

Table 3 Differences between Bilateral Agreement and Open Skies Agreement

Type Of Agreement	Service Capacity	Service Frequency	Fares	Extended Traffic Rights
Traditional Bilateral Agreement	Restrictions on which airlines can operate	Restrictions on what markets airlines may serve/number of flights that can be flown	Restrictions on pricing	Restrictions on operations to and from additional countries
Open Skies Agreements	No restrictions on the number of airlines that may operate, nor restrictions on what markets airlines may serve	No restrictions	No restrictions on pricing	Allowance for open rights to and from additional countries

Source: U.S. Government Accountability Office (2004).

⁸ These aspects encompass each and every single details such as number of carriers, seat capacity, routes, and fares, handling services, security matters, allowed advertisements, sandwich size.

Table above compares the traditional ASA with OSA taking into account four criteria: service capacity, service frequency, fares, and extended traffic rights. We can notice that OSA gives more freedom to the carriers to operate with the least restriction.

Jordan has ninety-seven ASAs with other countries which allows both to operate between and beyond their territories. Fifty seven five agreements⁹ are OSAs while the other forty agreements¹⁰ are normal bilateral agreements which impose a restriction on the number of flights operated between Jordan and their hubs (John and Williams, 2010).

Moreover, in December 2010, Jordan and the EU signed a comprehensive Air Services Agreement establishing a “Euro Mediterranean Aviation Area¹¹,” also known as a Common Aviation Area (CAA). A CAA means full liberalization of respective market access, which means all EU airlines will be able to operate direct flights from and to specific countries or areas. The Euro Mediterranean Aviation Agreement is directed toward the Mediterranean Area. This Agreement will be giving all 27 EU and Jordan airlines the right to operate from and to Jordan and EU respectively without any traffic, price and quotes restrictions (Sekkat, 2012).

The aim of CAA between Jordan and EU is to boost trade and tourism in Jordan and the EU (European Union News, 2010; IATA, 2014). However this agreement is not enforce further to a number of concerns raised by RJ about opening the skies between Jordan and EU countries. Firstly, means that there will be an unequal distribution of revenue benefits, between one country Jordan next to twenty seven EU countries will be operating from and to Jordan. Secondly, it is possible that unfair competition will exist due to insufficient allocation of flight slots. Thirdly, the EU is not RJ’s main market. There

⁹ USA, EU (27 countries), Lebanon, Yemen, Morocco, Algiers, Hong Kong, Thailand, Syria, UAE, Bahrain, Oman, Kuwait, Saudi Arabia, Azerbaijan, Tunisia, Kenya, Sudan, Dominican, Tanzania, Croatia, Mexico, Georgia, Malaysia, Sri Lanka, Switzerland, Singapore, Kyrgyzstan, Latvia, Slovakia, Ukraine.

¹⁰ Qatar, Nepal, Japan, Kazakhstan, Korea, Palestine, Iraq, Nigeria, South Africa, Egypt, Turkey, India, Chile, Congo, Sierra Leon, Moldavia, Ethiopia Norway, Senegal, Vietnam, Iran, Bangladesh, Canada, Brunei, Afghanistan, Bosnia, Herzegovinian, Ghana, Taiwan, China, Cuba, Australia, Ivory Coast, Israel, Soviet Union, Pakistan, Libya, Turkey, Uruguay.

¹¹ EU signed the Euro Mediterranean Aviation Morocco in 2006, Jordan in 2011 and Israel in 2014.

is small percentage of Jordanian population in the EU compared to the US and Levant Markets and therefore there is a fear that this CAA can diminish RJ shares in the EU market. RJ normally cannot secure a sufficient number of slots at main EU hubs i.e. Heathrow, Paris Charles de Gaulle, Frankfurt and Adolfo Suárez Madrid–Barajas Airports due to competition and the constraints imposed on slot allocation to foreigner carriers by EU countries (CAPA, 2012).

2.4 The Case Study Profile

2.4.1 Background

RJ (formerly ALIA) was founded in 1963 and established itself as the flagship airline for Jordan by the late King Hussein’s Royal Decree. The late King Hussein Bin Talal said:

“I want our national carrier to be the ambassador of goodwill and the bridge across which we exchange culture, civilization, trade, technology, friendship and better understanding with the rest of the world.”

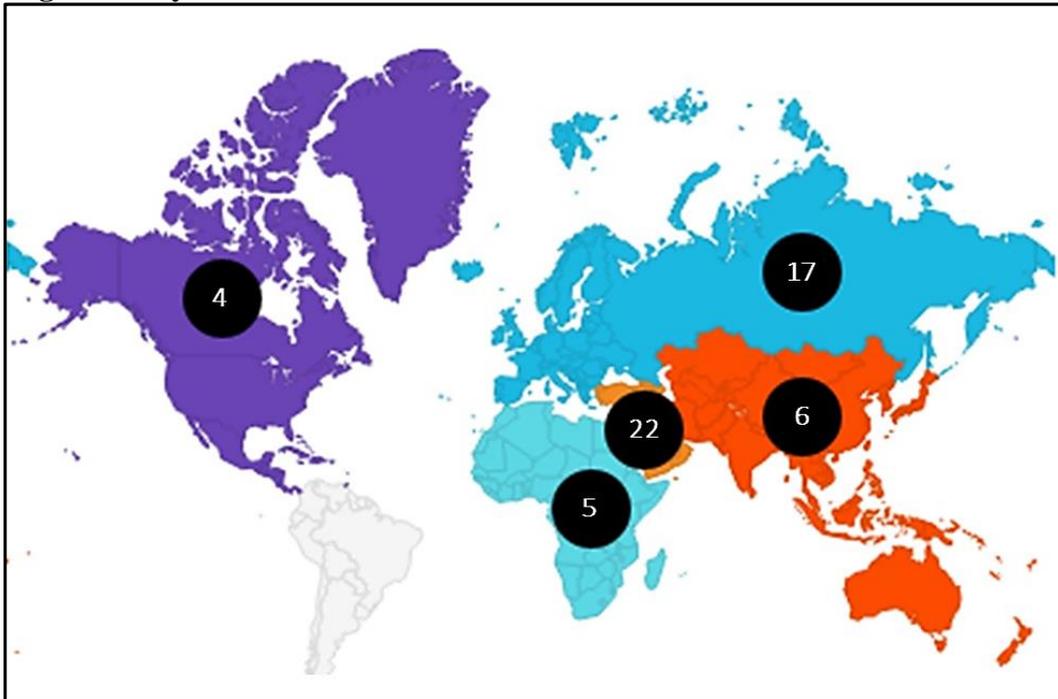
The genuine vision of RJ is *to be the Airline of choice connecting Jordan and the Levant with the world* (Airlines, 2014, p. 6). Part of this vision is a strong belief that services are an experience product and that the customer, who is the passenger, assesses the quality of service, the employees, and the atmosphere and RJ is counting on that being the case (RJ Annual Report, 2014).

QAIA in Amman – Jordan is RJ’s main hub. RJ started with three aircraft and was operating to four regional destinations then gradually expanded its fleet to 27 aircraft¹² and a network of 54 global destinations¹³ distributed as it shows in figure 5 below.

¹² See Appendix B for more details.

¹³ Updated until April 2016.

Figure 5 Royal Jordanian Airlines Network



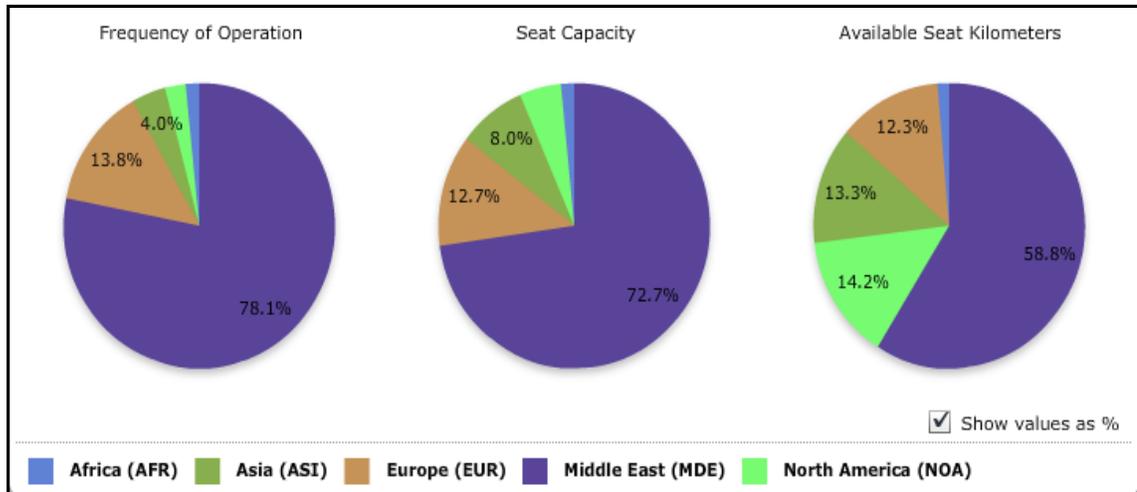
Source: FlightGlobal (2015).

RJ flies to four continents; Europe, Asia, North America and Africa. The map above, shows that Royal Jordanian's central market consists of the Middle East. Containing 22 destinations disregarding suspended air routes into Syria and Iraq. Royal Jordanian has Europe as its second central market with seventeen destinations. The airline also operates to the Africa, Far East, and North America, where it flies to 4, 6 and 5 destinations respectively. This representation over the Middle East and in Europe, has emerged as a result of high competition and limited competition. Despite these factors, Royal Jordanian has signed several codeshare agreements, along with membership of the OWA, it has been able to extend its flights to 1,000 destinations over a global network¹⁴. Figure 6 below shows the major statistics of RJ which reflects the strong presence of the airlines in the

¹⁴ See Figure 9, page 59 for OWA Network Map

Middle East in the first place then Europe in the second place and vice-versa it shows the importance of the Middle East region for RJ.

Figure 6 Royal Jordanian Airlines Performance based on the Region in 2015



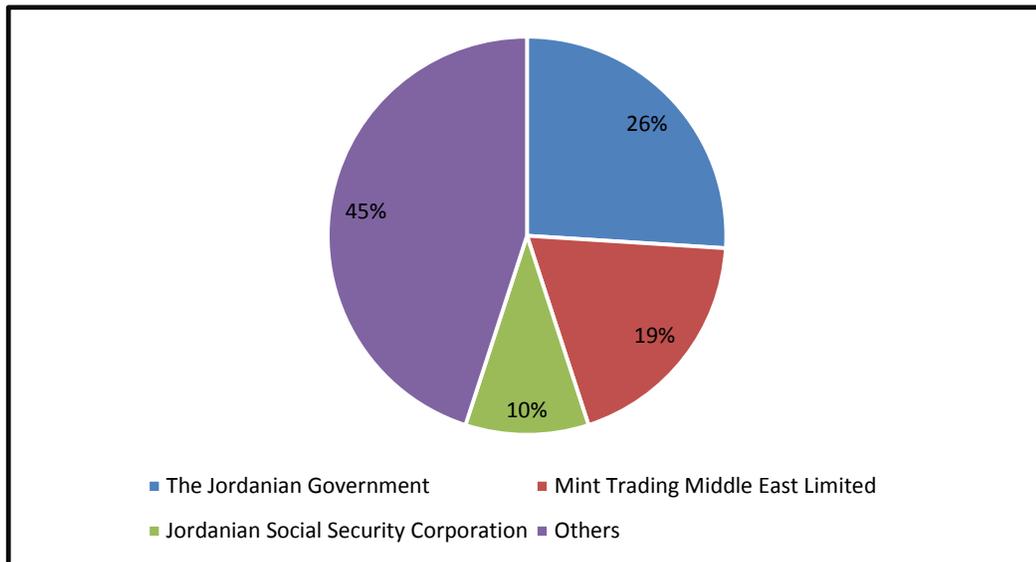
Source: Flightglobal (2015).

The figure above reflects the strong presence of RJ in the Middle East with frequency of operations up to 78.1 per cent followed by Europe by 13.8 per cent and with a huge difference reflects the importance of the Middle East region for RJ.

RJ was a purely public company owned by the government but later it went through a long process of privatization through two phases. The first stage finished in 2002 in which the debt problems has solved by going through financial restructuring. This phase ended by registering RJ as a Public shareholding company (Barakat, 2012; Sobie, 2008)

The second phase concluded in 2007 and the Jordanian governments holds the major shares with other strategical partners. Figure 7 below shows the distribution of shareholders which has been published in the Annual report of 2015.

Figure 7 Major Shareholders of Royal Jordanian Airlines in 2015



Source: RJ Annual Report (2015).

The Jordanian government now owns 26 per cent and the Jordanian Social Security Corporation owns 10% while a Lebanese Firm owned 19% and the rest is owned by Jordanian citizens. Legally, 51% of RJ's shares are required to be owned by Jordanians in order to be able to operate and enjoy the ASAs between Jordan and the other countries (RJ Annual Report, 2014). RJ also fully owns Royal Wings which is RJ's charter arm and which runs domestic and regional flights.

2.4.2 The Status Quo of Royal Jordanian Airlines

Royal Jordanian is regarded as the biggest air carrier in the Levant region, and is the sole carrier in the Arab world to Israel, following a new strategy initiated on 2002. The strategy involved the concentration placed on more flights to neighbouring nations. Additionally, the airline added other smaller routes to its network, including from Egypt, to Syria, that is Alexandria to Aleppo, already served by larger air carriers, for example, Emirates Airline this was part of establishing RJ as a main carrier in the Middle East region (Buyck, 2006).

The Middle-East region is currently struggling with the consequences of the Arab Spring, and many other conflicts that are sweeping through the entire region. (Campante and Chor, 2012). Given these circumstances, it will be interesting to understand the case

of a company which operates amidst this environment, still operating and playing a major role in the Levant and Middle East.

By the end of 2008, RJ's strategy had been successful with its main competitors Middle East Airlines/Lebanon and Egypt Air. However, RJ has faced some competition within the Middle East since 2008 due to the aggressive competition from MEB3s accompanied with the raising number of LCCs such as Air Arabia, Jazeera Airways and Flydubai. All these reasons put RJ under pressure to change its strategy and improve its on board and ground services.

RJ is considered a small carrier based on this fleet and its financial resources when compared to its neighbours and other carriers such as the MEB3. One important feature of the recent strategic plan launched by RJ in 2014 is to renew and replace a number of aging airbus aircraft with a modern fleet of 11 Boeing 787 Dreamliner aircraft¹⁵. RJ also plans to increase routes and network, increase frequency of flights, improve both in-flight and ground services, and in addition increase the punctuality of flights both departure times and arrivals (CAPA, 2014). This fleet serves in five continents; Africa, Australia, Europe, North America, and Asia. As it shown previously in the figure 3.

RJ has two cabin classes the Crown class and Economic class. The Crown Class offers some extra advantages over the Economic class passengers such as premier check-in, lounges and baggage allowances (RJ website, 2015). RJ serves 54 destinations is dependent on a number of factors: how many RJ can operate based on her fleet; resources; availability of slots; profitability of routes. In order to expand its network RJ has codeshare agreements with 12 airlines around the world, 5 of which are with members from OWA (RJ Annual Report, 2012).

¹⁵ RJ has received Boeing 787 Dreamliner aircraft by 2015 and the rest will be delivered by Boeing by 2016 (RJ Annual Report, 2015).

In 2005 RJ was approached by OWA¹⁶ and successfully passed the pre-joining audits and RJ was found by the Oneworld Management Company (oMC) to have a great potential to fulfil the requirements and be part of OWA (Al Rai Newspaper, 2005). Subsequently RJ was been elected by the board oMC. Mr. John McCulloch; the former CEO of OWA at that time said that:

“There are some very big and fast-growing airlines in this region, but size is not an important criterion for us. We are not interested in creating overlap and Royal Jordanian’s network and strategic plan is much more suited to us.”

OWA’s standards are the quality of the services, the benefits provided for the customers and the smooth processes and keeping the safety standards (Janawade, 2012). OWA handed the Delivery Requirement Document (DRD) to RJ and it challenged them to prove that RJ can stand next to big brands such as American Airlines, British Airways, Canadian Airlines, Cathay Pacific and Qantas Airlines. The DRD contained 200 requirements to meet so the RJ teams have worked to comply with their system. The work started on changing the IT system to comply with the OWA’s members hence the Revenue Accounting System, the Frequent Flyer Program (FFP) and the departure control system were upgraded.

Also employees received adequate training on how to deal with the new system and to communicate with other members also on how to improve the service quality to make sure that other’s member passengers will be satisfied of the same level of service provided. Some changes were made to the fleet and seat patches were upgraded along with changes in brand appearance when RJ joined OWA and to comply with the DRD. In 2007, RJ had fulfilled all the DRD requirements and started operating as the sole OWA representative in the Middle East region.

The Chairman of sponsor British Airways at that time, Mr. Broughton (CAPA, 2005), said that:

¹⁶ At that time OWA was consisting of the following members; American Airlines, British Airways, Canadian Airlines, Cathay Pacific, Qantas, Iberia, Finnair and LAN.

"Royal Jordanian Airlines is an excellent fit for Oneworld. It meets the high quality customer standards that Oneworld demands of all its members, with a network that complements what we currently offer."

RJ had signed a Non-shareholder Membership Agreement in which 2 million US Dollar was paid to OWA. As a consequence, RJ has no VETO power right in the OWA board meetings. Along with OWA, RJ offers its passengers a seamless set of service such as lounges, handling, and facilities. RJ has been granted antitrust immunity toward more freedom in discussing the sensitive pricing information and to have more collaboration on the routes.

RJ has a FFP scheme, which is very crucial for the survival and the longevity of any airlines. This scheme helps RJ in building the brand loyalty and gaining financial returns. This can be obtained by rewarding the frequent flyers so the airlines can secure the same passenger over an extended period of time and expecting cross-selling with other OWA members. More details on FFP will be discussed in chapter 3.

The FFP of RJ called Royal Plus and gives the passengers the opportunity to earn and redeem mileages per flight with RJ or any of its partners. The Royal Plus contains four tiers; the Blue, Silver, Gold and Platinum. All the four tiers have twin tiers through OWA FFP and the passengers enjoy the same privileges across the rest of OWA members. Table 4 shows the different tiers and the offered rewards and privileges on each tier.

Table 4 The Frequent Flyer Tier-Match between Royal Jordanian Airlines and Oneworld Alliance

Royal Plus Silver	Royal Plus Gold	Royal Plus Platinum
 Oneworld Ruby	 Oneworld Sapphire	 Oneworld Emerald
Earn and redeem Royal Plus miles on all OWA member airlines	All the benefits of Royal plus silver/ OWA Ruby, plus the following;	All the benefits of Royal Plus Gold/ OWA Sapphire, plus the following;
Earn tier miles on all eligible OWA flights	Access to business class lounges	Access to first class lounges
Access to business class priority check-in	Priority boarding	Access to first class priority check-in
Access to preferred or pre-reserved seating	Extra baggage allowance	Fast track at security lanes
Priority on waitlists and when on standby	Priority baggage handling	
Earned at 15,000 Miles	Earned at 40,000 Miles	Earned at 100,000 Miles

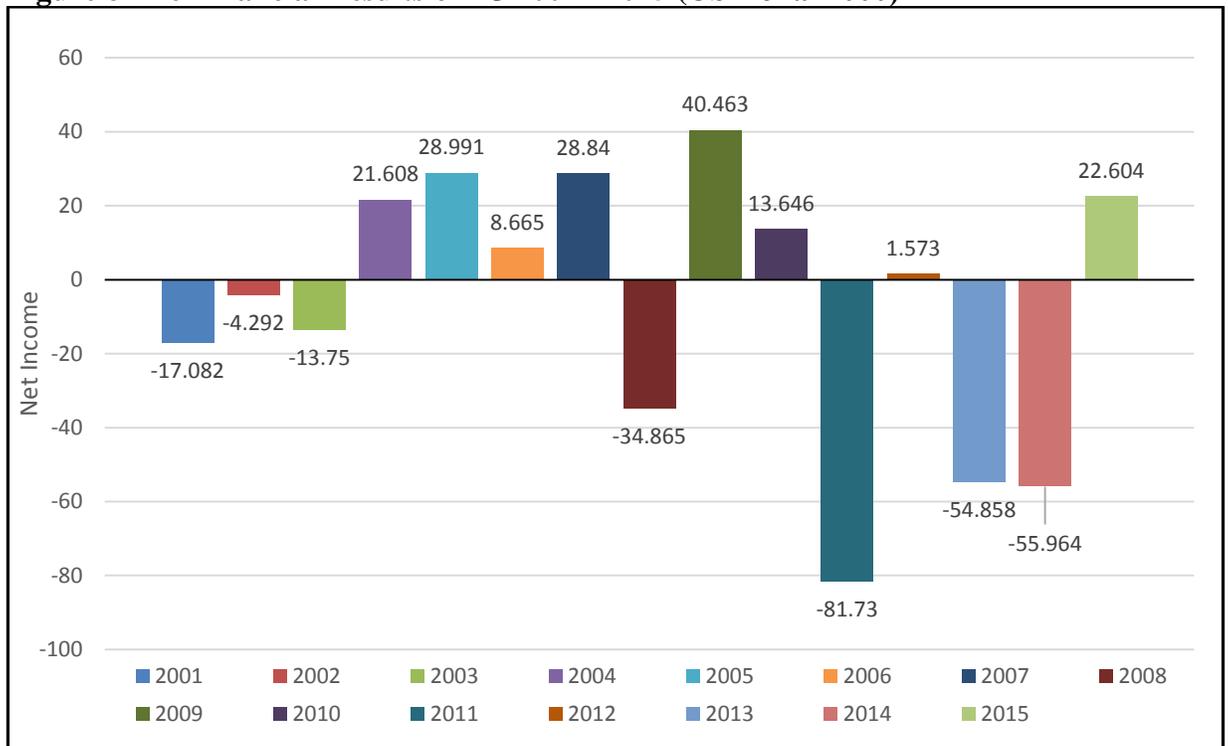
Source: RJ Website (2015).

As it shown from the table above the same tires are matched between RJ and OWA FFP so the passengers can travel on RJ and any other OWA members for the same benefits.

RJ has attempted over several years to stabilise prices as much as possible, but several factors have forced RJ to raise prices. One factor is the price of fuel - any increase in fuel prices shapes airline significantly in two ways. Fuel prices have a major direct effect on operational costs and in particular on actual aircraft operational cost. Rising fuel costs tend to lead to economic recessions, which in turn lead to a considerable decline in demand for air cargo and air travel (Franke and John, 2011). In March 2015 RJ announced accumulated net losses of 39.6 Million US Dollar (RJ Annual Report, 2014). These losses

were attributed to unrest in the Middle East. Figure 8 below shows the net profit of RJ between 2001 until 2015.

Figure 8 The Financial Results of RJ 2001 - 2015 (US Dollar ‘000)



Source: RJ Annual Reports from 2001 to 2015

Despite the negative indicators that are reflected above in Figure 6, the current financial indicators show that RJ's performance is positive as in November 2015 RJ announced 38 million US Dollar net profit before tax, which represents a 272 per cent increase compared to the same period of 2014. The indicators of 2015 show that there are 64 per cent reduction in losses and more than two-thirds increase in the operating cash flow along with optimistic passenger-traffic forecast will mean that RJ is regaining some of its earlier losses (Wall Street Journal 2015; Jordan Business Magazine, 2015).

These good results are partially due to a renewed airline fleet. The arrival of five Boeing 787 Dreamliners in mid of 2015 and with expectation of the arrival of another six in 2016-2017 plus two Airbus A330 by 2016 are a clear indication that the fleet renewal strategy is an important one. The new airlines can boost profits on long hauls due to their reduced running costs. The drop in fuel price will also contribute to increased profits as

will the aggressive restructuring of routes that happened near the end of 2014. RJ chief commercial and strategy officer Richard Nuttall declared that RJ will be aggressive with its growth plan. He stated that RJ will focus on regional routes as well as on increasing traffic between Levant and EU routes and on some other routes between EU and Far East (CAPA, 2015).

Recently the Jordanian Tourism Ministry launched a campaign to assure people that Jordan is still safe and to remind them of its many attractions (CAPA, 2014). RJ is part of this campaign and there are a number of memorandums of understanding between RJ and governmental institutions to this effect. Plus special packages for tourists who are planning to visit Jordan i.e. medical Tourism in Jordan are being offered in partnership with RJ (Petra News, 2015).

RJ modifies its ticket prices, like any other airline, on a minute-by-minute basis, depending on distance and destination, other competitors' prices, as well as, whether or not it is the peak season within the year like holidays and special occasions (RJ Annual Report, 2014). This tactic both strengthens and increases the variety that RJ's offers its customers (RJ Annual Report, 2014). RJ has gradually developed its promotional marketing activity so that from a local carrier it is now recognised as a global competitor. Table 5 below shows how RJ marketing slogans have developed from 1963 to the current date.

Table 5 Royal Jordanian Airlines slogans

Slogan	Year commenced	Year finished
From Jordan to The World	1963	1968
Excellence in Air	1968	1974
Journey in Royalty	1974	2001
The Way You Want to Fly	2001	2005
Change is in The Air	2006	2008
You are There	2008	2009
The Art of Flying	2009	2013
A World of Stories	2014	Present

Source: RJ website (2015).

RJ's marketing slogan in 2015 was "A World of Stories" which is designed to project the high level of services it offers its passengers and also is a sign of its ongoing dedication to the entertainment and comfort of passengers, both at the airports and on board RJ aircraft -so that RJ are part of their stories across the world. The slogan seeks to express the professional level that RJ has reached - they are self-stated leaders in the art of customer relaxation, hospitality, and exploration (RJ Promotional Materials, 2015).

RJ is committed to its society and has made many contributions toward the wellbeing and prosperity of Jordan. RJ has various green responsibilities and strategies. It has designed an Environmental Management System that has a staged structure to help the company restrict or keep to a minimum its activities that impact on the environment and help ensure correct behaviour in line with industry regulations. It has also initiated various environmental campaigns in order to promote its green contributions to its stakeholders and to contribute towards its excellent record on environmental targets. RJ's mission is to reduce their carbon dioxide emissions, and they take part in, and observe many emissions reduction schemes worldwide.

2.4.3 The Service Components of Royal Jordanian Airlines

Stemming from RJ's belief that its employees are its most important asset, RJ always try to keep its employees satisfy so that these employees can lead to satisfied customer and those customer can become later loyal passengers.

It achieves this through initiatives that are aimed at understanding employees' needs, motivating and valuing employees, caring for its employees' well-being, and rewarding them to ensure their only concern about their work is taking care of their customers (RJ Annual Report, 2015).

Since one of RJ aims is to reflect its proudness to be the national carrier of Jordan, there is a clear policy to recruit Jordanian staff throughout its operation. RJ strives to maintain a market-orientated and competitive benefits and compensation scheme to appeal and recruit competent and appropriately qualified workforce. The organization places value on individuals who are motivated and seek to improve the airline with their

competency. The benefits and compensation scheme is comprehensive and covers attractive bonuses, profit sharing, cargo shipments, extra salaries and various other advantages (RJ Annual Report, 2015).

Finally, RJ sets goals and objectives for employees through an Annual Performance Appraisal System that monitors and guides employees to obtain their aims over the course of a year. Both managers and supervisors discuss job performance with employees, including their achievement and performance of their work, future fulfillment of designated work aims, and they recognize and encourage the employees' different attributes and skills.

RJ places great attention on the physical appearance and aesthetic whether in its aircraft or on the ground in offices and architecture of buildings. The aesthetic runs to; design of tickets; aircraft seats; atmosphere of buildings; cleanliness and tidiness; and the overall appearance of the service location. The company invested in a new headquarters building that has high standards in terms of architecture and facilities and was designed specifically to be compatible with RJ's atmosphere so that it would project the level of quality of their service (Mayer, Bowen and Moulton, 2003).

RJ has tried to make the customer experience both on the ground and in the air as smooth as possible. Employees act as guides for customers helping them with what to do before reaching the front office employees. There are also instructions given from time to time through loud speakers in place to make things clear. Employees they are trained extensively so that they are able to present a clear message and efficient service to customers.

2.5 Oneworld Alliance

As previously mentioned, OWA is one of the three main global airline alliances. It was launched on the 1 February 1999 by five founders and established airlines in the world: American Airlines, British Airways, Canadian Airlines, Cathay Pacific and Qantas Airlines. The managing board consists of all the Chief Executives of each of the members and is called The Oneworld Governing Board (oGB) (Oneworld Website, 2015). The oGB

meets regularly to set goals, monitor targets, discuss any urgent issue, and elect new members. In 2011 headquarters was moved from Vancouver, Canada to New York, U.S. At the time the oGB decided to create the oMC consisting of almost twenty five professional members who manage all aspects of the alliance but who primarily facilitate communication between airlines (Flightglobal, 2015).

The oMC has an established set of quality standards by which all members are required to adhere to oMC also monitors the service aspects of its members on a regular basis to ensure a consist level of service among all the members. These aspects include many things such as check-in procedures, shared lounges, cabin crew, in-flight entertainment, and baggage handling (Oneworld Website, 2015).

When oMC decided on one airline to fill the space in the network in the first instance an election run by the oGB; which consists of the CEO of each of the OWA member, takes place and if the majority of shareholder members agree then the oMC sends an audit team to visit the prospect airline to check many factors and then the team delivers a report on the capabilities of this airline to meet the requirements and what they should do, upgrade and/or eliminate if the prospect airline agreed on all the requirements then it will be announced officially as a part of the alliance.

Afterward the DRD will be handled for the airlines and will be legally entitled to each and every rule mentioned in that document which explain all the aspects and activities that should be updated up to OWA standards. Also the new members will be entitled to sign a Membership Agreement. This agreement can be non-shareholder agreements in which the member pay the half of the membership fees and lose the VETO right. While signing a Shareholder Agreement required the member to pay full membership fees and be granted the VETO right.

From the traveller's point of view; comparing OWA to other two global alliances; Star Alliance and Sky Team, OWA has won most of the wards. In October 2015 it was

awarded with the Best Airline Alliance for the third year in row by Business Traveller Awards. Table 6 below shows a comparative illustration on the SkyTrax¹⁷ Award.

Table 6 SkyTrax Rating by Alliance

SkyTrax Rating	Star Alliance (Per cent)	Oneworld Alliance (Per cent)	Sky Team (Per cent)
3-Star	56	53	70
4-Star	33	27	30
5-Star	11	20	0

Source: Skift (2015).

OWA was listed as 5-Star Alliance by 20 per cent of the passengers while Star Alliance comes second by 11 per cent and Sky Team failed in being rated as 5-Star Alliance according to the passengers' experience. On the other hand, OWA has been rated as a 3-star airline alliance by 53 per cent of passengers when compared to Star Alliance and Sky Team (56 per cent and 70 per cent respectively). This means that OWA is in the lead with a respectable 47 per cent of their members ranking them at 4-star rating or above. That reflects the quality of service provided by the oneworld members which put the alliance on the top of the SkyTrax rating. Table 7 below illustrates another comparison of airline alliances based on how the three global alliances expect their members to renew cabins to avoid aging and provide a better customer in-cabin experience.

Table 7 Cabin Update Percentage by Alliance

Last Cabin Update	Star Alliance (Per cent)	Oneworld Alliance (Per cent)	Sky Team (Per cent)
Current	59	60	60
1-2 Year	26	33	25
3+ Years	15	7	15

Source: Skift (2015).

¹⁷ Skytrax is a world leading airlines consultancy based in UK. It runs studies and provides a Benchmark of airlines global standards and considered the most prestigious annual award. In addition, this award has multiple categories and awarded for both airlines and airports (The Daily Telegraph, 2015).

This table shows that all alliances give high attention to cabins to reflect brands values; however, it shows that OWA has only 7 per cent level of the cabins aged 3 years or more and that indicates the this alliance is trying to keep the cabins up to date on a significant level by cooperating and monitoring the current members (Skift Report, 2015).

Approaching the members happening gradually because the oMC looks for better-fit new members who have complementary networks with current members and/or operate in white spaces, which represent the non-served geographical areas by the current member. Figure 9 below displays OWA global network and its fifteen members.

Figure 9 The Network of Oneworld Alliance



Source: Oneworld (2015).

As it shown in the figure above that OWA has a network that covered the six continents and more robust in North America, Europe and specific parts of Asia such as the Middle East rather than the rest of the continents.

In OWA's first expansion, Finnair Airlines joined the alliance in 1999, followed by Iberia Airlines in 1999. In the same year, Canadian Airlines announced that it was affected by a financial crisis and would not be able to operate for more than one year, thus one of the alliance founders exited one year after the announcement. At the same year Aer Lingus and LAN Airlines were the last two members of this first expansion. The second expansion was an enormous one, OWA started by welcoming RJ in 2007 as the first airline from the Levant, Middle-East and Gulf area. In the same period Malev Hungarian Airlines became a full member.

In March 2007 Aer Lingus Airlines announced that it was to become a LCC thus it withdrew from the alliance as the OWA's brand positioning is quality oriented.

The third expansion was in 2010 when the Russian S7 Siberia Airlines became a full member. This was a very important addition to the alliance because its extensive networks covered Russia and the Commonwealth of Independent States. In 2009, OWA welcomed Mexicana, a former member of the Star Alliance. A year later Mexicana Airlines faced hard times and a sharp decrease in demand led it to suspend all operations, so it was no longer an active member (Forero-Nino, 2011).

There were to have been recent expansions as Kingfisher Airlines initially planned to become a member of the global alliance in in February 2012, however, the OWA, CEO reported that Kingfisher airlines was given time to improve its financial situation and was not admitted as a member (Flottau, 2012). In February, Malév Airline, in Hungary, a third alliance member, reported a cessation of operations, due to financial problems. In March 2012, Air Berlin became a member of the alliance. It is the sixth biggest air carrier in Europe and the second largest air carrier in Germany.

In 2013 both Malaysia Airlines and Qatar Airways joined OWA in what was considered to be a big strategic step. Many considered that adding Qatar to OWA was a big success and great enhancement to the alliance's image and strategic position because the big-three Middle East Carrier had refused to join any alliance until Qatar Airways broke the ice and decided to accept the invitation in 2013 (Aviation Business Magazine, 2015).

In 2014 another two airlines joined the alliance; SriLankan Airlines and the Chilean-Brazilian Company LAMTAM¹⁸ Airlines to increase coverage in Latin America and South Asia regions. Table 7 below summarizes the fifteen members and presents statistics on the OWA network and operation and for each member.

As it shows in table 8 below, there are a number of statistic measurements that reflect the performance of each of OWA members. These performance measures show high load factor which is defined as the percentage of seats sold on a route (Brenner 1982). For example, the load factor of RJ is 70.1 per cent indicates the demand to capacity percentage. The 70.1 per cent comparing to other big carriers under the current status of a highly competitive market is consider as a good percentage. Taking into consideration the renovating hub of RJ which also improved the capacity and increase the number of passengers.

¹⁸ LATAM Airlines Group SA, Latin America's largest carrier, announced on Thursday the unification of its LAN and TAM Airlines brands into a single corporate identity to be known as LATAM (Reuters).

Table 8 the Network and Operations of Oneworld Alliance Members in 2015

Oneworld Members	Year of Joining	Destinations	Countries	Daily departures	Fleet	Annual passengers (millions)	RPKs (scheduled, millions)	ASKs (scheduled, millions)	Passenger Load Factor (Per cent)
	1999	1,011	154	14,282	3,439	512.8	1,134,455	1,410,683	80.3
	2012	145	42	832	143	31.7	49,270	59,031	83.5
American Airlines 	1999	343	54	6,985	1,549	197.3	350,627	427,533	82.0
BRITISH AIRWAYS 	1999	220	90	968	386	63.8	203,981	251,882	81.0
IBERIA 	1999	130	46	1,000					
 CATHAY PACIFIC		96	35	446	200	31.6	112,257	134,711	83.3
FINNAIR	1999	117	41	268	67	9.6	24,772	30,889	80.2
 JAPAN AIRLINES	2007	79	21	827	222	29.8	45,337	63,391	71.5

Oneworld Members	Year of Joining	Destinations	Countries	Daily departures	Fleet	Annual passengers (millions)	RPKs (scheduled, millions)	ASKs (scheduled, millions)	Passenger Load Factor (Per cent)
	2000	94	19	408	325	66.7	106,466	131,691	80.8
	2014	61	13	800					
	2013	77	28	340	108	20.7	48,323	59,932	76.7
	1999	83	17	747	193	27.7	75,479	95,901	78.7
	2013	144	73	360	134	19.4	82,439	109,794	75.1
	2007	54	30	109	32	3.2	8,339	11,894	70.1
	2010	107	30	157	59	7.1	14,198	17,550	80.9
	2014	32	20	35	21	4.2	12,968	15,944	81.3

Source: Oneworld Website (2015).

OWA has 23 supported affiliate members and offers regional services. i.e. NIKI-AirBerlin; American Eagle, and US Airways, US Airways Express- American Airlines; British Airways CityFlyer, Comair (of South Africa), British Airways Limited, and Sun-Air (of Scandinavia); Iberia Express, Iberia Regional Air Nostrum; Dagonair- Cathay Pacific; Japan Transocean Air, J-AIR – Japan Airlines; LAN Argentina, LAN Colombia, LAN Ecuador, LAN Express and LAN Peru and LAN Colombia- LAN; QantasLink and Jetconnect- Qantas; Globus, LLC- S7. In total OWA operates to over 1,000 destinations and counts as the second biggest global airlines alliance after Star Alliance.

2.6 Conclusion

To conclude, this chapter has provided background about RJ including its geographical position and the civil aviation sector in Jordan. It has also presented a brief overview of the OWA alliance and its members. The next chapter will be discussing the main literature on strategic brand alliance in order to provide a theoretical background for the study.

Chapter Three

Brand Alliances in Airlines Industry Framework

Chapter One:	Introduction and Scope of the Study
Chapter Two:	The Case of Royal Jordanian Airlines
Chapter Three:	Brand Alliances in Airlines Industry Framework
Chapter Four:	Research Design and Methodology
Chapter Five:	Theme One: The Airlines Industry's Attitude towards Brand Alliances
Chapter Six:	Theme Two: The Key Branding and Marketing Strategies and the Potential Future Choices
Chapter Seven:	Conclusions and Recommendations

3.1 Introduction

This chapter presents a thematic literature review of the macro level context of the airlines industry, branding and marketing alliances in order to develop a theoretical framework for the study.

This thematic analysis discusses the macro-level context of the airline industry through theme one. Then the second theme takes an in depth review on the macro-level review of the brand alliances within service branding and what is known theoretically about service branding and in the context of brand alliances and identifies presents the possible of the future success or failure on the brand.

3.2 Theme One: The Context of the Airlines Industry

In order to understand the industry's attitude toward the alliances and what are the major challenges that facing RJ within the airline industry it is necessary to understand the macro-level context of the airline industry. It is necessary to begin by understanding the impact of globalisation on industry in general before moving on to understand how globalisation has affected this specific industry.

Many macro-level environmental drivers influence the international airline industry and in this theme what we know about these drivers is explored through the lens of a strategic structural analysis relying heavily on Porter's (1980) five forces analysis framework.

Having identified the literature supporting our understanding of the airlines industry's attitude towards brand alliances is necessary to move on to explore what it is that we know about the existing challenges, the strategic environment, the competencies and the inadequacies of our case study within the airline industry. The notion of strategic convergence is introduced to facilitate our understanding of what is the current state of strategy development at the macro industry level within the airline industry.

The dominant form of strategy within the industry is the formation of alliances and this phenomenon, although relatively recent, has come to dominate the airline industry. In this section the author presents what is known about strategic alliances in the airline industry and discusses the relevance of this in the case of RJ. To conclude this thematic review the key gaps in the literature are summarized and discussed in the context of the research questions.

3.2.1 Understanding Globalisation

This process has been focused on the economic side of the world, such as trade, foreign direct investment and international capital flows, but recently the term is used to refer to a broader range of areas and activities such as culture, media, technology, socio-cultural, political, and even biological factors, e.g. climate change. The focus of this study is on the globalism of transportation and in particular the airline industry but this cannot be considered in isolation.

Although there is a debate about the origins of globalisation, O'Rourke and Williamson (O'Rourke and Williamson, 2002) claimed that this global phenomenon in fact occurred in 1990s. In contrast, Frank (1998, p.52) argued that, "there was a single global world economy with a worldwide division of labour and multilateral trade from 1500 onward", while Bentley (1999, p. 9) referred this phenomena back even before 1500, "trade networks reached almost all regions of Eurasia and sub-Saharan Africa and large volumes of commerce encouraged specialization of agricultural and industrial production". In general Globalisation characterized by opening up the international markets and the declining of the national power. Also characterized by the consumer convergence across the borders (Morley, 2003).

There are various definition of globalisation concept done by many scholars; however, they have not yet come to any consensus on any definition or even the approach toward defining the concept. The reason behind that the concept itself very broad and while some pessimists argued that globalisation is a ‘global trap’ and will be leading the nations toward the inequality and undermining the ability of the state to deal with pressing social problems (Martin and Schumann, 1997). On the other hand the optimists argued that openness of the markets and reducing the barriers would keep the inflation low and generate a wide range of products (Martin and Schumann, 1997).

Albrow (1990, p. 9) defined globalisation as “all those processes by which the peoples of the world are incorporated into a single world society.” Cox (1999, p. 9) defined this phenomena as a trend that “trend include the internationalizing of production, the new international division of labor, new migratory movements from South to North, the new competitive environment that accelerates these processes, and the internationalizing of the state...making states into agencies of the globalizing world.”

Lamy (2006)¹⁹ characterized globalisation as a “historical stage of accelerated expansion of market capitalism, like the one experienced in the 19th century with the industrial revolution. It is a fundamental transformation in societies because of the recent technological revolution which has led to a recombining of the economic and social forces on a new territorial dimension.”

3.2.2 Globalisation within the Airline Industry

The wave of globalisation since the 1980s has had a massive impact on the airline industry for the civil aviation industry when deregulation became the appropriate cure for highly regulated markets (Lyth, 1998). Globalisation has been made easier by the deregulation of some markets, the privatisations of airlines and airports and also government ownership of operators and provision of operator subsidies. In the late 1990s

¹⁹ Speech given by The World Trade Organization (WTO) Director-General, DG Pascal Lamy entitled “Humanising Globalization” in Santiago de Chile, Chile 30 January 2006.

the first strategic alliances were created in the airline industry. Primarily driven by political developments, globalisation developed in parallel with a number of other environmental drivers and the liberalisation of trade policy in services, including in airline services.

Driven by political and ideological developments there has been a growing liberalisation in the airline industry and this coupled with technological advances in aircraft construction, such as, larger more fuel efficient planes and sharing of code to enable unification and integration of online reservation systems, globalisation has had a very significant impact on this industry. Globalisation is a “strategic imperative which is mediated through its manifestation in each industry and requires a response in those terms” (Morley, 2003, p.18).

3.2.3 Macro-Level Drivers Affecting the Airline Industry

In order to understand the basis for development of airline alliances and to appreciate what are the key drivers behind creating more global airline alliances in branding and further to understand how globalisation has affected the service branding strategies of the airlines industry it is necessary to consider the a structural analysis of the industry.

The next section layout Porter’s five forces model in order to explain the drivers on the macro level of airlines. Porter (1980) identify a model to analyse the competitive environment surrounded any business so the main risks and opportunities can be recognised. The model consists of entry barriers, buyer power, supplier power, substitute’s threats, and competitive rivalry. The following section presents an analysis for the airline industry using Porter’s (1980) model:

- Barriers to Entry

Barriers to entry for a new airline entering the market are high because a high level of financial investment is required for establishing a new airline organisation. It has been pointed out by (Oum and Park, 1997) that current established airline carriers with excess capacity without the need for increases in financial investment may still face legal obstacles to increase their routes.

Established airlines have important advantages such as, computerised reservation systems, frequent existing flyer schemes and dominance landing and take-off times at major airports. Additionally, they have access to travel agency services, airport cleaning, baggage handling and catering (US General Accounting Office 1998; OECD 2000).

Small or new entrants face incumbent firms that have established feeder networks which are an important source of passengers. Alliances are therefore able to further increase barriers to entry by strengthening the position of incumbents (Morley, 2003). Alliances can also strengthen the position of a competitor to a market leader in a market so increasing competition.

Within the airline industry there has been a track record of aggressive strategy towards new entrants including pricing predation (OECD, 2000, p.42-45). It is the case that new entrants face high barriers to entry because of this aggressive stance.

The study of Semercioz and Kocer (2004) on the strategic alliances in the aviation industry was an analysis of Turkish Airlines experience. They discovered that the alliance has special importance for the airlines of the developing countries in the sense that being part of global alliance can increase the competitiveness of the small carriers against the established and well-known airlines. Below we highlight the macro level drivers that affect the Airline Industry and that are linked with Globalisation.

- Power of Airlines Passengers/ Buyers

Buyers, or in this case passengers, are generally price sensitive in the airline industry, however there are important market segments within this large one. The tourist passenger segment is particularly price sensitive and more so than business passengers who are primarily concerned with service and convenience of a schedule (Uncles, Dowling and Hammond, 2003). Business passengers are therefore highly sought after by airlines because they are more profitable customers and yield more return to the company than other passengers (economic class) who are more sensitive to the price (Dowling and Uncles, 1997). Airfares are usually a major factor in a tourist travel choice and so flight

fares figure highly in their travel decisions and competition is fierce for buyers in this segment.

- Substitute Products

In general the substitutes of the air travel is limited. At the same time the air travel is the popular option as people enjoy increased income to spend on travel and also an aging population overall means that more retired people are travelling. Improvements in communication technology and reduction of costs of this mean that ease of travel has improved. It has been argued that improved media and internet could effectively substitute for travel but this has not been realised (Albertson, 1977; Salomon, 1998).

The train can be a substitutes for air travel but on a very limited scale and not for a long hauls. In some countries and locations there are a legitimate threat to airline travel. For example, Europe, especially for overland routes and where rail infrastructure is highly developed.

- Power of Competitive Rivalry

Airline travel has a total market containing air routes that have their customer demand and market. There are a couple of airlines on most routes with market dominance and the competition mitigates against buyer strength. In destinations where there are few airline choices, the airline has considerable competitive advantage, but in major hubs like London or Chicago this is not so much the case.

The competitive pressure and the globalized markets seem to be compelling more the governments to embrace further deregulation actions and liberalize the economy in order to reduce their restrictions (Morley, 2003).

It is argued by Levitt (1980) that progress in transportation technologies and communication, in addition to increased travel worldwide that have homogenised the airline market where customers increasingly demanding similar products preferences. Therefore the imperative for organisations is to obtain economies of scope and scale that

produce standardised products in a standardised market. Nevertheless, a standardised method has opened up questions, and the differences between varying market conditions.

- Strategic Convergence

In the airlines industry, strategic differentiation is relatively low when compared to other industries since there are no copyrights or patents for any new service and in this highly competitive market, any new strategy is going to be imitated by other airline companies. This is known as strategic convergence. (Morley, 2003).

It has been argued by Morley (2003), that all airlines function and operate using similar margins, additionally, they generate similar growth and returns of revenue. Each implement strategies that are similar to each other against low cost airline operators, establishing subsidiaries to drive the strategies, and they try to differentiate their long haul services from their regional services.

Based on that we can consider the alliances as a strategic convergence among the members as it is likely that marketing strategies will focus on magnifying the very small differences between airlines in the same alliance.

In the past the airline industry has been accused of complacency and of hiding behind these high barriers to entry (Morley, 2003). However, the entry barriers reduced due to the changing nature of the regulatory environment and the globalisation effect.

It has been noted that there are some dangers associated with strategic convergence. In the first instance, a change in the business environment will affect all participants in that environment equally so that parties will prosper or suffer together (Morley 2003).

Secondly, there is a risk that new business models or new ways of doing business might be neglected at a time when innovation in business is on the increase. The slow response time of alliance actors may decrease innovation within an industry. It seems therefore that the longer strategic convergence exists within the industry the greater the likelihood that it becomes out of step with the wider market and business environment. As this reluctance to evolve and reinvent persists the greater the chance that some alliance

members will choose to exit. As their members seek to innovate or take advantage of opportunities which the alliance has not identified or has chosen to ignore. There are significant strategic drivers that operate where strategic convergence exists within a market.

3.2.4 Definition of Strategic Alliances

Cravens et al., (1993), define a strategic alliance as “a means for organizations to gain competitive advantage in a product/market when environmental turbulence and diversity are high and the organization’s skill and resource gaps are high” (p.55). On the other hand Spekman and Sawhney (1990) defined a strategic alliance as “a type of interorganisational relationship in which the partners make substantial investments in developing a long-term collaborative effort and common orientation toward their individual and mutual goals” (p.90). The author adopts the following definition of strategic alliance: the interfirm co-operative arrangements aimed at pursuing mutual strategic goals (Das and Teng, 1997) because it highlights cooperation with mutual goals which aligns conveniently with the concept of a branding alliance.

Fan et al., (2001) identified three basic levels of cooperation; the ordinary, tactical, and strategic. They stated that the ordinary level happens when there is no consistent level of operation due to the diseconomies of scale and there is no real cooperation among the partners and it is about doing some limited activities such as handling the luggage but deeper cooperation such as joint-selling or check-in activities.

More advanced cooperation among the airlines occurs at the tactical level. In this form of cooperation more interactive relations are established between the partners but on a specific route or region. Activities are mainly related to the code-sharing activities. The highest level of cooperation is strategic alliance when partners are much more open to each other’s activities and they cooperate on many levels such as routes, regions, joint-selling, shared lounges, FFP and many other activities differs based on the agreement. The main goal of such level of cooperation is to provide a seamless and similar service for all of the partners’ passengers. Additionally, Fan et al., (2001) distinctively assigned two

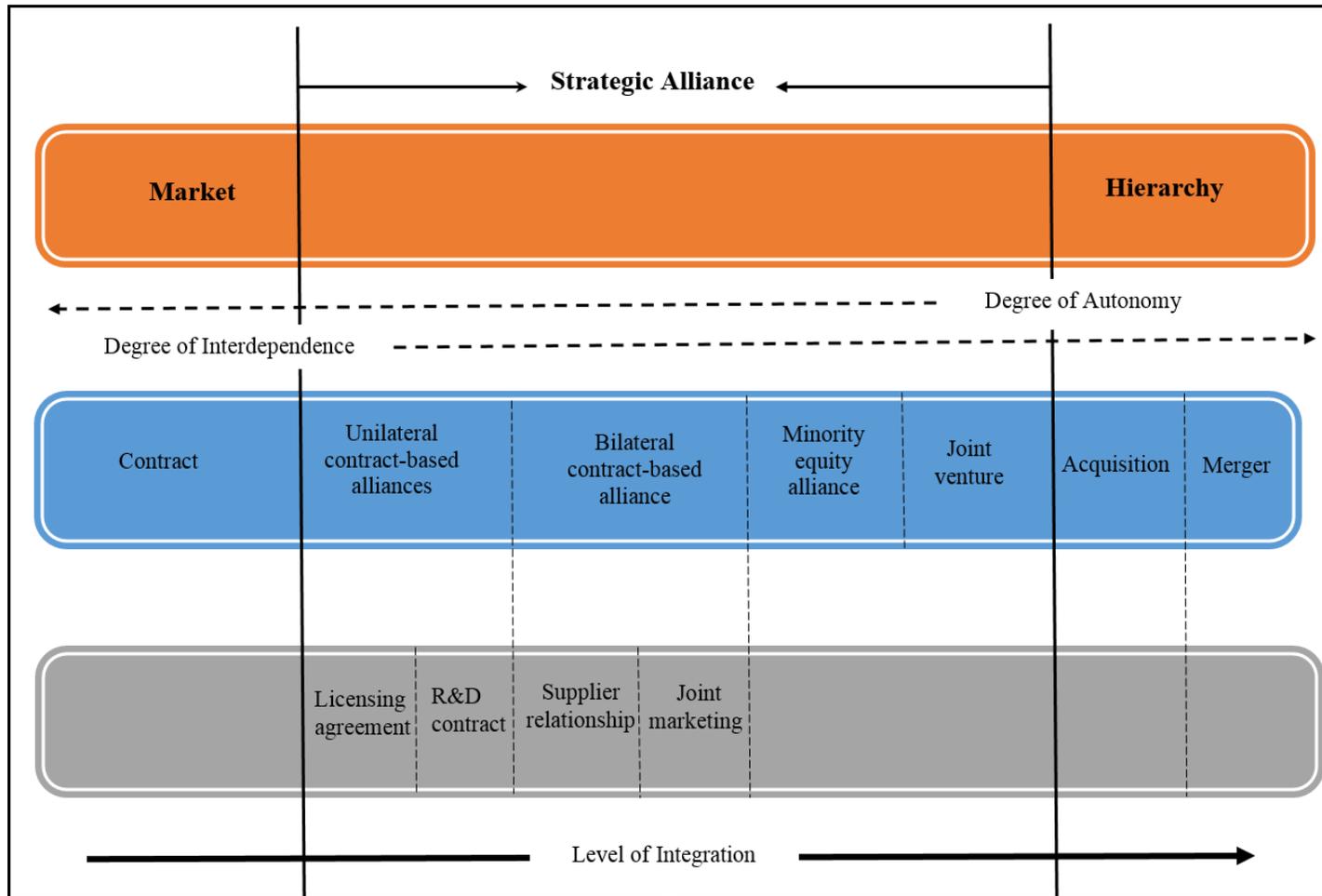
conditions; the exclusivity of membership and the joint marketing activities for any strategical alliance. Which is applicable in this case study.

3.2.5 The Model of Strategic Alliances

When partners engage in mutual activities, these partners achieve a raised level of economic independence and higher level of integration, which Das and Teng (2001, p.15) argued are characteristics of alliances which are based on unilateral contracts. Therefore, this particular strategic kind of alliance tends to comprise a high number of simple alliances, for example those for distribution or licensing. However, in contracts which are bilaterally based, autonomy with regard to the economic activity of each separate partner tends to be more constricted. This is illustrated in Figure 10 below.

This kind of bilateral contracts requires the constant cooperation of all parties in the identified tasks, by sharing similar or complementary resources, so as to establish and develop joint assets. Relationships involving close or joint marketing can, as Das and Teng (2001) argue, be seen as an example of such a kind of alliance.

Figure 10 Types of Strategic Alliances



Source: Adapted from Justus (1998, p. 26); Das and Teng (2001, pp. 15).

In equity alliances, which are less common, a new company is established by a number of firms, but they vary in their ownership percentages based on their respective contributions to resources and their ability to share in an ultimate goal consisting of the development of competitive advantage (Madhok, 2005).

A joint venture differs from an equity alliance which is an agreement between two or more parties whereby they agree to work and invest in a new entity, in that it does not require sharing ownership and control. In a joint venture the companies' resources, circumstances and reasons for wanting to do business abroad determine whether or not it is the most logical way to enter a foreign market. Joint ventures are considered to be dynamic because many changes can occur in each company's mission or authority (Ghauri and Cateora, 2010).

Strategic alliances, it has been argued, have been adopted as an alternative to a formal merger or acquisition in the airline industry because of the dangers that inherent in mergers and acquisitions (He and Balmer, 2006). Researchers have noted that, with respect to the airline industry, problems encountered in such mergers and acquisitions are related to national pride and regulatory restraint. As a result, the strategic alliances have become prevalent and seen as an attractive substitute to formal merger and acquisition (Gudmundsson, 1999).

Strategic alliances offer a number of benefits to the principle beneficiary in the alliance, namely the airline (firm). The key strategic advantages offered to airlines are: economies of scale; access to landing slots; and a doorway to a foreign market (Park and Zhang, 2000). "In terms of competitive advantage airline alliances rather than airlines on their own are becoming important discriminators and strategic assets." (He and Balmer, 2006, p.242).

Chaharbaghi et al., (2005) argued that strategic alliance formation is based neither on rational explanations of costs and revenues, nor external macro or industrial factors but on four strategic motives; the organizational, economic, strategic and political. The organisational motive is about building competence and acquiring 'know how' techniques. While the economic motive is about the motivation of reducing risk by sharing resources and achieving economies of scale. The third motive is related to gaining competitive advantage and developing new products through cooperating with

competitors and accessing new technology. The political motive is concerned with getting over the regulatory barriers and accessing new markets (Chaharbaghi et al., 2005).

Summarising these strategic motivations it can be concluded that airlines are motivated to form or join strategic alliance to:

1. Collaborate in response to strategic convergence and competition
2. Input to strategic alliance – partnership
3. Respond robustly to impact of global technological change
4. Secure economies of scale

These motivations will be examined to find out if the drive of RJ behind joining OWA is attributed to any of these motivations.

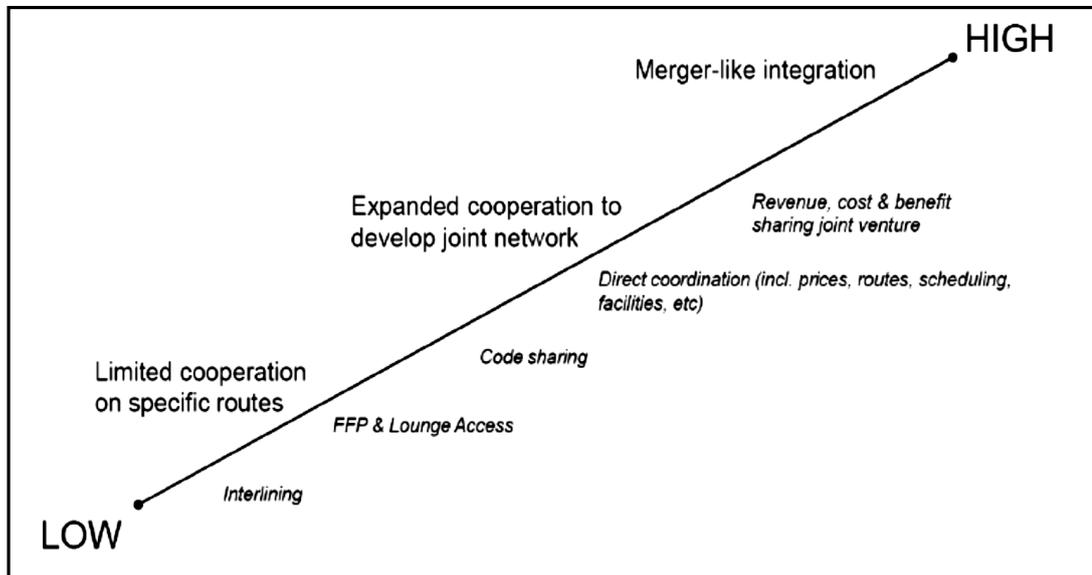
3.2.6 The History of Airline Alliances

Most major air carriers have joined alliance with other airlines over the last twenty years. This is similar to the acquisition or merger strategy (He and Balmer, 2006). The actual airlines are the main beneficiaries of these alliances. The advantages offer economies of scale, entry to foreign markets, new landing slots (Park and Zhang, 2000). The existence of Airline alliances have permitted air carriers to pool aircraft, technologies, personnel, and the development of new networks, such as freight services and it reduces servicing costs. He and Balmer (2006) have argued that air carriers obtain advantageous financial terms when purchasing fuel and aircraft, as a result of their membership. However, air carriers have greater strategic assets and competitive advantage on their own away from the alliance. Passengers benefit from alliances, for example, with a high level of service support and seamless travel, and building up air miles as a result of shared marketing (Coltman, 1999).

Alliances have perceived that the status of airline brands has created attractive options for them. Market deregulation in North America, Asia and Europe, decline in air travel following the September 11 terrorist attacks in America, the US, and the increase in low price air carriers has led to air carrier alliances being regarded as essential for most airlines (Cento, 2008; Iatrou and Oretti, 2012). There is a spectrum

of airline co-operation which covers alliances and other forms of integration and this is presented in Figure 11 below.

Figure 11 The Spectrum of Airlines Co-operation



Source: US DOT and European Commission (2010).

The figure above illustrates the multiple levels of integration alongside with the different kind of activities. In the limited cooperation the airlines can cooperate through the basic interlining and the FFP and lounges access. This can be applied to most of the international airlines. The cooperation becomes more expanded when the two or more airlines are engaged through code sharing activities and/or direct coordination on the flight schedule and the prices. This is similar to the airlines alliances i.e. OWA, Star Alliance and Sky Team. The more advanced level is the merger-like integration where the airlines cooperate on most of the activities and on multiple levels; however, they are not fully merged. This is very similar to the International Airlines Group (IAG) which formed between British Airways and Iberia Airlines. Another example is between Air France and KLM.

The year of 1986 saw the first international airline alliance when Air Florida signed up to provide a source of passengers for Britain's London-Amsterdam route (Vasigh, Tacker and Fleming, 2008). This is a simple example of an alliance known as a 'code-sharing agreement'. With such an agreement, an airline is able to transfer a passenger from one flight of a particular airline, to another flight offered by a cooperating airline. Some code-sharing agreements cover just one or two routes for

two airlines, such as Heathrow-Manchester and Amman-Heathrow. There also exist code-sharing agreements which cover both airlines' entire networks. Nowadays, such agreements form the foundation of worldwide airline alliances. In 1992, KLM Royal Dutch Airlines and Northwest Airlines USA signed the first main transatlantic alliance, which included an extensive code-sharing agreement. Both airlines were enabled, in 1993, authorised by the US Government, to handle their own operations between the Netherlands and the United States of America (Oum and Park, 1997; Button, Haynes and Stough, 1998).

After the creation of various code-sharing agreements, both successful and unsuccessful, global alliances followed. This started with Star Alliance, the OWA came later, the last one alliance to be created was Sky Team. Since then alliances have added more airline partners so as jointly to reach various worldwide destinations (Vasigh et al., 2008).

Having discussed the nature of globalisation and the convergence of strategy within the airline industry it is clear that alliances have become the defacto strategic response for airlines. The benefits of this strategic choice are clear and RJ like any other airline would, it is expected, wish to receive similar benefits.

3.2.7 Driving Forces behind Airline Alliances'

Several global economic conditions led to change the structure of the many major industries around the world. Some of the main economic conditions are; first, the twin factors of globalisation and deregulation at the end of the twentieth century paved the way for setting up global movements and forming more alliances (Iatrou and Alamdari, 2005). Secondly, labour costs and increasing fuel costs in the early 1990s forced the formation of alliances between airline companies as a way of reducing these costs (Doganis, 2006). Finally, unsatisfactory growth in traffic led to overcapacity and low profits; and so alliances, combined with liberalization, was perceived as an option for reducing competition and sustaining market position. These responses to global economic conditions can be attributed to the alliance frenzy that happened in the airlines industry. Below some reflections on airlines alliances through the lens of these factors.

- *Responding to globalisation and deregulation*

Over the past 30 years, globalisation has spread rapidly; this created the necessity for new and larger geographical spread and global coverage. Despite deregulation, various restrictions prevented widespread movements into international markets. Furthermore, restrictions linked to ownership in most bilateral agreements barred cross-border alliances. The necessity for international global coverage was therefore left unfulfilled. However, the main airlines evaded such restrictions by forming several strategic alliances (Williams, 2002).

The twin of globalisation is the deregulation, in 1978. We can argue that the airlines industry is one of the most highly regulated industries and this traced back to Paris Convention in 1919 which was the real birth of air regulations and established 43 articles to deal with the technical, operational and organizational aspects of civil aviation (Wheatcroft, 1990). This convention emphasized on the sovereignty rights for each country over its own airspace.

As a result of these restricted outcomes and in order to protect their national welfare, a number of countries initiated a bilateral agreements. The most influential one was the agreement that has been signed between US and UK in 1946. The outcomes of this agreement was the consensus on the fifth freedom agreement and the establishment of primary agency called IATA in order to set the flight frequencies, the capacity, and the fares.

From the establishment of the Civil Aeronautics Board (CAB) early in 1938, right up to the Airline Deregulation Act in 1978, set prices and the entry into the interstate airline industry in the U.S. were strictly regulated. The 1938 Civil Aeronautics Act (CAA), that established the CAB, reported that an aim of regulation was strive for a good economic foundation and good conditions within the industry. In 1978 the US allowed the first deregulation of the US aviation industry and the industry has evolved considerably since that time. The deregulation of the new air passenger transport industry resulted in major changes in the airline industry (Doganis, 2006).

The steps set out by deregulation were followed and emulated by European countries over the following decade. With deregulation guidelines setting in, a certain level of freedom was available to choose operating routes and set particular prices as

demanded by the market, without any government intervention. This meant that the object of deregulation was to create a system of total welfare for consumers using air transport. At first, the lack of restrictions led to enhanced competition in the marketplace with increased entrants into the business leading to reductions in prices which put pressures on the airline companies' balance sheets.

By 1980s there was a trend toward domestic merger and acquisition (M&A) in each of USA, Canada, and Europe. In the USA the domestic M&A has produced 8 big carriers. Almost the same scenario happened in Canada, when the Canadian Airlines International Limited and Air Canada formed a duopoly. Following the same wave, the British Caledonian merged into British Airways, and Air Inter and UTA acquired by Air France.

However, the larger carriers still have a lot of barriers to enter the forging market and with the barriers of merger among national carriers the airlines started to go more toward uniting over the assets sales, marketing and promotional efforts, joint ventures rather than the merger and acquisition. Therefore many carriers formed global alliances in order to come over these hurdles and being able to secure more slots and gates (Doganis, 2005).

The pressure to reduce costs led to the rationalization of routes. The attempts to achieve efficiency created hub and spoke networks where the "traffic feed" was situated in a central place, or rather the hubs from other places were within the vicinity of a hub, thus forming the spokes. Flights from a hub leave for their destinations after the passengers are checked in and boarded on a flight ready to depart to their destination. Although this has led to some inconvenience for some passengers since they have to go to a hub to change aircraft and led to slot domination at the hub of the alliance members. However, the benefits include single ticketing and lower priced fares for almost all passengers. This led to public support for hub and spokes networks (Cooper, 2001).

Furthermore, this saw establishment of fortress hubs that effectively link domestic and international routes, and this led to enhanced competitiveness for the international US carriers, since they could now influence huge feeds on hand for most of their international operations. The achievement, with critical mass, by the US in their

domestic airlines market led them to seek new opportunities beyond the US market. The desire to obtain a foothold in other markets, as opposed to the airlines' management of generally restrictive bilateral agreements, created the concept of the Open Markets strategy in 1978 in the US. Pustay (1992) observed the progress towards open markets and the copying of the US, and this instigated a changing framework for the industry of international air travel. The open market strategy had the objective of ensuring maximum benefits to consumers and strong competition in the marketplace. There was not only easier access to the market for US and foreign carriers, but numerous destinations for airlines from both countries in bilateral agreements were also readily available. However, there were still some nationality requirements to prove the ownership of particular nominated airlines.

Also noted as a result of globalisation and deregulation that the barriers were less than before and since the mid of 1990s, the airlines industry witnessed an explosion of alliances; a period now recognised as the Airlines Alliance Frenzy Era. The industry reached a point where most airlines were part of one alliance or had an affiliate or partnership with one or more other companies, making it difficult to differentiate competitors from partners (Fan et al., 2001). Part of the airlines have focused more on forming strategic alliances while the rest were more relying on building up bilateral alliances with numerous airline partners.

The first large airline alliance was created in 1989 between Northwest and KLM, under the name Wings. This bilateral alliance was followed by another, Qualiflyer, formed in 1992 between Swissair and Austrian Airlines. More airlines joined these two alliances later. By the late 1990s, global alliances had emerged between different airline companies, enabling them to compete on a global scale (Das and Teng, 2001; Button, 2004). The era of airlines alliance frenzy brought into being three major global airline alliances that still exist: Sky Team, OWA and Star Alliance (Doganis, 2006).

The airlines were trying to fulfil their ultimate goal of coming over the regulations barriers and filling any white space in the world and therefore RJ was not that far from following this frenzy as it was under the investigation of OWA and in 2005 RJ was approached by the alliance and successfully passed the pre-joining audits and RJ was found by the oMC to have a great potential to fulfil the requirements and be part of OWA. In 2007 RJ was announced as a member of OWA.

Another major outcome of the deregulations was the new start-up airlines or what known as Low Cost Carriers (LCC) or No-Frills Airlines. The LCC model is based on operating between 2 regional points at a lower cost. The USA has witnessed the birth of the Southwest Airlines as the first LCC in 1967 and earlier than the rest of the world. Following the successful model of the Southwest and as a result of the deregulation in the EU, Ryanair has inaugurated its operation in by 1985. Shortly after the successful Model of Ryanair, Easy-Jet and Debonair have launched their operations as LCC in EU. Also a number of legacy carriers tried to copy these successful models by establishing a low cost wholly owned subsidiaries such as BA's Go and KLM's Buzz but they ended up out of the market like many other airlines who tried to follow this model (Francis et al., 2006).

- *Responding to costs and uncertainty*

The cyclical nature or volatility of the aviation industry tends to make it vulnerable to instability in the world economy (Iatrou and Oretti, 2012). It is a finance and labour intensive concern that is reliant on technology and therefore elevated operating costs, unlike some other service industries. The airline industry suffered from a cyclical downturn in the 1990s, and endured one of its worst crises at that time, as revenues dropped and costs increased. Economic pressure was placed on those airline companies which had survived to restructure and consolidate the industry (Lawton, 2002). The driving force behind the development of airline alliances was the necessity to create revenue and spread the cost of any large investment in the aviation industry. New technology tends to be expensive (Doganis, 2006).

The establishment of alliances enabled airlines to create large global networks with relatively low costs. Economies of scale were achieved as a result of pooling resources across many areas of operation, e.g. in sales, marketing, ground facilities and general maintenance. In addition, membership of an alliance limited the insecurities of the aviation industry and countered its cyclical nature (Button, 2004; Button et al., 1998). Therefore, we can argue that airlines industry is highly influenced by events beyond its control which has led airlines to go toward forming more allainces.

- *Responding to demand and competition*

All airlines have encountered difficulties as they have fought for market share and limited airport slots, as a result of the liberalization of the industry (Doganis, 2002). However, three main advantages stem from joining an alliance, and these tended to reduce the problems associated with limited capacity and low profits: it offers access to new markets by allowing an individual airline to use a partner's less frequently used airport slots; it allows traffic to feed into existing gateways to boost profits, and it can counter poor market conditions through seat capacity adjustments and the sharing of operations with other partners (Button et al., 1998). The airlines believe that the establishment of alliances has produced significant increases in their traffic (Button et al., 1998; Doganis, 2006).

Lin (2008) study states that collaboration between players in the airline industry increases the monopolistic power and therefore reduces the efficiency of the collaboration. Doz and Hamel (1998) claim that having competition among partners may complicate alliance management. Moreover Das and Teng (2001) argued that some inherent tensions in alliances that need to be managed and this need may force an alliance to adopt a more complex or simpler governance structure. Doz and Hamel (1998, xv) identified features that differentiate alliances from mergers including the following:

- In alliances there is much uncertainty and ambiguity.
- The manner in which value is created in alliances is not preordained.
- In alliances the relationships between partners evolve in ways that are hard to predict.
- The playing field in alliances is very unstable – today's partner may be tomorrow's rival.
- Alliance management in the long term is usually more important than the initial formal design.

3.2.8 Types of Strategic Airline Alliances

According to Kleymann and Seristö (2004), the trigger point was the changes in demand, technology and the regulation system. Customer preferences are influenced by the effects of globalisation, the role of nationality and preferred frequency.

Customers start to think globally, look for better service and quality and think little about nationality. Also, aviation infrastructure, distribution and the congestion of airspace and airports in many places are very important dynamics in alliances.

Kleymann (1999) predicted that the alliances will be tired into three categories: core, second-tier, and contributor. We can relate to that based on the alliance model and classify the founders and equal to them as Core member; the non-founders are second tier; and the last tier is the affiliates or the regional carriers and those can be classified as contributors. Kleymann and Seristö (2001) subsequently expand the three-tier categories into a pattern as it shows in Figure 12 below.

Figure 12 The Ptotal Benefits Gained from Alliancing Membership

<i>Objectives</i> <i>Tiers</i>	<i>Market-Defensive Objectives</i>			<i>Efficiency-Seeking Objectives</i>			<i>Market-Offensive Objectives</i>		
	<i>Competitor Taming</i>	<i>Strengthen of Position in Home Market</i>	<i>Value Enhancement</i>	<i>Efficiency Gains through Joint Resource Utilization</i>	<i>Economic of Density</i>	<i>Learning</i>	<i>Hub Dominance</i>	<i>Network Enlargement</i>	<i>Environmental Control</i>
<i>Potential Benefits</i>									
<i>Core Member</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>Second Tier</i>	<i>Yes</i>	<i>Some</i>	<i>Yes</i>	<i>Some</i>	<i>Yes</i>	<i>Some</i>	<i>No</i>	<i>Some</i>	<i>No</i>
<i>Contributor</i>	<i>Some</i>	<i>No</i>	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>

Source: Adapted from Kleymann and Seristö (2001).

Figure above shows the potential benefits gained based on three main objectives the alliance members are looking to achieve through the partnership; the market-defensive objective, efficiency-seeking objective, and market-offensive objective. This pattern shows how the integrated members can be related to the alliance based on potential benefits they are getting from being partners and based on each member objective behind being part of the alliance. On the market defence side, the potential benefits range from keeping the competition under control, boost the home market position and enhance the value of their product by offering a better and improved product. On the efficiency side, the partners looking a kind of outsourcing also they

are looking to cover spatial geographical area by the help of other partners moreover the members looking to gain the know-how tools from other airlines. While on the market offense side, the aims are more related to the current status of the member in their own market and how much they can control the environmental factors which are revolved around them.

Authority regulations and government ownership impose legal constraints on the use of strategies such as mergers or acquisitions, because it is common to preserve the ownership of any national institution and the airlines by their nature are considered part of the national heritage for any country (Seristo, 1999).

- Benefits of a Strategic Airline Alliance from Both Customers' and Operators' Perspectives

While not the main focus of this study it is useful to note because passengers are a necessity to every airline that very little research has been conducted on the relatively new establishment of airline alliances from a consumer's perspective, in particular on the benefits for consumers. Alliances have the following stated benefits: better network access, smoother services, wider coverage, more privilege, access to more lounges FFP²⁰ benefits (Oum and Park, 1997; Sultan and Simpson Jr, 2000; Morrell and Pilon, 1999).

From the airlines' perspective, global alliances provide a minimum of four major benefits (Mak and Go, 1995; Oum and Park, 1997; Rhoades and Lush, 1997; Weber and Dinwoodie, 2000): Firstly, there is easy access to a global market to avoid any restrictions imposed by the goveremnt; it is understood that alliances have enhanced global access. Research data clearly show that scheduling frequencies have increased, the numbers of passengers have increased, and there is more online access to flights to many destinations (Doganis, Taylor and Francis E-books (CRKN) - York University. and ebrary Inc., 2006).

²⁰ The holder of the frequent flyer programmes (FFP) can gain priority status quickly by adding points to one program. Furthermore, with the extended network of an alliance, the redemption of points for awards may be undertaken with any alliance partner for more destinations (Hanlon 1996).

Secondly, an alliance can significantly reduce costs by permitting alliance partners to benefit from economies of scale, more flights and savings linked to operations. If the same amount of traffic can be maintained for a lower cost, then the members of the alliance achieve economies of scale (Kleymann and Seristö, 2004; Brueckner, 2003b).

Thirdly, the network size has to remain constant. Economies of scale can also be made if there is shared use of some aspects of aviation life, e.g., airport amenities, promotion and advertising, joint purchases of essential items such as fuel, shared development of software programs and shared baggage handling (Holloway, 2008). Higher levels of traffic can be achieved if alliance members use the same traffic feeds to a network programme. This will enable members to use larger aircraft that fly more frequently, which in turn tends to reduce costs. According to Gellman Research Associates (1994) economies of scope are possible if alliance members connect their existing networks to new ones, so that they offer more services to new markets as they increase the number of destinations covered (Oum et al., 2000).

Finally, the industry has been reshaped. This reshaping has reduced any barriers that deter new company entrants to the minimum. Such benefits have a strong influence on the effectiveness of alliances and improve the service quality to members. Alliance members can also ensure that flight times are set so that they match time and prices of each flight in order to approach more passengers and satisfy their current ones. And they can reduce the time between flights for passengers who are connecting to other flights. Alliance members may also place departure and arrival gates close to each other to make it easier for passengers to catch connecting flights (Morrish and Hamilton, 2002).

3.3 Theme Two: Branding and Marketing Strategies

A considerable number of researchers have investigated the various forms of airline alliances (Oum et al., 2000; Agusdinata and de Klein, 2002; Pels, 2001). Much research has identified the different forms of impact that airline alliances have had on their members, in terms of firm capital, shareholder wealth, selection of a partner human resources and economic benefits (Yoshino and Rangan, 1995; Arend and Amit, 2005; Huang and Chan, 2005), the process of the alliance (Doz and Hamel, 1998), the partners fit (Doz, 1998). Other researchers have studied airline alliances as a strategic

choice, and its consequences (Albers, Koch and Ruff, 2005; Bissessur and Alamdari, 1998; Oum and Park, 1997). In contrast, little research has explored branding matters and marketing issues within airline alliances (Campbell and Verbeke, 1994; Levine and Byrne, 1986; Garette and Dussauge, 2000; Glisson et al., 1996).

A number of studies have focused on airline strategic alliances in terms of marketing practices, in particular on the benefits to customer and airlines (Glisson et al., 1996; Hemphill, 2000; Gammoh, Voss and Chakraborty, 2006; Rao and Ruekert, 1994). Glisson et al., (1996) investigated the effect of airlines alliances on marketing and public policy and found that the status quo, regulatory presence and open skies or free market airlines could be used effectively to manage airline alliances. Hemphill (2000) evaluated airline marketing alliances to assess the end result for consumers. The results confirmed that the customers get many benefits, including mileage redemptions through frequent flyer programmes and better service through code-sharing agreements. Gammoh, Voss and Chakraborty (2006) examined the effects of a brand ally at different levels of cognitive elaboration and message argument strength. They found that the use of brand alliances to improve brand evaluations may be advantageous. However, they advised a case-by-case basis in order to assess the efficacy of a brand alliance for their individual brand.

However, the previous studies have proved lacking in three areas. Studies have focused on the customer's point of view and neglected how the business itself has considered the alliance. Studies have discussed vertical integration more than horizontal. Finally the settings of marketing-oriented studies were applied to product-based industries such as IT sector, fast food restaurants rather than service-based industries like the airlines industry. Relatively few studies have focused on airlines, i.e. effect of alliance formation on service brands (Bucklin and Sengupta, 1993; Varadarajan and Cunningham, 1995). Studies by Yousef and Hansen (Youssef and Hansen, 1994) and Iatrou and Alamdari (2005) looked at the consequences of strategic alliances between international airlines.

In the rest of this section we consider at a macro level what is a 'brand', what is branding, and how do these concepts relate to product and more especially service businesses. This leads into a discussion about service branding and what is known theoretically about service branding in a general context and then more specifically in

the context of brand alliances. The following sections discuss the concept of brand management for service businesses and the gaps in the literature. Also tries to understand what we know about how brands are managed. Last part explores the micro-level literature concerning brand management and marketing strategy.

3.2.1 Brand Definition

In 1960, the American Marketing Association (AMA) has defined the brand as a “name, term, sign, symbol design or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors”, this being something which should enhance the value of a product or service. There many marketing scholars stick to this definition such as Watkins (1986), Aaker (1991), Dibb et al, (1994) Kotler et al, (1996). Following the AMA definition there were many others who defined the brand based on the function such as an image (Park et al., 1986); as a shorthand (Brown, 1992); and as identity (McWilliam, 1993); as a company (The Economist, 1994); as a risk reducer (Kapferer, 1995); and as a legal instrument (Lea and Murphy, 1996). For the purposes of this study the definition of brand proposed by AMA (1960) is adopted.

Even though product and brand may be used interchangeably, a brand is different from a product. A brand adds value which offers us benefits from using it; it goes beyond physical attributes to include intangible benefits of the product (Farquhar, 1989). According to Kotler et al. (2009), a product can be anything. “Anything” means it is the thing as it is without any added value. Anything can be goods, services, organisations, events, experiences, places, persons, information and ideas.

A brand has some additional characteristics which could be intangible, these characteristics are called added value (De Chernatony and Segal-Horn, 2003). Added value is “an identifiable product; a service, person or place augmented in such a way that the buyer or user perceives relevant, unique added value which match their needs most closely. Furthermore, its success results from being able to sustain these added values in the face of competition” (De Chernatony and Segal-Horn, 2003, p. 25).

A brand goes beyond an identifier and provides the customer with tangible and intangible characteristics, with a strong indicator of product quality as an assurance of

performance. Also, it represents consumers' sensitivity and emotional attachment to the product itself) (da Silva Lopes, 2002; da Silva Lopes and Casson, 2007) (

Brand has integral part in the marketing strategies because it is something which a firm creates, owns, develops and invests considerable resource in building in terms of value both perceived and implicit. Depending on one's perspective, the brand can add value to three stakeholders; the manufacturer, the trader and the customer. For the manufacturer, the brand signals the quality, provide a legal protection for the product, and increase the money paid against the unbranded product. For the trader, the brand facilitate the distribution process and more shelf privileges in the store. For the consumer, the brand reduces the perceived risk, sends signal on the quality of the product, and provide a clear identification of the producer) (Keller et al., 2008; Farquhar, 1989).

A brand is an asset that is assiduously protected by a firm (Wolfe, 2010). The brand is the central identifier of a service or product, additionally, it is an important intangible asset that develops when the organisation invests in its business. The World Intellectual Property Organization, has pointed out that intellectual assets converts to eighty per cent of the organisation's value. Strategically speaking spending resources on a brand to protect and build it can be expensive and have no tangible economic return. However, a great brand can produce a return on investment over the long term is that if it can be protected a brand can help a firm to carve a niche in the market that can last a long time (Wolfe, 2010).

3.3.2 Services Branding

Before discussing services branding it is necessary to provide a definition of services. Services have been defined by Rathmell (1966) as performances, acts, efforts, or deeds. Similarly, Zeithaml et al., (1985) defined services as processes, deeds, and performances of an organisation or individual to an individual or another organisation. Moreover, a service is an intangible product moving an element of benefit from an entity to another with no loss of product ownership (Kotler et al., 2005).

Another definition of services was presented by Lovelock and Writz (2007), as activities of an economic nature offered by one company to a different company, using based on performances to produce results in objects, recipients or assets that

consumers are responsible for. Services are tangible items to be sold, produced, and consumed. However, a service may be viewed as perishable and intangible. The provider of the service sells it, for consumption.

Services characteristics have been described by many authors under slightly different terminology, but four are particularly common (Bateson, 1977; Shostack, 1977; Grönroos, 1978; Berry, 1980; Zeithaml, Parasuraman and Berry, 1985). First characteristic is *intangibility* because services cannot be readily displayed or communicated so the customer loses the opportunity to see, touch, hear, smell or taste it (Rathmell 1974; Bateson, 1977). Consequently, new services are slow to diffuse (Zeithaml, 1988), also services cannot be protected by patents (Judd, 1968), in addition to that costs are difficult to be calculated and prices are difficult to be set (Lovelock, 2007). These problems can be solved through airline industry by focusing on Tangible cues they have like the employees especially the front-office staff, the atmosphere of the company itself, the aircraft they used, and through any other tangible assets (Booms and Bitner, 1981).

Second characteristic is *inseparability* the main reason behind this feature that consumer is involved in production. It is known that in goods first its produced then sold then consumed by the customer while in services it's a little bit different because first it sold, produced, then consumed (Regan, 1963). Therefore the services is not delivered through the normal distribution channels, instead it is moved straightaway between customer and the service provider through its employees or machines and in result marketing and production are highly interactive (Gronroos, 1978; Kotler et al., 2009). Also provider of services is seen as the service itself (Lovelock and Wirtz, 2007). We can get over these problems through educating customers how to ask, order, and steps of getting the service; employing multisite location to ensure the convenience to customer, and using the electronic channels like the multifunctional website of RJ (Gronroos, 1978).

Third characteristic is *heterogeneity* and this derived from one main issue that is the quality which is difficult to control (Zeithaml, et al., 1985). There are obvious fluctuations in the output from a service provider or indeed from a single employee, this feature produced by the combination of the intangibility and inseparability of the service (Levitt, 1980). It is difficult to ensure consistent quality from the same

employee from day to day, as well as, within the same day. Moreover, it is difficult to get compatibility between employees (Langeard et al., 1981a). Obviously, these problems can be solved by training employees how to provide standard service as much as they can (Berry, 1980), or motivating employee by providing them adequate incentives that ensure and reward quality, such as employee word-of-mouth awards or bonuses based on customer feedback, or by putting employees under supervision and control and perform regular employees accountable. Finally, the service provider can check the customer satisfaction about the quality regularly in order to make any corrective action whenever it is necessary.

Fourth characteristic is *perishability* derived from the difficulties to inventory the services or keep it as a stock in service firms. Also synchronize supply and demand (Bateson, 1979) and lack of ownership (Rathmell, 1966) are the main issues in perishability. Because services cannot be stored, so removing the buffer of an inventory can be used to cope with fluctuations in customer demand this can be done by tempting the customer in low-demand season or by hiring part-time employees to serve customers in high-demand season (Kotler, et al., 2005; Zeithaml, et al., 2009).

Such problems should be managed as soon as recognized since they reduce customer retention, loyalty, and profits and would have negative effect on the brand image and perceived quality (Bateson, 1979).

There is considerable dispute over the various aspects of services for branding. There remains considerable uncertainty over the best strategies, of the many that have been identified, to use when considering the construction of successful brands (Berry, 2000).

The significance of building the brand image, Onkvisit and Shaw (1989) argue, is of increased importance for services as opposed to what is involved in products. However, Berry et al., (1988) argue that services expire, and after a service ends the brand vanishes, as opposed to tangible products, which remain, and so their own particular brand is displayed continuously. For these various reasons, Berry et al., (1988) contend that the significance of branding for products is greater than for services.

In terms of effective strategies for business-to-business (B2B) service brands there are some fundamental differences between consumer and B2B branding. Firstly the importance of relationships with a small number of buyers and sellers are substantially higher in B2B versus B2C contexts. Secondly, the fact that organizational strategic decisions require multiple inputs from a range of individuals within the buyer organisation means that a B2B service purchase decision is more complicated than a B2C service purchase decision. These differences therefore have an effect on brand-marketing programmes (Glynn and Woodside, 2009). Davis et al., (2009) showed that nearly two-thirds of the service providers in their survey indicated that their desired brand identity is “quality service.” They go on to state that “high-quality service is the price of admission for B2B service providers; therefore, high-quality service alone is not a promising differentiator from the offers of competitors” (p.214). In the same study they found that the service quality associating with corporate name is important in building positive brand association.

3.3.3 Brand Alliances

Park et al., (1996) define brand alliance as composite brand that formed up from multiple brands. Cooke and Ryan (2000) defined the brand alliance as a form of strategy alliance in which two brands integrated together to form one new or modified product. While Keller (2002) defines the brand alliance as more than two brands united to be introduced together as one product or for same market.

For the purposes of this study and by referring back to Das and Tengs’ (1997) definition of *strategic alliance*, the *brand* definition of Kotler et al., (2009) and Keller’s Definition of *brand alliance*, the evolved definition of “Strategic Brand Alliance” is interfirm cooperative activities were two or more brands collaborate together to delivered a better product and aimed at achieving mutual strategic goal.

There are plenty of forms for brand alliance such as joint promotions, dual branding, composite branding, complementary branding, symbiotic branding and ingredient branding (Washburn, Till and Priluck, 2004; Levin and Levin, 2000; Park et al., 1996; Thompson, 1998; Varadarajan and Rajaratnam, 1986). It is therefore the case that many of these different terms have been used for the marketing activities of co-operative brands.

Rao and Ruekert (1994) used a co-branding terminology to describe brand alliances which involves a long or short-term combination or association of a pair or more products, individual brands (Simonin and Ruth, 1998) and/or other identifiable proprietary assets. However, for the purpose of our study the term brand alliance is used to refer back to the case of airlines brand alliances.

Brand alliances have become an increasingly popular tool of marketers and there has been considerable study of brand alliances by academics and practitioners (Abratt and Motlana, 2002; Kapferer, 2012; Keller and Lehmann, 2006; Hao et al., 2013). There are various benefits associated with membership of an alliance. Such as, new market opportunity, product introduction, lower costs and risks and improved competitive market position (Desai and Keller, 2002; Norris, 1992; Voss and Tansuhaj, 1999). There are possible negative impacts from a brand alliance despite the fact that it is a strong marketing strategy (Hdefinao et al., 2013). From the individual partner's perspective, a brand alliance may generate positive outcomes but can also lead to financial and marketing problems if the correct brand partner is not selected, therefore a successful brand alliance requires the selection of an appropriate partner with a good brand (Hao et al., 2013).

Brand alliance research has focused mostly on three main streams: the brand alliance performance evaluation and the spillover effects (Simonin and Ruth, 1998; Voss and Gammoh, 2004; Suh and Park, 2009); the similarity among partners and how much they can fit together (Lafferty, Goldsmith and Hult, 2004; Saxton, 1997; Doz and Hamel, 1998) and how consumers evaluate brand alliances has been researched extensively (Woisetschläger, Michaelis and Backhaus, 2008; Norris, 1992; Rao and Ruekert, 1994)

Another approach followed by Aaker (1996) where he identified the brand into horizontal alliance such as the case of composite branding and vertical alliance such as the case of ingredient alliance. Normally the horizontal alliance represents the cooperation that happens between similar products or within the same industry i.e. (Betty Crocker and Hershey Chocolate). On the other hand, the vertical alliance happens among different suppliers within the same industry (Nokia Mobile Phone and Windows Operating System or British Airways and Avis Rental Car). Hanlon (1996) and Zhang (2005) classified the airline alliances the same way where the airlines

companies who are serving the same target, performing the same activities and delivering almost the same core product are collaborating with each other.

Moreover, brand alliances, as a type of equity release, offer a feasible option to brands (Kumar, 2004). It has been suggested by Rao and Ruekert (1994) that alliances for brands appear in two separate forms: *complementary* use or for the *integration* of physical products. In the latter case, it is not possible to use one brand without the other, e.g. training shoes by Adidas with soles made by Goodyear, M&M's biscuits made by Betty Crocker and the Mars company, NutraSweet and Diet Coke, Intel chips in Dell PCs. Each of the individual brands involved in cases of complementary use can be consumed separately, as in those alliances existing between such consumer brands as Bose, BMW and Apple (iPod) (Bulik, 2004). While the complementary describes the partners who are engaged in similar business activities and complement each other by either using each other resources or providing combined product. That is different from the parallel alliance where both partners are doing almost everything and serve the same market but they are looking to intensify their competitive positions.

Therefore, airlines brand alliance is considered as horizontal complementary brand alliance where the alliance is predominantly complementary based in which the members complement each other to build a better and comprehensive network rather than a parallel where most of the members operates for the same destinations.

However, Woisetschläger et al., (2008) stated that the horizontal alliance normally created something called "master brand" since it involves in creating something new and expanding the product beyond the brand's limitations. These "master" brands (i.e. OWA) can also be considered as network brands (Woisetschläger et al., 2008, p. 484).

3.3.3.1 Signalling Theory

The concept of umbrella brand introduced by Wernerfelt (1988) in which the firm that has multiple products, presents new experience product by using its current well-known brand name to help the customers to signal the high quality the new product by pairing it to one of their well-known ones. Wernerfelt (1988) refers to the product as experience because the customer in order to judge on the quality needs to try and inspect its aspects first. The umbrella branding strategy used by variety of industries

and through multiple players such as the retailers, the service providers and the producers of consumer goods.

Based on this assumption there is uncertainty about the quality of the newly introduced product however there is much more confidence on the side of the well-known product. Introducing the new product means that the company claiming that the quality of the new product is as good as the old one and creates bond among them.

Traditionally, umbrella brands are perceived as indicating quality in marketing and economics literature (Montgomery and Wernerfelt, 1992; Wernerfelt, 1988). A seller using an umbrella brand may increase the brand reputation of an established product to a different product. In so doing, the seller indicates a high level of quality for the consumer and reduce the consumer's perceptions of risk (Wernerfelt, 1988).

Additionally, if the seller uses an umbrella brand, they may develop the original brand and the new brand, in terms of equity (Aaker and Keller, 1990). Moreover, they may engage in promotion and advertising, and achieve economies as a result of the scope (Balachander and Ghose, 2003; Erdem and Sun, 2002).

Signalling theory has been discussed in terms of the umbrella brand, which is connected to a lowering of information asymmetry occurring between two actors in the market. Signalling theory has indicated that the sender is the signaller when they participate in particular behaviour to disseminate information that lowers the information asymmetry and results in the company being viewed in a positive light (Wernerfelt, 1988).

It has been asserted by Simonin and Ruth (1998), that evaluations of brand alliance work to assess the compatibility between the partner brands. Additionally, the relationship between the brand alliance and partner brands evaluations are essential. The two researchers demonstrated that both dimensions are positively connected to personal attitudes to the brand alliance. This indicates the compatibility of the consumers' perceptions of brands influences and brand alliances evaluation.

When a brand is attempting to enter a market, brand alliances can be used effectively to enhance the quality of the product and improve the impression of the product in the marketplace (Rao and Ruekert, 1994; Rao et al., 1999). If the brands are

marketed as separate items and it happens that a product appears to be of inferior quality, then the actual value of a proposed alliance would need to be re-examined.

Recent studies, for example, (Washburn et al., 2004), when consumers' assessments of the brand alliances, have focused on the positive impact of brand alliances of the brand image on the members of the alliance. Research by Rao and Ruekert (1994) showed that brand alliances may enhance views on the level of quality of a brand considered weak, particularly a brand with no observable quality. Generally, another brand offers customers extra information (Abratt and Motlana, 2002). The indication that a stronger brand is perceived as willing to consider its reputation may be explained by a signal of quality in a brand that is weaker (Rao et al., Park et al, 1996). Rao et al., (1999) pointed out that weak brands could become members of alliances that have many strong brands. Then it may be assumed by consumers that strong brands only partner strong brands, as they will not want to damage their brand reputation (Woisetschläger, 2008; Levin and Levin, 2000).

Therefore, we argued in our study that OWA is the umbrella brand and its co-founders; British Airways, American Airlines, and Qantas, who are the well-known brands are sending signals of the high quality of OWA members to convince their passengers with any new members such as RJ which is less well-known member. However, in the case where a new "master" is created, such as OWA, the heritage or reputation of the brand may still be evolving and so consumers may not have recognition of an evolving brand. Further it is likely that the airlines themselves may consider the heritage or reputation of a brand to determine whether or not it aligns with their own brand values.

Also brand alliances have a negative effect (Woisetschläger et al., 2008) and this can be exhibited by exits that have occurred from several alliances. There has been an increase in the amount of air carriers who have left alliance groups. For example, in 2004, Star Alliance faced difficulties in South America, when Mexicana left following the end of its code-share contract with United Airlines, a member of Star Alliance (Shifrin, 2003). Similarly, in 2006, OWA faced difficulties when Aer Lingus left the alliance (Dudley and Choueke, 2006). Aer Lingus was a member for many years, and it used a low cost air carrier model in response to competition from no-frills

carriers, consequently, did not retain OWA service standards (Woisetschläger et al., 2008). So there are negative effects of alliance membership.

3.3.3.2 Brand Equity

Brand equity is a common terminology in the marketing research; however, there is no common definition for this term since the definition differs based on the purpose and the point of view (Farquhar, 1989; Keller, 1993; Lassar, Mittal and Sharma, 1995). However, Keller (1993, p.1) defined it in broad terms by stating that the brand equity is “the marketing effects uniquely attributable to the brand”. Keller (2008) stated two main reasons to study brand equity: financial reasons in order to make an accurate estimation for the value of the company product to help the accountant in doing a correct decision regard the merger, acquisition and liquidation; and strategic reasons, to have a competitive advantage upon the other competitors and this come through deep understanding of the customer.

A multiple ways and methods have been created by the scholars and researchers to measure the brand equity. Usually these methods are company-related, financial measures, and consumer-related. From the company’s point of view, the brand equity involved all the brand related activities such as promotion, distribution, pricing strategies, competitors activities and how to employ the best strategies in order to secure their brands and go beyond by helping in the expansion and growth of their products (Hoeffler and Keller, 2003).

Based on the above discussion we can stated that the brand equity is the incurred additional value as a result of using the brand name comparing to other companies who have unbranded product (Keller and lehman, 2003).

The second way is the financial aspects. Simon and Sullivan (1993) construct a mathematical equation to calculate the brand equity by subtracting the value of the brand from the total assets of the company another way to measure the brand equity the macro and the micro approach. On the other hand, there is a financial method stated by INTERBRAND and they annually evaluate and list the worldwide brand in cooperation with Business Week (2003). Therefore the worth of the brand is the stock price of the company in the financial market.

The third one is the consumer-related method of measuring brand equity or what we called customer based brand equity (CBBE). This can be divided into perceptual dimension and behavioural dimension. The former dimension is related to the consumer perception such as brand awareness and perceived quality. While the latter dimension is related more to the consumer behaviour and can be measure through factors similar to the brand loyalty (Aaker, 1991; 1996).

Some scholars have tried to develop comprehensive models that use perspectives (Keller and Lehmann, 2003; Srivastava, Shervani and Fahey, 1998; Aaker, 1996). Still using the customer-based method is the most preferable approach from the marketing point of view in order to measure the brand equity such as (Aaker, 1996; Yoo, Donthu and Lee, 2000; Keller, 2003; Keller and Lehmann, 2003; Keller, 1993).

Recently a new concept of corporate brand equity has been introduced by a number of scholars to refer to any kind of activities is performed by the organization under its brand and reflect its brand equity. Keller (2000, p. 115) defines corporate brand equity as “the differential response by consumers, customers, employees, other firms or any relevant constituency to the words, actions, communications, products or services provided by an identified corporate brand entity”.

He and Balmer (2006) stressed on the importance of the corporate research suggests that brand alliances like those that exist in the airline industry can be linked to “the creation of alliance brands as corporate brands”, requiring corporate brand management. Information on corporate brands in the literature indicates that the relationships that are features of corporate brands may be considered as the architecture of corporate brands. There is complexity reveals in these interrelationships stemming from both the use and ownership of the brand. The use of the brand presents questions about the architecture of the corporate brand. Brand architecture is also associated with relationships between and among subsidiaries and corporations; however, it may also create boundary-span in industries and organisations.

- Brand Awareness

Brands vary for the awareness degree in the market. On the one hand, there are mostly unknown brands, on the other hand, there are brands of which customers are highly aware. Aaker (1991, p.61) defines brand awareness as “the ability of the

potential buyer to recognize and recall that a brand is a member of a certain product category”.

Brand awareness is considered as one of the most important factor when it comes to the consumer to make their purchasing decision. According to Keller (2003) the brand awareness brings three main advantages; learning, consideration and choice.

Both Aaker (1991) and Keller (1993) considered the awareness as a vital element for the brand equity. More awareness means a higher level of brand recognition and brand recall among the other brands. Keller (1993) conceptualized brand awareness as comprising of brand recognition and brand recall. Brand recognition reflects a relatively superficial level of awareness, whereas brand recall reflects a deeper form of awareness (Shimp, 2003). While brand recall creates a link between the brand and the product category when the consumer becomes in need for specific thing (Hoeffler and Keller, 2002).

- Brand Loyalty

The intension that the consumer has in order to buy a specific product as a foremost choice (Yoo, 2000). According to Aaker (1991, p.39), brand loyalty is “the attachment that a customer has to a brand”. Similarly, Oliver (1999, p. 34) defined it as a “deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetition of same-brand or same brand set purchasing, despite situational influence and marketing efforts having the potential to cause switching behaviors”.

If a brand attracts strong loyalty, customers may consistently purchase this brand when they need specific product in specific category. Although brand loyalty may not result in a customer purchasing a particular brand all the time, the brand is at least viewed as a potentially viable choice in the set of brands being considered for purchase. The brand loyalty contributes to an organization's ability to achieve a sustainable competitive advantage and helps the consumer in mitigating the risk of buying and reduce the buying time when he or she repeats the same purchasing choice. This is the case when we can call a specific consumer as a loyal or frequent consumer.

Brand loyalty may be attitudinal or behavioral (Odin, et al., 2001). While Jacoby and Chestnut (1978) claimed that, the operation of brand loyalty may be based on a behavioral or attitudinal approaches. The proportion of purchases and the frequency of repeat purchases results originates from behavioral loyalty (Cunningham, 1956), whereas, customers commitment, preferences, or purchase intentions are based on attitudinal brand loyalty and are linked to advantages associated with the brand (Chaudhuri and Holbrooks, 2001). Furthermore, research (Dick and Basu, 1994; Day, 1976; Jacoby and Chestnut, 1978), has indicated that the composite approach, that of the behavioural and attitudinal approach offers a stronger notion of brand loyalty.

In the airlines industry the loyalty is very important to stay competitive in the market. Specially speaking that most of the airlines are delivering the same core product (Dowling and Uncles, 1997). Therefore most of the legacy or full cost airlines are offering incentives to their customers not only to encourage the repetition behavior and create long-term bonds with them but also to secure them from their competitors and to protect their market share (Dunn, 1997; Bowen and Shoemaker, 1998). Also there were claims that the loyal customer is more profitable than the less frequent or non-loyal customer (Reichheld and Sasser, 1990).

- Brand Association

Reynolds (1965, p. 69) stated that "an image is the mental construct developed by the consumer on the basis of a few selected impressions among the flood of the total impressions; it comes into being through a creative process in which these selected impressions are elaborated, embellished, and ordered". Aaker (1991, p.109), defined the brand image as "a set of associations, usually organized in some meaningful way". Biel (1992, p. 8) defined the image as "a cluster of attributes and associations that consumers connect to the brand name". Keller (1993, p.3) noted that the brand image is "a set of perceptions about a brand as reflected by brand associations in consumer's memory".

Brand image has been defined by Keller (2008), as both consumer preferences and consumer thoughts for a brand, as shown in the kinds of brand associations retained by consumers. Keller (2008) regarded brand image as consumers' association or perception that are shaped from their memory of a particular product (Keller, 2008).

Images are associations that emerge in the customer's mind following their thoughts of a brand. Whereas, an association is feelings about a brand, such as its strength, type, uniqueness and favourability. These associations range along a number of different dimensions, such as their strength, uniqueness, and favourability. Good brand images are instantly evoked, are positive, and are usually unique among competitive brands (Shimp, 2003; Keller, 2008). According to Low and Lamb Jr (2000, p. 352), brand image can also be referred to as the emotional perception or reason that consumers place to a particular brand.

It has been proposed by marketing researchers for example, Keller (1993) that brand image is a crucial part of brand equity. Furthermore, brands that have strong brand equity tend to have positive brand associations in comparison to brands with low equity (Krishnan, 1996). Brands with a strong brand image have higher premium price and brand equity (Lassar et al., 1995). Additionally, a positive brand image is frequently linked to brands that are preferred (Kwon, 1990).

Washburn et al., (2004) stated that when the consumer gets exposed to a brand then he will be developing a series of brand association around that brand and it will become familiar. Then they supposed that when the familiar brand paired with another less familiar, the consumer is going to extended the association of the known to less known brand and therefore transfer these associations from one brand to another.

However, brands do not necessarily have competitive advantage in the marketplace (Janonis et al., 2007). If brands are not communicated by organisations they tend to fail to ensure a competitive advantage, and the managing and controlling of the brand, for example, in projecting the brand identity, the brand elements, equity and uniqueness. Therefore, building strong corporate branding through communication can help the brand to maintain its competitive advantage.

3.3.4 Brand Management

A single universal definition of brand management does not appear to exist, due to the many different ways in which it has been defined. The constantly changing definitions of brand management evolve along with brand managers' responsibilities. The maintenance and creation of a brand's particular identity is the responsibility of

brand managers (Hechman, 1984), who both implement and develop the organization's marketing plans.

Due to the fact that organizations are able to obtain competitive advantage by branding products successfully (Lassar et al., 1995) brand management is often seen as a vital concept within academic and business communities alike. The success of a business (Piercy and Cravens, 1995) has been observed to be dependent on the growth of the brand to a crucial extent.

The construction of brand management has not yet been fully developed nor has it been defined with regard to its boundaries, and this means that the theory of brand management remains incompletely defined (De Chernatony and Riley, 1998). This might be explained by the fact that the management of a brand is still changing and growing and, to date, no particular boundaries have been identified, which currently restricts its role. Brand management can only be comprehended fully if the business environment, which is evolving quickly and is uncertain, is examined, together with the history and factors which have influenced its formation, alongside its adoption by the airline industry.

The development of the notion of brand management is uncertain; practitioners and scholars have not arrived at a consensus on this matter. Items such as cotton, rice, sugar and eggs were all commodities at identifiable times (Kotler et al., 2009). Without knowing it, consumers made use of a type of identification to demonstrate their ownership of an item, rather than another. This process permitted them to scan their market for the best available products and offered them the possibility to make other favourable purchases in the future. This occurred a long time before the eighteen hundreds (Keller et al., 2008; Aaker, 2009).

Branding nowadays is regarded as a key factor in the success of an organisation and has a key function within the organisation (Chandler, 1986). The behaviour and customs of societies can also be affected by brands, in that the opinion of the customer has often been shaped by its effects at high levels and the acceptance of the brands become a must because for them the brand is the value added component (Erickson, Jacobson and Johansson, 1992; Kapferer, 2012).

Most commercial companies today run a branding department which is responsible for the implementation and formation of the company's brand(s). There are, in addition, brand consultancies which are able to give external advice on branding issues to companies (Kapferer, 2012). There are, however, enormous differences between various companies' department branding functions, as some companies hold responsibility for brand portfolios of large proportions, whereas some departments have the responsibility for one single brand which incorporates all their products and activities (Aaker, 2009).

Having a successful brand means that brand manager reflected the social and cultural values through developing a global message directed not only to the customers but also to the brand's stakeholder (Tischler, 2004). Reflecting such values and caring about the customers and stakeholders mean that the brand tax has been paid (Allen and Root, 2004).

The main factors that enforced the brand managers to think globally are growth approach, economies of scale, and the desire to get a competitive advantage (Porter, 1986). Hanby (1999) classified the brand management in to two main paradigms then Heding et al., (2008) built on his work by identifying three periods of time and seven brand approaches as shown in the figure 13 below.

Figure 13 Overview of Brand Management (1985-2006)

<i>Two paradigms</i>	<i>Three periods of time</i>	<i>Seven brand approaches</i>
Positivist	Company/sender focus	The economic approach
		The identity approach
Constructivist	Human/receiver focus	The consumer-based approach
		The personality approach
		The relational approach
	Cultural/context focus	The community approach
		The cultural approach

Source: Heding, Knudtzen and Bjerre (2008).

The positivistic is about considering the brand is only owned by the marketer while the constructivist is more holistic notion which focuses on the interactive states between the marketer and the consumer (Hanby, 1999). The three period of time were shifted based on the main focus at that specific time. The company period was the period of the sender or the company itself rather than customer and was the acting part of the communication process. In this first period there are two major approaches; the economic approach and the identity approach. In the economic approach, the marketer communicates the brand value through the marketing mix theory of the 4Ps. The identity approach is the founding period of the corporate branding in which the value creation is based on the organizational culture and corporate construction.

The second period is the human where the marketer started to shed the light on the receiver or the consumer more than before. The first approach is the consumer-based approach and is attributed to Keller (1993) who founded the brand management concept and later this consumer-based approach become widely used among marketers. In this approach the marketer starts to focus on the consumer as a receiver for all communication messages however through this approach the consumer is under the control of the marketer who can manipulate them in a way that can convenience the receiver. The personality approach is another milestone in brand management and based on the how the consumer use a metaphor to create a specific personality for the brand in their minds. While the relational approach is a dialogue based approach and build on a live day-to-day relationship between the consumer and the brand.

The third period is the cultural context and consists of two approaches; the community and the cultural. The first approach is based on what so called brand community and build on anthropological research and based on the social interaction among the consumers. The second approach where the brand is consider as a cultural artefact. In this approach the brand depends on the macro level of the consumer's culture and aims toward profound an iconic brand (Heding et al., 2008).

In order to meet each individual member's identified brand requirements in the airline industry, there should be a relevant and appropriate system of brand management established as general strategic alliances involving many individual brands. This research intends to examine and try to comprehend how alliances handle branding, which is seen as a key area by global airlines, and how they have formed

within this industry with reference to developing countries. A couple of typical interrelated problems have been observed in systems of brand management, first the coordination and second the responsibility held for each brand.

With regard to airline alliances' issue of cooperation/coordination, the size of the problem is compounded by the fact that the brand managers of airline alliance companies have to work with a considerable variety of, occasionally competitive airline brands.

Queries over the kind and amount of authority for brand managers to be able to operate effectively (Buell, 1975; Luck, 1969) arise when considering the issue of responsibility for each brand. In order to be effective and efficient, Sheth et al. (2000) have argued that brand managers require a skilled diplomat's interpersonal sensitivity, a banker's aptitude for finance and an analyst's skills.

For the brand managers of alliances, this issue is complicated by the fact that they are responsible for maintaining and creating one global brand out of a number of distinctive brands over which they have no authority. Such individuals may encounter other such authority problems (especially those members which are smaller and not seen as brand shapers of alliances and which tend to be affected more by their own brand as opposed to the opposing alliance's brand), due to the fact that their own alliance brand might market new values for the brand which do not align with the ones that exist already.

Reasons why a firm would choose to decide to collaborate by joining an alliance are numerous. Gimeno's (2004) study examined the criteria through which the firm uses to decide either to collaborate by joining the same alliance or compete by joining different alliance. He concludes that the airline industry has a network of co-specialised alliances that follow the logic of rival and exclusive complementary blocks (as described by Nohria and Garcia-Pont (1991). Gimeno's model describes some rules of alliance formation and partner selection.

Researchers have traditional viewed partner selection as a quest to reduce partner uncertainty and to find reliable partners. Partner selection has been shown as a local network search among firms that have prior direct or indirect ties to the searching firm. These ties provide knowledge and referrals about the capabilities and reliability of

potential partners (Gulati, 1995). Gulati (1995) suggests that firms will choose a partner based on competitive embeddedness meaning they will choose a partner who has complementary capabilities. It is likely that a firm will choose to partner with those who are in alliance with their rivals to generate inter-network competition. Where alliances rely on high levels of co-specialisation, as they do in the airline industry, this type of intra-network competition is avoided because firms perceive they have 'much to lose' in such competition.

It has been observed that many organisations do not run their own individual brand management sections, which causes problems, as such companies tend to be dependent on consultancies which might, and in a lot of cases do, fail to comprehend a particular brand's real capabilities, which requires industry-specific knowledge, and consequently they can sometimes promote incorrect values for the brand which results in confusion for the consumer and alienation for the brand (LePla and Parker, 1999).

Finally, alliances perform a hidden role by doing the job of marketing other airlines' alliance members through spreading their brand names. In addition, in some alliance contracts an agreement is made to take on major activities such as sales and advertising, purchasing and insurance, catering, ground-handling and aircraft maintenance (Button et al., 1998).

3.3.5 The Potential Future Impact on Allied Brands

Business environmental drivers needed to be considered when exploring the future for a particular airline such as RJ. Without repeating the discussion in an earlier section about environmental drivers it is clear that these have an impact on the future. To use just one example, technology change in terms of impact on the alliance is a driver as distributed working, higher levels of data integration and integration of data and operating systems will continue to be a significant driver of airline alliance strategy. In the era of big data it is likely that alliances will be able to leverage data for other purposes, bringing in new income streams and also informing more targeted marketing initiatives and activities. Other business environmental drivers are likely to continue to impact on the industry and will be considered in detail in Chapter 6 where this theme is covered in details.

There are very few studies that have investigated how countries have responded to airline industry competition. Furthermore there have been few studies that have considered individual airlines. The study of Semercioz and Kocer (2004) on the strategic alliances in the aviation industry was an analysis of Turkish Airlines experience. They discovered that the alliance has special importance for the airlines of the developing countries in the sense that being part of global alliance can increase the competitiveness of the small carriers against the established and well-known airlines.

According to the researcher's knowledge, there were two brand alliance studies that includes the country-of-origin as a part of the study. Voss and Tansuhaj (1999) found a positive effect for the stereotype of the country-of-origin on the brand evaluation.

Although recent research shows that this construct is complex and multidimensional (Pecotich and Ward, 2007). Another study, Bluemelhuber, Carter and Lambe (2007), demonstrate the positive influence of country-of-origin fit on attitudes toward brand alliance. Both studies operationalize country-of-origin image and have looked at brand alliance evaluation rather than on how countries responded to the challenges and fierce competition within the airline industry. So a significant gaps remains in the literature both in terms of how specific Arab countries have responded to challenges and fierce competition within the airline industry and how Arab countries traditionally dominated by domestic strategies have responded to the airlines alliance frenzy era.

Another research question is '*what has been the impact of global airline alliances on airline branding strategies?*' The literature reveals relatively little about this topic. We know that branding should be viewed as a strategic tool, the result of strategic thinking and the integration of marketing programmes (Onkvisit and Shaw, 1989; Keller and Aaker, 1997; De Chernatony and McDonald, 1998; Keller, 2003). In general brand research is popular and has grabbed a lot of attention recently; however, the brand alliance topic is not fully researched and there are plenty of areas need more understanding (He and Balmer, 2006). We also know that brand alliance research so far has focused mostly on three main streams: the brand alliance performance evaluation and the spillover effects; the similarity among partners and how much they can fit together and how consumers evaluate brand alliances has been researched

extensively. Very little research has been done on the impact of global airline branding alliances on individual airline branding strategies, so there is a lack of studies focusing on branding by airlines that link to strategic alliances. The impact of strategy within an industry is at the heart of the future success or failure of RJ so is an important topic to consider.

On the other hand strategic alliances are considered a type of equity release, they offer a feasible option to brands. Several conditions led to the frenzy of airline alliances' formation. The need for such formation is considered a kind of response for many reasons. But the question is how this strategy, which is uncommon within other industries, will impact on the future of RJ in the airline industry.

3.4 Chapter Summary

This chapter has presented a comprehensive thematic overview of the existing literature about: the airlines industry's attitude towards brand alliances and key branding and marketing strategies along with the potential future choices.

In terms of major challenges facing RJ in the airline industry, it is noted that strategic alliances play a crucial role in its structure. One of the questions that this study seeks to answer is what are the key drivers behind creating more global airline alliances in branding? Review of the literature has revealed a number of recognized drivers. There persists a number of **environmental drivers** which contribute to both the creation and persistence of 'strategic brand alliance' as a phenomenon within the industry. The review of the literature on strategies within the airline industry around alliances has identified a number of key drivers. **Competition and deregulation** is one such driver and it will continue to push for more open markets. **Increased competition** is another driver that is facilitated by increased deregulation. Another driver is environmental pressure. As the world becomes more concerned with climate change, and as political influence is exerted to consider the impact on the environment, so pressure to reduce the impact of airline travel on the natural environment will increase. Another driver or inhibitor in the airline industry is **environmental pressure** is exerted in terms of the use of fossil fuel to power aircraft and also on the impact of creating travel corridors for airlines to operate. In terms of the overall global business environment **political unrest and uncertainty** is yet

another powerful driver for change within the international and local airline industries. Strategies to deal with this will prove challenging to develop as the political situation develops and changes at speed. The **impact of technological change** brought about by improvements in communication technology and reduction of costs will mean that ease of travel continues to improve and since the pace of change in this area is likely to increase, it is a significant driver of strategy.

This study aims to investigate the motivations for forming strategic alliances in branding. The literature review has identified a number of motivations for forming strategic alliances: collaborating in response to strategic convergence and competition; inputting to strategic alliance – partnership; responding robustly to impact of global technological change; securing economies of scale. This study will explore how these motivations are manifest in RJ and hopefully identify other motivations.

In aiming to understand how global airlines alliances are critical and essential to airlines' success it is hoped that examination of the relationship between globalisation and the initiatives will illuminate how to formulate how more strategic airline alliances might be formed.

It has been noted that there are few studies that consider the nature of international airline activity from the **Arab world point of view**. The studies that exist are about the MEB3 and of these studies the dominant phenomenon considered is their business model. This thesis is therefore filling a gap in the literature by contributing to knowledge about Arab business involvement in strategic alliance and further specifically to an Arab business involved in the airline industry and so contribute towards a better understanding of airline alliances in the Arab world.

The review of the branding strategy literature revealed a number of key points and gaps that will be further explored in Chapter 5. It was found that global alliances provide a minimum of four major benefits to airlines: firstly they provide easy access to a global market to avoid any governmental restrictions on route access, it is understood that alliances have enhanced global access. Secondly, they significantly reduce costs by permitting alliance partners to benefit from economies of scale, more flights and savings linked to operations. Thirdly, the industry has reduced any barriers that deter new company entrants to the minimum. Such benefits have a strong

influence on the effectiveness of alliances and improve the service quality to members. Fourthly, Alliances market other airlines' alliance members through spreading their brand names.

From review of the extent literature it is clear that globalisation has an effect on service branding strategies of the airlines industry and there remains considerable uncertainty over the best strategies for service brand (Berry, 2000). This is because there are three unique features to services, which increase the problems of the maintenance and creation of a robust service brand strategy. These three features are: heterogeneity, intangibility and the inseparability of consumption and provision, which are all factors that have been observed to be responsible in our understanding of the dissimilarities between services and products.

Brand alliances also have negative effects (Woisetschläger et al., 2008) and this can be exhibited by exits that have occurred from various alliances. In 2006, OWA has experienced something similar when Aer Lingus has left the alliance (Dudley and Choucke, 2006).

There are relatively few studies that have considered brand management of an alliances brand from the eyes of the operator who is a member of that alliance. This study aims to contribute towards a better understanding of airline alliances in the Arab world.

While the literature has indicated clearly that the trend towards the creation of global brand alliances in the airline industry is likely to persist, an aim of this study is to explain how a *home country airline* such as RJ has been affected by this trend. In investigating RJ's experience of being part of a brand alliances it is hoped that an explanation will be uncovered.

It has been seen through the review of the literature in theme one that business environmental drivers are an ongoing driver for change within the airline industry. They therefore have a significant impact on the future of RJ in the airline industry and so need to be considered when exploring the future for RJ. The drivers of competition; political unrest; environmental concerns; economic drivers of economies of scale and scope; technological change; and deregulation and legislative liberalisation will all continue to be relevant and so will be explored in Chapter 6.

Another research question is “*how have countries traditionally dominated by domestic strategies responded to the airline frenzy era, such as in the case of Royal Jordan Airlines?*” In reviewing the literature it was noted that very few studies that have investigated how countries have responded to airline industry competition. Furthermore there have been few studies that have considered individual airlines. This study makes a contribution to this gap by exploring in depth via a single case study the experience of an individual airline.

Another research question is “how have the Arab countries responded to the challenges and fierce competition within the airline industry?” From a review of the literature it appears that there have been few brand alliance studies which investigated the country of origin effects and none have considered the Arab context. This therefore provides impetus for investigation of the topic and the possibility to make a contribution to knowledge in this area.

Chapter Four

Research Design and Methodology

Chapter One:	Introduction and Scope of the Study
Chapter Two:	The Case of Royal Jordanian Airlines
Chapter Three:	Brand Alliances in Airlines Industry Framework
Chapter Four:	Research Design and Methodology
Chapter Five:	Theme One: The Airlines Industry's Attitude towards Brand Alliances
Chapter Six:	Theme Two: The Key Branding and Marketing Strategies and the Potential Future Choices
Chapter Seven:	Conclusions and Recommendations

4.1 Introduction

This chapter outlines the methodology adopted for this study, highlights the data collection methods, interview process and approach and details of both the pilot study and the main study. The chapter is divided into 11 sections. The methodological approach section examines the positivistic approach (it can also be called quantitative, objectivist, scientific, experimentalist, traditionalist and imperialist approach) and the phenomenological or interpretivist approach (it can also be called qualitative, subjectivist, humanistic, interpretivist and post-positivist and naturalistic approaches), before providing a justification for the adoption of an interpretivist approach. The limitations and strengths of qualitative methodology are also explored in this section, and a review of the case study approach is presented.

Discussion of the case study of the RJ is provided in the research methods section, population and sample size are explored under one section and the case study approach's reliability, validity and generalization are examined under the justifications of case study approach section. The pilot study section explores the motivation behind the pilot study, pilot study analysis, preliminary findings and the sections summary. Still in the same chapter, the following topics are discussed: reviewing and translation issues; interview transcription; analysis of data (where preliminary results are examined) and finally a chapter summary is presented (which serves as the chapter conclusion).

4.2 The Methodological Approach

This study seeks to answer the following research questions:

1. What are the key drivers behind creating more global airline alliances in branding?
2. How has globalisation affected the service branding strategies of the airlines industry?
3. What is the impact of global airline alliances on airline branding strategies?
4. How have national airline companies traditionally dominated by domestic strategies responded to the airlines alliance frenzy era, such as in the case of RJ?

Any given methodology, it has been argued, is linked to the interrelations of substantive problems, evidence sources and major assumptions about society (Skocpol, 1984). Thus, a methodology is concerned with deciding on the most applicable way, amongst alternatives, to answer the research questions scientifically. The most suitable methodological framework is regarded as an essential first stage for research, as it will direct the way the researcher collects knowledge and reveals the social process (Burrell and Morgan, 1994).

The positivism and phenomenology or interpretivism are the main philosophical paradigms of research design (Creswell, 2008). These two philosophies are used by the social sciences, and particularly for market research. Table 9 summarizes some of the more common terms used in the literature. The table lists in each column, the words that are assumed to carry the same meaning as the positivistic paradigm on the left column and phenomenological paradigm on the right column.

Table 9 Alternative Terms for the Main Research Paradigms

Positivistic paradigm	Phenomenological paradigm
Quantitative	Qualitative
Objectivist	Subjectivist
Scientific	Humanistic
Experimentalist	Interpretivist
Traditionalist	Post-positivist
Empiricist	Naturalistic

Sources: Adapted from Creswell (1994, p.4) and Hussey and Hussey (1997, p.47)

The quantitative, positivistic paradigm has also been referred to as the traditional, empiricist or experimental paradigm (Creswell et al., 2003). In other words, positivistic, quantitative, objectivist, scientific, experimentalist, traditionalist and empiricist approaches can be used interchangeably to mean one thing, but are not equals as far as their corresponding opposites are concerned. This particular paradigm strives to identify and investigate a testable hypothesis concerning the relationship existing between at least two variables originating from a particular theory. Then, this is tested by empirical research through the collection of data on pertinent variables and conducting statistical tests with the data to establish any significant relationships, between the variables. The results usually confirm the theory or they lead to the modification of the theory based on the findings (Lewis, Saunders and Thornhill, 2009; Hussey and Hussey, 1997). Such a paradigm depends on the idea that human behaviour can be studied in a similar manner to those studies carried out in various natural sciences (Hussey and Hussey, 1997).

4.2.1 The Interpretative Research Approach

Just as in the case of positivist approach, the interpretive approach can also assume the following names: qualitative, subjectivist, humanistic, interpretivist and post-positivist and naturalistic approach. Orlikowski & Baroudi (1991) state that *interpretive studies* is an attempt to understand through relating the subjective and intersubjective meanings to the phenomena. Importantly, we agree with Robson when he defined exploratory studies as a way to find out "What's going on, to seek new knowledge, to ask questions and to assess phenomena in a new vision" (Robson, 2002: p.59). Interpretive approach starts from the stand point that our knowledge of reality (human action domain included) is socially constructed by man, and theories thereof tries to make meaning of the world and are therefore seen as a form of inter-subjectivity rather than objectivity (Walsham 2006: p.1).

The research questions demand an interpretive research method. The selection of methods follows (Hallebone and Priest, 2009) argument that the selection of the methodology should depend on the work which will be done to answer the research questions. Furthermore, an interpretive approach will ask individuals within the airlines industry to discuss, in depth, the reality inside this sector. Qualitative studies (which are more flexible in nature) enable the researcher to discover information which

is unexpected, and this allows the nature of the research to be rather more exploratory than simply hypothesis testing.

4.3 A Qualitative Approach, Its Limitations and Strengths

For the purposes of this study it was considered important to be able to explore various avenues in order to perhaps obtain information which might not have been predicted or expected. Blumberg, Cooper & Schindler (2008) said that, qualitative studies' very nature would permit this to occur, rather than following a quantitative approach's structured nature of directing the researcher away from such activities. It is understood that the qualitative method does not need to begin with a hypothesis and to then go through the process of testing the hypothesis, such as in this particular thesis; a theory is generated through the use of research questions, and not the perhaps more common route of testing a theory which already exists. It concerns airlines, their various effects on management practices and brands, together with the interesting area of alliances (Bryman and Bell, 2007).

The main virtue of this approach is the considerable quantity of detail and depth of information which is possible to generate using this methodology. By employing qualitative methods to gather data for this study, a considerable amount of information concerning the various factors forming potentially the basis for certain effects which the strategic alliances had on marketing practices and branding practices (Maxwell, 1998). Both of these aspects will be discussed further – the former will be examined later in this particular chapter and the latter will be considered in various analysis chapters.

Also, one of the main strength points of the qualitative approach is that where there is a need for understanding in detail an experience, phenomena, or a process, this approach presents a valid choice, especially in instances where the precise nature of the area or issue under investigation demands further information or in circumstances where there is only non-numeric information available, such as in visual or textural forms (Yu and Cooper, 1983; Corbetta, 2003; Saunders et al., 2011). Investigations such as these normally demand an interpretation of semi-structured or unstructured data which needs to be collected via intensive methods or extensive methods offered by an especially derived sample (Bazeley, 2009).

Despite these strengths, the qualitative methodology does not offer an approach which is free of problems; one of which is that studies using this methodology tend to be engaged in particular situations and contexts (Carson et al., 2001). One of the possible actions that could be taken to mitigate such effects is including more than one context in the examination of the situation. Another limitation of the qualitative method is; it is concerned with the way in which the data is collected and these are to be examined later in this particular chapter. However, it has been argued, by Bryman (1984), that when dealing with areas such as historical and social change, as in this particular piece of research, it is not considered appropriate to depend on techniques of a quantitative methodology. The author will consider this issue more in the following section.

4.4 Research Methods

After determining the methodology, the researcher needs to determine the methods of the study. In this research, there are two kinds of data which will be used:

1. **Secondary Data:** Consist of data that has been already collected for purposes other than the main purpose of the current research (Sekaran, 2003). There are several sources of secondary data, for research purpose, the researcher will use books, journal articles, census data, statistical abstracts, databases, conferences papers, periodical, and other archival records.

2. **Primary Data:** Is the data that are going to be collected from the population for the first time. For research purpose, the researcher will collect the data from people who work or who have been working in Airline industry and they are involved with the branding and marketing issues and in direct connection with the alliances parties (Sekeran, 2003).

4.4.1 Case Study Approach

Yin (2003) characterizes any case study as an “empirical inquiry that which investigates a contemporary phenomenon within a real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (p.13). It is also helpful in generating theories in an empirical study and in understanding certain phenomena (Sekaran, 2006). Eisenhardt & Graebner (2007) claim that a case study is

one of the most attention-grabbing forms of research among the various methods available. A case study is often qualitative in nature, but can also be quantitative, and data are collected through various sources, e.g. interviews, observations or archives (Yin, 2003).

Also it has a unique advantage of being able to answer the questions about the why, how and what of particular events and activities, over which the research has no control (Yin, 2003). Also able to provide data which is in-depth and contextualised, aspects of which make the limitations less important (Blumberg et al., 2008).

The researcher aims to study the case of RJ (in OWA alliance) in the context of Arabian airlines (within a global alliance) by conducting in-depth interviews. This study focuses on the frenzy of the creation of airlines alliances and how the airlines are dealing with such particular issues (Hussey and Hussey, 1997; Churchill, 2000). Also to achieve the aim of gaining a rich understanding of alliances in branding (Morris and Wood, 1991), a single case study approach will be adopted.

4.4.2 The Justification of the Case study Approach

To counteract the weaknesses cited above, the data emerging from the semi-structured interviews and the reasonable number of interviews conducted covering multiple levels of management easily compensates for this weakness, and enables the researcher to generalize the results to some extent. Also, the interviews conducted with the current, retired, and former employees of RJ.

Moreover, the researcher addressed the issue of generalizability by interviewing parties from other Arabian airlines and other managers from the OWA alliance and its members. In addition, a number of experts, travelling and advertising agencies, and Global Distribution System (GDS) were also interviewed. All in all, the sufficient number of interviews with many parties inside and outside RJ leads to the possibility that similar outcomes of the implementation process are obtained and that similar factors might affect this process, which consequently increases the strength of generalising the cases to result in theoretical propositions (Blumberg et al., 2008)

4.4.3 Validity and Generalizability

Validity is evaluated by establishing whether the instrument of the research measures what it is supposed to measure (Leedy and Ormrod, 2001). Different standards and measurements can be used to measure the research quality in any qualitative research. Validity is considered to be one of the most important criteria in qualitative research and is seen as a vital aspect for quality control of such research. Validity is concerned with whether the research results represent what is actually happening in the real situation (Lewis et al., 2009). It can be divided into two forms; internal and external validity. In this particular thesis, the internal validity problems can be overcome since this study is of an exploratory nature (Yin, 1989). Other measurements are credibility, dependability, transferability, reliability, and objectivity of both the interview and the information collected during the field work (Khatemende, 2006).

Furthermore, it has been suggested that in order to increase the validity of the research questions, the research would need to incorporate the following methodological features:

1. The research would have to be a real field study of a real strategic decision, as a laboratory study makes it difficult to assess the impact of the external environment in a complex organisational setting. This has been done by the researcher.
2. The study should be longitudinal, so that it can provide sufficient time for the effect of decisions to be observed and in order to increase the causal interpretation of the findings (Chakravarthy and Doz, 1992); (Hart and Banbury, 1994). This could not be accomplished due to time and resources constraints. There have been five observable 'misunderstandings' of using case studies (Flyvbjerg, 2006) which have been analysed and the underlying issues have been described in Table 10 Flyvbjerg (2006) also suggested large samples being used to create formal generalisations and tend to be overvalued in ability to add to scientific knowledge and progress.

Table 10 Five ‘misunderstandings’ of Using Case Study

Misunderstanding	Descriptive re-statement
Knowledge which is context-specific is not as valuable as knowledge which is general.	Human affairs and their study do not support universals. Knowledge which is context dependent is of greater value.
Scientific development is not aided by a generalisation arising from one case study.	The power of one particular case is underestimated whereas scientific development does not benefit as much from the use of formal generalisations.
As a means of generating a hypothesis, the use of a single case study is helpful, especially during the initial stages of research.	Although a case study is not restricted to the activities of testing and generating hypotheses, it is useful in such instances.
The case study confirms the researcher’s preconceived notions.	The case study does not possess a greater bias than other types of research in the confirmation of preconceived ideas and notions.
General theories and propositions are not easy to arrive at from the summarising of various case studies.	The research methodology does not cause problems in summarising various case studies, rather it arises due to the studied reality and its properties.

Source: Adapted from Flyvbjerg (2006).

Construct validity can be achieved in the situation where a case study is employed as the preferred research methodology, by utilising: a) the reviews from pre-identified main external informants of draft reports of case studies, b) using literature reviews and c) engaging in the use of many difference sources providing evidence, in order to establish links and to develop various constructs. It is also possible to develop an interview guide or establish a protocol for the study in order to obtain interviews bases on a systematic method (Yin, 1994). It is possible to reduce any inherent subjectivity found in such a methodology through careful choice of interviewees for the case study, together with a pre-considered process of interpreting the data, after transcribing and recording structured interviews (Lincoln and Guba, 1985) this is in sum will increase the validity of the case study.

4.4.4 Reliability

“The importance of reliability rests on the assurance it provides that data are obtained independent of the measuring event, instrument or person”. Reliable data, by definition, are the data that remain constant throughout variations in the measuring

process.” (Kaplan and Goldsen, 1965, pp. 83-84). Reliability is another criterion of the research quality and is considered as a necessary contribution to the validity, but not as a sufficient condition for it (Cooper and Schindler, 2003). Reliability is related to many aspects of the research e. g. its findings and data collection methods.

However, there are four threats to reliability (Robson, 2002): firstly, participant error which is related to the subject or participant reliability and that is related to the differences in the collected data which in turn is related to participants' enthusiasm to participate. Similarly, the second type of reliability is subject or participant bias which is related to the fact that participants only say what their supervisors and managers ask them to say. Another threat is the interviewer error; it is one of the huge criticisms against qualitative studies and related to the subjectivity associated with them. The last threat is interviewer bias which indicates to the possibility of replicating the data collection methods to overcome this issue.

These can be solved by recording the interview, constructing an interview guide, preparing a semi-structured interview, and transcribing the interviews. These steps should be standardized to make consequent replication of this study possible in the future. Moreover, a replication of certain questions in alternative means was used to increase the reliability of this study. Finally, following Nutt (2000); Eisenhardt and Bourgeois (1988); and Denzin (1978) this study is expected to have few problems of reliability.

4.5 Data Collection Methods

Data collection methods are the means through which the researcher secured data for her research. These data collection methods include; questionnaires, checklists, surveys, interviews, document review, observation, focus group and case studies. However, for the purposes of this research, interviews, observation, and archives are to be discussed since these were the methods that the researcher used in her research.

4.5.1 Interviews

During the interview process, the researcher observed the following: the researcher allowed for background to set in a relaxed atmosphere for the interview, for example by providing the participant with the overview of the interview questions.

Then during the actual interviewing process, the researcher observed the following rules: at all times she remembered to show respect to the participants and to ask open-ended questions that did not expect a single-word response, she further observed the 80/20 rule by giving more time to the participant to talk (around 80 per cent of the interview time and the remaining for asking the interview questions (Bureau of the of Human Resources (US) 2005, p. 5).

The researcher used probes, which are essentially questions that are used to open up more open-ended questions by enabling the participants to delve into more information on the issue under investigation. The researcher also took notes during the interviewing process in order to capture the interview contents as opposed to relying on human memory and also to aid in paper trail if the researcher should be asked to give prove that she really carried out the interview.

The researcher was able to establish content validity during the entire interview process through; documenting the addresses, names, titles, positions, and training received for all participants, documenting the time, date , duration, and location of the interview, adequately sampling important content areas, asking questions that bring to light the skills, abilities and knowledge of the participant, asking questions that conform to observable research expectations and finally ensuring fair and consistent administration of the interview (Jackson & Keating 2001:p. 10).

- **Semi-structured Interviews**

Research methods (Crotty, 1998), are procedures or techniques which are employed in order to collect and examine data which has been identified as being relevant to a particular hypothesis or research question. Various sources of data for inclusion in case studies have been identified and Yin (2003) observed six different ones: physical artefacts, participant observation, direct observation, interviews, archival records, and documents. Out of these different methods, semi-structured interviews play an increasingly important role in the obtaining of data.

Using an interview for research purposes, can provide a vast quantity of information and should be just that; an interview, which is where there is an exchange of opinions and ideas between two people discussing an area which they are both interested in (Kvale, 2008:p. 14).

Also adopting semi-structured interviews allowed for a “loosely guided conversation” (Horton, Macve and Struyven, 2004) with the participants allowing them a degree of freedom to speak which consequently increased their propensity to talk (Llewellyn, 2001). Such interviews are considered to be effective instruments for research and are able to obtain a great depth of understanding concerning the ways in which individuals feel, experience and interpret the world around them (Mack et al., 2005).

Saunders et al., (2003) observed that there are three forms of different types of interviews – that of the structured interview, the semi-structured interview and the unstructured interview.

The second type – the semi-structured – it has been argued (Dawson, 2002) is possibly the most commonly used type of interview in qualitative research. In the semi-structured interview, questions are pre-identified by the researcher, which are anticipated to offer more information concerned with various areas and specific issues; these questions can often be in response to the identification of new issues which have arisen since the interviews were first conducted. Flexibility characterises the semi-structured interview which is one in which it is possible to remove or add questions which were originally envisaged being asked, due to some results of interviews.

Most of the questions in this study that were asked were open-ended in nature. The questions were formulated based on the literature along with my background on the topic. Most of the interviews took place at the participants’ workplace and lasted between fifty minutes to two hours.

Bryman and Bell (2007) put general rules of thumb for designing interview questions. First, the researcher should keep in his/her mind all his/her research questions during each single step in his/her study and use them as guidance for the entire work. Secondly, the researcher needs to know what exactly he/she wants to know and the intention behind each interview question and how these questions are going to answer the research questions. Thirdly, examining how the researcher would answer his/her interview questions could remove most of the ambiguity in any question.

Therefore, the researcher worked on matching the interview's questions with the researcher question so that she can make sure that all of the research questions will be answered by the end of the data analysis stages. Table 11 shown how the research questions matched the interview question.

Table 11 Matching interview questions with the research questions

Research Question Number	Research Questions	Numbers Of Interview Questions That Will Help Answer The Research Question²¹
(1)	What are the key drivers behind creating more global airline alliances in terms of branding?	(4, 6, 7, 10, 21, 22)
(2)	How has globalisation affected the service branding strategies of the airline industry?	(2, 5, 16, 17)
(3)	What is the impact of global airline alliances on airline branding strategies?	(12, 13, 15, 16, 17, 18, 19, 21, 22, 23)
(4)	How have countries traditionally dominated by domestic strategies responded to the airlines alliance frenzy era, such as in the case of RJ?	(1, 2, 3, 9, 10, 12, 13, 14 , 21, 22)

Source: The researcher's own data.

- **Interviewing face-to-face**

Face to face interviews requires the interviewer to be physically present during the interviewing process in order to ask questions to and guide the participant in answering those questions (Doyle, 2004). This required the researcher to travel to the participants' preferred interview location.

The researcher benefitted in the following ways: it enabled the research/interviewer to act as a source of motivation to the participants by being a personal contact to them hence enabling to reveal important information to the researcher; it gave an opportunity to the researcher to clarify the questions to the participant hence removing ambiguity in the responses; it proved to be very convenient to both the researcher and the participants; it enabled the researcher to ask additional

²¹ See Appendix C for the interview guide.

questions for clarification and detailed information; the body language and the response reactions from the participant enabled the researcher to deduce many things, among them being whether the participant was lying or telling the truth; and finally, it gave an opportunity to check the validity of the information when it deemed necessary for the researcher to do so (Korner-Bitensky et al., 1994; Becker and El-Said, 2013).

However, the face to face interview also had challenges. Some of them were: it proved to be expensive when the researcher's personal hours invested in them were to be counted; it was time consuming as compared to other interview forms like, emails, phone calls among others, fewer candidates were interviewed per a unit time as compared to other forms of interviews; it seemed to require a variety of interpersonal and communication skills from the researcher as the participants were of demographically heterogeneous; and finally it was subject to bias as the researcher, were it not that she was aware of this and controlled it, would have personally reacted to some responses positively or negatively due to her personal knowledge, but allowed the participants answers to prevail (Sturges and Hanrahan, 2004).

- **Other Techniques of Interviewing**

- Phone Calls and Online and Voice over Internet Protocol (VoIP) technologies

Phone call interviews are pre-arranged between the researcher and the participant and take place at an appropriate and agreed time, while the researcher and the participant are at their places of their convenience (Seidman, 2013).

While using this a kind of interview, the researcher noted the following advantages: both the researcher and the participant had complete control over the settings and environment of the interview; it made it possible to both the two parties involved to prepare notes and use them in the course of the interview when any need arose; both the researcher and the participant were in the comfort of their own familiar environments; and finally, it removed the necessity of having to travel to the interview venue saving both personal time and transport costs. However, the following was only one challenge posed by this kind of interview; it eliminated the possibility of seeing and responding to non-verbal cue which are very essential in any form of communication.

Online interviews take place within the cyberspace and World Wide Web commonly referred to as the internet domain (Hay-Gibson, 2010; Markham, 2004). This commonly involve: emails, online surveys, internet video chats include; Skype and Viber (Bertrand and Bourdeau, 2010)

VoIP calls can be made on the Internet using a service provider and standard computer/ smart phones audio systems such as Viber and Skype. Alternatively, some prepaid service providers support VoIP through ordinary telephones such as Viber Out, Skype telephone calls, LocalPhones Service (Bertrand and Bourdeau, 2010).

The pre-paid service helped the researcher to reach out many of her participants who are living in a different time-zone and do not want to connect via Skype or Viber or do not have internet connection (Hay-Gibson, 2010). Besides, VoIP means the researcher can call them on a lower rate than the normal rate of using the mobile or landline. It is also possible to call participants for free if the other party is using the internet at the time of the call (Hay-Gibson, 2010).

The following criteria were used in approaching and securing an online interview with participants. In the first stage, many invitations were sent to all those prospective participants via LinkedIn based on their seniority, position, and their relevance to the study. In the second stage, after receiving the acceptance, the researcher sent a detailed message to them telling them about the study and inquiring from them if they would like to take part in it. Thirdly, a follow up with them and answering their enquiries was made before finally setting-up a date and deciding on the way to be connected through; either VoIP, phone call or email (Hay-Gibson, 2010).

A Skype account was specifically set up for the interviewing purposes under the name of [*dana.kakeesh.skype.interviews*]. However, others were approached directly through their companies' emails so the researcher simply started from the Second stage.

- Asynchronous online interviews- Emails

The researcher reverted to use of email as a form of online interviewing when the participants cited lack of time, unavailability and/or preferred the email form (Salmons, 2009). To effectively use this form of online interview, the researcher sent

an introductory email which contained the full names of the researcher, her current position in her work place, a brief preview of what she intended to do, what her research was intended for and some opening questions. Then later, after receiving the response for her first questions which were contained in the introductory mail to the participant, the researcher replied back with more questions and the whole process went on until she all her questions were exhaustively complete (Salmons, 2009; Vonderwell, 2003).

The researcher benefitted in the following ways by the use of online interviewing. It made it possible for her to interview people from a wide geographical areas as her research involved approaching and interviewing employees, former employees and people with the required knowledge about the various airlines that are part of the OWA(Mann and Stewart, 2000).

The use of emails created a zone of safety for the participant, seemed less time consuming on the side of the participant as he would have answered back the emails at his own pace/interval and it provided ready answers that did not require any form of transcription. It proved to be well suited to the top management of the airline companies who seemed not to have had enough time or was unwilling to tie themselves to something outside their daily schedules (Vonderwell, 2003).

However, while using this form of interviewing, the researcher encountered a number of challenges. These were: it proved to be time and effort consuming; low response rate (which usually took days or even weeks to get back the required response); in some cases the participants never showed up or the interview with some participants required follow-ups and re-arrangement or rescheduling (Vonderwell, 2003; Mann and Stewart, 2000).

4.5.2 Observation

Marshall and Rossman (2010) define observation as "the systematic description of events, behaviours, and artefacts in the social setting chosen for study" (p.79). The researcher through the interviews and by spending long periods of time at RJ head quarter noticed and observed the daily practices and activities, and saw that OWA has become an integral part of RJ's strategy, starting with incorporating a presence on

social media networks to placing the OWA logo on all outdoor signage and stands of sales offices (Silverman, 2013; Mulhall, 2003).

The way of promoting the RJ brand has changed from being constrained by just 54 destinations to opening up to more than 600. Also, the RJ brand is promoted by OWA and the rest of OWA's members around the world, which adds credibility to the brand by being endorsed by high-quality airlines such as British Airways, American Airlines and the rest. Later and through the interviews, the researcher found that the main motivation behind this could be the monitoring procedures which are imposed by the OWA headquarter to maintain a certain level of control over the aligned brand.

4.5.3 Archives

Archival Research as a method of data collection comprises a wide range of activities that aids in facilitating research carried out and majorly dealing with a certain organisation's history which opens up to the organisation, events and individuals involved in it in the distant past, but can also comprise of research supplement documents like surveys methods, field methods among others that can be applied to digital text analysis like emails, electronic databases and web pages (Ventresca and Mohr, 2002; Gillham, 2000).

However, due to confidentiality issues and the restrictions of the OWA airline companies' management to the dissemination and sharing of their information sources and data on the OWA alliance, the researcher had a very limited access to RJ and other members of the OWA archives. The required access was for the press release, a number of formal letters, articles about RJ, old advertisements, and videos among other important documents about RJ, other OWA members and the OWA in general. However the DRD and some other archival documents were restricted by OWA and RJ.

4.6 The Population and Sample Size

In probability *sampling*, it is understood that any person in a prescribed population stands the same chance of becoming involved in a sample identified by the researcher (Corbetta, 2003). However, a *non-probability sample* is one in that although an individual's chances of becoming involved and being chosen to be part of a

particularly identified sample is not known, certain properties of a defined section of a population are employed to act as the way in which the selection is measured. This latter type of sampling might, on certain occasions, can be the sole way to obtain further detailed data, whilst the 'probability sampling' method might be discovered not to be applicable (Sekeran, 2003). Further, the non-probability sampling method has four main methods and it is possible to identify such a method if it consists of: snowball sampling; purposive sampling; quota sampling or availability sampling (Yin, 2003; Gillham, 2000).

These four methods have proved to be effective under particular conditions, especially when there is a need for the researcher to carry out an exploratory, preliminary study or when the actual research question itself needs to go deeper in an investigation, such as when studying a small population (Silverman, 2013). The type of sampling described above as snowball sampling is one that identified various individuals for researchers to employ in order to reach other possible participants (Atkinson and Flint, 2001).

Snowball sampling involves the researcher asking the various individuals participating in the research to put the researcher in contact with another individual who is then asked to put the researcher in touch with another individual and so it continues onwards. Snowball sampling is mostly employed in research studies which use a qualitative methodology and are descriptive and exploratory in nature, which was the case in this particular study (Hendricks and Blanken, 1992).

Throughout the study, the managers and participants were asked to inform the researcher about other people who were in charge of branding and marketing issues, networking and alliances, and planning and development staff. The researcher then asked those people from the top management to contact those who were involved with him/her in that particular issue or job. By doing this the researcher gained higher trust and more responses. It is possible that this approach meant that some employees, who had different views or perceptions of activity, were omitted from the study.

This particular technique, however, and its use in this study, is thought to be a limitation, in that the managers involved in this study, were only able to refer the researcher to other employees whom they considered would provide identical answers

to the interview questions, as their superiors previously had offered. The researcher sought to resolve this issue by trying to ask the same question but in different ways also by comforting the employees that they are entirely free to decide whether they would like to mention their names or not.

Table 12 summarises the number of participants from each of the following airlines and the sampling methods used during the interviewing process to certain particular group of participants, better identified through their respective companies under which they worked.

Table 12 Sample Distribution and Sampling Methods

Group No.	The Company		Number of Participants	Sampling Methods
1	Current RJ Employees		20	Snowball and purposive
2	Retired and Former RJ Employees		7	Snowball and purposive
3	The Airlines Industry Partners in Jordan	Travelling Agencies and GDS	4	Purposive
		Government Body	1	Purposive
		Advertising Agencies	1	Purposive
4	OWA Members		14	Purposive
5	Arabian Airlines		7	Purposive
6	Experts, Journalists, and Academics		7	Purposive
Total			61	

Source: The Reacher.

The first group covers RJ employees who are still part of the OWA project. These employees were in the best position to give comprehensive views on the research questions as they are engaged with the corporate activities of the alliance between RJ and OWA on a daily basis.

The second group consists of retired and former employees of RJ were included in this group as they added another spectrum to the study. This is because majority of

this group have left to work for another company or retired and working as consultants or advisors to another competitive companies which made them valuable to the study as they can speak freely and their opinions are crucially based on their level of experience. The third group consists of the airlines industry partners in Jordan encompass the travelling agencies and GDS and the advertising agencies to ensure that the views are expanded to the rest of the industry in Jordan.

The fourth group consists of the OWA members. Their input is necessary in order to gain a good source of how other members of the OWA regard affiliated airlines. This group are able to reveal differences among the various airline companies depending on factors such as the financial involvement, the size of the airline company, and how many years the company has been a member of the OWA alliance. More details will be provided through the discussion of Chapter 5.

Group number five consists of a number of Arabian airlines. They are included primarily to get a better understanding of the aviation industry in the Middle-East; in addition to comparing their views with each other in the first place, and then as well as comparing them with other airline companies outside the Middle-East. It was thought that they might also indicate similarity or actual differences within the region and outside of it. In this way, the researcher may be in a better position to decide if there is something exceptional about the Middle-East based airlines.

The sixth group is a selection of experts, journalists, and academics in the aviation industry. This group were vital to make sure that unbiased and detached opinions about RJ were included in the study. This group represents people who were able to give their opinions freely about all the companies in the aviation industry, and provide their thoughts on what is happening in the aviation industry in general. It is striking that this group had more negative opinions than were expressed by first and second groups.

In order to maintain the confidentiality issues of the participants, the researcher did the following. As far as possible, the researcher sought the informed consent of the participant by explaining fully her intentions for the research how should be used and be disseminated in the final published works. She thoroughly reminded them of their rights to refuse to participant based on any grounds that they felt was their right and the re-negotiation consent rights. The researcher also assured her participants that she

is not going to disclose the information to be gathered to any third party, even in a way of aiding legal proceedings against her participants. This confidentiality issue was to be maintained by any researcher who was to use her research as a secondary source of information. Through this, the researcher won the trust of her participants who freely volunteered to participate in the interview.

The interviewees participated in interviews at their place of work, at a convenient for them in their offices, during their working hours. Bearing in mind that the interviewees were managers, with many responsibilities and tasks, several scheduled interviews had to be re-scheduled or cancelled. Therefore, the researcher was flexible in leaving the managers to select the interview time when suitable for them. A number of the interviews involved participants who had moved to another place of work or had retired. The researcher contacted those participants to see if they would be willing to be interviewed. Those interviews were conducted in their houses or workplace and at their convenience.

On the other side (as the researcher had mentioned before), other parties from other Arabian airlines managers from the OWA and its members were involved in this study. This group of interviews were carried out over the phone and the internet network using VoIP technologies and emails. By using these methods the researcher eliminated the time and cost of travelling among different countries. But there were so many difficulties like any normal interviews such as following up emails, the connection itself which forced the researcher to rearrange the interviews time for another day (Vonderwell, 2003; Salmons, 2009).

4.7 Gaining Access

The main method of data collection was semi-structured interviews with experts in the airlines domain as the researcher mentioned before. The data collection process was developed through two stages; the pilot study and the main round of data collection.

Firstly the researcher gained ethical approvals from the school. She then tried to reach RJ for the first time in May 2012. She contacted them by email, phones and then finally was introduced to one of their senior managers through the network she had there. They asked the researcher to provide a number of documents. They sought

approval from the headquarter then send a request to oMC in New York, USA to conduct this study since it was about the case of RJ in OWA . They gave the approval to conduct the researcher but with a restriction on the confidential issues that were related to forming the alliance.

RJ gave the researcher limited access to their archives. They gave her copies for some press releases about the period of joining alliance and some internal magazines for the year before then, which is usually issued each month plus a magazine for the period of launching and Joining the Alliance. They also gave her a staff-booklet special edition about joining OWA as they refused to give her any other material. This is because it was not possible for outsiders to be given any document related to the OWA agreement or requirements because such information was deemed confidential. This whole process of gaining acceptance for the study took about one month.

Firstly, RJ's interviews were arranged ahead of time by meeting the participants, or through phone call. All the interviews were face-to-face and took place in the RJ headquarter except one in other branch but all of them in Amman/ Jordan.

Secondly, retired and former employees' interviews were arranged mainly by phone. In total, five of them were face-to-face, one on Skype and one on Viber.

The participants from OWA and the other airlines companies were approached partly through the LinkedIn network and the rest by phones, email and/or introduced by one of the researcher network. Part of the interviews with them was face-to-face via Skype and/or Viber, others were voice calls.

The rest with whom it was difficult to schedule an interview were contacted by email as the researcher mentioned before. Also participants from the airlines industry in Jordan and Arabian airlines were approached almost in the same way of approaching and contacting OWA members. Finally, members of the relevant Jordanian Government departments were introduced to the researcher and interviewed face to face.

The questions were customized based on the airlines company or the person himself. For example, the questions for RJ related people, whether current employees, retired, or former employees were almost similar and extensive unlike those for

interviewing people from other airlines such as Egypt air where the questions were customized based on that airlines but with some questions asking about RJ.

Also when the researcher interviewed the experts and specialist, the questions were customized and were more about airlines in general and RJ was included in the discussion. Finally, it is worth noting that interview protocol was completed by the researcher for each interview and each interviewee asked to sign the consent form after giving the participant the enough time to read the formal letter, the information sheet and the consent form²².

4.8 The Pilot Study and Analysis

The researcher conducted a pilot study in the summer of 2012 that consisted of 12 interviews with members of RJ²³. Testing the main questions and ideas was the main objective of the pilot phase in order to detect any possible weaknesses in the data collection methods and the research design (Sekaran, 2006; Flick et al., 2007).

According to Yin (2003), piloting is beneficial in its revisiting of research questions, proving the research questions' wording and phrasing, so as to clarify their meaning and make them completely understandable to the interviewees, and in order to check the technical aspects of any of the interview techniques. These techniques enable the researcher to know how much the researcher talks to the interviewees or whether the interviewees contribute more than the researcher to conversations. They also enable a rehearsal and the practising of various interview skills (Kvale, 2008; Flick, 2008a; Flick, 2008b).

4.8.1 Pilot Study

As a first step towards assessing practical implications, a pilot study was undertaken in Jordan, for one month, to identify key issues which have had a great effect on strategic alliances in the airlines industry and how these might have consequences for the brand. The researcher conducted 11 semi-structured interviews with RJ's marketing, brand and network managers, in two main locations: the head

²² See Appendices D, E and F for more details on the official documents.

²³ See Appendix G for more details about the pilot study participants.

office of RJ and RJ sales branch in west Amman. Two additional interviews were conducted with past managers who have worked for RJ. Each face-to-face interview lasted for around sixty minutes.

The researcher has asked the head of marketing and research department in RJ to recommend the senior managers who are in charge to manage the brand and undertake the marketing activities and also other managers who are in charge for implementing the OWA issue. It is also possible that support from senior management might bias information collected. If employees know that senior management supports the study they might polish their information to portray RJ in the most positive way. As a result, the research has approached a number of former employees to overcome this kind of bias.

Following recommendations by Miles and Huberman (1994) the researcher transcribed each interview word-by-word then she read the raw data and labelled the similar chunks of words, sentences, paragraphs with specific codes. Some of these codes were merged under more general code to give a comprehensive image. Then these similar chunks were grouped together to come up with themes.

Most of the researcher's research questions have been answered through them. The other part of the researcher's revised interviews' questions has been added after the new readings and the results of the pilot study analysis. It is also worth noting that the researcher has not used any software at this stage because of the time constraints and the manageable number of interviews which can be analysed manually.

The following table shows a single example taken from the pilot analysis to show how the researcher analysed the pilot study data manually following Miles and Huberman (1994).

Table 13 Example on Coding a Quotes taken from the Pilot Study

Raw Data Themes (Quotes)	High Order Themes		General Dimension
it is like an endorser brand for RJ	Endorsing brand strategy		The brand after joining the alliance
Enables you to provide your passengers with more benefit and more coverage in terms of network	Wider coverage	Enhancing brand equity	
Enhances the image because, when you put the logo of OWA on RJ it is like a stamp saying this is a quality airline that deserve to be part of the alliance at one	FFP and facility-sharing		
if they are travelling RJ or any other OWA member, then they can earn much, they can redeem their miles for tickets for RJ or the others, they will have added benefit, extra recognition	boosting brand		
every partner within the airline have the responsibility to promote you even as a partner they have to include something about the RJ and all their publications	Promoting each brand		
It is mandatory to have OWA where ever we exist especially with our main logo, on the screens on departure, arrival... sometimes there are areas where they are not really mandatory but we do go with them because we feel they add to us.	logo matter		
... Then you go to meetings with them regularly and then you show best practices you learn from them in terms of brand.	Learning from other brands successes		

Source: The Researcher's own data.

Table 13 above shows how the coding process was undertaken by the researcher. The responses show themes of: OWA enabling RJ to provide its customers with more

benefit; enhancing RJ's image; enabling RJ to earn more and the benefit of each member airlines promoting their fellow airlines in the Alliance; brings out the image of enhancing brandy equity for RJ.

The next stage in data analysis is to deal with these abstract codes analytically and try to assign higher order themes and figure out the main patterns throughout the data. Afterward the researcher started to link together any similar codes under more general codes and identify any possible relationship to end up with the general dimensions of data. As mentioned before this process was performed manually without the use of analysis software and the results were read carefully in order to achieve the main purpose of the pilot study.

4.8.2 Summary of the Pilot Study

The idea behind the pilot study was to test the research questions and make the required adjustment by detecting any vague or adding any missing piece in the structure and design before running the main round of data collection.

In general, the results of the pilot study showed that airline alliances had influenced marketing and branding strategies in Jordan. Further that the antecedents of airlines alliance frenzy were suitable to generate sufficient data to answer the main research questions for this thesis. The outcomes from the pilot study helped the researcher to redesign the research questions. Moreover, due to the fact that the interviewees in the pilot study were drawn from the managerial level, the feedback coming from managers indicated that it was preferable for the interviews to be quite precise and concise, due to their busy agendas and it being the fasting month. Consequently, some of the interview questions were revised and hence the final length of the interviews was reduced to around 50 minutes.

4.9 Interview Reviewing and Translation

The interview questions were reviewed by six academics and professionals, and then translated into Arabic (which is the mother tongue of the researcher) by the researcher. The translated interview questions were edited by two specialists in this domain. Generally, translation is the reproduction and expression of ideas from the source language to the target language while preserving semantic (meaning) and

stylistic features/equivalences (As-Safi, 1997). The two specialist translators who interpreted the interview responses from Arabic to English sought to maintain both the semantic and style of the original texts in Arabic. The researcher's translators had undergone some training on testing techniques, teaching methods and curriculum designs while using translation aids like grammars and dictionaries from both Arabic and English Languages to ascertain the meaning and style of their translation. Their translations were later reviewed by scholars proficient in both two languages and who confirmed the accuracy of their translation.

4.10 Organization of Data

Data management is a plan of storing data in a certain systematic approach taking into accounts the setting, genre, participants involved in data collection by clearly showing how it is to facilitate data analysis, for example carrying extra audiotapes batteries, labelling the audiotapes and selecting quieter places for note-taking (Ritchie et al., 2013; Marshall and Rossman, 1989).

In order to accomplish this, the researcher chose and followed a precise and easy file naming system (printed the file names in the footer for the documents), she also came up with a data management system (whereby data managers and coordinators were involved), documented and established translation and transcription methods (hired a highly professional team to perform these processes), established quality control methods and finally established a more realistic timeline that enabled her to avoid time rush which could have easily brought about chaos in her collected data (Huberman and Miles, 1994).

4.10.1 Data Protection

In order to protect her collected data, the researcher converted all her audio files, and transcribed interviews into word documents and authenticated the data with a username and password. For those participants who wished not to be named by their real names data was kept in anonymous form and all paper copies and consent forms locked in a secure locked cabinet (Ryan and Bernard, 2000).

4.10.2 Organising and Classifying the Data

To enable her organise her data in systematic way, the researcher classified the generated data into folders, subfolders, and files then she coded her data by assigning a phrase, word, symbol or number to every coding category by first going through all her textual data like interviews, field observations, notes and transcriptions and then coded the themes, ideas and concepts therein to fit certain categories (Saldaña, 2012).

4.10.2.1 Interviews Transcription

MacLean, Meyer & Estable (2004) defined transcription as the process of writing up what has been taped by the researcher or transcriptionist to be reflected upon later on the research. In most of the audio-taped interviews in any qualitative research, the transcription process is considered an essential part of the study (Sandelowski, 2007). Therefore, the content of each interview will be transcribed as quickly and accurately as possible. Based on the above, the researcher transcribed the interviews literally, as recorded, word by word. English interviews were transcribed into English. While the interviews that have been run totally or partially in Arabic were transcribed into Arabic first then then translated into English.

Transcription process has the following advantages: it aids in boosting the natural limitations of human intuitive glosses and memories during the interview process; it gives a room for thorough examination of what participants says and responds in the interview; it allows repeated cross-examination of the participant's answers; it allows secondary analysis by other researchers by opening up the original research to them for public scrutiny where they can evaluate and analyse the collected data for the benefit of their data; it serves to defend the researcher from accusations that her research was value biased and finally; it allows multiple use of the data other than the original researchers' intention, for example in analytic strategies and theoretical ideas (Saldaña, 2012; Huberman and Miles, 1994).

However, apart from the above advantages, transcription presented challenges. These included: the whole transcription process was very time consuming; from the recording phase to the actual transcription from audio to text, it required high quality equipment (microphone, tape recorder and in some cases transcription machine); it can be very inconvenient to those participants who wish not to be recorded; and finally it

resulted in a large volume of documents which could have been daunting to deal with (Huberman and Miles, 1994; Yin, 1994)

4.11 Data Analysis

Immediately after data collection, analysis of the data started. Data is analysed via content level accomplished by importing data into QSR NVivo 10. This is a particular software package used to both categorise and code any emerging themes contained in a body of data (Richards, 1999).

Taking into consideration the fact that the coding of qualitative data can be conducted with different strategies and can involve different degrees of complexity, depending on the analysis intended, the researcher adopted a more exploratory open strategy for the coding of data, in the sense that the researcher coded everything, to enable her discover an increasing number of themes from the data. NVivo software is not an analysis programme in itself, rather it is used to organise the data, to facilitate access to the data, and to increase the efficiency of analysing them (Fraser, 2000). The researcher was ultimately responsible for entering the data, organizing it into nodes²⁴, asking questions, and consequently interpreting the data (Bazeley and Jackson, 2013).

4.11.1 Coding Process

Coding of interview responses is useful in it makes it possible to store the responses in a more usable, relevant and accessible form (Saldaña, 2012). The following steps can be used to realise this process: defining the coding categories, assigning category symbols, classifying relevant information, testing the reliability of coding, carrying out a qualitative comparison of the coding to realise a valuable learning experience, measuring the coding reliability and then finally locating the source of unreliability in the coding if any (Raymond 1992).

In the coding definition categories phase, two scenarios can be available; in some simple and obvious categories coding is not necessarily required as it is in most cases straight forward while in some other cases the data might be so much sophisticated as

²⁴ NVivo 10 calls code a node. If it is an aggregate code then the main code called parent node and the sub-code called child node (Bazeley, 2013)

to require coding. The later form of data requires definition and development of a tentative set of coding categories, which should be pre-tested to make sure that anyone can arrive at the same conclusion (Corbin and Strauss, 2008).

It is worth noting that the coding categories must be more abstract than the concrete examples therefore so as to include all fitting examples regardless of their more negligible differences, in order to enable two basic characteristics of categories coding; should be mutually exclusive and all inclusive (Richards, 1999; Saldaña, 2012).

In assigning the categories symbols, the researcher must condense, summarise and store concrete examples that must lie within a certain coding category and then assigning an abstract symbol to represent any case in that category (Huberman and Miles, 1994; Bazeley and Jackson, 2013). This symbolic label or code might be a number, letter, colour, abbreviation, geometric shape or any other symbol that can be convenient for analysing, summarizing, storing or even retrieving that information when needed. This symbolic label must indicate both the dimension and category of the answer that is the questions and required answer from that question respectively (Bazeley and Jackson, 2013).

The classification of relevant information depends on the proportion of irrelevant information, nature of information collected, the interviewing methods used, the level of abstraction of the coding categories and the size of verbal units used. It starts with identification of relevant phrases and words; each fragment is given a unique identification number (address) that gives the exact location of the fragment in the transcript- which sometimes is accompanied by a letter to indicate the fragment in that line that is being located (Raymond 1992).

Then, the next step is to test the reliability of coding. This step tries to establish whether if two independent materials into categories relevant to the objectives of the interview can vary grossly or can they be the same.

The next step is carry out a qualitative comparison of one's coding with another person's coding to see whether the two agree in a bid to unearth any valuable learning experience hidden therein (Gorden et al., 1998, p. 4). In so doing, the researcher is given an opportunity to identify those answers that she had earlier. In order to gain

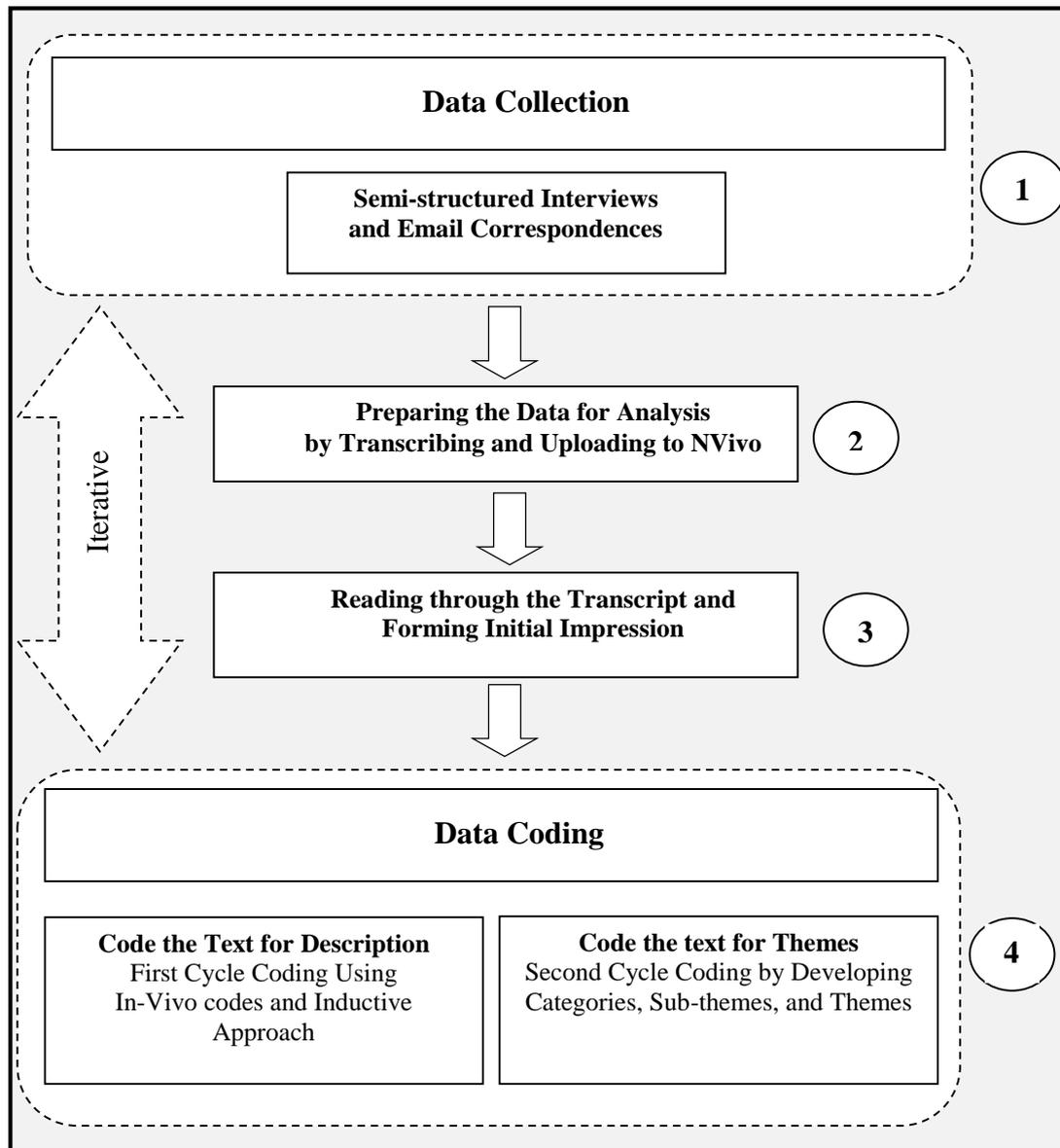
confidence that the themes and concepts had been correctly extracted from the data, two PhD candidates²⁵ who had no prior knowledge about the research, were asked to roughly identify some of the themes and concepts that they thought might answer the main research questions (Hruschka et al., 2004; Corbin and Strauss, 2008).

The responses were then compared with the findings to confirm whether the same findings would be recreated by different researcher from various perspectives. Although the process was time consuming, it was crucial to reduce the possibility of systematic bias in the study which might result from relying on coding by only one researcher who might unintentionally select or choose one code or answer over others.

In this regard three separate meetings between the researcher and each of the two PhD candidates. Each lasted between one and three hours. By comparing the researcher's findings to those of the two PhD candidates, it emerged that the three parties agreed on the main themes except for some of the sub-themes in which some incongruities were identified. To resolve this difference, discussion and brain storming sessions were organised and finally, the researcher concurred with the main themes and subthemes as identified by the two PhD candidates. All of these issues will be discussed at a later stage in the study. In the end, the researcher agreed on the themes that were included and structured to answer the main research questions. Figure 14 explains how the researcher went through the data analysis and coding process as it has been summarised in four stages by Creswell (2012) and modified by the researcher for the study purposes.

²⁵ One from the University of Sheffield and the other candidate from the University of Bradford.

Figure 14 Data Analysis and the Coding Process



Source: The Researcher.

Stage 1 is collecting the data through the semi-structured interviews and the email correspondences. In Stage 2 the researcher started preparing the data by translating the needed interviews and transcribing the interviews. A large amount of data was collected so NVivo 10 software was employed to sort and organise the data. Through Stage 3 the researcher was able to form an initial impression from the transcripts by reading and going through the transcripts many times.

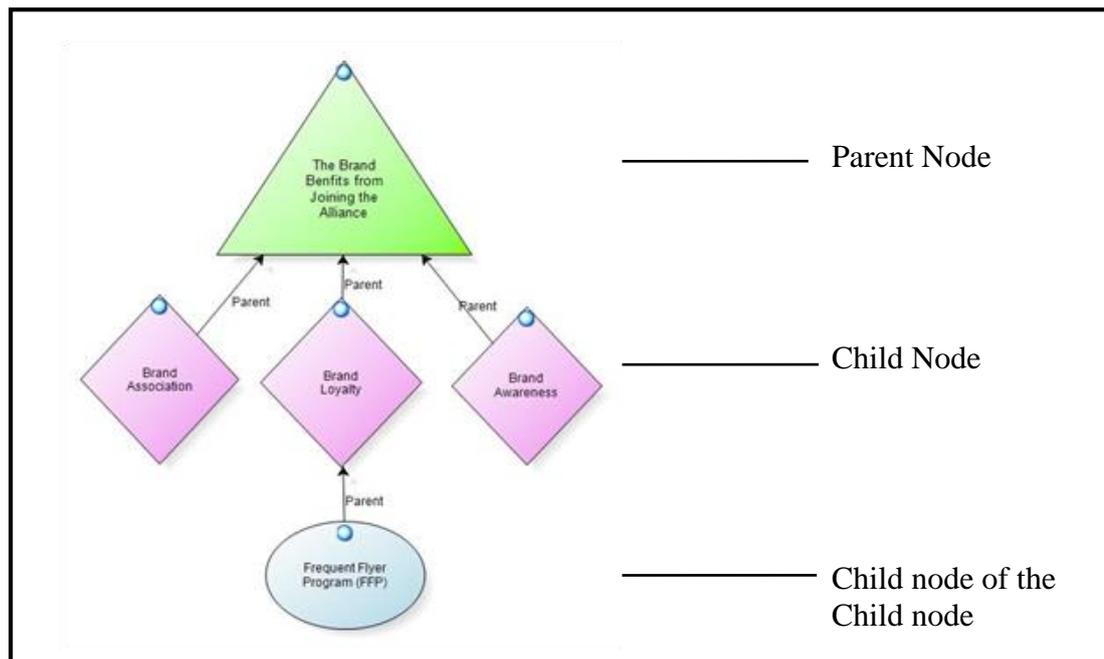
Stage 4 in data analysis is data coding. Assigning the codes was driven firstly by the research questions and what the researcher wanted to know from the collected data. Secondly, by the theoretical background which the researcher had acquired from the literature review (Ritchie et al., 2003). Table 14 below listed the main research questions and the equivalent themes and chapters that are going to answer these questions through the next two chapters.

Table 14 Summary of the Main Research Questions

Research Question	The Theme No.	Chapter No.
1. What are the key drivers behind creating more global airline alliances in branding?	Theme One	Chapter Five
2. How has globalisation affected the service branding strategies of the airlines industry?	Theme One	Chapter Five
3. What is the impact of global airline alliances on airline branding strategies?	Theme Two	Chapter Six
4. How have national airlines companies traditionally dominated by domestic strategies responded to the airlines alliance frenzy era, such as in the case of RJ?	Theme One and Two	Chapter Five and Six

It is worth mentioning that the node stands for code and can be either *parent* or *child*; the parent node represents the general idea or thought and has child nodes while the child node represents the more specific ideas. The latter can be created under the parent node and the user can create as many child nodes as it requires. Also NVivo allows the user to create child node for the child node and by this way the tree model will have many levels or generations in the node hierarchy. These nodes can be arranged in a hierarchal way called tree nodes as it appears figure 15.

Figure 15 Example Taken From the Model of the Study



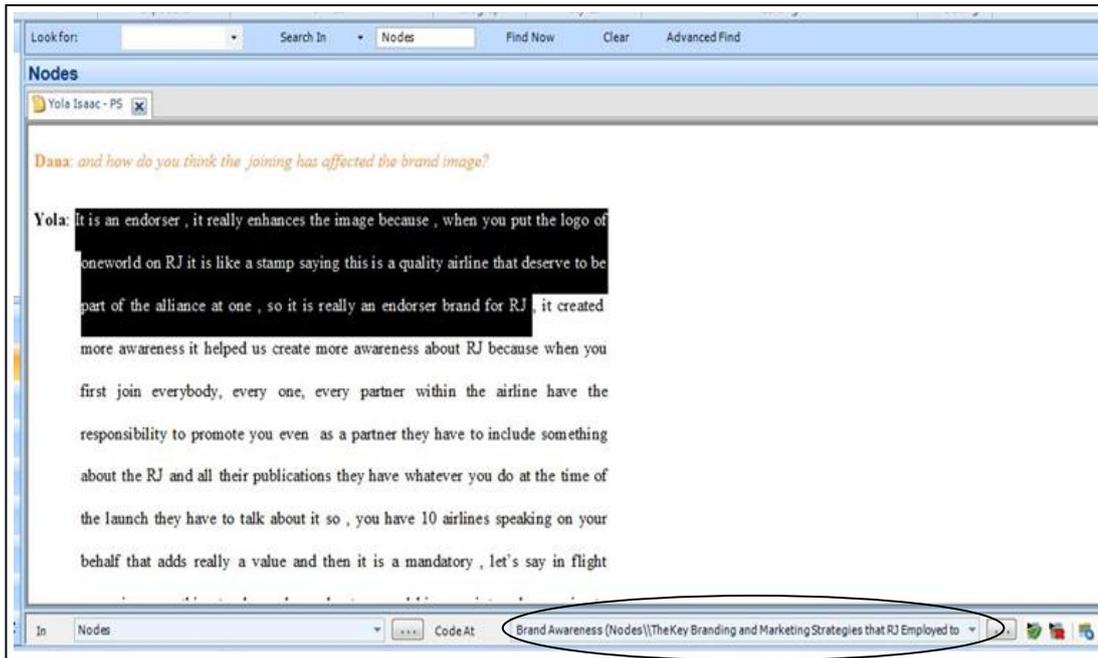
Source: The Researcher.

Figure above shows how the child nodes of *brand awareness*, *brand loyalty*, and *brand association* are linked together under the parent node of *the brand benefits from joining the alliance*. Also there is one child node for the brand loyalty node which is the frequent flyer program.

Throughout the first cycle, the researcher aimed to code for the text description which means to read the entire body of data in order to code the participants' thoughts and opinions to make it easier in the coming second cycle to aggregate the common and related ideas under one main or sub-theme and ensure that concepts stay as close as possible to the interviewees' own words or use their own terms because they capture a key element of what is being described (Saldaña, 2012; Bazeley and Jackson, 2013).

This process in NVivo 10 consists of applying *In Vivo* which is the continuous process of assigning *nodes*; which equivalent to codes; to the transcribed data using a word or short phrase taken from that section of the raw data (Bazeley and Jackson, 2013). Figure 16 and Figure 17 below are screen shots taken from NVivo study project and shows one of the participant's transcript and how the nodes have been assigned by the researcher.

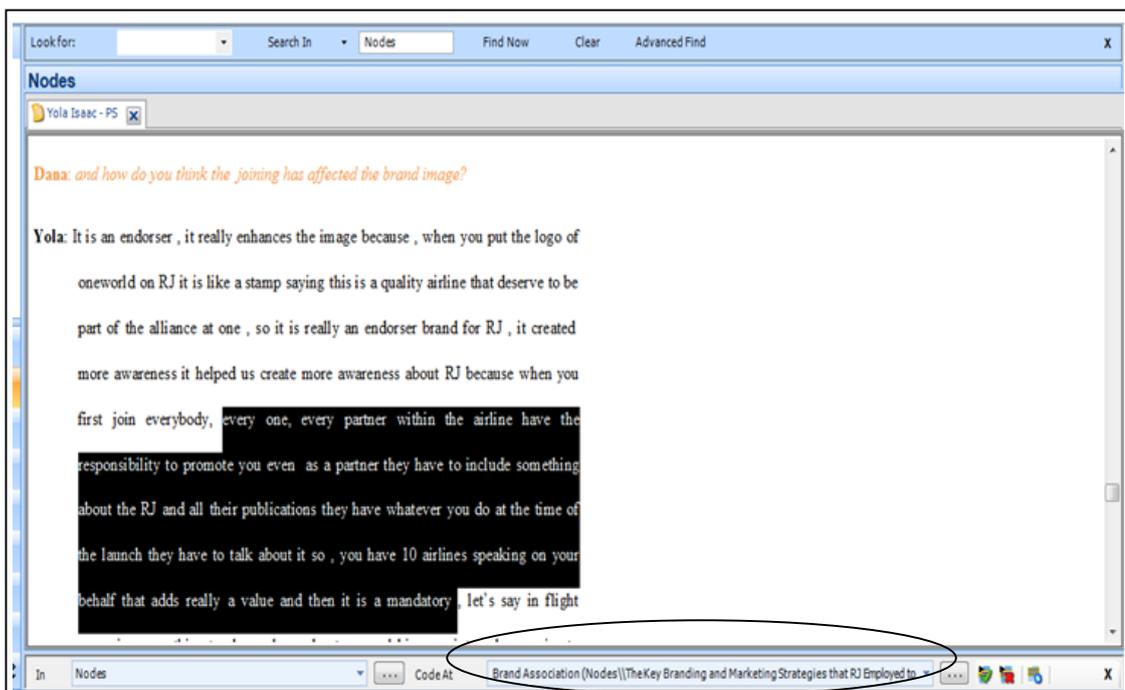
Figure 16 Example Number 1 on How to In Vivo the Transcript



Source: The Researcher.

Figure 16 shows that the researcher assigned the *node* of brand awareness to the highlighted part of the transcript of the interviews. While Figure 17 shows how the rest of the transcript has assigned but to another node.

Figure 17 Example Number 2 on How to In Vivo the Transcript



Source: The Researcher.

Likewise, the *node* of brand association was assigned to the highlighted part of the transcript of the interviews. The results of this cycle were twenty-three parent nodes and more than fifty child nodes had been identified.

After finishing the first cycle the main aim for the researcher was to structure the codes into meaningful units in order to enable the researcher to recognise the emergent themes and reanalyse the data and merge any similar codes and themes, and more so those that are conceptually very similar to each other (Saldana, 2013). During this cycle, the researcher gradually elaborated the possible themes that covered the main areas of research and incorporated the theoretical background based on the previous literature review (Patton, 1987; Shaw, 1990).

At the same time, the infrequent themes, parent nodes, and child nodes that had been deemed redundant were reduced; however, some interesting opinions were raised by a few participants. These opinions will also be displayed as the researcher thinks it will assist in answering some of the research sub-questions (Lewins & Silver, 2007). As a result of the second cycle coding two themes seen as important to answer the study questions which mentioned in chapter one.

Moreover, the parent nodes were reduced from 32 down to 10 and developed 27 child nodes and 12 child nodes of child nodes and only one child nodes of the “child node of the child node” for the total of fifty one parent and child nodes with four levels of hierarchy. Many different themes emerged from each interview and from each interviewee’s group however the following main themes were able to answer to all the research questions. The main themes are:

Theme one: the Airlines Industry’s Attitude towards Brand Alliances [2005 - 2015].

Answering the following research questions:

Question 1. What are the key drivers behind creating more global airline alliances in branding?

Question 2. How has globalisation affected the service branding strategies of the airlines industry?

Question 4. How have national airline companies traditionally dominated by domestic strategies responded to the airlines alliance frenzy era, such as in the case of Royal Jordan Airlines?

Theme two: Key Branding and Marketing Strategies and the Potential Future Choices.

Answering the following research questions:

Question 3. What is the impact of global airline alliances on airline branding strategies?

Question 4. How have national airline companies traditionally dominated by domestic strategies responded to the airline frenzy era, such as in the case of Royal Jordan Airlines?

These representative themes were the result of understanding the data from three angles; the point of view of RJ alone; the context of RJ relative to other Arab carriers who belong to the global alliance; and from RJ's point of view compared to the other members of OWA.

Moreover, these main themes evolved after running the second cycle coding to relate to a specific area of study interest within the data set. Other themes were also located across the entire body of data and they are essential to answering the main research questions (Miles, 1994; Huberman and Miles, 1994).

It is important to take into consideration that the airline companies offer the same core product which is, in addition to the transportation service, a seat on an aircraft moving the passenger from one place to another which basically stands for a transportation service that must be bought ahead of time (Alamdari, 1999). Moreover, the airline companies experience almost the same threats and conditions and somehow they use similar techniques to deal with such conditions or threats. Most of the themes and concepts were common across the participants' answers (Miler, 1990). Therefore, similar responses were expected across the different groups of the study to the interview questions. Table 15 below shows the main two themes with all the parent and child nodes that have emerged.

Table 15 The Parent and Child Nodes of the Second Cycle Coding

Colour Key: Main Theme Parent Node/ Subtheme Child Node

Main Theme and Subthemes
Theme One: The Airlines Industry’s Attitude towards Brand Alliances
1. The Environmental Pressure
<i>1.1 Fuel Prices</i>
<i>1.2 The Political Unrest in the Middle East</i>
<i>1.3 Globalisation of Competition and the Deregulation Effect</i>
<i>1.4 Consumer Preferences</i>
<i>1.5 The Competition</i>
2. The Strategic Motivations/ Opportunities
<i>2.1 Collaborating and Competition</i>
<i>2.2 Designing a Global Service</i>
<i>2.3 Impact of Technological Changes</i>
<i>2.4 The Economies of Scale and Scope</i>
3. The Core Competencies/ Strengths
<i>3.1 Niche Market</i>
<i>3.2 The Travel Experience and the Quality Standards</i>
4. The Inadequacies/ Weaknesses
<i>4.1 Limited Budget</i>
<i>4.2 Internal Policies and People</i>
Theme Two: Key Branding and Marketing Strategies and the Potential Future Choices
1. The Brand Management Definition
2. The Branding Benefits of Joining the Alliance
<i>2.1 Brand Loyalty</i>
<i>2.2 Brand Association</i>
<i>2.3 Brand Awareness</i>
3. Managing the Brand Alliance
4. The Brand Alliance Imperatives
<i>4.1 Internal Brand Vision</i>
<i>4.2 Brand Promises</i>

<i>4.3 The Brand Identity</i>
5. Airlines Services Marketing Strategy
<i>5.1 Product Strategies</i>
<i>5.2 Pricing Strategies</i>
<i>5.3 Distribution Strategies</i>
<i>5.4 Promotional Strategies</i>
6. The Future of Airlines Global Alliances
<i>6.1 Globalisation</i>
<i>6.2 Industry Consolidation and Global Alliance Longevity</i>
<i>6.3 Competition</i>
<i>6.4 Full Service Carriers vs. Low Cost Carriers vs. Gulf Carriers</i>

Source: *The Researcher.*

Table above shows the parent and child nodes and the references which gives a clear indication of how many times each node has been referred to a specific participant's answer nodes which emerged at the end also these nodes were updated through the writing process as some new ideas and thoughts emerged in the discussion chapter which informed the researcher to update them based on that to develop a formalized body of knowledge which will be used in the following chapters to address the main research questions. These two themes were then evaluated in order to identify the effect of each factor (Obeidat, 2008).

Finally, the process illustrated earlier in Figure 13 is an iterative process in which the researcher was cycling back and forth between collected data and the analysis. Given that she collected data from individuals she was able to return to them for more information to fill in any gaps in the structure as her analysis proceeded (Srivastava and Hopwood, 2009).

A code was then assigned to each interviewee to make it easier for both the reader and herself to discuss their opinions. Table 16 below presents the code, type, and position of each interviewee.

Table 16 The Interviewees' Codes and Type

Code No.	Interviewee Name	Position	Type of interview/ Interaction	Date
Group No. One				
Current RJ Employee				
1	Mr. Ali Dabbas	Oneworld Project Director	Face-to-face Interview at RJ Headquarter/ Amman	July 16 th , 2013
2	Ms. Yolla Isaac	Customer Experience, Business Development and Market Research Director	Face-to-face Interview at RJ Headquarter/ Amman	July 17 th , 2013
3	Mr. Mohammad Saad Beseiso	Chief Sales, Marketing, and Customer Experience	Face-to-face Interview at RJ Headquarter/ Amman	July 18 th , 2013
4	Mr. Isaa Haddad	Partnerships and Business Development Manager	Face-to-face Interview at RJ Headquarter/ Amman	July 18 th , 2013
5	Ms. Muna Eses	Branding and Marketing Communications Director	Face-to-face Interview at RJ Headquarter/ Amman	July 23 rd , 2013
6	Eng. Basma Al-Majali	Acting Vice-President Commercial Head of Network Management and Alliances	Face-to-face Interview at RJ Headquarter/ Amman	July 23 rd , 2013
7	Ms. Bayan Tarawneh	International Relations Manager	Face-to-face Interview at RJ Headquarter/ Amman	July 25 th , 2013
8	Mr. Basel Kilani	Executive Assistant Media and Communication Spokesman	Face-to-face Interview at RJ Headquarter/ Amman	July 31 st , 2013
9	Ms. Naheel Soussou	Project Management Office Manager	Face-to-face Interview at RJ Headquarter/ Amman	August 4 th , 2013
10	Mr. Khaled Al-Khawaldeh	Sales Supervisor (Team Leader)	Face-to-face Interview at RJ Headquarter/ Amman	August 28 th , 2013

Code No.	Interviewee Name	Position	Type of interview/ Interaction	Date
11	Ms. Muna Alshayab	Revenue Passenger Supervisor	Face-to-face Interview at RJ Headquarter/ Amman	September 1 st , 2013
12	Mr. Moh'da Al-Zaatrah	Sales Audit Manager	Face-to-face Interview at RJ Headquarter/ Amman	September 1 st , 2013
13	Ms Lina Dabbas	Insurance Coordinator/ Supervisor Former Team Leader of Oneworld Alliance Passenger Revenue (RJ Representative)	Face-to-face Interview at RJ Headquarter/ Amman	September 1 st , 2013
14	Ms. Dina Azar	Head of National Distribution Department	Face-to-face Interview at RJ Headquarter/ Amman	June 5 th , 2013
15	Mr. Anwar Atalla	Marketing Director	Face-to-face Interview at RJ Headquarter/ Amman	July, 23 rd , 2012
16	Ms. Noura Abu Hwejj	Trade Marketing and Sponsorship Manager	Face-to-face Interview at RJ Headquarter/ Amman	June 15 th , 2013
17	Ms. Sawsan Qaddoumi	Royal Plus and Frequent Flyer Program Director	Face-to-face Interview at RJ Second Branch/ Amman	August 2 nd , 2013
18	Mr. Zaki Al Rawas	Station Manager/ Qatar Branch	Face-to-face Interview at His Place in Amman	August 8 th , 2013
19	Mr. Feras Battikhi	The Board of Directors Advisor	Face-to-face Interview at RJ Headquarter/ Amman	August 10 th , 2013
20	Ms. Nadine Sharayha	Manager Quality Assurance and Alliance	Skype Interview	September 20 th , 2013

Code No.	Interviewee Name	Position	Type of interview/ Interaction	Date
Group No. 2				
Retired and Former RJ Employees				
21	Ms. Ghada Fanek	Former Senior Manager Regional Manager of Jordan, Palestine territories and Iraq at <i>Air France</i>	Face-to-face Interview Air France Office/ Amman	May 27 th , 2013
22	Mr. Khalil Saoud	Retired Senior Manager Board Member at <i>AYLA "Aviation Academy"</i> Senior Vice-President at <i>Near East Group</i>	Face-to-face Interview Bristol Hotel/ Amman	June 30 th , 2013
23	Dr. Majdi Sabri	Retired Senior Manager Former Regional Vice-President for Middle East and North Africa at <i>IATA</i> Aviation Consultant Senior Manager at <i>Air Transport Planning and Management</i>	Face-to-face Interview His Place/ Amman	July 21 st , 2013
24	Eng. Gabi Haddad	Retired Senior Manager	Face-to-face Interview His Place/ Amman	July 29 th , 2013
25	Mr. Guido Ruther	Director at <i>SWISS international Airlines</i> Former Chief Commercial Officer at <i>Royal Jordanian Airlines</i> Former Vice-President Commercial and Planning at <i>Royal Jordanian Airlines</i>	Face-to-face Interview RJ Headquarter	August 8 th , 2012
26	Mr. Yanal Al Kurdi	Former Director Manager at <i>Al-Ahliya agency</i>	Face-to-face Interview Al-Ahliya agency/ Amman	July 9 th , 2013

Code No.	Interviewee Name	Position	Type of interview/ Interaction	Date
27	Mr. Hatem Akroush	Former Chief Finance Officer Former Chief Resource Officer VP and CFO at <i>Eastern Holding Investment Group</i>	Skype Interview	December 23 rd , 2013
Group No. 3				
Participants from the Airlines Industry Partners in Jordan				
A. Travelling and Global Distribution System Agencies				
28	Mr. Jamal Jarrar	Marketing Manager at <i>Travel Centre Agency</i>	Face-to-face Interview Travel Centre Agency/ Amman	August 29 th , 2013
29	Mr. Fadi Asal	General Manager at <i>Amadeus Travel Network</i>	Face-to-face Interview Amadeus Local Office/ Amman	September 1 st , 2013
30	Mr. Wael Kawar	General Manager at <i>Petra travel and Tourism Co.</i>	Face-to-face Interview Petra travel and Tourism Co./ Amman	September 1 st , 2013
31	Miss. Eman Naser	Account Manager at <i>Sabre Travel Network</i>	Viber Interview	September 13 th , 2013
B. Participants from Jordanian Governments				
32	H.E. Senator Mr. Akel Biltaji	Mayor of Amman Member of Skål International Amman Former RJ Board Member (Government Representative) Former Vice-President Of RJ Former Senior Management Officer	Face-to-face Interview The Greater Amman Municipality/ Amman	August 18 th , 2014

Code No.	Interviewee Name	Position	Type of interview/ Interaction	Date
C. Team Young & Rubicam/ Advertising Agency				
33	Ms. Zein Masnrat	Group Account Director	Email Correspondences	November 3 rd , 2013
Group No. 4				
Participants from Oneworld Airlines Alliance Members				
34	Mr. Charles William Harris	Retired Airport Manager at <i>British Airways</i>	Skype Interview	July 19 th , 2013
35	Mr. Kevin Stovy	Former Senior Manager at <i>British Airways</i> the Managing Director of CrimsonSky/ Owner	Skype Interview	July 10 th , 2013
36	Mr. Dushantha Ranasinghe	Account Manager at <i>Cathay Pacific</i>	Internet Call	October 25 th , 2013
37	Mr. Alex McGown	General Manager, Sales and Distribution at <i>Cathay Pacific</i>	Email Correspondences	October 23 rd , 2013
38	Mr. Jun Otake	EMEAR General Affairs at <i>Japan Airlines</i>	Skype Interview	April 5 th , 2014
39	Mr. Jerry Miyauchi	General Manager, Market and Promotion at <i>Japan Airlines</i>	Email Correspondences	March 12 th , 2014
40	Mr. Cheong Soon Kit	Senior Accountant at <i>Malaysian Airlines</i>	Email Correspondences	March 22 nd , 2014
41	Mr. Germal Khera	Senior Vice President, international Affairs at <i>Malaysia Airlines</i>	Email Correspondences	March 11 th , 2014
42	Mr. Tony Yavasile	Director - Asia/Pacific Strategic Alliances at <i>American Airlines</i>	Email Correspondences	May 27 th , 2014
43	Mr. Rick Cutrera	Former Business Development at <i>American Airlines</i>	Email Correspondences	June 20, 2013

Code No.	Interviewee Name	Position	Type of interview/ Interaction	Date
44	Mr. Anmol Bhargava	Analyst in Strategic Alliances at <i>American Airlines</i>	Email Correspondences and Joint Conference Call with No. 45	August 8 th , 2014 September 12 th , 2014
45	Mr. John Boettcher	Managing Director of Strategic Alliances at <i>American Airlines</i>	Joint Conference Call with No. 44	September 12 th , 2014
46	Mr. Phong Tran	Manager, Alliance Sales Projects at <i>Oneworld Management Company</i>	Email Correspondences	May 3 rd , 2014
47	Mr. Simon Fisher	Commercial Analyst at <i>Oneworld Management Company</i>	Email correspondences and Internet Call	June 28 th , 2014
Group No. 5				
Participants from Arabian Airlines Companies				
48	Anonymous	<i>Middle East Airlines</i>	Email Correspondences	June 10 th , 2013
49	Mr. Wassim El-Hout	Regional Manager at <i>Middle East Airlines</i>	Face-to-face Interview at MEA offices/ Amman	August 20 th , 2013
50	Mr. Mohammad Alqudah	Senior Sales Executive at <i>Saudia Airlines</i>	Face-to-face Interview at Saudia Airlines Offices/ Amman	August 28 th , 2013
51	Mr. Mohamed Alashkar	Branding Manager at <i>Egypt Air</i>	Email Correspondences	October 18 th , 2013
52	Anonymous	<i>Qatar Airways</i>	Viber Interview	June 12 th , 2014
53	Mr. Peter Williams	Regional Manager at <i>Qatar Airways</i>	Email Correspondences	July 5 th , 2014
54	Mr. Anand Lakshminarayanan	Divisional Vice-President Route Planning & Economics at <i>Emirates Airlines</i>	Email Correspondences	July 13 th , 2014

Code No.	Interviewee Name	Position	Type of interview/ Interaction	Date
Group No. 6				
Experts, Journalists, and Academics				
55	Mr. Updesh Kapur	Public Relations and communications professional, writer and aviation and travel specialist	Skype Interview	April 5 th , 2014
56	Anonymous	Former Vice-President of Planning and Revenue Management in Airlines Company	Skype Interview	April 5 th , 2014
57	Mr. Tilmann Gabriel	Managing Partner/Consultant Former Executive Vice-President at <i>Qatar Airways</i>	Skype Interview	May 7 th , 2014
58	Mr. Blaise Waguespack	Aviation Marketing Professor of <i>Embry-Riddle Aeronautical University</i>	Email Correspondences	June 5 th , 2014
59	Dr. Dawna L. Rhoades, Professor	Professor of Management, Marketing and Operations of <i>Embry-Riddle Aeronautical University</i>	Email Correspondences	May 21 st , 2014
60	Mr. Devesh R. Agarwal	Editor at <i>Bangalore Aviation</i>	Email Correspondences	June 11 th , 2014
61	Mr. Omar Jahameh	Aviation Entrepreneur/ CEO and Founder of <i>Travel Miles/ Jordan</i> Former CEO of <i>RAK Airways/ UAE</i>	Skype Interview	October 22 nd , 2014

Source: The Researcher's own data.

Table above listed the names of the participants and how each one of them has been approached and they interviewing methods along with the date for each interview and the methods. As it can be figured from the details above that there were a number of participants who were listed as anonymous due to the options listed in the consent form²⁶.

4.12 Challenges of the Data Collections Stage

The following are some of the challenges faced by the researcher during the course of the study. Firstly, there were an unplanned circumstance which led to interview rescheduling that were mainly caused by; sudden meetings, employees unfinished duties, board meetings not finished on time and sickness or tiredness of the interviewee. It was also caused by poor internet connection or the interviewee not showing up on Skype or Viber at the agreed time and date or refusing to answer the phone calls. Secondly, in rare cases, interviews were cancelled due to the following reasons: an interview scheduled to take place with the Vice-President of the Malaysia airlines just a day before the announcement of the missing airlines type Boeing 777-200; another interview, that was planned to take place with a senior manager in International Airlines Group, was cancelled due to the British Airlines plane emergency when it had to return to Heathrow Airport to make an emergency landing due to an on-board fire.

On the other hand, the participants' refusal to be recorded, forcing the researcher to revert to handwritten notes which also posed a challenge. The following challenges were also experienced: a participant's refusal to mention his/her name; others participants choosing to be listed as someone the researcher spoke to, but not to directly or indirectly attribute any particular quotes or opinions to them; the loudness in the interviewing room/place; and on some occasions, interruption of the interview by other factors, for example phone calls, urgent duties, another employee interrupting and in two cases the researcher experienced computer hardware malfunctions.

²⁶ See appendix F for the consent form.

One of the difficulties that the researcher faced was travelling around 48 kilometres between Amman where she was carrying out her interviews and Zarqa where she lives. On the same scale, the researcher set aside Fridays for Skype interviews with people from other airlines since Friday is the weekend day in Jordan and most of the Arabic countries whilst it's a working day in most of the other countries especially European countries.

4.13 Conclusion

This chapter has presented an overview of the methodological approach used for this study. Justifications for why specific methods are more useful than others, and for how the data will be gathered and analysed later on has been presented. The nature and scope of the pilot study has been explained; fifteen semi-structured interviews helped to establish a good understanding of the problem and revealed some important issues. Then a detailed explanation of the sample and how the main data was collected along with all the strategies and settings that used to undertake and facilitate the interaction with the participants has been discussed.

Methods of analysis which were adopted to determine the main themes of the study have been explained. The first part explained how the researcher analysed and coded the transcribed data step-by-step using QSR NVivo 10. This process started with the first code cycle in which the researcher assigned the label to the text then the second code cycle which help the researcher to remove the unnecessary codes and categories and merge others. The last section presented the main emerged themes which the researcher is going to expand on each one later through chapter 5, 6, and 7. The next chapter will introduce the first theme and all its subthemes and expand on how each one contributed toward answering the research questions.

In the next chapter, the researcher will present the themes' main findings and discuss it in details. The next chapter will present and the main findings of theme one and discuss the main challenges in the aviation industry all of these from the lens of RJ.

Chapter Five

Theme One: The Airlines Industry's Attitude towards Brand Alliances

Chapter One:	Introduction and Scope of the Study
Chapter Two:	The Case of Royal Jordanian Airlines
Chapter Three:	Brand Alliances in Airlines Industry Framework
Chapter Four:	Research Design and Methodology
Chapter Five:	Theme One: The Airlines Industry's Attitude towards Brand Alliances
Chapter Six:	Theme Two: The Key Branding and Marketing Strategies and the Potential Future Choices
Chapter Seven:	Conclusions and Recommendations

5.1 Introduction

This chapter investigates the airlines industry's attitude towards brand alliance, by exploring the major challenges that RJ is facing within the airline industry and how they managed and responded to these challenges. In Chapter 3 the literature concerning globalisation, strategic convergence and strategic alliances was introduced and explained with reference to the international airline industry. This theme seeks to answer the following research questions:

1. What are the key drivers behind creating more global airline alliances in branding?
2. How has globalisation affected the service branding strategies of the airlines industry?
3. How have national airline companies traditionally dominated by domestic strategies responded to the airlines alliance frenzy era, such as in the case of Royal Jordan Airlines?

From the review of literature in chapter 3, some trends can be identified in terms of the motivations of airline companies:

1. Collaborate in response to strategic convergence and competition.
2. Input to strategic alliance – partnership.
3. Respond robustly to impact of global technological change.
4. Secure economies of scale.

5.2 Analytical framework

In order to address the airlines industry's attitude toward brands alliances the discussion is presented in four major subthemes:

1. Macro environmental pressures (incorporating globalisation and business environment drivers;
2. Strategic motivations;
3. RJ competencies;
4. RJ inadequacies

The study began by gathering data with the first two groups' participants; the current RJ employees and retired and former RJ employees respectively²⁷. The first part of the interview was asking about the current states of the airlines industry and investigating the challenges which are facing RJ in the market and then proceeded to questions about how and why RJ joined the OWA²⁸.

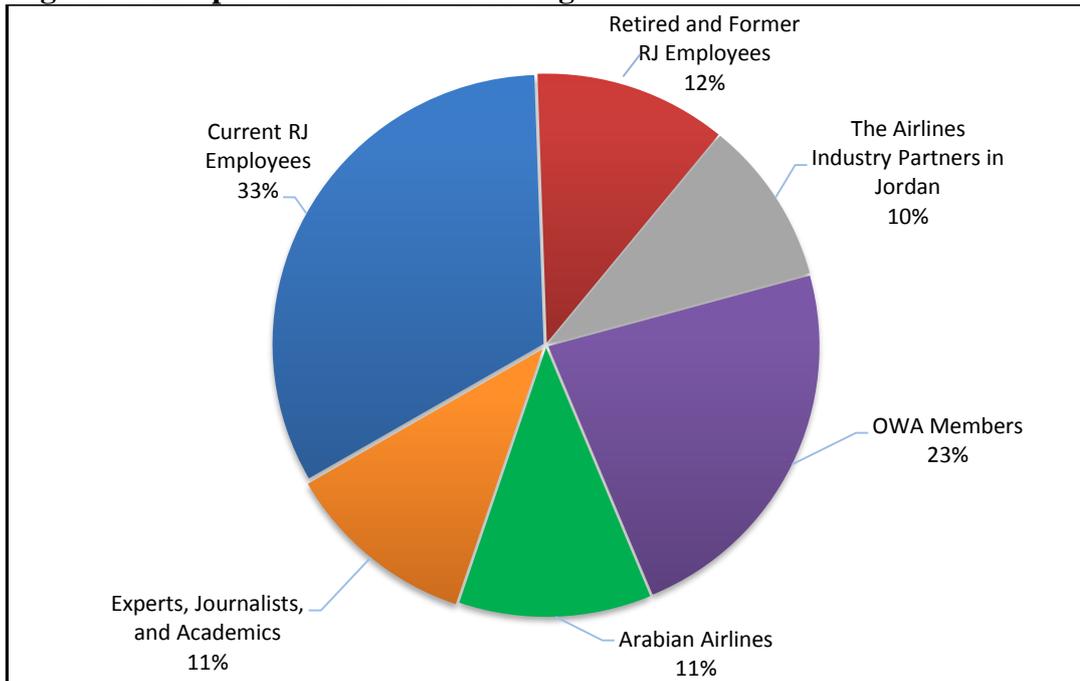
The researcher expanded the scope of the study by including participants from the Airlines industry partners in Jordan, the OWA, and Arabian airlines, these groups are the third, fourth, and fifth group respectively.

The questions posed to these participants were very similar but slightly modified based on how each group was related to RJ and OWA. The sixth group, which consists of the experts, journalists and Academics, has expressed their opinions about the challenges and global alliances in more comprehensive way rather than focusing on one airline or alliance. The following chart illustrates the sample distribution percentages of each of the participants' group.

²⁷ See Table 12, page 129 and Table 16, page 150 for more details on the participants' groups.

²⁸ See Appendix C for the interview guide.

Figure 18 Sample Distribution Percentages



Source: Table 12, page 129.

The percentages above reflect the weight of each of the participants' groups. As a result, that most of the 33 per cent of the participants are current RJ employees, the study factors were attributed in most of the cases by them. Based on these groups, Table 17 below illustrates the main findings that constitute theme one categorized by each of the participants' groups.

The table breaks the findings down based on how many times, either parent or child node, were mentioned by the participants. For instance, under Environmental Pressure, the political unrest factor is mentioned the most at 39 times. Collaborating and competition is mentioned 32 times under Strategic Motivation. While under the parent node of Core Competencies, the niche market ranked the first with 32 times. Limited budget was one of the main factors that is mentioned 29 times by participants as an inadequacy of RJ.

Table 17 The Main Factors of Theme One: the Airlines Industry’s Attitude toward Brands Alliances

Colour Key: Main Theme Parent Node/ Subtheme Child Node

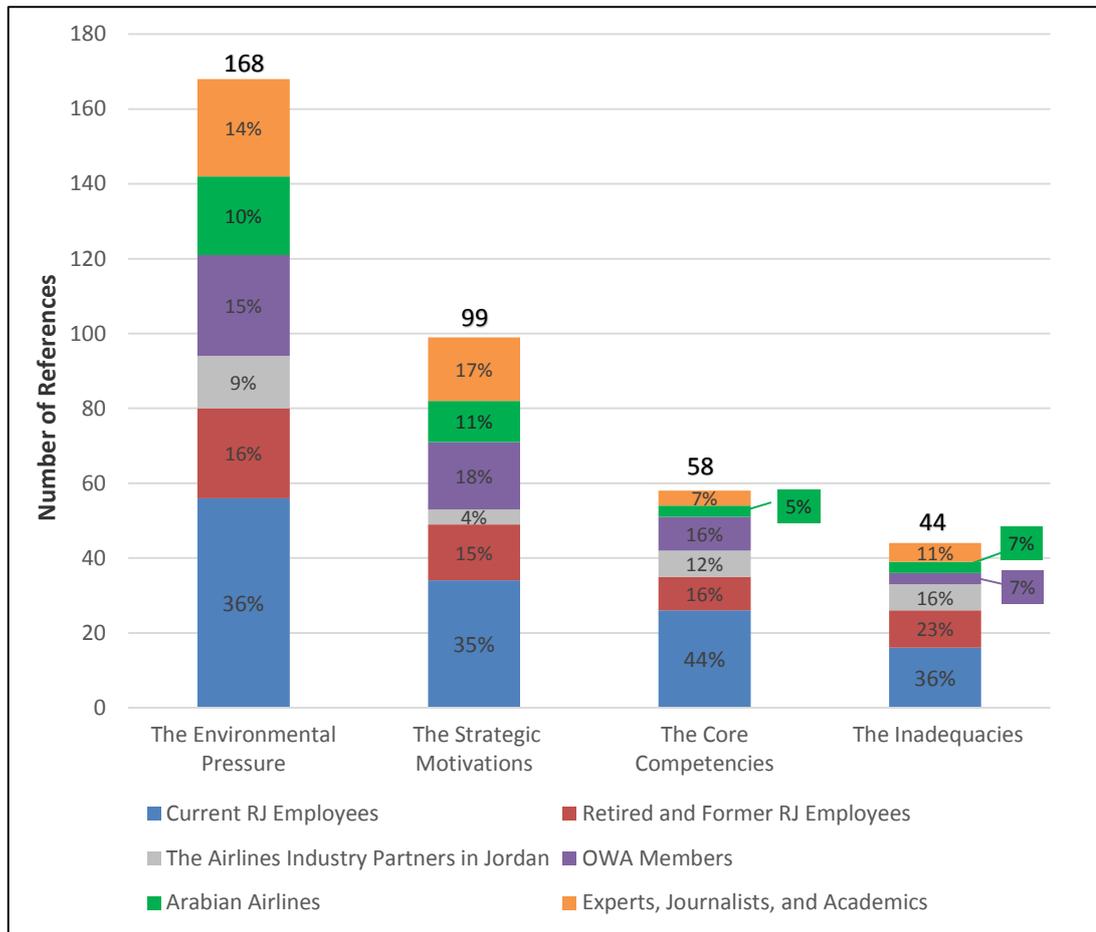
Main Theme and Subthemes	Participants’ Groups						Total References
	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	
	Current RJ Employees	Retired and Former RJ Employees	The Airlines Industry Partners in Jordan	OWA Members	Arabian Airlines	Experts, Journalists and Academics	
Theme One: the Airlines Industry’s Attitude towards Brand Alliances	132	58	32	57	38	52	369
1. The Environmental Pressure	56	24	14	27	21	26	168
<i>1.1 Fuel Prices</i>	<i>13</i>	<i>5</i>	<i>3</i>	<i>6</i>	<i>4</i>	<i>4</i>	<i>35</i>
<i>1.2 The Political Unrest in the Middle East</i>	<i>15</i>	<i>7</i>	<i>3</i>	<i>4</i>	<i>4</i>	<i>6</i>	<i>39</i>
<i>1.3 Globalisation of Competition and the Deregulation Effect</i>	<i>9</i>	<i>4</i>	<i>2</i>	<i>7</i>	<i>2</i>	<i>7</i>	<i>31</i>
<i>1.4 Consumer Preferences</i>	<i>8</i>	<i>4</i>	<i>3</i>	<i>6</i>	<i>8</i>	<i>5</i>	<i>34</i>
<i>1.5 The Competition</i>	<i>11</i>	<i>4</i>	<i>3</i>	<i>4</i>	<i>3</i>	<i>4</i>	<i>29</i>
2. The Strategic Motivations/ Opportunities	34	15	4	18	11	17	99

<i>2.1 Collaborating and Competition</i>	<i>12</i>	<i>5</i>	<i>2</i>	<i>4</i>	<i>3</i>	<i>6</i>	<i>32</i>
<i>2.2 Designing a Global Service</i>	<i>8</i>	<i>3</i>	<i>2</i>	<i>4</i>	<i>3</i>	<i>4</i>	<i>24</i>
<i>2.3 Impact of Technological Changes</i>	<i>7</i>	<i>4</i>	<i>0</i>	<i>5</i>	<i>2</i>	<i>3</i>	<i>21</i>
<i>2.4 The Economies of Scale and Scope</i>	<i>7</i>	<i>3</i>	<i>0</i>	<i>5</i>	<i>3</i>	<i>4</i>	<i>22</i>
3. The Core Competencies/ Strengths	26	9	7	9	3	4	58
<i>3.1 Niche Market</i>	<i>12</i>	<i>6</i>	<i>4</i>	<i>5</i>	<i>3</i>	<i>2</i>	<i>32</i>
<i>3.2 The Travel Experience and the Quality Standards</i>	<i>14</i>	<i>3</i>	<i>3</i>	<i>4</i>	<i>0</i>	<i>2</i>	<i>26</i>
4. The Inadequacies/ Weaknesses	16	10	7	3	3	5	44
<i>4.1 Limited Budget</i>	<i>11</i>	<i>4</i>	<i>3</i>	<i>3</i>	<i>3</i>	<i>5</i>	<i>29</i>
<i>4.2 Internal Policies and People</i>	<i>5</i>	<i>6</i>	<i>4</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>15</i>

Source: The researcher's own data.

In order to translate the findings in table 17 into visual representation, figure 19 below provides the percentages based on how many times particular factor is mentioned or attributed by specific group.

Figure 19 Representation of the Main Factors of Theme One: the Airlines Industry’s Attitude towards Brand Alliances



Source: Table 17, page 162.

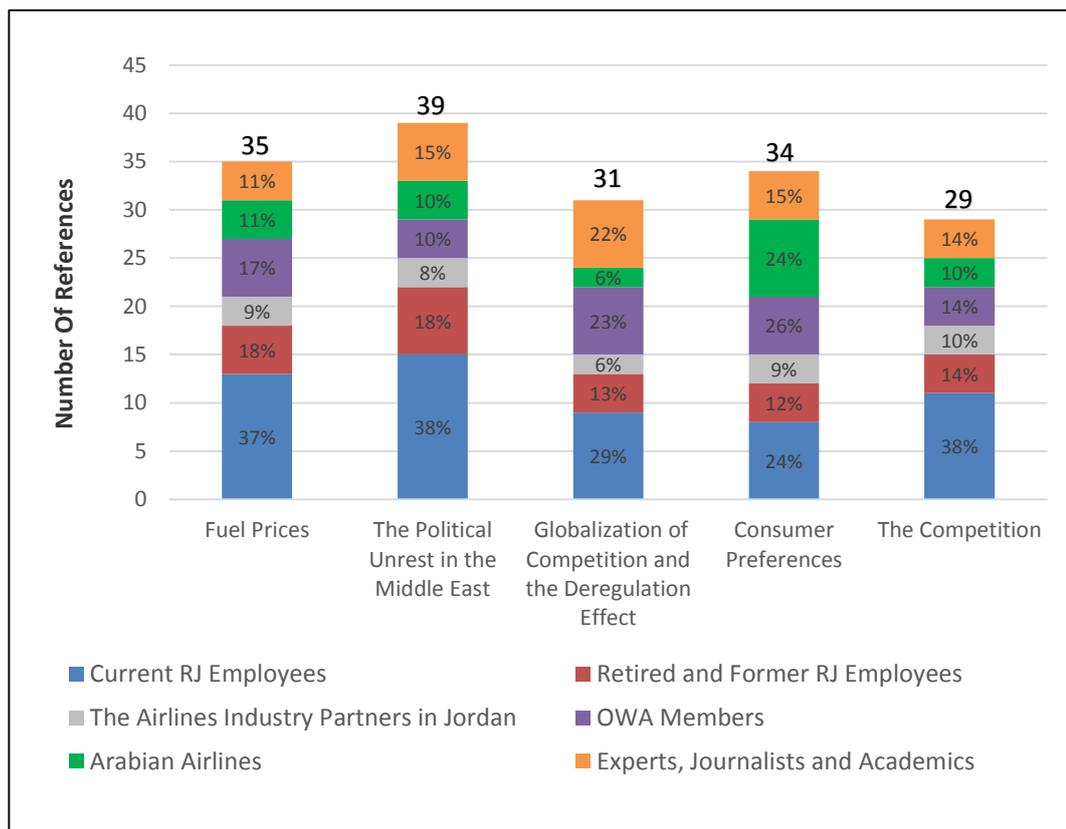
Looking at the figure above it can be seen that Environmental Pressure is the most mentioned factor across all the groups. In the second place is the Strategic Motivations then RJ’s Core Competencies and Inadequacies. Taking a deep look at each factor, it can be seen that environmental pressure is mentioned the most by Current RJ Employees (36 per cent). Then by retired and former RJ employees (16 per cent), OWA members (15 per cent), Experts and journalists (14 per cent), Arabian Airlines (10 per cent), and finally The Airlines Industry partners in Jordan (9 per cent). In total the environmental pressure was attributed 168 times. Core Competencies are attributed the most first by current RJ Employees group and then by Retired and Former RJ

Employees and the Experts, Journalists and Academics group. Finally, RJ Inadequacies was attributed first by Current RJ employees and Retired and Former RJ Employees. The following four sections highlight the four factors supported by quotes, and discuss them in detail.

5.3 Environmental Pressure

It found that strategic alliances are formed in response to a number of environmental pressure; globalisation effects and macro environmental drivers such as the rising fuel costs; political instability; growing liberalization and increased deregulation; the diversity of the consumer preferences; and the increased competition.: increased rise in technological change; and environmental concerns; Figure 20 provides a representation of the environmental pressure factor based on the number of references per group.

Figure 20 Representation of the Environmental Pressure Factors



Source: Table 17, page 162.

It can be seen in Figure 20 that Political Unrest in the Middle East is viewed as contributing most to environmental pressure. Both Current RJ Employees and the

Retired and Former RJ Employees mentioned Political Unrest in the Middle East as exerting most environmental impact. Partners of RJ attributed all the factors equally except for Globalisation of Competition and Deregulation Effect which were rated as of less importance. Both the members of OWA group and the experts, journalists and academics group stated that Globalisation of Competition and the Deregulation Effects factors had the most impact. The Arabian airlines group believed that Consumer Preferences has the most impact in the airline environment. This section explores these environmental pressures with the aim of providing greater understanding of the challenges facing RJ in its environment.

Earlier in Chapter 2 a detailed background on the Middle East and the current status quo pro the Arab Spring was introduced. According to Cordesman et al., (2013, p2) “the political dynamics and violence that shape the current series of crises in the Middle East and North Africa (MENA) – and daily events in Bahrain, Egypt, Iran, Iraq, Lebanon, Libya, Tunisia, Syria, and Yemen – dominate the current course of virtually every aspect of these states including much of the current course of violence and instability in the region.” Meaning that the environment instability in this region is likely to dominate concerns for all businesses, thus requiring businesses to respond in an agile way to unexpected environment shifts.

Data analysis revealed that environmental pressures were one of the main attitude in the industry and it was attributed the most, the interviewees were concerned about; fuel prices; political unrest in the Middle East; globalisation and the deregulation effect; consumer preferences; and competition effects.

5.3.1 Fuel Prices

The first sub theme that emerged from data was fuel prices which have always been an uncomfortable issue for the airlines companies. The General Manager of Petra Travel and Tourism said that:

“The main threats that are facing any airlines is the high fuel cost...It is always about the operational cost and how much is the fuel cost per trip.”

No. 30

The Former Vice-President of RJ said that:

“It is not only the tough competition but also the fuel price which is very high and the operating cost at the airport is becoming another hurdle on the airlines because of the privatization of Queen ALIA airport facility”

No. 32

The Customer Experience, Business Development and Market Research Director argued that the status quo is not only affecting the Arab states but also other countries and that this is what makes the situation more difficult. She stated that:

“Things have started to be much challenged for small airlines is the fuel price, the economic unrest or depression, things evolved with the last three years tremendously, even in the States, in Europe and so on.”

No. 2

The former CFO of RJ argued that fuel is not an issue to be considered as he said that RJ always attributes their losses to the increase in fuel prices but the truth is that the fuel surcharge will be reflected directly on the passenger’s ticket. He explained it thus:

“If we look at their financial statement for the last three years we will figure out that they are making money from the fuel but not losing. The additional increase in the fuel prices lead to additional increase in the ticket prices which called surcharge which I think it is more now than the actual increase in the fuel cost.”

No. 27

Another important point was raised by a former Senior Manager, who is currently the Regional Manager of Jordan, Palestine Territories and Iraq at AirFrance.²⁹ She grouped the airlines into two; one is the gulf carriers and the other one is the non-gulf carriers by saying that:

“It is obvious for most of the Non-Gulf airlines that fuel price is not a problem for the Gulf carriers since they are subsidized by their governments’. While the non-gulf carriers struggle with the fuel cost and its consequences.”

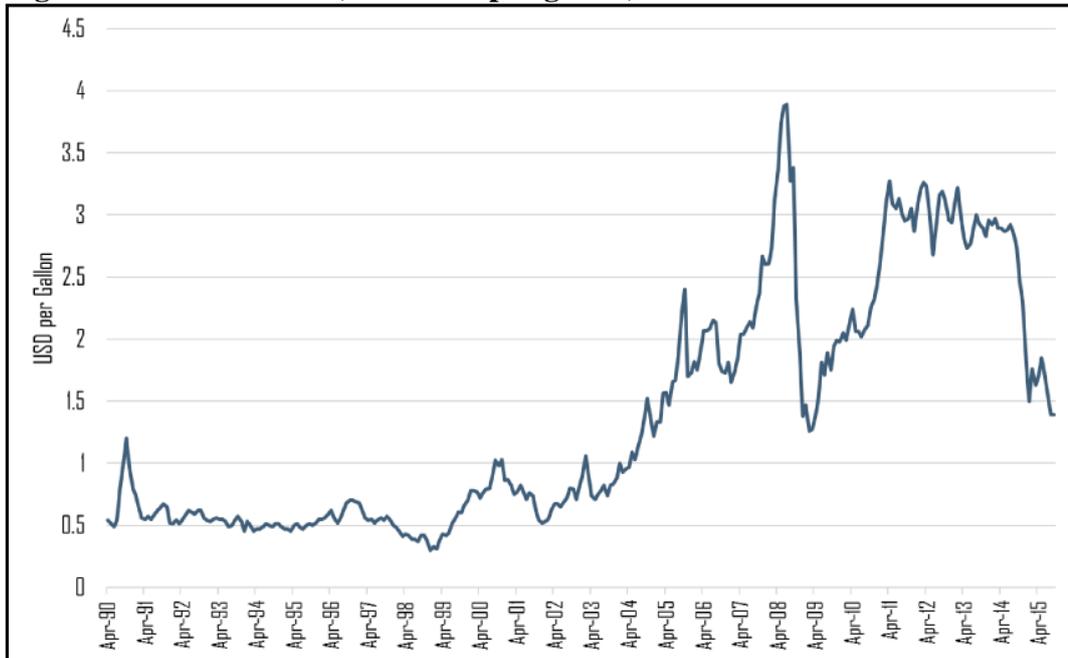
No. 22

If “fuel accounts for about 40 per cent to 50 per cent of air operating costs of a flight, depending of the type of plane used (economies of scale and fuel efficiency are

²⁹ Air France is part of Sky Team.

directly related)³⁰, analysing Figure 21 below, we check the impact on costs of airline companies. After 2007s crisis, there was a significant rise of jet fuel from August 2009 to April 2011 which remained at a constant trend in the amount of 120 US Dollar per barrel, even with a sharp drop from April to August 2012. In August 2014, there was a very marked drop in prices; however, most of the interviewees have highlighted this issue based on the period they have set to the interviews.

Figure 21 Jet fuel Price (US Dollar per gallon)



Source: https://people.hofstra.edu/geotrans/eng/ch3en/conc3en/jet_fuel_prices.html

It is clear from these comments that fuel costs will be a problem for non-Gulf carriers while Gulf carriers will continue to experience a competitive advantage because their governments underwrite their fuel costs indirectly via subsidies.

This means that in future if governments choose to reduce or eliminate subsidies some airlines will experience fuel cost increases that they have heretofore not experienced. It also means that government owned airlines like RJ benefit from this unfair advantage. Unfair in the sense that not all airlines have access to this subsidy.

³⁰ https://people.hofstra.edu/geotrans/eng/ch3en/conc3en/jet_fuel_prices.html.
See also <http://www.iata.org/publications/economics/fuel-monitor/Pages/index.aspx>

5.3.2 Political Unrest in the Middle East

The other sub-theme that emerged during the review of the literature and which was mentioned often by RJ employees was the political unrest situation in the Middle East. RJ has served the conflict areas in Levant, shown below in Figure 22 since 1963.

Figure 22 The Routes of RJ in “the Arab Spring” Region



Source: RJ website (2015).

RJ still serves five Iraqi cities including Baghdad, Basra, Sulaimaniyah, and Erbil with temporary suspension from time to time based on the security conditions. Also RJ was one of the rare airlines serving Mosul until it has been seized by ISIS on June 2013. RJ served Syria through Damascus and Aleppo until 2013. Also despite the chaos that happened in Egypt in 2012, RJ was running three flights daily to Cairo International Airport. Flying into Lebanon, RJ serves Beirut International Airport on a daily basis. Even in the midst of the most unstable times in Libya RJ never stopped flying into Benghazi International Airport 2014. However due to the extreme unitability and for security reason, RJ has stopped 6 destinations; Tripoli, Benghazi, Misrata (Libya), Mosul, (Iraq), Sana'a and Aden (Yemen), and Damascus and Aleppo (Syria).

Even though RJ have never stopped operations because of political unrest many participants felt that RJ should strategically start looking at different niche markets and other destinations in more stable regions to mitigate loses in the Levant market due to

political or business issues. This approach was suggested by many participants. Chief Sales, Marketing and Customer Experience stated that:

“Syria is completely closed, Egypt is somehow the same, to Lebanon we fly around to hours to reach, so it is not getting easier because of what is happening in the region politically, so the political pressure are not helping at all, that is another thread that we keep in mind continuously.”

No. 3

Another Marketing Manager at Travel Agency said about the unrest situation in the Middle-East that:

“The political situation really affects the travel centers and agencies a lot, for instance I use to sell tickets to Cairo around 500 thousand annually but now I just sell not more than 50 thousand to the same destination.”

No. 28

Another retired RJ employee, who was working as the head of the commercial department, commenting about the Arab Spring saying that:

“Recently with the Arab Spring, many problems were created on routes to Egypt, Libya, Tunisia and much more. In the first few months where as a nightmare for RJ because they could not operate to those places and those are very lucrative routes”

No. 23

The opinion of the Oneworld Project Director at RJ contradicts what others said. He viewed the Arab Spring phenomenon from a different point of view:

“The Middle East region faces a bad political situation because of the Arab Spring, However, I think this should be consider as strength instead of weakness because Amman and Jordan are being much more preferable than any the other surrounding cities specifically in the Middle East.”

No. 1

From the discussion above it is clear that Arabian airlines have less regional and domestic traffic due to unrest in the Middle East (Franke and John, 2011). However, the *Middle East Big Three Carriers* are driving airline traffic outside their regional and domestic region because they have significant resources that enable them to deal with

and recover quickly from any sudden issues brought about by unrest. This is a great concern for other Arabian airlines who are serving this niche such as RJ, Middle East Airlines, and Egypt Air because political unrest has a massive negative effect on passengers' motivation to travel to such destinations (Graham, 2013; Halpern and Graham, 2013).

5.3.3 Globalisation of Competition and the Deregulation Effect

Competition and deregulation are drivers that will continue to push the industry in the direction of more open markets. The first move in terms of liberalisation enabled alliances to form and enabled airlines to circumvent some of the remaining restrictions on them.

The globalisation of competition increased gradually over the years and has led to increased openness of markets all over the world. Globalisation and the movement toward 'open skies' have a great influence on the formation of global alliances among airlines – a view supported by participants in this study.

The Open Skies advocates for a new liberalization of both the regulations and rules of international aviation, in particular commercial aviation, to develop a free-market all air carriers. The main objectives consist of two elements. Firstly, to liberalize regulations and rules for international aviation and minimize government intervention as it applies to passenger, all-cargo, and combination air transportation as well as scheduled and charter services. Secondly, to revise the regime that permits state based air carriers and military flights.

A Former Director at RJ and Senior Manager at Al-Ahliya Agency stated that:

“Liberalization of air services arrangements have over the years somewhat become the forerunner to globalisation. It is generally felt that countries embracing globalisation are more liberal and receptive to Open Skies arrangements.”

No. 26

Also it is known that forming an alliance increases the probability of success for a small brand in the global market and this what makes the alliance much more important for small-medium carriers (Abratt and Motlana, 2002).

Senior Vice President, International Affairs at Malaysian Airlines commented about technological impact saying that:

“Globalisation has gradually over the years led to the signing of more Open Skies Agreements between countries. With globalisation countries are beginning to see the merits of Open Skies Agreements which facilitate enhancement of economic and trade links between countries through improved connectivity.”

No. 41

On the other hand, a senior accountant from Malaysian Airlines commented that:

“Both globalisation and deregulation have made things much easier than any time before... Easier efficient and more accurate on many levels; flight planning, gaining access, attracting passengers and rewarding them, efficient operations, recourses saving.”

No. 40

The spread of alliances presents difficulties to ascertain the ground rules for negotiations that require the carriers' country of origin. Therefore, alliance networks generally prosper in environments of regulation, where national governments and air carriers act together to increase innovative global opportunities and systems. This is clear in several alliance groups (Debbage, 1994). An Aviation Professor stated:

“US deregulation was the catalyst for open skies and domestic deregulation has tended to precede international liberalization with its emphasis on market forces in pricing and entry/exit.”

No. 59

One Aviation Marketing Professor said:

“The Deregulation Era did not deregulate or liberalize ownership restrictions, as in fact as the industry was truly not deregulated or fully liberalized, alliances had to be used as international ownership restrictions remained in place.”

No. 58

The Director of Asia-Pacific Strategic Alliance at American Airlines stated that the “less regulated market” has forced the U.S. carriers to try to fly profitably. Since this could not be done easily he argued that the alliances are the solution. He stated that:

“Since flying non-stop to these points was no longer an option, carriers with strong partnerships in the region, which required passengers to connect between carriers, no longer had an inferior customer proposition.”

No. 42

Pan Am, for example, had to reevaluate their routes to places like Casablanca and make significant changes to their network to ensure long-term sustainability in the new de-regulated era (although they ultimately failed). Unique points served by Pan Am were unique because they (1) had to fly there and (2) were not profitable so no other carrier would enter the market.

The columnist, Al Qadmani, commented in the Al Rai Newspaper³¹ that although Jordan came into the OSA almost 10 years ago nothing much has happened since. He added that flag carriers strongly resist the OS policy for their own benefits. This situation is similar to that of US carriers against Gulf Carriers.

However, in contrast to that, the International Relations Manager at RJ, when she was asked about her reflection on deregulations, indicated that the OSAs with other countries will affect the economic business of the flag carriers since competition is open and market share can be partially shared or taken by other airline companies.

“There is neither fair competition nor equal chances for Arab carriers. There is no regulatory body or entity similar to the CAB and EU commission to monitor the work of the Arab Carriers externally and internally.”

No. 7

A retired senior manager echoed the same point:

“You cannot open the market all at once you should first make sure that the carrier in a good position and is able to compete without any operating and economic obstacles and restrictions then let it compete and face the other Arab flight companies.”

No. 24

³¹ Al Rai is the official Newspaper in Jordan and totally owned by the government.

This is in line with the views of both Lu (2003) and Button (2009) as they argued that due to deregulation movements in the airlines industry the pressure from the big and efficient carriers is increasing which will put more pressure on other airlines.

The former IATA's RVP and former RJ's Commercial Manager, Consultant at Kuwaiti Airlines commented on this by saying that:

"...because you get the traffic rights according to the open sky's policies but it is a challenge to get the slot at the airport because...- I do not know if anybody told you about this –there is a problem with congestion in the European airports so, getting the traffic rights is one thing of getting the slot to go to that particular airport this is another thing."

No. 23

Another challenge for RJ is to find an appropriate slot to fit in on selected routes at specific hubs. Many interviewees criticised the deregulation act as they cannot operate at the slot due to the highly competitive situation for that route or hub. Alliances have helped a lot in this regard by trying to arrange ahead among the members to make sure that a greater revenue is generated especially when the alliance is complementary rather than parallel (Park, 1997).

However, such things might inhibit the more regulated markets such as in Jordan from enjoying the benefits of globalisation and openness of the markets comparing to other developed markets and can have a negative effect and imposed heavy cost on these markets (Rodrik, 1999). The current case of U.S. vs. the Middle Big Three carriers in which the U.S. carriers argued how the OSAs harmed them contradicted the earlier view and proved the OSAs can harm the competitiveness of the carriers especially if the openness of the market applied with rich and subsidised countries as Gulf carriers.

Back in 1992 the CEO of Fort Worth-based American Airlines, Mr. Crandall, who was against OSs, warned the U.S. carriers that in the case of applying the OS policy they would need to be careful of the carriers that are based on small population, physical size or economic vitality on their market share. Consequently, the U.S. carriers complained that as government-owned enterprises the Gulf carriers were getting huge subsidies that make it possible for them to operate hundreds of luxurious wide-body jets each week at below-cost average fare prices.

5.3.4 Consumer Preferences

Consumer preferences as in having competitive prices, better service, more flights frequencies, additional destinations and similar aspects might be considered to offer great opportunities for airlines however it also poses a great pressure on them. The opportunities are to generate more profits and achieve greater market share. However, many consider satisfying the consumer is as a continuous challenge especially as their needs are growing as they become more discerning and any airline needs to respond to growing consumer requirements. The General Manager at Petra Travel and Tourism Company said:

“It is also when I offer a service for a Jordanian customer who got so many different points to fly Europe and America, it opens all the airlines that are within Oneworld in the same web page. So the customer got the chance to choose and that raise his or her expectations.”

No. 30

Consumer preferences are dynamic and make the industry highly competitive and airlines need to keep an eye on them and update the offerings accordingly. Alliance membership makes it easier for both companies and consumers to make decisions on choosing certain airlines or meeting these needs. The General Manager, Sales and Distribution at Cathay Pacific stresses on the same point saying:

“Those reasons still exist and have been further supported by the need to provide improved customer service and reward opportunities for customers. We should always follow their needs.”

No. 37

Similarly, EMEAR General Affairs at Japan Airlines expressed how they were hesitant and then very successful in terms of helping them keeping their passengers’:

“It might look difficult to justify why Japan Airlines needed to expand its network. We did not think initially it was necessary to join an alliance. After a while we notified to the very broader demands of the customers the passengers’ wants has evolved to have a network that is beyond what we could economically feed.”

No. 38

So one challenge identified from analysis of this data is that consumer preference is a critical success factor for RJ and therefore presents a challenge for them to keep

up to date with consumer needs in order to be able to provide consumers with the service they desire. The service that RJ offers needs to be as good as that offered by other members of OWA if it is to enhance their image. RJ customers need to feel that they are receiving the same level of service as that offered by other members of OWA.

5.3.5 Competition

Increased competition is another driver of strategic alliance forming that is facilitated by increased deregulation. Since the barriers to entry in the airline industry are high due to cost of capital investment and also the need to conform to regulations, it is likely that deregulation will slightly lower costs of entry. It has also been noted in the literature review that the airline industry adopts aggressive strategies to prevent competition. The former IATA's RVP and former RJ's Commercial Manager, Consultant at Kuwaiti Airlines said that:

“The Competition is the main threat for RJ. There are some aggressive airlines that formed a real serious challenge for RJ and I will tell you those airlines in the gulf you have three strong gulf carriers like Emirates, Qatar Airway and Etihad”

Echoing this, the Oneworld Project Director at RJ said that:

“The fuel , the economic situation here in Jordan , these are the main challenges plus, the local competition is increasing , like Royal Falcon, Jordan Aviation and so on, whatever is the limit , but they are increasing .”

No. 2

A Commercial Analyst at oMC considers that aviation in Arab world is a new opportunity that had not been fully explored and where there is a lot of uncertainty:

“We have the three gulf carriers who are faster than any other carriers in the world but of course it depends on which measure do you use. This represents challenges and not necessarily negative but in a positive way to the rest of the carrier.”

No. 41

The Revenue Passenger Supervisor said that:

“The threat is the gulf carriers – Etihad, Emirates and Qatar - when they have a huge capacity and serving in Jordan with Boeing 777 so they achieved a reduction in the cost much more than what RJ can achieve.”

No. 11

These responses highlighted that the MEB3 are a huge challenge and introduce unavoidable competition to the industry. Dresner et al., (2015) confirmed what many other researchers have claimed, namely the explosive growth and aggressive strategy of the MEB3 in future. Researchers showed that the activities of MEB3 increased competition and doubled their number of passengers between 2008 and 2013.

On the other hand, the Divisional Vice-president Route Planning and Economics at Emirates Airlines stressed the previous point and raised the issue of LCC:

“The competitive situation in the airline industry is intense, with the emergence of carriers from new world both conventional and LCC models, whilst conventional carriers from the traditional markets are also adding more capacity. The long-haul segment is getting particularly intense.”

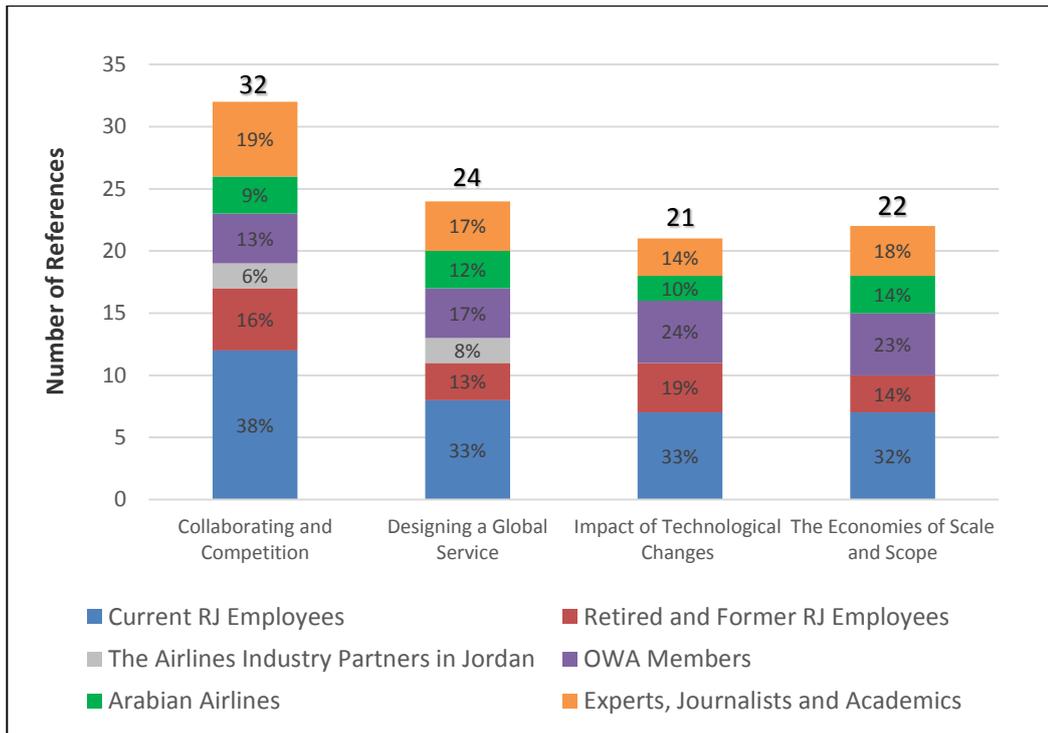
No. 54

This confirms what was discussed in Chapter 3 regarding competition amongst alliance members. When the alliance is horizontal and there is a complementary integration among the members there will be an increase in market density and a reduction in fixed costs which will reduce fares in general and increase competition among the FCC, MEB3s and LCC.

5.4 Strategic Motivation

Strategic alliances have been adopted as a strategic alternative to formal mergers or acquisitions in the airline industry (He and Balmer, 2006). Figure 23 provides a representation of the strategic motivations factor based on the number of references per group.

Figure 23 Representation of the Strategic Motivation Factor



Source: Table 17, page 162.

It can be seen in Figure 23 that the Collaborating and Competition factor was the most weighted factor across all participant groups. Therefore, we can claim that the industry looks at the alliances as strategic tool to collaborate with the competitors against other competitors. The three groups of Current RJ Employees, Retired and Former RJ Employees and Experts, Journalists and Academics recognized Collaborating and Competition as the most important reason for formation of global alliances. The group of OWA members attributed the Impact of Technological Changes and the Economies of Scales and Scope factors equally. The Arabian Airlines Group weighted all the merged factors the same except for the Impact of Technological Changes which was weighted less by them. From the literature review the main strategic motivations for airlines to form alliances are:

1. Collaborate in response to strategic convergence and competition
2. Input to strategic alliance – partnership
3. Respond robustly to impact of global technological change
4. Secure economies of scale

From the interviewees' point of view, they see that at least one of the following three factors is a normal result of the globalisation and as a result more alliances were formed in the airlines industry.

5.4.1 Collaborating and Competition

Although competition was considered earlier as a threat, there are a number of studies that have argued that regulation of the market has a greater impact on how much the different parties either compete or cooperate between each other. Scholars also argued that the collaboration between airlines will not only increase the efficiency of the market but also increase their power by having better competitive advantages in the market (Nielsen and Jolink, 2012).

A Sales Audit employee said:

“The strength sometimes comes from the weaknesses. When you work in partnership means that you are converting those competitors who are still there competing with you but yet you are collaborating so you can both survive.”

No. 12

The Branding Manager at Egypt Air emphasized the importance of competition as one of the important factors that led to forming an alliance:

“Although we can ignore that they are still compete among each other but it is a simple equation for us as a small carrier comparing to other- If you cannot compete them join them-.”

No. 51

This finding supports Gimeno’s (2004) assertion that the criteria that the firm uses to decide either to collaborate by joining the same alliance or compete by joining different alliance. However, many of the experts questioned the reality of this collaboration relationship. A former Vice-President at Qatar Airways said:

“That can do much more than an alliance can do. Because you are still restricted when you are entering an alliance. You can be talking only bi-lateral agreements with other non-member of the alliance. A much stronger branding than what Qatar Airways did in becoming part of Oneworld Alliance.”

No. 57

An editor at Bangalore Aviation claimed that having more alliances means that you will be looking for more passengers:

“The alliance is just an extension of the bilateral collaboration and the extension of any airlines services. But the problem is that are we really do it in an effective way”

No. 60

This finding is in line with those of Lin (2008) who stated that collaboration between players in these industries increases monopolistic power and therefore reduces industry efficiency. Doz and Hamel (1998) claimed that having competition between partners may complicate alliance management. Moreover Das and Teng (2001) argued that the tension between members may exist however it should be solved by adopting another more or less complicated governance structure.

The vast majority of alliance partners are airline competitors. The competition and collaboration balance may change, requiring adaptations to the structures of governance. It is not always easy to find the correct balance between autonomy and dependence. For example, alliance organisations depend on each other, but are responsible for their company.

5.4.2 Designing a Global Service

The upgrading of the service was widely mentioned by the RJ employees who said that being part of global alliance means that it is a must design a product that will be accepted on a global basis by any prospective passenger from any member of OWA. Part of this is the upgrading that was undertaken by RJ to its physical infrastructure and product.

Upgrading OWA headquarter made a central contribution to the alliance and contributed to the overall alliance image. The upgrade of the physical space also resulted in the ability to provide the level of service to customers that OWA requires.

The Project Management Office Director said that any new member should reconfigure the systems to accommodate the rest of systems of other members:

“We used to have in house developed system but after the alliance we had to comply with the alliance way of exchanging the data, so we had to implement several systems that were mandatory for joining the airline.”

No. 9

RJ - as many employees confirmed - is beginning an IT transformation project that keeps up to date with the status quo of the aviation industry. RJ will also upgrade the current system in a way that enhances RJ performance and maintains compatibility with OWA requirements.

The Executive Assistant Media and Communication Spokesman at RJ stressed the same point as he explained how they modified aspects of publicity and public relations after becoming part of the alliance. OWA improved how RJ presented its news and also conducted small scale research which has had a great impact on how RJ deals with local and global media and copes with national and international press. He stated that:

“Just to be affiliated with Oneworld means that you are responsible to upgrade everything you are doing to be up to their standards and the publicity and public relations are one of the most core aspects of that.”

No. 8

Multiple participants from RJ echoed the same perspective. Trade Marketing and Sponsorship Manager explained how becoming a part of OWA has changed the way they do their job. She believed that almost every single aspect of commercial activities is linked to OWA and highlighted the benefits of joining the alliance. Some other parts of the agreement between RJ and OWA include items such as display point and brochures - these should reflect the OWA presence even at RJ headquarter in Amman and in their hub in QAIA in Jordan. The Trade Marketing and Sponsorship Manager said:

“We stopped thinking on a local basis anymore as it is not only about Jordan and point to point connections. We start talking globally about a worldwide network. We simply start communicating on a large scale and all of this was a normal result of the upgraded service standards and meeting the Oneworld requirements.”

No. 16

The General Affairs Director at Japan Airlines stressed this same point:

“After we join the Oneworld, we renovated our service to some extent to match the standards of Oneworld Alliance... we are talking about dozens of requirements... starting from the seat pitch to the signs in the airports to our FFP to the redemption system and many other categories.”

No. 38

Manager Quality Assurance and Alliance adds that:

“Just before four months from now Oneworld has started a new audit project to see how the members are applied and delivered what is required. I do believe the team will be visiting us in our hub very soon.”

No. 20

These findings illustrate the high commitment of OWA to reflect the high quality of alliance members' offerings. Reflecting upon the globalized services offered is carried through many procedures to ensure that the level and consistency of service quality is maintained. These aspects are managed (as mentioned in Chapter 2) by the Oneworld Management Company (oMC) who is responsible for managing all these aspects and through member adherence to the DRD.

As a result, oMC at any stage can downgrade or pause the membership of any prospective or current member of the alliance if they break rules or quality standards. For example, in 2012 Kingfisher Airlines was accepted into the OWA but after a few months the oMC decided to put their membership on hold due its poor financial position.

For example, the former OWA member, Aer Lingus has changed the strategy by becoming more inclined toward the low cost services rather than being a full cost carrier. As a result of the contradiction between the new strategy of Aer Lingus and the OWA's strategy, the Irish carrier withdrew from the alliance. This instance indicates the commitment of oMC toward delivering a global standard service however, the researcher heard from a number of interviewees that any service standards introduced will be based on the founding members such as American Airlines and British Airways.

Also on the same note, many participants indicated that planning for a new service meant that only those who are shareholders will be entitled to do this. Their feeling was that all the members should take part in carrying out the new task whether it is a new service or alteration of current one. This results can be justified by Kleymann and Seristö (2001) patterns in which they have predicted that the alliances will be tired into three categories: core, second-tier, and contributor. We can relate to that based on the alliance model and classify the founders and equal to them as Core member, the non-

founders are second tier, and the last tier is the affiliate or the regional carriers and those can be classified as contributor.

5.4.3 Impact of Technological Changes

The literature review highlighted that rapid advances in technology are a key driver of alliance strategy in future. It is also true that advanced technology is one of the main drivers of endurance and prosperity of the airline industry. Interestingly, many participants highlighted technology as a challenge and at the same time one of the factors that has pushed airlines into forming the global alliances. The issue related to technology is highlighted in the following quotes.

The regional manager of the Middle East Airlines³²:

“We [Middle East Airlines] should keep the latest of the technology and this is not easy. We need to go through the adapting, upgrading and implementing matters; we need to train employees and so on. Technologies is useless if the airlines cannot implement it in the most efficient way.”

No. 49

Branding manager at Egypt Air said that:

“As you can find the most recent technology systems were used as the Amadeus reservation and as a DCS department so the pressure is to keep up to date with all these information systems which put more strain on the budget and the employee too.”

No. 51

Senior Vice President, International Affairs at Malaysian Airlines commented about the impact of technological, saying that:

“With modern technology and innovation airlines we are able to better cooperate in Frequent Flyer Program, the common check in, lounge access and seamless interline travel. Strategic Alliances allow for development of common goals and policies which are mutually beneficial to the participating airlines.”

No. 41

³² Middle East Airlines the flag carrier of Lebanon and member of Sky Team.

These findings seem to confirm that technology change is an ongoing challenge for the airline industry. RJ's alliance with OWA seems to be useful in this regard as being a member of an alliance means RJ can mitigate the costs of developing and stay abreast of technology developments. However, not all costs are mitigated and costs such as updating to Boeing Dreamliner 787s will cost RJ millions. RJ recognises that embracing new aircraft technology is important for both passengers, in order to provide them with seamless service, and also for RJ itself because this will help RJ to operate its flights more efficiently since such new technology reduces aircraft fuel consumption.

5.4.4 Economies of Scale and Scope

Theoretically, economies of scale and scope have been recognized for many years as the main benefits of alliances and many authors have proven this quantitatively (Cooke, 1988; Varadarajan and Cunningham, 1995; Gomes-Casseres, 1997; Grant and Baden-Fuller, 2004).

Small air carriers encounter higher operating costs since they operate air travel routes with smaller airplanes covering shorter journeys. Consequently, the aircraft operated and the route determines cost instead of any economies of scale.

Small carriers such as RJ in OWA can capture rather more benefits than extensive airline carriers, whereas, larger carriers, bearing in mind the gradual expansion of their network is considerably more for Royal Jordanian than other carriers. This has occurred because Royal Jordanian has extended their network at a faster pace and on a larger scale, therefore they are more efficient internationally.

Nevertheless, smaller airlines carriers use bargaining power by setting smaller members fees. Furthermore, Moreover, the set up costs for small airlines are at the highest level but this depends on if their IT framework needs customization. They require considerable internal effort to get started since they are not as advanced as large airlines.

The problem with the airline industry is that it is capital intensive therefore there are strong benefits to be achieved from economies of scale. By 2014 the labour cost of RJ is less by four times than in Europe which gives them a particular cost advantage.

The aircraft are the most expensive capital items and the total activity of the airline is too small to absorb all these high capital costs and overheads. The Former IATA's RVP and RJ's former Commercial Manager, and Consultant at Kuwaiti Airlines said:

“In fact now there are many airlines in the world, IATA has 243 members, they carry 84 per cent of the traffic but airlines that have IATA codes, are 1100 airlines too many, if you look around you here in the Levant Area, Jordan has 4, Lebanon has 2 and so on, so there are too many airlines.”

No. 23

This supports the notion that non-alliance airlines seem to have lower Revenue Passenger Kilometres (RPK) (is a measurement used in the aviation industry. Each kilometre a paying passenger has flown counts). When I asked the General Manager, Sales and Distribution at Cathay Pacific how the alliance changed the aviation industry, he said that:

“It has driven innovation and economies of scale for certain non-competitive functions like reservations systems.”

No. 37

It has been argued that progress in transportation and communication technologies and greater travel worldwide, have homogenised the markets of the world and customers now demand similar products and have the same requirements (Levitt, 1983). The strategic imperative is that organisations obtain economies of scope that results from a globalised market that produces standardised items retailed via standardised marketing. Nevertheless, since local markets are not equally influenced by economies of scale a standardised marketing programme is of questionable benefit. The findings in this study seem to support the notion that differences between local market conditions do exist and as such marketing programmes may need to be customised rather than standardised.

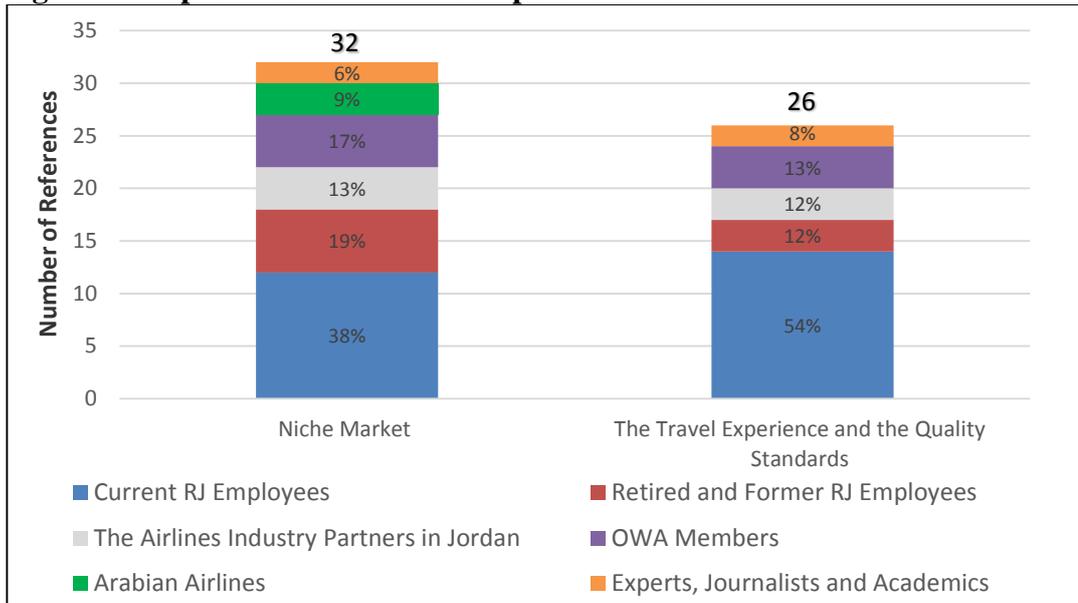
To sum up we can justify these strategic motivations based on the patterns identified by Kleymann and Seristö (2001) in which the potential benefits gained from alliancing member were identified. Consistent with what were the OWA members indicate in an indirect way, we can say that RJ can be classified more as a strong second tier member. RJ has the potential to be core member but this depends mainly on the market-offensive objectives in the case that the Middle East becomes stable once

again. If the market were to stabilise, RJ may be able to become fully dominant in the Levant and so its hub would turn from a feeder hub to the OWA to a major player in its own right.

5.5 The Core Competencies of Royal Jordanian Airlines

RJ has unique core competencies which can help the airlines to have a slight edge of competitive advantages in the very highly competitive industry. Core competencies, according to Prahalad and Hamel (1990) are the unique capabilities of the company which are difficult to imitate by other competitors and which add value for the consumer and provide the company with a competitive advantage. Figure 24 provides a representation of the Competencies factor based on the number of references per group.

Figure 24 Representation of the Competencies Factor



Source: Table 17, page 162.

It can be seen from the data displayed above that the Niche Market factor was highest overall. However, Current RJ Employees weighted the travel experience and quality standards as the highest factors. While the rest of the groups emphasizing the Niche Market. Experts, Journalists and Academics attributed both factors equally.

Referring back to the findings of current RJ employees, we can see that the travel experience and quality standards factor was weighted more than the niche market factor. Although the current RJ employees has a strong belief that the Jordanian carrier is the “flag carrier” of the Levant region and has a strong niche market there. Yet, they have a stronger belief that the service quality and the traveling experience is even higher and more crucial success factor for RJ. Especially speaking that many participants highlighted that RJ can easily compete with the big airlines on the short haul flights due to their consistent service quality and pleasant experience that reflects some traditional and cultural aspects on board.

5.5.1 The Niche Market of Royal Jordanian Airlines

RJ was the first choice for many medium and long haul flights in the Levant and gulf regions. In the period before the Arab Spring RJ had a profitable niche market even against the gulf carriers and the plan was to focus more on the intercontinental connections especially with the help of OWA partners. However, following the Arab Spring and dramatic changes that happened to the Levant region as a consequence,

along with fierce competition from MEB3, RJ developed a new business plan focused on the Levant and Gulf regions - pausing expansion on intercontinental routes.

Competencies of RJ were mentioned mainly by current and former employees of the airline but the researcher asked other airlines' employees and other experts some general questions in this regards. The researcher found that most responses revolved around RJ's Levant strategy (this is the main strategic focus of the company and that was mentioned previously through many interviews of the CEOs of RJ and also it stated in the ten-year plan that have been launched by RJ in January 2014). The former Vice-President of RJ, the Mayor of Amman and a government representative said:

"It is something no one can take away from RJ and particularly maybe the Levant the Syrian Lebanese Palestinian Iraqi Jordanian Market."

No. 32

Other participants emphasized that RJ gains its strength from the Levant. The Commercial Analyst at oMC said:

"Royal Jordanian is highly respected brand name for one that has been form 50 years ago and it is also member of Oneworld we are endorsed by RJ airlines as being as similar of the quality as the rest... you do not need to worry about the quality of the customer services the food the beverage. I think all members are reinforcing by each other."

No. 47

The Managing Director of Strategic Alliances at American Airlines stressed the importance of RJ as a member of the OWA. While we were discussing the complimentary structure of the OWA network he said:

"RJ for example is covering the Levant region without RJ being part we will not have as good as coverage there even if we have Qatar Airways but tin Oneworld Alliance as well but they are a bit further shout in East so it is a unique market and it is not covering as well from the big Gulf carriers."

No. 45

This comment supports the notion put forth by Staniland (2003) who argued that the small carriers can be successful despite their size if they are enjoying a strong domestic market with loyal passengers and are located in a strategic place or their location attracts people for many reasons such as being a touristic place.

5.5.2 The Travel Experience and the Service Quality Standards

Another point of strength is the high quality of products and services delivered by RJ. One of the main goals of RJ is to represent Jordanian culture through the services experience. The participants stressed how RJ's hospitality, human touch and friendly cabin crew are an integral part of the airlines' image and make their product highly recommendable. The Customer Experience, Business Development and Market Research Director said:

“People tend to feel that we have a human touch when it comes to services especially on board it feels home... it gives them a sense of relief, happiness, satisfaction and they feel really whatever they need they will find somebody to assist them.”

No. 2

The Partnership and Business Development Manager said:

“They have deep pockets, they have best but we try to cope with that by adding our touch, our identity, our hospitality, but you know the Jordanians are very well known for their hospitality in this country, the human touch, so we try to add this to as an ingredient tool to the whole package.”

No. 4

A common association normally created between the original or the national culture and the corporate identity and the academics believe that similar associations between the country-of-origin and the product have a strong impact on the brand (Foo and Lowe, 1999; Varey and Lewis, 2000). For example, many consumer associate Emirates with Luxury, UK with accuracy, France with Freedom. In general, participants believed that there was a country-of-origin effect present within their organisation.

This is also related to the effect of the country-of-origin on the organizational culture i.e. associating Jordan with hospitality, Germany with efficiency, Switzerland with luxury (Karaosmanoglu and Melewar, 2006). Also Cameron and Ettington (1988) argued that the small carriers need strong corporate cultures to stay competitive. Culture is related to other factors across the study and will be discussed in section 6.6. in Chapter 6.

RJ is implementing a new strategic plan that involves renewing its fleet by adding the 787 Dreamliner. The addition of the 787 Dreamliner to its fleet will provide a step change in terms of service quality and network capacity that will enhance its competitiveness against other carriers. The recent financial performance of RJ and its signing of a number of code-share agreements with industry leaders, i.e. Qatar Airways and Turkish Airlines is part of this strategic plan. RJ's high level of safety and security is recognized as one of the highest in the world. A Marketing Manager at Travel Centre Agency stated:

“RJ has the safety, if I was about to choose whether to fly with RJ or Egypt Air I will choose RJ because of the outstanding safety records. The Plus point is the high quality service is excellent even on the short haul.”

No. 28

The Commercial Analyst at Oneworld Project Manager said:

“Oneworld is a quality, assurance, comfort, excellent customer service, international, cross-cultural, warm without being over friendly so seeking the balance and safety which of course RJ is enhancing that as it named as one of top ten safest airlines in the world.”

No. 47

This comment supports those of Gronroos' (1982) who stated that technical and functional values are the main pillars of service quality. Oneworld Project Director at RJ stated that despite the travel experience it is not enough to secure RJ a safe position even if it is the leader in its region, he expressed his fears of the status quo:

“We are the flag carrier in the Levant, we used to completely dominant, now we are one of the first, we are going back and forth every year. I do not have a precise idea about the market share, to be honest, but I think that we need to revise the figures especially with the catastrophic of what so called Arab Spring.”

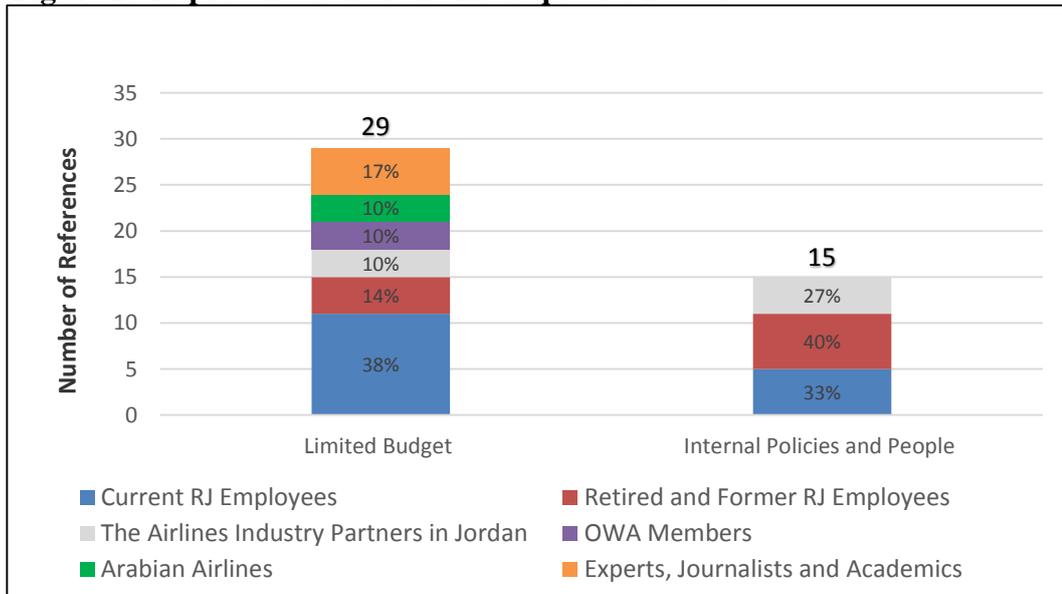
No. 1

Davis et al., (2015) said that high-quality service alone is not a promising differentiator from the offers of competitors. In the same study they found that service quality associated with corporate name is important in building positive brand association. Service product will be discussed further within Chapter 6: Theme two.

5.6 Inadequacies of Royal Jordanian Airlines

These inadequacies relate to RJ weaknesses. Figure 25 provides a representation of the environmental pressure factor based on the number of references per group. It found that there are mainly 2 factors; the limited budget and the internal policies and people factors emerged as a part of this subtheme.

Figure 25 Representation of the Inadequacies Factor



Source: Table 17, page 162.

Figure above reveals that limited budget is attributed as the most important factor within the Inadequacies theme. Both the Retired and Former RJ Employees group and RJ Partners in Jordan placed higher importance on Internal Policies and People as an area of inadequacy. The Arabian airlines group, the OWA Members' group and the experts, journalists and academics group did not give any weighting to Internal Policies and People Factor. This is mainly due to a lack of knowledge about internal issues within RJ. Another reason is that participants do consider it an important factor but avoid stating this because they consider it as a private issue of their partner. They might be reluctant to comment as they deem it inappropriate.

5.6.1 Limited Budget

Many participants, apart from its current employees, were open to discuss RJ's weaknesses. Current and former employees pointed out that scarcity in resources is the main weakness point a situation which is in stark contrast to RJs neighbour gulf carrier

who has a huge budget and who is a worldwide leader in the aviation market. Clearly such a weakness can affect performance and future expansion for RJ so being part of OWA has helped them to have a better position in the market.

The Partnership and Business Development Manager said:

“The weakness is mainly that we do not have enough money as the others so we cannot really compete and go as far as they go so this is mainly the first and the major weakness.”

No. 4

The former VP of Planning and Commercial³³ for RJ argued:

“So we are small and we so we cannot compete in a big way with the Gulf carriers which have an incredible growth we also do not have the cash what we do is normally we have a ten-year plan...Our neighbours have the natural resources in terms of oil and unlimited support by their government.”

No. 25

Limited budget is a prohibitive factor when it comes to RJ being to upgrade its aircraft to maintain its contractual obligations as OWA member.

5.6.2 Some Internal Policies/ Issues

A number of former employees criticized RJs current policies and had advised RJ to revisit their strategy especially after all the political upheaval in the Middle East. The researcher observed that the status of RJ as the flag carrier of Jordan supported by the Jordanian government gives employees a sense of relief and security despite any mistakes and shortcomings that the firm may make from time to time.

These observations have been confirmed by a number of RJ's former employees and a number of consultants. The former IATA's Regional Vice-President and former RJ's Commercial Manager, Consultant at Kuwaiti Airlines said:

“I was talking to one of the senior executives at RJ about the declining market share. He told me:

‘Come on! You know it, Turkish Airline is beating us.’

³³ At the time of the interview he was the Chief Commercial Officer at RJ then in January 2013 he was appointed as a Director at Swiss International Airlines.

So what is RJ doing about it, Are the managers just watching other competitors snatching RJ's market share?"

No. 23

Some experts, along with a number of former RJ employees, highlighted the fluctuation in the performance and attitude of some employees. An aviation consultant and former Vice-President at Qatar Airways, related that:

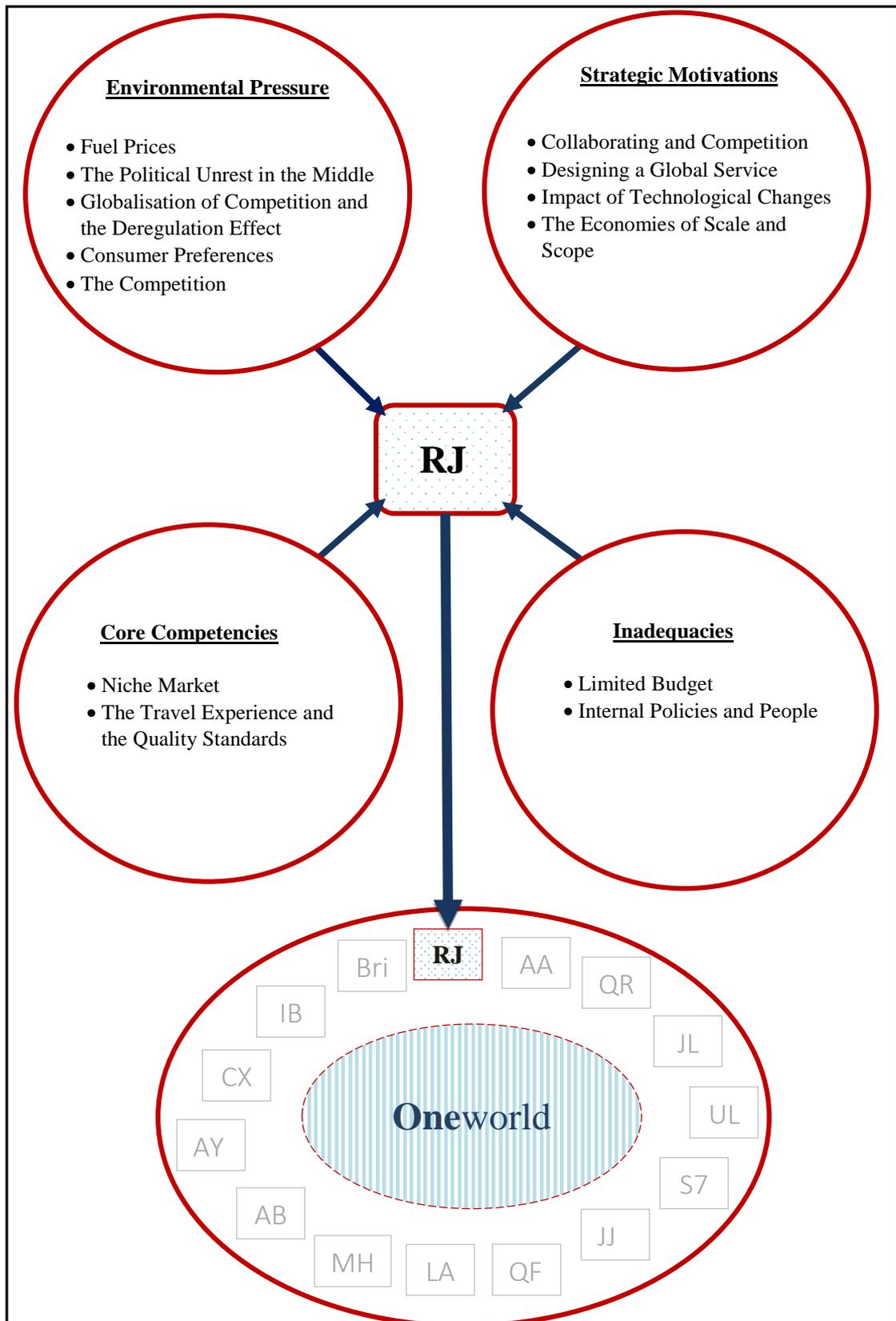
"These guys need help and a lot of Jordanian you know, mashing up CEOs that are quite good. I think number three now in three, four years whatever. They should have a look at their strategy and grab a better portion of the alliance."

No. 57

The CEO at RJ has since been changed yet again³⁴. Not having a consistent management style and continuously changing senior management harms the RJ brand and reputation. The reasons for the continuous changing and replacement of senior management are not clear. The next 2 models below are summarizing the findings of the first theme based on both RJ and OWA. Figure 26 represents the main findings from the perspective of RJ.

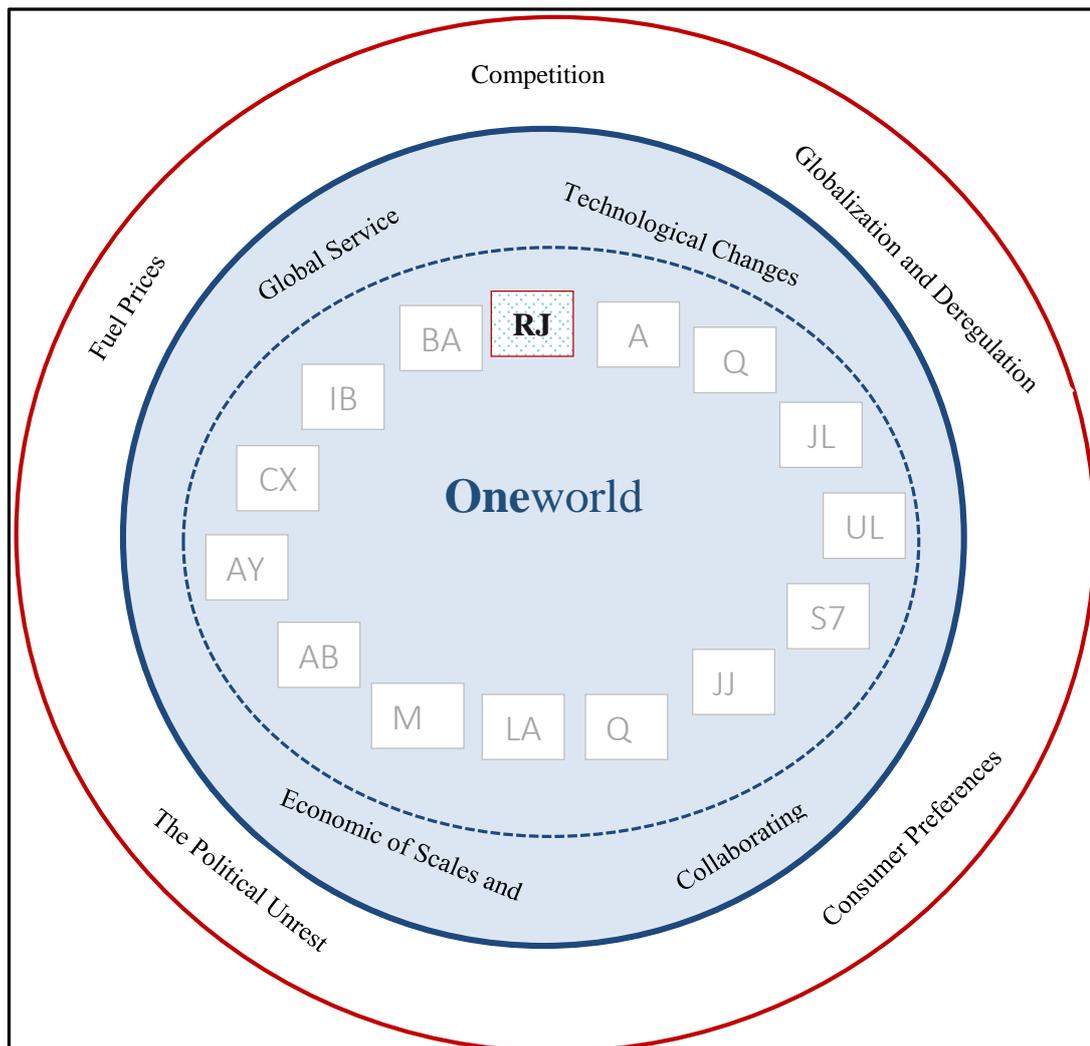
³⁴ In 2009 Mr. Samer Al Mjali resigned then Hussein Dabbas was CEO until 2012 followed then by Amer Al Hadidi until 2014. Afterward the Chairman Nasser Lozi took over for six months until then Mr. Hisham Misto took the lead for one year only and then Mr. Suleiman Obidat took over temporarily until now.

Figure 26 Model of Theme 1: The Airlines Industry’s Attitude towards Brand Alliances Model –RJ’s Perspective



The figure above represents the main factors that have been recognized as impacting on the micro level activity of RJ. All these factors led RJ to become a member of the global alliance so they can mitigate any threats and overcome the weaknesses and enhance their competitive edge in the market through the brand alliance. While the figure 27 below represents similar representation of the previous figure but on the macro level of OWA.

Figure 27 Model of Theme One: the Airlines Industry’s Attitude towards Brand Alliances³⁵



³⁵ AY: Finnair Airlines - AA: American Airlines – AB: Air Berlin - BA: British Airways - CX: Cathay Pacific - IB: Iberia Airlines - JJ: TAM Airlines - JL: Japan Airlines - LA: LAN Airlines - MH: Malaysian Airlines - QF: Qantas Airlines - QR: Qatar Airways – S7: Siberia Airlines- UL: SriLankan Airlines.

The model in figure 27 reflects the factors of the environmental pressure and the strategic motivation. Based on the findings, it found that these 2 subthemes can be extended to the 15 members of OWA including RJ. The factors of environmental pressure along with the factors of the strategic motivations incorporate together to lead the airlines into forming or joining global alliances.

5.7 Conclusion

This chapter has discussed the first identified theme and explored the airlines industry's attitude towards brand alliances and the major challenges facing RJ and the airline industry in general. The theme and its subthemes were derived from analysing the collected data using the method of analysis as outlined in Chapter 4. The discussion was presented in four major subthemes: macro environmental pressures (incorporating globalisation and business environment drivers); strategic motivations; RJ competencies; RJ inadequacies.

The findings support the notion that globalisation has had an impact on the airline industry. Environmental pressures and political developments have had a major impact on RJ as have other drivers such as the recent advances in technology and the liberalisation of trade policy in services, including in airline services. Therefore, political and ideological developments have driven a growing liberalisation in the airline industry and coupled with a rapid increase in the rate of technological advances it is clear that globalisation has had a very significant impact on the airline industry.

Macro environmental drivers such as: increased rise in technological change; rising fuel costs and environmental concerns; political instability; growing liberalization and increased deregulation have been discussed in this chapter. It is clear that political instability remains a major challenge for RJ and it is impossible to predict and protect RJ in such an instability in the future. Deregulation has been discussed and it is likely to continue in the MENA region, which means more pressure on the RJ and other airlines in the region.

Findings in this theme support the conclusions that airlines are strategically motivated to collaborate in response to strategic convergence and competition. Further, they indicate that RJ has had input into the OWA although this input has been limited.

It is also clear that RJ's involvement in OWA has enabled them to robustly respond to the impact of global technological change. Finally, the findings support the notion that airlines join alliances to secure economies of scale and that this motivation will remain important in the future as fuel prices continue to be subject to volatility and competition for certain routes and locations remains intense.

Regarding RJ competencies, the findings from this study support the notion put forth by Staniland (2003) that small carriers can be successful despite their size if they enjoy a strong domestic market with loyal passengers and are located in a strategic place or their location attracts people for many reasons such as being a touristic place. It is clear that RJ has established itself firmly within the Levant region.

The Jordanian national culture is strong with RJ and this provides it with a strong competitive advantage which will be difficult to replicate (Foo and Lowe, 1999; Varey and Lewis, 2000). This comment supports those of Grönroos' (1982) who stated that technical and functional values are the main pillars of service quality.

With respect to RJ's inadequacies there are two factors which were highlighted by participants: limited budget and resources; and internal policies. Most groups expressed concern about the level of financial resources available to RJ. This, they believe, represents a major challenge to the airline and therefore they found that the alliance helps in mitigating the effect of such challenges and overcoming these drawbacks.

Although not clearly expressed, the presence and intervention of the Jordanian Government in the company is also a problem. Experts, along with a number of former RJ employees, highlighted the fluctuation in the performance and attitude of some employees. Internal policies seem to change and be inconsistent.

Chapter Six

Theme Two: The Key Branding and Marketing Strategies and the Potential Future Choices

Chapter One:	Introduction and Scope of the Study
Chapter Two:	The Case of Royal Jordanian Airlines
Chapter Three:	Brand Alliances in Airlines Industry Framework
Chapter Four:	Research Design and Methodology
Chapter Five:	Theme One: The Airlines Industry's Attitude towards Brand Alliances
Chapter Six:	Theme Two: The Key Branding and Marketing Strategies and the Potential Future Choices
Chapter Seven:	Conclusions and Recommendations

6.1 Introduction

The previous chapter discussed the airlines industry's attitude toward brands alliances and the major challenges that RJ is facing and the airlines industry's attitude towards brand alliances and how they managed and responded to these challenges. This chapter discusses Theme Two which is the key marketing strategies and branding practices that RJ employed to cope with the global alliance in particular and the airlines industry in general. This theme and its subthemes were derived from analysing the collected data based on the analysis methods mentioned previously in chapter 4. The aim of this theme is to be able to answer the following research questions:

Question No. 3: What is the impact of global airline alliances on airline branding strategies?

Question No. 4: How have national airline companies traditionally dominated by domestic strategies responded to the airlines alliance frenzy era, such as in the case of Royal Jordan Airlines?

The discussion will be presented in five major subthemes. At the end of the chapter a visual representation of the theme is presented.

6.2 Analytical Framework

Strategic alliances have increasingly characterized diverse areas of the economy. Global market forces are increasingly requiring firms to collaborate with local or international partners, in order to increase market efficiency and responsiveness

(Harrison and Shaw, 2004). As Hitt et al., (2012) argue firms in strategic networks are better placed to enjoy various market advantages. This development is echoed in the rapid growth in the airline industry. Currently, several airlines have formed strategic alliances. For instance, there were over 280 alliances between 138 airlines in 1994 (Agusdinata and de Klein, 2002). Six years later, the number had grown to 579 alliances, involving 220 airline companies. Airlines have to participate in an alliance network in order to gain market advantages. Industry players that do not successfully form an alliance with other members were being forced to become niche players.

As stated in Chapter 3 there are several driving forces behind the strong shift to form airline alliances. Scholars argue that the significant growth of globalisation and deregulation have increased the level of competition amongst airline firms (Doganis, 2002; Button et al., 1998). This has brought about the necessity to increase the number of destinations despite stringent regulatory barriers and high costs of operations. Due to these trends, there is also a requirement for airline firms to enhance customer satisfaction in order to gain market advantages and customer loyalty (Kotler & Armstrong, 1996). Yet it has been argued that the airlines can achieve economies of scale by cooperating (Kleymann and Seristö, 2004; Brueckner, 2003b).

In the world of business, competition strategy, as Shaw (2012) observes, requires a firm to adopt those marketing and branding strategies that will put it in a better strategic position to enhance its market success. While a company may possess substitute products, buyer bargaining power, supplier bargaining power, entrant threats and intensity of competition, what remains critical is it how it redefines its marketing strategies in order to remain relevant in the international market.

In order to answer part of the research questions and as mentioned in chapter 4 research consists of mainly six participants' groups. The interview questions in the first instance were directed to the first group which consists of the current employees' in charge of branding and marketing strategies, and to other employees who are responsible for network planning and alliances. Thereafter the researcher asked retired employees who were working at RJ in similar positions about the RJ branding practices and marketing strategies and what were the kinds of changes and development they worked on after joining the OWA.

Similarly, questions were asked of the agencies in Jordan and whether they found any noticeable changes in these practices and strategies after RJ became part of the *OWA*. On the other hand, the researcher expanded the scope of the study by asking other members of *OWA* and a number of Arabian airlines group questions very similar or related marketing and branding topics. Final group consists of the experts and specialists who expressed their opinions about the marketing and branding strategies that are currently applied by the airlines who are members of the global alliances³⁶.

Table 18 below illustrates the main findings that construct theme two and breaks them for each group mentioned above.

³⁶ See Figure 18, page 161 for the sample distribution percentages.

Table 18 The Main Factors of Theme Two: The Key Branding and Marketing Strategies and the Potential Future Choices

Colour Key: Main Theme Parent Node/ Subtheme Child Node

Main Themes, Nodes, and Child Name	The Participants' Groups						Total References
	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	
	RJ Current Employees	RJ Retired and Former Employees	the Airlines Industry Partners in Jordan ³⁷	OWA Members	Arabian Airlines	Experts, Journalists, and Academic	
Theme Two: The Key Branding and Marketing Strategies and the Potential Future Choices	128	66	39	84	70	67	454
1. The Brand Management Definition	17	7	3	11	14	9	61
2. The Branding Benefits of Joining the Alliance	26	11	10	20	14	15	96
<i>2.1 Brand Loyalty</i>	7	3	4	7	3	5	29
<i>2.2 Brand Association</i>	9	2	3	6	4	7	31
<i>2.3 Brand Awareness</i>	10	6	3	7	7	3	36

³⁷ Travelling and advertisements agencies, GDS, Government representative.

3. Managing the Brand Alliance	23	15	5	13	11	9	76
4. The Brand Alliance Imperatives	28	14	5	18	15	14	94
<i>4.1 Internal Brand Vision</i>	9	4	1	7	3	4	28
<i>4.2 Brand Promises</i>	8	3	2	5	6	5	29
<i>4.3 The Brand Identity</i>	11	7	2	6	6	5	37
5. Airlines Services Marketing Strategy	34	19	16	22	16	20	127
<i>5.1 Product Strategies</i>	11	6	4	6	4	5	36
<i>5.2 Pricing Strategies</i>	10	7	5	9	5	7	43
<i>5.3 Distribution Strategies</i>	7	4	5	4	3	3	26
<i>5.4 Pricing Strategies</i>	6	2	2	3	4	5	22
6. The Future of Airlines Global Alliances	31	18	9	33	13	6	110
<i>6.1 Globalisation</i>	7	6	2	7	3	2	27
<i>6.2 Industry Consolidation</i>	7	5	2	8	3	1	26
<i>6.3 Competition</i>	8	4	3	9	3	2	29
<i>6.4 Full Service Carriers vs. Low Cost Carriers vs. Middle East Big Three Carriers</i>	9	3	2	9	4	1	28

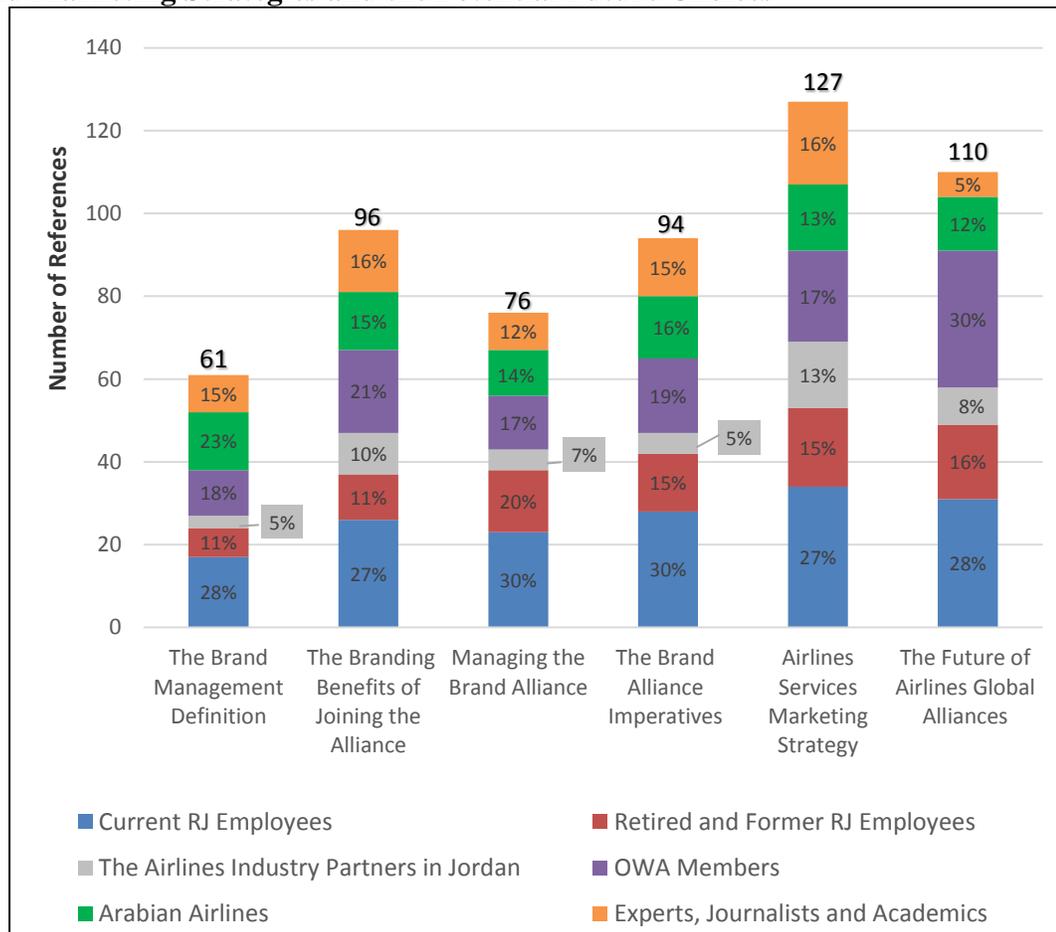
Source: The researcher's own data.

Table 18 displays the main five subthemes and breaks them down based on how many times the subtheme; either parent or child node, was mentioned by participants from each of the six groups in the study. As it can be seen that this theme consists of 5 subthemes; the first one is the brand management definition which has mentioned 61 times in total across all the group. The second theme is the branding benefits of joining the alliance which has mentioned 96 times. The brand alliance managing aspects were attributed 76 times. The fourth subtheme identified the brand alliance imperatives which was attributed 94 times. The airline services marketing strategy is the most attributed subtheme by 127 times. The last subtheme is the future of the global alliances which was mentioned by 110 times.

If we look at the sub-subtheme of the brand awareness, for instance, the researcher referenced back the quotes of RJ employees to the brand awareness 10 times while it was mentioned 6 times by the retired and former employees of RJ. The experts, journalists, and academics brought the aspects of managing the brand alliance up 9 times and finally the participants pointed about the branding strategies under in related to alliance up 454 times.

In order to translate the findings in table 18 into visual representation, figure 28 below provides the percentages based on how many times particular factor is mentioned or attributed by specific group.

Figure 28 Representation of the Main Factors of Theme Two: The Key Branding and Marketing Strategies and the Potential Future Choices



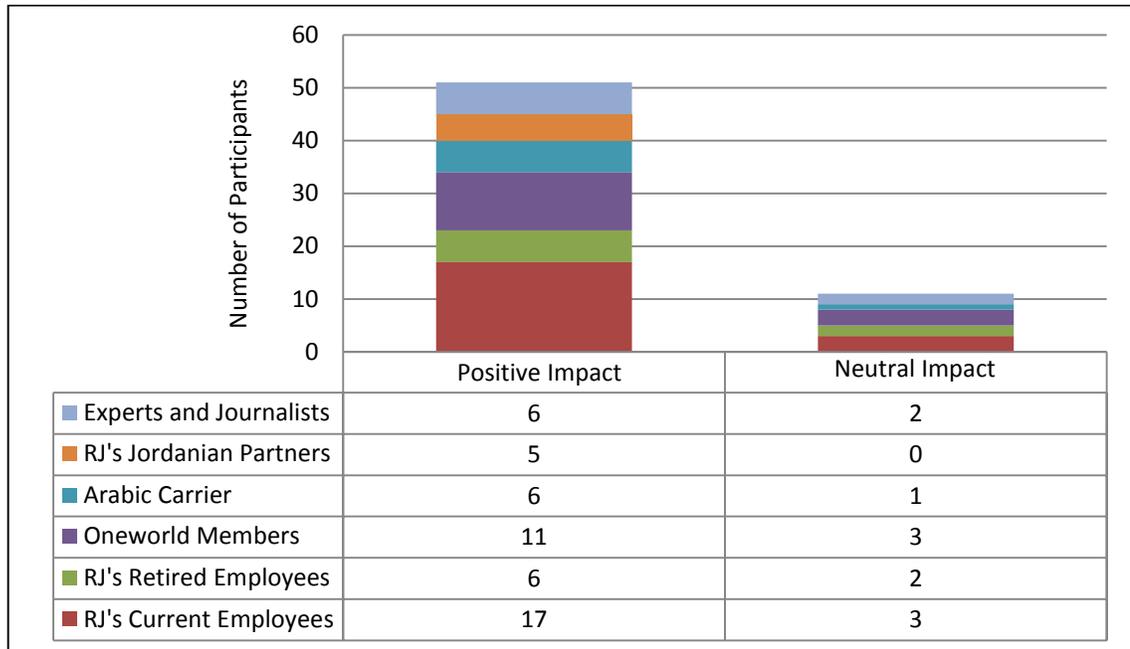
Source: Table 18, page 201.

The figure above illustrates the main findings of Theme Two. Airlines Services Marketing Strategy was referenced the most across all the groups except for the Group of OWA members who referred to the Future of Airlines Global Alliance most. Looking at the individual groups we can see that both Airlines Services Marketing Strategy sub-theme were referred the most by each of the following groups; Current RJ Employees (27 per cent), OWA (17 per cent), and the Experts, Journalists and Academics (16 per cent).

On the other hand, the OWA Members group referred to the Future of Airlines Global Alliances most often. The Retired and Former RJ Employees group weighted the Future of Airlines Global Alliances second after Airlines Service Marketing Strategy. Similarly, the Arabian airlines groups mentioned Success Factors of Brand Planning the most after

Airlines Service Marketing Strategy. Figure 29 reflects how many participants were confident that the alliance has an impact on their branding strategies.

Figure 29 The Perceived Impact of the Airlines Alliances on the Individual Airlines Brands



Source: The researcher's own data.

As the figure above shows that the majority of participants acknowledge the effect of brand alliance on brand management and they believe it is important to their branding strategies. The next section presents findings and discusses them in order to shed light on the implications of key branding and marketing practices that RJ has employed in its attempt to compete sufficiently in the airline industry. The following sections present findings and discussion.

6.3 The Brand Management Definition

This section looks at how participants defined brand and brand management in the context of the brand alliance. As mentioned in Chapter 2, for the purposes of this study and by referring back to Das and Tengs' (1997) definition of strategic alliance, the brand definition of Kotler et al., (2009) and Keller's definition of brand alliance, the evolved definition of "Strategic Brand Alliance" is the interfirm co-marketing strategies that would

serves as an umbrella to encompass all the mutual services and product offerings as it aims at achieving mutual strategic goal. All participants were able to define brand management. The researcher who wanted to know what alliance brand management meant to them. The data collected shows that participants agreed that brand management is a process or mechanism to create and maintain specific perceptions around the brand in order to achieve competitive advantage but most of the definitions were grouped based on the purpose behind the way that they were defining and explaining the term. Some of them spotted that brand management is a process by which they can identify their brands and the service offerings. A team leader of sales stated:

“In such complicated industry and with the huge range of customer preference the brand management should be focused on identifying the product, partners, competitors, opportunities, threats and so on. Because when you identify all these factors you will be able to manage all other aspects.”

No. 10

Others stated that brand management is a process in which they differentiate the service offerings from others. The Senior Sales Executive at Saudia Airlines affirmed this:

“What is really interesting about it [the brand management] is that how we employ the brand to differentiate our stand in the market from other competitors and by that we can say how much this brand can add value to our airline’s offerings.”

No. 50

Others with the same view The Marketing Director at RJ said:

“It is the process of diversification and strengthens the market in the region because the product is there so spot the market and differentiate RJ’s product...because we are the destination of so many markets and that is how we are different than others and this how I would like RJ brand to be differentiated and promoted than others players.”

No. 15

The other way of looking at brand management is as a way of personalizing offerings for passengers. The Managing Director of Strategic Alliances at American Airlines stated:

“It is a quality brand around the world and we are very careful in how we manage our brand so don’t misuse it in anyway... the idea that we need to take care of our brand from many perspectives starting from the passenger right down to the logos and the livery of the aircraft so we convince that we are one of the best carrier out in the industry of giving a comfort fly. This is how I would define it.”

No. 45

Practitioners refer to brand management as a communication-aspects process however the findings in this study reveal that participants labelled the brand as a strategic framework which is systematically used to build the attributes and values of the firm - this agrees with how marketing practitioners acknowledge its use (Farquhar, 1989; 2004; Aaker, 1991; Keller, 1993; Keller and Lehman, 2006; Kapfere, 2012).

Participants highlighted the importance of brand management in strategic planning which supports the findings of Fan et al., (2001) who identified three basic levels of cooperation; the ordinary, tactical, and strategic.

The data from this study also supports the work of Chaharbaghi et al., (2005) who argued that alliances are driven by strategic motives, rather than static economic components. Alliance formation is based on neither rational explanation of costs and revenues, nor on external macro or industrial factors. Findings have been grouped into three categories. The first group is related mainly to RJ’s participants who emphasized the importance of the brand as an identifier. This was clearly stated throughout interviews as they referred to OWA as the tool that helped RJ raise the awareness in unreachable and distant markets mainly in South America and Far Asia.

According to awareness theories passengers will prefer the brand they are familiar with versus one that they never heard of or have tried before (Hankinson and Cowking, 1996). This agrees with Schmitt (1999) who stated that the brand can be either identifier or experience provider. So we can conclude from that the brand can be symbolic or functional.

Schmitt (1999) argued that the symbolic or identifier brand cannot be adequate in a highly competitive market and therefore both symbolic and identifier brand should be incorporated together in order to build and maintain a successful brand (Schmitt, 1999).

Also this might be justified by the work of Suh and Park (2009) who claimed that the evaluation of the allied brands can be enhanced by the host brand which means that the newcomer such as RJ will enjoy a positive spillover effect as a result from other high-favourable members such as British Airways and as a consequence this will improve the evaluation of its. This also draw on the brand awareness which will be discussed in section 6.4.3 This is contrary to what was argued by Rao and Ruekert (1994) who stated that high-quality brands will only partner with a high-quality brand.

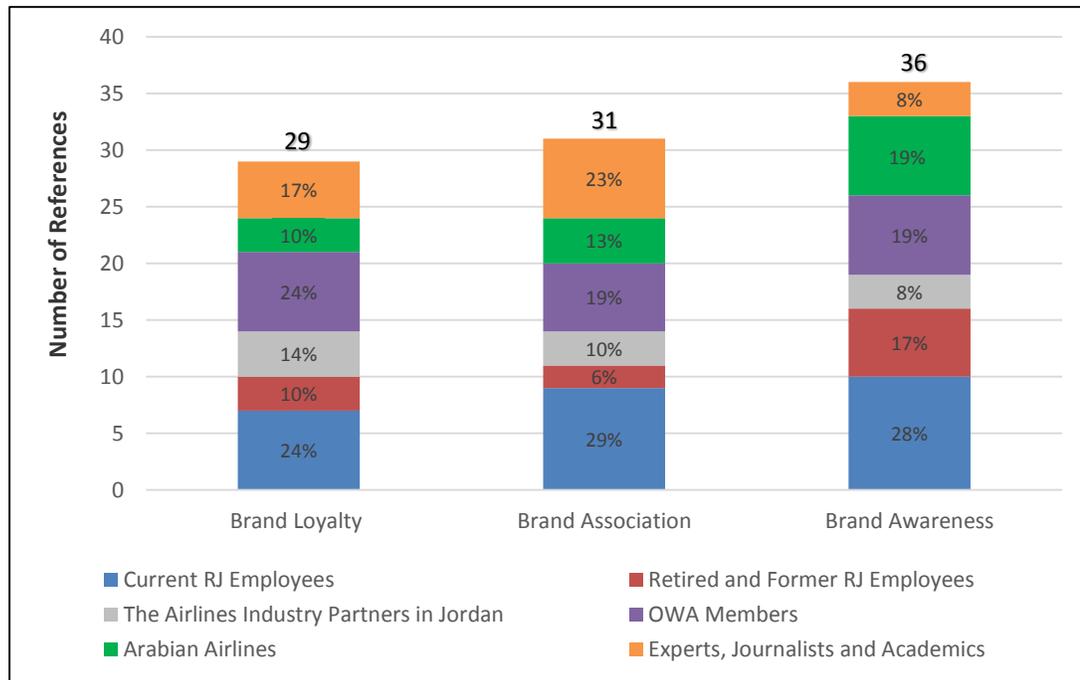
Also based on the findings of Simonin and Ruth (1998) there is a spillover effect that each member of the co-marketing or branding activities can enjoy. However, a number of studies found that negative spillover effects might occur especially when the new allied brand is not well-known while the other brand is a renowned partner (Hillyer and Tikoo, 1995; Washburn, Till and Priluck, 2000; Janiszewski and Van Osselaer, 2000). This can justify how the last group who were cautious from the negative spillover of other brands.

Moreover, Kotler and Keller (2014) supposed that brand is not merely identifying the product but also communicating its attributes through the brand to reach the customers. What drew attention to this point is that many participants from RJ and other Arabian airlines mainly the Lebanese carrier; Middle East Airlines and Egypt Air referred to the brand mainly as an identifier and this might be explained by the fact that RJ is taking the brand as symbolic rather than employing the branding in every single aspect of its planning activities. This can be justified with Staniland (2003) results of his study on the small country airlines in which he stated that the main objectives for the flag carriers of the small countries that they want to protect their niche or single market more than any other thing and therefore they allied with larger airlines to become more identifier and to protect the single niche market in most of the cases.

6.4 The Branding Benefits of Joining the Alliance

This section discusses how participants experienced the benefits of brand alliances on their own brand equity. Figure 30 below provides a representation for all the factors of Theme Two based on the number of references per group.

Figure 30 Representation of Brand Equity Factors



Source: Table 18, page 201.

Figure 30 shows the three major brand equity elements which participants raised during interviews were brand loyalty, brand association and brand awareness. The brand awareness is the most attributed factor among the three factors. It was attributed 36 times while the brand association was mentioned 31 times and finally the brand loyalty elements by 29 times. If we have a deep look at the brand awareness we can see the current RJ employees were mentioned it the most by 28 per cent. On the brand association column, we can notice that beside current RJ employees, the group of experts, journalist, and academics has focused on this element the most among the 3 main elements as they count 23 percent from the total reference numbers. While if we look at the brand loyalty we can notice that behind the current RJ employees, this element was mentioned the most OWA members by 24 per cent.

Brand loyalty is an important factor since passenger loyalty determines whether passengers decide to choose an airline for their next trip (Keller, 1993). OWA plays an integral part in the brand association of its members because members look at themselves as being part of the brand. Membership in OWA acts as a value creator in the way that it creates a positive attitude toward the airline (Kapferer, 2012; Lee and Ganesh, 1999). Saxton (1997) found that the brand with fewer associations such as RJ has stronger linkage with another brand with more association.

Moreover, most of the interviewees indicated that OWA endorsed RJ brand by improving brand awareness and through the media exposure for the rest of OWA members' passengers. However, other airlines considered using OWA as a strategic tool necessary to either survive or expand their network (Balmer et al., 2001; De Chernatony and Riley, 1998).

6.4.1 Brand Awareness

It can be deduced that branding strategies adopted by RJ have resulted in its enjoying enhanced market success. By exposing the company to customers around the world using different advertising methods, it was possible for RJ's customer base to grow. This alludes to the position adopted of Aaker (1996) that branding helps a company develop positive brand equity, which encourages customers to respond favourable to its marketing activities. While discussing that the Customer Experience, Business Development and Market Research Director stated:

“At the beginning even if Cathay Pacific wants to book for you a connection with RJ everybody would start enquiring who RJ is!. After almost six years we successfully established our name and presence in these markets.”

No. 2

Echoing this, Partnerships and Business Development Manager said:

“Back to 2006 you might doubt there will be many people knowing about RJ in Chile, now with the Oneworld alliance, everyone there knows RJ, so now we have global awareness about our brand, of course it is more responsibility because we must adhere to the quality need to have you brand shining.”

No. 4

From the responses received, it is evident that RJ's branding efforts after it joined the alliance helped make it well known in the global airline industry through its pairing and association with other well-known members. This also attests to the argument offered by Zentes et al., (2008) that brand based advertising (either price or non-price advertising) enhances the brand image, increases greater brand awareness and consolidates brand equity. When RJ advertises its services in the markets served by the alliance members, it has significantly improved the customer knowledge about the product, which ultimately may lead to greater customer loyalty. By focusing on building brand awareness, RJ was able to improve positive customer perception of its services. It is also evident from the responses that customers worldwide wanted to know more about the airline, especially regarding destinations, pricing, customer care and other value addition services.

Moreover, with regard to brand awareness, it is clear that in 2007, when RJ had not entered into any form of alliance, the airline was little known in most parts of the world. Upon entering the OWA more customers have come to understand its services. Since the firm is dedicated to providing services of a high quality, this has positively influenced the perception of customers and has ultimately led to an increase in its marketing performance.

A very similar response is outlined by Branding Manager at Egypt Air³⁸ which indicates that the benefits can be related to the size, geographical place, and competency:

“The awareness between star members’ carriers, more frequent flyer benefits, all of these are some of the benefits on Saudia Airlines.”

No. 51

More responses by the Arabian airlines, Middle East Airlines and Saudia Airlines, indicated clearly that the global alliance has a tremendous effect on their brands especially when they rolled out more frequent flyer programmes and code shares which lead to

³⁸ Egypt Air member of Star Alliance

enhance the brand loyalty and association based on their experience with the newly joined or less known brands.

According to Hassin and Shy (2004) code sharing enables one airline company to sell seats for alliance partner's flights. Code sharing is beneficial to airlines as it serves as an indirect method of entering a new market where costs and other regulatory frameworks would make direct entry costly. It also aids airlines to increase their networks and leverage for providing exceptional services to customers. Importantly, and as Hassin and Shy (2004) posit, code sharing is beneficial to consumers in that it opens new destinations that consumers prefer, increases flight frequencies, improves more effective connections, offers more frequent flyer awards and provides a host of other spin-offs.

OWA considers all members as brand endorsers and quality assurers for one another. This was stated by a Commercial Analyst at oMC:

“What happens actually is for example for Jordanians in their market or in the Levant region. RJ is a highly respected brand name. It has been around for more than fifty years so what it is saying for them is that these airlines who are also members of Oneworld are endorsed by RJ airlines as being of similar quality, and vice-versa. I think it is reinforcing.”

No. 47

It is clear from the above quote that endorsement is happening among all member airlines - each brand endorses the other in their original market. However, members of the RJ participants group were looking at OWA as an endorsement without seeing that RJ is an endorser for other members in their Levant Market. Similarly, participants from well-known airlines have stressed that either RJ has been endorsed by their brands or OWA brand or RJ is a well-known brand within its region and routes but less known in the rest of the world. This lack of brand awareness increases passengers risk when trying their service because they know less about the RJ brand. For RJ being part of the OWA increases brand awareness amongst customers more quickly because the RJ brand is associated with OWA – therefore customers perceive a lower risk when trying RJ because although the RJ brand is unknown the OWA brand is familiar.

Brand recognition reflects a relatively superficial level of awareness, whereas brand recall reflects a deeper form of awareness (Shimp, 2003). While brand recall creates a link between the brand and the product category when the consumer becomes in need for specific thing (Hoeffler and Keller, 2002).

Also it clearly from the discussion above that brand alliance enhance the brand recognition since the passengers will be exposed to all the alliance members at different occasions i.e. during the flight, texts and emails, promotional materials, on the Airports, through the FFP. So we can argue that the alliance increases the brand awareness however it enhances the recognition part much more than recall. However, brand recall can be enhanced more after the passenger experienced the product rather than just being exposed to it.

He and Balmer (2006) argued that the OWA brand is a sub-brand which in the reality is endorsed by the rest of the airlines brands, however, the findings in this study do not support this claim. Findings show that for small carriers such as RJ a customer looks specifically at the OWA brand and its associated members as an endorsement of RJ's brand. At the same time big companies find themselves endorsing both OWA and RJs' brands without considering them sub-brand.

Considering responses from the oMC it can be seen that they do not consider the OWA brand as separate from its members' brands. Instead they look at the OWA brand as a collective brand representing the cumulative attributes of all member brands.

Other OWA members relied on the alliance to diversify and leverage the power of their brand by entering new markets and strengthen their brand by responding to demands of their passengers for greater choice. A Senior Vice President, International Affairs at Malaysia Airlines stated:

"I believe that being part of Oneworld is a differentiation strategy, because in such complicated and tough economic times it makes possible to Malaysian Airlines to stand out in the market by associating our brand to a group of high quality and well-known brands."

No. 41

So as we can see from the above quote being part of the OWA enhances RJ's (or any airline's) brand as they are associated with other well-known brands who will be perceived to endorse the RJ brand indirectly. Likewise, this association improves customer brand awareness.

Since becoming a member of the OWA, RJ has consolidated the strength and high brand visibility of the alliance brand to foster its brand equity and brand loyalty. RJ benefitted from considerable brand exposure as a result of the significant market strength of OWA members, especially the founders and the big carriers. This supports the findings of Yoo et al., (2000), whereby brand exposure and positive brand evaluation result in strong brand equity. To make branding a success, a firm should deliver exceptional and excellence performance to its customers, so as to receive positive evaluation from them (Malhotra, 2008).

Another contribution of an alliance towards brand awareness is the enhancement of service quality. This aspect of the overall mix has the ability to create a positive perception of the brand in the eyes of consumers. Thus, there is a potential for airlines to ensure that its members under a brand alliance have a similar market product. This can be achieved by making the most of the brand features applicable to all of the alliance members. This helps them to create a competitive advantage, necessary for price competition.

Nonetheless, Cools and Roos (2005) posit that there is a difficulty in developing alliance brands in the airline industry. This is because most airlines are inevitably associated with the carrier's country of origin; thus, they assert that alliances are required to focus on specific customers. The OWA has experienced a lot of difficulties in integrating the airlines with strong reputations from different countries. However, its members agreed to bring a paradigm shift in the way they operate.

To conclude, it is clear that participants agreed that membership in the OWA was considered an endorsement of RJ, even if it was through different ways. RJ referred to the OWA as an endorser in the first place to survive fierce competition with other giant carriers. Others, especially big carrier, talked about the alliance as an added value factor

to their own branding strategy and mentioned their brands are endorsement to the alliance brand and other small carriers.

6.4.2 Brand Loyalty

According to Aaker (1991) brand loyalty relates to the level of commitment a consumer has to a brand. Brand loyalty was one of the main factors mentioned by participants. It was found that RJ's customer brand loyalty also improved after it entered the OWA. This can be seen in the following quote:

“It is an important part of Jordan economy, history and heritage, so people started to feel the connection between them and Jordan as their home town where people can feel and being part of global alliance is something incredible for RJ loyalty.”

No. 10

That is also justified through Uncle's work (1997) who stated that the brand loyalty scheme or programs especially speaking the FFP can be linked to brand loyalty.

The Partnerships and Business Development Manager at RJ also commented on this:

“Indirectly, they are flying, but over time they will develop that loyalty, they have got the loyalty to the card, the frequent flyer card, but they will also develop that level of loyalty to the third airline and the fourth airline in the alliance and so on.”

No. 4

This finding is supported by both Oliver (1999) and Yoo et al., (2000) who stated that brand loyalty comprises a form of commitment to re-buy specific service in the future because of the consistent benefits over time. An Aviation Professor stated:

“You are forced to fly certain airlines in return you will get the points, which are linked to all Oneworld members. So indirectly and over time they will develop that loyalty, they've got the loyalty to the card, the frequent flyer card.”

No. 59

According to Ataman et al., (2008) the concept of brand loyalty is highly significant in the services sector as positive customer perceptions about the alliance's brand can result in an increase in market penetration. When an airline enters into a global alliance the

airline customer's perception of the brand is likely to positively influence their loyalty towards it. As a result, the joining airline can enhance marketing competitiveness. Bickerton (2000) asserts that it is the responsibility of the joining airline to guard its customers jealously by enhancing their loyalty through increasing efficiency of its operations, accessing new market, creating greater innovation, providing better customer care and better quality of service. Most of the participants in this study referred loyalty was an important element to RJ success. Emphasizing the same idea, the General Manager, Sales and Distribution of Cathay Pacific, the flag carrier airline of Hong Kong stated:

“The benefits for Cathay Pacific have come from providing benefits to our customers, and in particular our most valuable frequent business travellers. Earn and burn frequent flyer mileage opportunities, lounge access, priority boarding and luggage all count for a great deal.”

No. 37

Focusing on strong brand loyalty also seems to be a major motivation for RJ (and the rest of alliance members), despite their size and the major total is the FFP which leads the passengers of other airlines to try other member's service and build their association based on their experience. One public relations and communications professional, writer and aviation and travel specialist made a comment about Qatar Airways and linked that to the loyalty scheme by saying that:

“I think what Qatar Airways has done is a great move. It's a great move, because they have got the power of American Airlines, the power of British Airways in and became part of a strong loyalty program and any member can retain its clients and even got new which is strengthening the brand image too.”

No. 55

This view supports that of Kotler (2003) who argued that once the company acquired a customer's loyalty it becomes a fixed experience point and the customer will keep coming back to get the same services. The Head of RJ National Distribution Department commented:

“It is loyalty, royalty and a win-win case. Having this opportunity encouraged other airlines companies’ clients to experience the royalty because they are expecting almost a certain level of quality and that in specific created a favourable attitude toward our brand.”

No. 14

This understanding supports both signalling theory (Rao and Ruekert, 1994; Wernerfelt, 1988; Montgomery and Wernerfelt, 1992) and the umbrella brand (Erdem, 1998; Erdem and Swait, 1998). Both theories state that a well-known brand name can signal product quality of the allied unknown brand and increase the good expectations of this alliance (Montgomery and Wernerfelt, 1992). Voss and Gammohs’ (2004) findings show that an alliance with two brands would increase evaluations of a less-known brand relative to no allies, are also supported. Conversely, some participants expressed their fears about being part of the alliance. The Partnerships and Business Development Manager stated:

“In terms loyalty, there might be a conflict that if a loyal passenger travel to Doha through Qatar Airways it would be an issue for him especially if he prefers Royal Jordanian or British Airways and get used to it but these passengers might leave to another airline out of our alliance if they have unpleasant experience.”

No. 4

One aviation marketing professor argued that loyalty is important however competition between airlines companies in the same alliance could harm them; she illustrated this by giving the following example:

“For instance the situation between Korean Air and the China airlines in Sky Team alliance; both competing for North American traffic to China. But due to cultural, historical and now competitive issues would be some conflict between them yet they are part of the same alliance.”

No. 58

There are several possible explanations of this result. First of all, it is possible that making connection between brands could result in negative information about a brand that may alter evaluations of similar brands. Managers should be aware of this possibility of

negative spillover and to design efficient remedies to reduce the risks of negativity of a brand (Simonin and Ruth, 1998). Furthermore, many articles discussed that brand alliances also have problems and potential negative spillover (Johnson, 1994).

6.4.3 Brand Association

Another sub-theme that emerged was brand association. The creation of a positive brand image necessitates a unique, strong, and favourable connection to the brand. If strong brand images may be utilised to improve an individual's self-image, and be attractive to stakeholders (Keller, 1993). This is considered to be image enhancement through association. The image of a newly introduced brand or less well established brand is enhanced through association with leading brands in noncompeting product categories. Similarly, partnerships involving leading brands in noncompeting product categories are viewed as contributing to mutual image enhancement. This notion is supported by an International Relations Manager:

“Obviously, it helps the airlines image to be associated with the alliance and also to be enhanced through the other global carriers within the alliance, we have such affiliates in Japan, Australia, America, England and Latin America and all are very well-known so just try to compare how much benefit we can get by having our brand associated with them.”

No. 7

Acting Vice-President Commercial Head of Network Management and Alliances emphasised the same notion:

“So the benefit of brand exposure when my brand is beside the British Airways, Cathay Pacific, Iberia, and the list goes on this is great for RJ. After being part of Oneworld, RJ became well-known airlines.”

No .6

Brand association is essential to enhance brand image especially for newly introduced members in brand alliance. Becoming a member of OWA enhanced RJ's brand image positively, especially in the regions where it was least known before. The airline began flying to new destinations, often in the show of more business and to build positive brand

image awarded to the longer-serving members of the alliance. Alliance members are well known for their superior performance, exceptional customer services and modern aircraft. This finding supports the position of Kleyman and Seristo (2004) who state that consistency of brand image is crucial towards sustaining brand performance.

RJ has invested heavily in building a brand image, thereby contributing positively to improve its brand equity. With its brand vision of becoming a renowned airline providing quality services, RJ has ensured that it invests heavily in advertising to make this a reality. This has been in the form of regulating pricing, adding value proposition to on-board services and investing in advertising. The Regional Manager at Middle East Airlines³⁹ reflected on the process of re-building the brand image and the consistency issue by saying:

“We [Middle East Airlines] rejuvenate our brand and met all the required criteria of to match the Sky Team standards and so on... Also it is upgrading matter because there is following up process where the Sky Team checks the work out every now and then like the billboards, stands just to make sure of the consistency”

No. 49

On the contrary, when there is inconsistency going around the alliance that can negatively harm the alliance and delivering unfavourable image e about all the members (Weber and Crocker, 1983). For example, one unanticipated news was the recent case that have been raised by the three big carriers of U.S.; Delta Air Lines, U.S. airlines, American Airlines, against the three mega gulf carriers; Emirates, Etihad airlines and Qatar airways. The U.S. carriers alleged that the gulf carriers have been heavily subsidized by their governments. Lately, Akbar Al Baker the CEO of Qatar Airways, threatened OWA to exit as a result of this dispute. According to Simonin and Ruth (1998) the stronger association among brands within the alliance the better evaluation the alliance will receive from the customers. The negative effect on OWA is inevitable because there are two airlines companies against each other but they are taking part in the same alliance. Al Baker in an

³⁹ Middle East Airlines the flag carrier of Lebanon and member of Sky Team.

interview conducted on the side-lines of the International Air Transport Association's annual meeting within the Paris Air Show 2015 was surprised from what American Airlines had done by saying that:

*"There is no point in us being in Oneworld if an airline that invited us, hosted us in America to sign the entry to Oneworld, is today going against us the American carriers are impeding our growth."*⁴⁰

This might create a state of confusion not only for customers but also for the rest of alliance members. Moreover, if the primary brand disappoints, the bond with RJ customers will be lost. Based on the bonding perspective, research in brand alliance signalling shows that for an alliance signal to be effective it must be strong and credible (Rao and Ruekert, 1994). A writer, aviation and travel specialist highlighted this when describing the impact and effect of the Malaysian airlines accident on the alliance:

"It is very easy to harm the brand. When something goes wrong. If you have a bad experience on a flight you are going to talk about it on Twitter, your friends, LinkedIn and on Facebook. It is not nice for the airline and the alliance member to hear it or see it."

No. 55

It is necessary to assess how associations in brand alliances influence customer's attitudes about a brand when they assess the overall information of all the brands, since each brand has associations to add to the relationship that shape new associations. Brand associations from the individual partner present information for each partner (Broniarczyk and Alba, 1994). The brands that contribute positive connections to the alliance partnership aid the growth of a stronger alliance (James, 2005; Simonin and Ruth, 1998) and this can be justify why Qatar airways might withdraw as a result of the lack of fit

⁴⁰ The Wall Street Journal. June 8, 2015. Qatar Airways CEO Threatens Oneworld Exit in Dispute with American Airlines
See:http://www.wsj.com/articles/qatar-airways-ceo-threatens-oneworld-exit-in-dispute-with-american-airlines-1433812547?mod=wsj_nview_latest

between the association of luxurious mega gulf carriers and other brands. The EMEAR General Affairs at Japan Airlines Said that:

“We have Royal Jordanian and we also have Qatar joined us because RJ has been with Oneworld a little bit longer than Qatar, my personal opinion-I flew both but RJ seemed to be a lot more used to handle international passengers, Qatar was a little bit more centralised on Asian and sub-continent Indian services.”

No. 38

This finding indicates that there are some not so strong associations with the RJ brand which maybe stem from dealing with RJ as a feeder or side-liner in the alliance. However, RJ plays a dynamic role in the Middle East by filling the GAP of the OWA network around that region.

Analysing the data, it is clear that RJ's product and service specifications are the central basis for all the attributes related to brand associations. Upon announcing membership to OWA, RJ implemented the strong brand name through placing its logos in several airports where alliance members operate, and using effective symbols such as placing the name OWA member' on its planes to enhance brand visibility. As Atilgan et al., (2005) observe, building strong brand equity requires formation of familiar brand with strong, favourable and unique brand association(s). This can be implemented through choice of brand identities with well-known logos, images, brand names or symbols. This choice can contribute considerably towards building vibrant equity. Nonetheless, the core input is derived from the secondary marketing activities for the brand.

The success of branding by one member in the alliance will make customers associate the whole alliance with being a successful entity, hence improving their positive association with it. Evidently, in its branding approaches, RJ has aimed to be not only a successful alliance airline but a global one as well. Its management believes that RJ has everything that it takes to reinforce customer satisfaction in its networks. For instance, the airline has designed an effective strategic plan that has the purpose of enhancing and promoting its services to different destinations. The striking feature of this plan is the focus on the need to renew its aircraft fleet, increase route and network, improve in-flight

and ground services, and, importantly, increase punctuality of both departure and arrival flights.

The impact of announcement of strong brand joining the alliance has a positive impact on the overall brand. However, the conflicts among the partners or the withdraw or moving one partner to another alliance might happen, which can leave a negative impact on the consumer evaluation as we mentioned earlier, as a consequence a diminishing of the image might happen especially for the overall brand and small brands and that in line with Woisetschläger et al., (2011).

6.5 Managing the Alliance Brand

In general, RJ has been concerned with managing its brand in a bid to remain competitive and develop the ability to reach wider markets. This sub-theme emerged through the answers about how the brand is managed amongst the fifteen members of OWA. RJ employees illustrated that the OWA is owned and managed by its members which is not the case for the other two global airlines alliance; Star Alliance and Sky Team who are not fully owned by their members.

This difference creates a different dynamic with OWA, a dynamic which RJ and other OWA members must respond to. All the participant groups raised the managing aspects of the brand alliance as a major factor in branding strategy. In regards to OWA brand management, OWA members regularly meet in headquarters to coordinate cross-airline communication as mentioned in Chapter 2. These meetings have facilitated effective working among team members and has also overcome barriers created by physical distance and different time zones. While discussing this issue with the Manager Quality Assurance and Alliance she clearly highlighted the way in which meetings are coordinated:

“We have regular meetings also the head quarter coordinates for cross-airlines communication groups to facilitate the working among the members and overcome the distance and the different time zone. They developed a special IT system to be used quickly.”

No. 20

By focusing on effective brand management approaches, RJ can improve customer maintenance, brand image, brand awareness, brand relationship and customer acquisition. While discussing how the upgrade work was carried out to become fully member of OWA, the Former Team Leader of Alliance Passenger Revenue (RJ Representative at oMC) said:

“In the first place they have of five parts, the first talks about the scope and the background of the Oneworld. Second part, sales data and data exchange. Part three about pricing, issuance tickets, re-issues tickets and refund policies these are the Oneworld fundamentals to become part you should leverage your brand and to match the requirements then a regular meeting is held to mentor the performance and coordinate among members.”

No. 13

Obviously from the quotes above, the management process happens in a constant and consistent manner to allow the members to plan quickly and take action on the spot. Also RJ has put greater focus on enhancing its service delivery because it has established that customers require high-quality service when on board its aircraft. To enhance positive perception by customers, RJ has implemented a number of changes in its boarding services: on-line reservations; hotel bookings; more than fifty premium lounges; and frequent flyer programmes. These activities have improved the service quality of the firm to be on a par with or even greater than those of American Airlines, British Airways and Cathay Pacific – all “blue-chip” companies. Through these modifications the airline, that has newly joined the alliance, aims to improve the load factor and profitability which will be reflected on the overall brand building process (Blackett, 1999). It is clear that OWA is trying to manage the quality level and keep a consistent image across all the members. However, this finding does not fully support those of He and Balmers’ (2006) who considered that OWA is focusing more on its vision, visual identity and corporate advertising and sponsorship. The findings from this study show that OWA is focusing more on the service quality and reflecting a consistent brand image.

A participant from the oMC stated that they organize a structured committee meeting of appropriate representatives from each airline who hold face-to-face meetings every few months. This same group are in contact frequently by email, and if necessarily by

conference call, to make sure that the work that they are doing centrally at the oMC is in line with what individual alliance members are doing.

It is clear from this that the brand planning process is performed on two parallels not a sequential level which means that each airlines reserves its own right to plan its commercial activities separately from other alliance members. In parallel individual alliance members attempt to adhere to the rules and regulations set out in the OWA regulations book. Each member airline is involved in two brand planning processes: one for the alliance's brand, and the other for their own brand, thus making brand management within an alliance member airline a more complicated and complex function.

Having multiple brand management approaches can be justified through the classification presented by Heding et al., (2008) who argued that there are two main paradigms in brand management. The first is positivistic and the other is constructivist. Under these two broad paradigms there is a range of seven brand approaches which the researcher discussed in Chapter 3. The researcher concludes that brand practice is the main determinant of each airline's brand management approach.

For example, the researcher found that the RJ plans in a passive way and is focused on the marketing mix more than considering the brand as the direct engine of company strategy. Branding and Marketing Communications Director during our interview stated that the brand management process:

“It is a strategic tool to be used while planning to achieve better offerings, more destinations, competitive fares, and so on. Afterwards we can see other mutual opportunities”

No. 5

This is a clear representation that RJ's approach is more centred on the traditional P's of the marketing mix and how these factors are manipulated to affect consumer brand choice. This means that RJ is taking a short-term perspective to brand management and are more focused on the economic approach. Analyst in Strategic Alliances at American Airlines stated that:

“I guess being part of Oneworld is eventually the recognition of our own brand [American Airlines] in areas that verbal and not exist...I think the entire brand building process from the very first point touch the passenger till the very last time and that is how you can build the brand and the entire customer experience is one of the major brand elements and you need to manage this across all the members.”

No. 44

It is possible to conclude from this that RJ are using the relational approach which means they are building on the lived experience of their own brand and also on how the customer deals and perceives the brand. On the other hand, a Commercial Analyst at Oneworld Management Company said:

“At the Oneworld Management Company, we have that static which called “Be One” it is kind of brand platform and that was created in consolidation with a committee of heads of marketing and their representatives in the Oneworld members to make sure that it could be adapted or suitable for the market of each airlines and to make sure it’s been translate correctly.”

No. 47

Based on this study’s findings, it is evident that the oMC is involved in integrated branding strategies aimed at ensuring that each airline is successful in the market. The static ‘Be One’ mantra has been created upon the consolidation of marketing heads and their representatives, in order to gain confidence that the members have developed efficient and effective market-centric strategies that are suitable for their sustainability over both the long and the short term.

It is clear from this statement that the oMC have adopted an identity approach but they are working more toward the personality approach. The development of paradigms in brand management during the last twenty years has been influenced by a significant paradigmatic shift from post-positivist to constructivist or interpretive perspectives and in a brand alliance each brand has its own internal goals and aims which are translated into the overall brand management approach. This limits RJ in how they manage their own brand and results in them not getting the most out of the alliance in the way that other big brand members do.

Interestingly, two experts mentioned that OWA is not an existence brand but it is a kind of facilitator and the brand is in the members' brands. One Aviation Marketing Professor said:

“Oneworld has not really ‘marketed’ the brand; they have shared facilities, used personnel from alliance partners overseas to reduce costs, but little else.”

No. 58

The former Vice-President of RJ, the Mayor of Amman and a government representative stated that:

“I have my own theories in marketing and the brand is in the product therefore Oneworld Alliance has not given a product but has given a group of an accumulation of services of continuity of trip, promotional space, but not a brand. Oneworld, Sky Team, and Star [alliance] they are not airlines it's just a group...the brand is almost in the product itself that the passenger feels and sees and that is it in RJ, American Airlines, British Airways, etc.”

No. 61

As an umbrella body, OWA has implemented frameworks and guidelines that ensure that members organise, plan and follow branding success strategies, in order for them to realise their goals. Since OWA is a cooperation, it is the duty of its individual members to tighten brand relationships and contribute towards making the overall performance of the alliance a good one.

From experts' points of view, the OWA helps RJ in the facilitation of brand reinforcement. To illustrate, it is clear that the alliance has enhanced brand performance of members through ensuring that they enjoy the strategic capabilities of members. By sharing their knowledge, resources and markets.

Even though it is clear that OWA has not provided a product, it has offered its members trip continuity, promotional space and networks. The individual firms are responsible for building their individual brands, while OWA provides an avenue through which they can realise their marketing success. The concept of branding success is part of how individual firms add value to their services and, consequently, how consumers respond to these activities. The OWA offered consistent positioning to RJ. Established

marketing campaigns adopted by the alliance have positioned RJ as a leader in on-board hospitality services thus enabling RJ to gain more customers. The branding success that RJ has achieved has also provided a sense of authenticity to the firm. Thus, customers have positively perceived its services and been drawn to the brands that have a strong heritage.

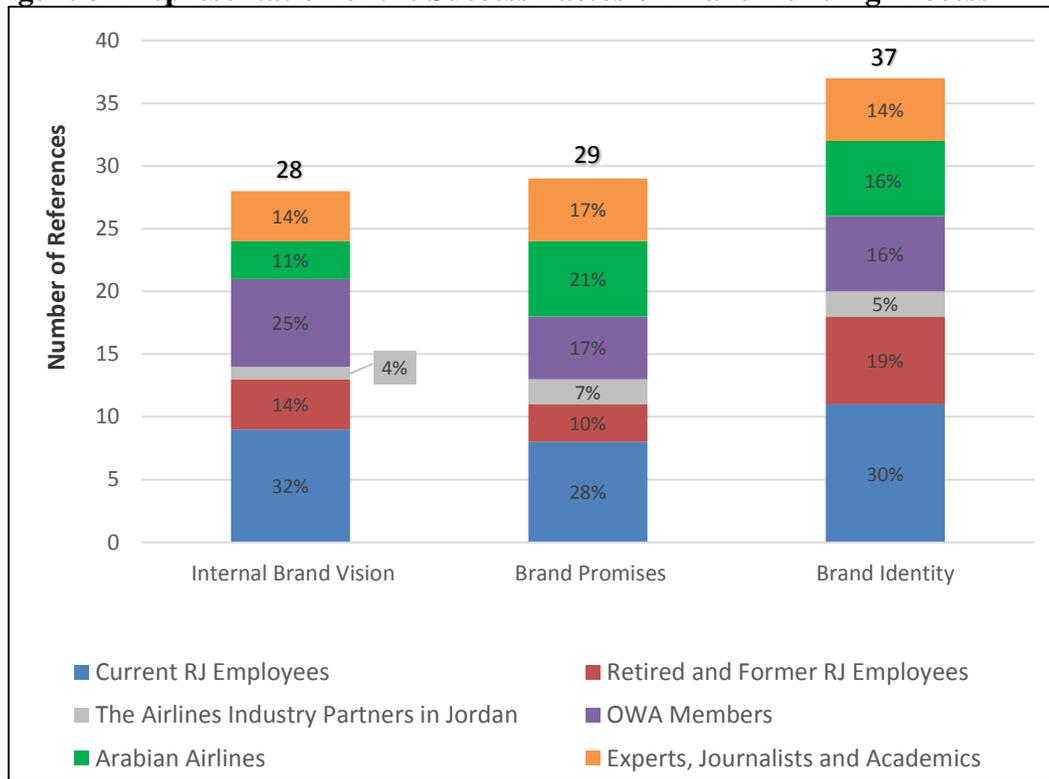
6.6 The Brand Alliances Imperatives⁴¹

It is argued by De Chernatony (1999) that brands require a strong vision that presents the organisation's path to achievement. Organisation managers should envisage the brand's context for five years and examine the way the brand was going to operate in the future (Poras and Collins, 1994). The culture of the brand sets out the underlying values of the brand's vision, and where the product originated (Kapferer, 2012). Brands can improve communication with customers and reduce misunderstandings, Kapferer (2012) argued that brands require a culture that each product should derive and attribute its success.

In this section, we will be discussing how three main imperatives of brand building in OWA are based on reputation creation through the brand promises, consolidating internal brand vision, enhancing brand identity are the main success factors which RJ should elaborate. By focusing on building their brands, OWA the members of OWA have succeeded in attaining value-creating potential, since managers can effectively pursue strategies that are aimed at maximising the value of shareholders. Figure 31 below provides a representation for all the factors of the second theme based on the number of references per participants group.

⁴¹ Section 5.4.2 Designing Global Service in Chapter 5, discussed also a number of issues related to managing and designing global services as a part of the strategic motivations factor.

Figure 31 Representation of the Success Factors of Brand Building Process



Source: Table 18, page 201.

Figure 31 shows the three major factors where airlines should have a clear brand strategy in order to stay competitive in the market. In general, brand identity was the most important factor and there was a slight difference between the brand promise and internal brand vision. All three groups of Current RJ Employees, Retired and Former RJ Employees and OWA Members mentioned brand identity as most important followed by internal brand vision. The rest brought up brand identity and brand promise equally then internal brand vision.

6.6.1 The Internal Brand Vision

De Chernatony (1999) asserted that one needs to monitor a brand culture to create strategy to reach customers. Whereas, Schein (1984) added that culture may be measured via the brand's employee's, managers', artefacts, mental models and values of the individuals involved in the activities of brand building. Research revealed that internal brand vision as an important element that should be reconsidered by RJ and alliance

members. This sub-theme has emerged mainly through the responses and actions of RJ's employees. Former Vice-President of Planning and Revenue Management said:

“Just because you are member of an alliance does not mean you have joint fares or favourable pro-rates with other parties, just because you are in the alliance does not mean you have to co-operate to the same extent with everyone else. I think RJ employees’ is the true gold.”

No. 56

Surprisingly, some employees pointed out that they do not fully understand what OWA stands for - this was supported by what the researcher observed through spending a long time at RJ’s headquarters. The researcher was questioned by many RJ’s employees and mostly by those who were not part of the sample when they heard about the study. Employees doubted if OWA has added to RJ’s brand. Below is a sample for some of these answers that supported these observations. The Acting Vice-president Commercial Head of Network Management and Alliances said:

“Oneworld is like my baby... I’m fighting for it... and I just talked to my colleagues that we have to impose it and make some awareness to our [RJ] staff. Btw it was a requirement but by it is dropped and unfortunately many employees disregard Oneworld.”

No. 6

Sales Supervisor said that RJ needs to educate its employees:

“Well we [RJ] have acceptable budget although it is not like the other companies, but we need to put extra work and effort on it, so we need to spread awareness about Oneworld between the employees, because it is supposed to be part of our culture and not a merely project anymore.”

No. 10

The Board of Directors Advisor at RJ said that these attitudes are expected and it is just a consequence of Arabic culture and how employees think, especially those who are older. He said:

“It is the alliance “fashion” with feasible results but the ignorant and the ingratitude culture is understandable action it is communicated to them as a western-idea they will not like it and I am really not surprised but feel sorry.”

No. 19

Senior Sales Executive at Saudia Airlines expressed the lack of knowledge in the branch managed in Jordan by saying that the employees there are still confused about the alliance and this reflects poorly on the Saudia Airlines brand.

Interestingly the former CFO of RJ expressed his doubts about almost everything. He said that being part of the alliance does not necessarily mean that the company is safe or secure from any threat and that there are many examples to support this. He said:

“They [RJ people] have many problems, they have management problems they have marketing another with the staff, and there is too many things actually. Oneworld alone cannot rescue them.”

No. 27

This opinion was also expressed by a senior manager who had worked five years for RJ. The above quotes are indicative of a potential gap in the direction of RJ's internal brand vision. The internal brand can inspire employees to support and promote RJ as part of OWA. This gap will be discussed later on. As a result of these problems staff were not able to appreciate their own brand and deliver the brand promises in the right way. The importance of having an educated staff has been emphasised by many consultants and experts as below.

Internal marketing is important to educate your employees and encourage them to take part in activities in the airlines so you can guarantee that they can communicate the positive associations of the brand to people outside (Joseph, 1996). For De Chernatony (1997) brand management is a team based activity, managed by individuals at senior levels who adopt a strategic approach. Those engaged in brand management need to work towards the same goal, using a common vocabulary. That is why it is important to have a strong internal brand vision through educating the members of the air carriers that the

definition of a brand is an instrument for obtaining competitive advantage in an organisation through differentiation.

Internal brand vision can be said to be the effective brand management approach that enhances brand awareness. Developing a brand strategy helps organisations to get more customers and attain marketing success (Hair et al., 2009; Kapferer, 2005). Even though it takes quite a long time to develop a brand vision and strategy, understanding product positioning, audience, benefits and goals of the products or services is imperative for sustainable marketing performance.

Managing a brand as should entail regarding it as a long-term asset (Dean, 1966) which is a widespread way of managing a brand. It was argued by Davis (1995) that brand management needs a long-term approach, and managers should manage brands similar to assets to enhance increase their value. Royal Jordanian should develop their brand vision with long term planning and a strategy. This strategy should involve all those in the company, as a way to make sure that they have a consistent brand vision in the long-term instead of having multiple views and opinions.

This argument is supported by Uncles et al., (1995) who state that with a properly defined brand vision, organisations can apply leverage on their marketing position to further enhance their competitiveness. As for RJ, most internal stakeholders do not fully understand the rationale behind OWA and thus they have been unable to appreciate their own brand and deliver the brand promises appropriately.

6.6.2 The Brand Promise

Brand building is vital for the differentiation of any business model in the market. Thus this section shall endeavour to compare the brand activities of the members to the oMC. The responses show that they had agreed on the necessity of having a sufficient brand management to stay on the right track and manage all the aspects of the brand. It has been noted that most of the participants crossed in three elements of brand management; the brand promise, the corporate identity, and internal brand vision as shown from the quote below stated by former Executive Vice-President at Qatar Airways:

“Partners should be able to operate and deliver on the promises that are made earlier and not only promises to passenger, but promises to the staff, because if you have a weak link in the chain, in British Airways or Air Berlin, or Qatar Airways to American Airlines, or in RJ or whatever, then you have a weak link in that chain and everything will fall apart.”

No. 57

This clearly highlighted that the promises are made to both the customers and employees. Strategic alliances, as Barney (2002) asserts, should not concentrate only on fulfilling the promises made to the customer but also those made to staff members. Individual employees are the strongest force in the value chain of a strategic alliance and so the organisation should develop strategic plans to ensure that they, too, benefit from the outcomes of the alliance’s activities. Many participants emphasise the importance that all the members of OWA deliver almost the same promises to their customers. The Director of Asia/Pacific Strategic Alliances at American Airlines stated that:

“Normally the most profitable promise we make is to let the FFP holders to earn and redeem miles and when we join Oneworld the same promise has been extended to the other partners so we all delivering the same implicit promise of service quality under the umbrella of Oneworld.”

No. 42

A former Business Development at American Airlines said also:

“Whenever you want to go an alliance you need to check that company who you are going into an alliance with can deliver your own promise to your customer.”

No. 43

Echoing the same, a retired Airport Manager at British Airways said that:

“To make sure that the promise you made to that customer, that you are going to fly from A to Z, that that other carrier, you have put checks and balances in place, that they are delivering and doing what you, because you are putting your flight number on their metal. That’s not your metal. That is somebody else’s metal.”

No. 34

From the above, it is apparent that most of participants valued the importance of having congruent promises across all alliance members in order to add up to the overall brand. However, the Customer Experience, Business Development and Market Research Director argued that having many members would make the process of delivering these promises difficult as shown below:

“Because they [Oneworld] have a quite large number of partners, it is not easy to manage all these brand promises all together, because you can never ensure consistency and what you are promising is easily delivered although.”

No. 2

This thought strongly supports the necessity of having an adequate level of brand management to set clear vision and break it down into achievable promises. More detailed analysis to follow in the next chapter.

RJ and other Arabian airlines in the OWA have leveraged on intangible brand promises, such as flyer rewards that enable passengers to redeem miles. Coupled with the top-notch in-flight experience customers receive, such programmes have contributed towards marketing success. RJ has focused on ensuring that it initiates alliances with firms that promise to deliver value to target customers. For instance, it is evident that most of the airlines in alliance with RJ possess a superior fleet, excellent on-board entertainment and host of other value-addition facilities.

In return, customers have developed a positive perception regarding the ability of the airline to provide them with customised services. RJ ensures that the partner airline has requisite competencies to ensure that consumer satisfaction levels are not compromised. This is consistent with Doz and Hamel (1998) findings that airlines value the need of having congruent promises across all members in order substantiate the overall brand.

Nonetheless, RJ has been extra cautious on the number of members with whom it will engage in alliance, as having more than a few may lead to a compromise on delivery of promises made. It becomes very difficult to manage brand promises, especially when several partners are involved. Besides, it is quite difficult to ascertain which airline is delivering on its promises and which is not. Those unable to deliver the promises made to

consumers impact negatively on the image of the overall alliance, which consequently results in a betrayal of consumer confidence (Kapferer, 2005). The repercussions can be a loss of market share and, eventually, a high chance of going out of business.

6.6.3 Brand Identity

The third imperative element is the brand identity. This factor was brought up by the participants, in the context of comparing the brand identity for each individual member to the identity of the global alliance. For example, a Sales Supervisor argued that there is no way that the alliance changed the brand identity of its members, as shown from the following quotations:

“Here is something you have to know that Oneworld do not change the identity of the company, so even with the joint they keep the company’s separate identity, the culture and so on so Oneworld may approach members who have some common.”

No. 10

Stressing this, the Commercial Analyst at Oneworld Management Company said:

“Oneworld brand is complementary to brands so it is not meant to take over the brand name. The American brand is important to American Airlines.”

No. 47

As a reflection of brand identity, RJ has been consistently renewing its aircraft fleet, realigning customer services and reviewing prices to create positive perception from its customers and more so to effectively penetrate the market served by the alliance. This finding is in harmony with Aaker (2004) position that what the company does has a direct and indirect impact on its identity, which becomes a critical resource when it adds value proposition. Interestingly, since reputation is intangible, it makes it hard for other firms to replicate it, thus preventing the occurrence of unfavourable competition.

By establishing a consolidated brand identity and revealing it to the external market, firms are able to send a unified promise through the brand to customers (Kapferer, 2005). Therefore, RJ needs to keep the harmony between their promises and the brand identity.

However other participants stated clearly that when it comes to OWA to approach a new airline companies they will look at their brand identity to make sure that it might cross with other members in some brand association and therefore the identity counts to all the partners under OWA. The following quotations represent this; the first one stated by Trade Marketing and Sponsorship Manager at RJ:

“I think the entire brand building process from the very first point touch the passenger till the very last time of him. And that is how you can build the brand identity. You should add your flavour.”

No. 16

Former Regional Vice-President at IATA and Retired Senior Manager from RJ said that:

“Are the other partners having the same comfortable seats, the service standards is very good, the quality of food is the same too, so there is an identity for the airline that is connected with the alliance partner as well, so if I fly with RJ instead of Iberia I will not find a big difference.”

No. 23

On the other hand, one of the journalists thinks that OWA started to lose its identity by adding more members. He provided the examples of the recently added Sir Lankan Airlines and before that LATAM (LAN Airlines and TAM Airlines). He argued that will accelerate the loss of their identity such as other global alliances who already sacrificed their identity by adding dozens of new members.

For instance, the Jordanian culture of hospitality has enabled RJ to fulfil the symbolic needs of customers; its state-of-the art aircraft have fulfilled customers' experiential needs; while the innovativeness of its seats, quality food and check-in services and punctuality have all satisfied its customers' functional needs. As a result, this has led to the transformation of the reputation and identity of both RJ and the alliance. Through the alliance, it has been possible for the firm to upgrade its brand identity and develop strategies to satisfy the dynamic needs of international consumers in a more satisfying manner.

This also points to the findings of Zentes et al., (2011) who consider that different brands provide a variety of functional, symbolic and experiential benefits. Functional benefits motivate customers to search for products and are designed to solve external consumption needs. On the other hand, symbolic needs are desires for products that enable one to fulfil one's internal desires, such as role position, self-enhancement and ego identification (Keller, 1998). Experiential need is a desire for product that satisfies cognitive stimulation, sensory pleasure and variety.

Furthermore, it can be deduced that alliance membership improves the reputation of the airline, hence its strong brand identity. From the findings, alliance branding is more significant for smaller members of the alliance, who may want to exhibit higher reliability and improved service quality by joining an alliance with improved brand visibility.

RJ has strengthened its status as the preferred airline for business and economic travellers by strengthening its status as an alliance member. OWA has offered RJ network coverage, which has helped it to distinguish itself from low-cost carriers. Besides, being a member of the alliance has introduced the aspect of differentiation, quality, excellent customer service and safety. All these are branding aspects which have significantly improved the brand image of the airline. From the interview responses, OWA seems to be the avenue where airlines can effectively differentiate themselves by offering excellent customer services. Number of participants noted the high level of hospitality of RJ offers to its passengers which consider one of the core competencies of RJ and differentiate its brand and give it a unique identity as mentioned in Chapter 5 section 5.5.2.

In sum, a brand identity represents coherence among member airlines. The identity of OWA is separate from that of its individual members. This is further reinforced by the fact that the Alliance possesses a flat organisational structure and thus members are at liberty to safeguard their own identity while reflecting those features that show the essence of national pride.

Additionally, the identity of the strategic alliance had some significant contributes to on RJ's own corporate identity; OWA advocated an inclination towards enhancing hospitality, friendly customer care and unique on-board services. Already, RJ enjoys a

good reputation for its hospitality; and upon joining the alliance, this characteristic became reinforced to its own advantage. Besides, being a member of strategic alliance has enabled RJ to consolidate its ability to provide customers with more diversified services, especially in that it was able to take advantage of other members' strategic capabilities.

The intense competition with other brands, OWA airlines have carved out a unique brand identity, although not one that is based on the identities of the individual member brands. The members are required to adhere strictly to the brand identity, and failure to do so may result in speedy expulsion. The OWA stand for exceptional quality in customer services, modern aircraft fleets, sound management and mutual collaboration in market research. Its members, therefore, are required to adhere to these aspects of the business in order to make overall branding a success.

6.7 Airlines Services Marketing Strategies

We stated that the marketing mix should be support the brand aims and be the tool to achieve its objectives. We have discussed that branding complements marketing efforts and leads toward more favourable response toward the service offerings but on the other hand some many companies might not relate it to the brand and they have different and vague strategies managing the branding aspects away from the marketing ones. Therefore, the marketing mix has to be the acting part of any strategies and that mix should include the branding strategies moreover these strategies should be carried out across the airlines entity. This means that the company should not look for a short-term solution such as a sales promotion and discounts but should look at how to improve the product offerings or fixing the wrong practices without harming the brand itself. Therefore, it should be related to the dimensions to the brand.

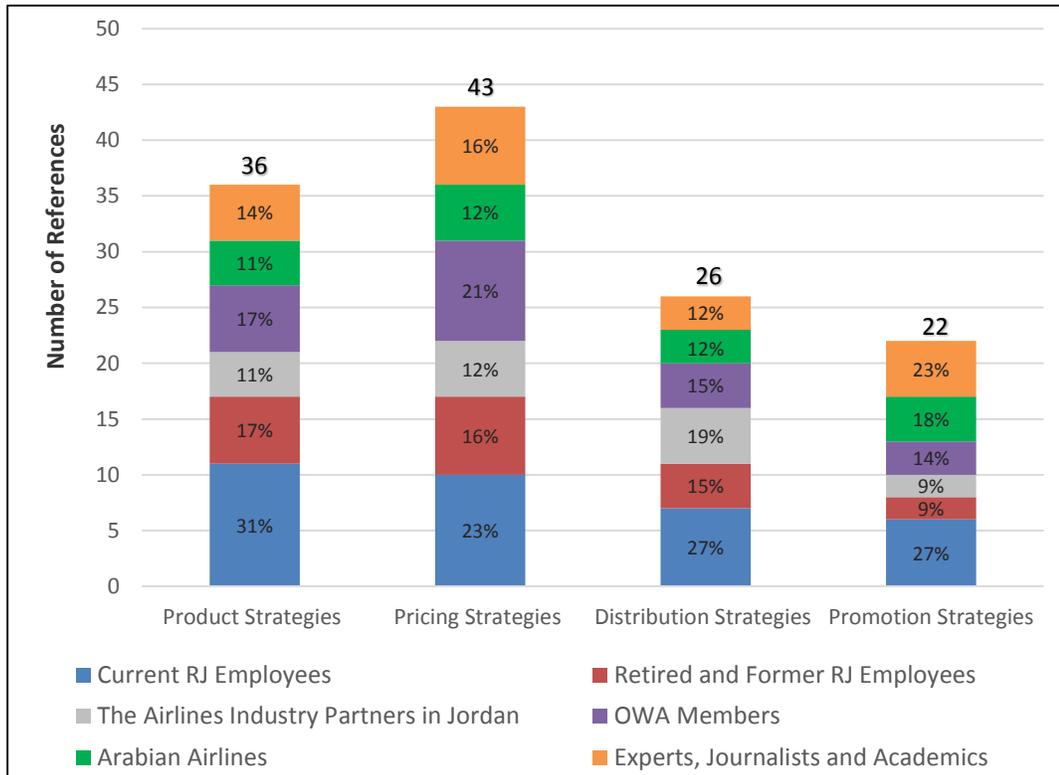
For example, if the brand is known as a prestigious one then the airlines should not rely on promotional campaigns or aggressive pricing strategies which could have a possible negative effect on the brand association. As a demonstration of this, in 1997, the Britain's late Prime Minister, Mary Thatcher, displeasure the ditching of the union flag from the British Airways' aircraft livery and replacing it with multiple ethnic designs. This was condemned by both the passenger and the crews and after receiving many

complaints about it the British Airways admitted that Thatcher was right and they returned back to the original flag on the tailfin of the aircraft. Therefore, the decision of any legacy should be built on a strategical stand rather than a tactical one.

This sub-theme emerged by asking about RJ's marketing strategies and how they plan these strategies around the brand of OWA. The answers varied among many categories as shown in the following sections that highlights the main marketing strategies mentioned by the interviewees, and consists of the product, place, price, and distribution strategies. There are another three Ps have been mentioned earlier through the brand personality and internal brand vision because the marketing and branding are closely related to each other. Worth mentioning that the last 3Ps of services marketing have been discussed earlier in chapters 5 and 6.

Figure 32 below provides a representation for all the factors of the marketing strategies based on the number of references per group.

Figure 32 Representation of Airlines Services Marketing Strategies Factors



Source: Table 18, page 201.

As it showed above, the researcher extract the 4Ps out of the findings; however, the last 3Ps of services were also included throughout the discussion. For instance, the *physical evidences* identified in section 5.4.2 through the discussion of designing the global services. Another P of Marketing; *People*, addressed in section 5.6.2 throughout the discussion of the internal polices within RJ. The *Process* was thoroughly discussed in sections 6.5 and 6.6 throughout the aspects of managing the brand and the key brand imperatives.

6.7.1 Product Strategies

The first strategy that will be analysed is the product policy, despite the fact that branding covered many parts of the service. There are more thoughts that have been raised by the interviewee, who raised many points about the airlines services offerings. However, in relation to a global alliance, the service product is defined in terms of the range of offerings by the members and how much there on the quality of delivering the service.

The following quotations are from the Marketing Director at RJ who affirmed on the previous thoughts of how as an airline looking at their product in the context of OWA by saying that:

“After becoming part of Oneworld and people tend to know who we are and consider flying RJ and testing our product unintentionally because it was part of their itineraries which they booked through American Airlines or British Airways or anybody else.”

No. 15

Retired Senior Manager at RJ described the product of RJ as a superior over other members saying:

“If you go to the U.S. and get into an airplane of American Airlines you will see the big difference in servers, in seats, in immunities, in in-flight entertainments, you will see that the service is better for RJ and with the arrival of eleven new Boeing 787 Dreamliners the quality should be enhanced”

No. 22

The Board of Directors Advisor conveyed the same message by giving an example on how some airlines have tried to compete with RJ on certain routes but how they ended up leaving the non-profitable route-competition because of the strong connection between RJ and OWA members which endorsed and support RJ on that route. He stated that:

“Delta which is a member of Sky Team used to operate to Amman they did well for a while and then its product could not compete not only with RJ’s product based on other Oneworld members’ offerings.”

No. 19

The points above confirmed what has been mentioned earlier in Chapter 5 about RJ competencies. Excellent on board service offered by RJ makes a huge difference and helps the company to stay competitive. As RJ has an alliance with OWA it means that indirectly it is competing with the Sky Team alliance so the alliances actually form the competing force against each other and against individual airlines because of the marketing power

that they are holding within the brand. This emphasises the importance of consistency in service quality among alliance members.

RJ's employees have a strong belief in their service offerings. It is also worth mentioning that the researcher displayed in the first theme RJ's points of strength and one of the employees is serving the Levant region and happens to be leader in that area and that also add toward the service product. Also other alliance members, experts, consultants, and practitioners have agreed on the importance of being part of OWA to extend the range of service offerings especially for the FFP holders.

General Manager, Sales and distribution at Cathay Pacific stressed on the importance of the OWA to add variety of offerings for the passenger by saying that:

“The benefits for Cathay have come from providing a range of services offerings to our customers, and in particular our most valuable frequent business travellers... Earn and burn frequent flyer mileage opportunities, lounge access, priority boarding and luggage all count for a great deal all of them enhanced and strengthen our offerings by joining Oneworld and have new partners all around the world.”

No. 37

As we can see above, some participants related the success to their own individual brands without acknowledging the alliance as strong as for example RJ and other small medium carriers have mentioned about how the alliance has enabled the airline to travel to more destinations. This could be attributed to the power of their individual brands as Rao (1999) suggest that when the brand in a position of entering new market where the signals about the product quality preferred to be impaired with another dominated brand as the most effective way, such as when it is first entering a new market, an effective way to do so would be to form an alliance with a relatively well-known brand. That is completely relevant to this case of RJ when they paired the brand with other well-known brands to gain the benefits of the high reputation brand in their own market and over the globe.

6.7.2 Pricing Strategies

Besides the product strategies, pricing and revenue management strategies is another sub-theme in which RJ employs to ensure its stay in the alliance becomes a win-win case. As Aaker (2004) records, among the elements of the marketing mix, price is one of the most important factors that determines the market success of a firm. Theoretically, price is determined by determining the value that customers perceive the purchased item. Assessing the opinions of consumers concerning pricing is significant in the sense that it shows how they perceive the product attributes and how much are they willing to pay. A former senior manager at British Airways stated that:

“Technically airlines are not allowed to set prices. That is anticompetitive. Airlines have been in Court, that kind of thing. British Airways and Virgin have been in Court. So alliance groupings are not allowed to sit and agree what the price would be for London-Madrid, London-Amman. You are technically not allowed to do that. The market and the cost dynamics have to drive all those prices.”

No. 35

The airline body IATA explains that setting fixed prices is anti-competitive and may result in customer exploitation. The industry has experienced an invasion of new airline companies, such as low cost carriers, while traditional airlines are busy devising new competitive strategies that include offering a more competitive price to customers. The majority of airlines also apply a pricing strategy called yield management.

However, setting the prices away from other partners is limited when the flight is not direct. Hence, most of the companies have codeshare or partnership agreements with other companies to facilitate the travelling from one destination to another. In this regard there is a cooperation in pricing strategies between the two airlines (Wright, Groenevelt and Shumsky, 2010). Some of the represented quotes following summarized the supported arguments above. The following quote by Partnerships and Business Development Manager stated that:

“Anybody who wants to come to the region, he will get competitive prices to come to this area of the world, because if he travelled with LAN which is a part of Oneworld we can connect with RJ to go to Iraq or where ever.”

No. 4

The Marketing Director at RJ comment about the fairs among alliance members by saying that:

“The Oneworld Alliance and through its share with Berlin, we were able to fly people from RJ to Berlin, to London, and also to Oslo, Stockholm, Copenhagen, in preferable rates, for example I can fly people from Amman to Oslo, because we are part of the alliance, if we are not, the RJ will be offering separate tickets and separate fairs which would make us non-competitive price-wise.”

No. 15

Recently the interline revenue of OWA secured for all the members cumulatively has increased by 135 per cent during 2014 which is a strong indicator of the collaboration particularly among OWA members if we compared to Sky Team and Star Alliance. This what The CEO of Qatar Airways declared in at the recent Airline Business Aviation Partnership Summit 2014. Former Vice-President of Planning and Commercial said about the benefits of Antitrust Immunity Agreements:

“There is antitrust immunity among American Airlines, Iberia, British Airways, and Royal Jordanian. It is more and more growing into an antitrust community so we can talk about prices, we can talk about networks and costs side and that is for RJ this is very beneficial; we are a small carrier so, we cannot afford to extend our network to the Far East to China to all these areas.”

No. 25

The Antitrust Immunity which is granted to the members of OWA and most of the global alliance by IATA and allow them to set the price or fares of interline trips collaboratively (Bilotkach and Hüscherlath, 2012; Brueckner, 2003a). For example, British Airways which is the selling airlines collaborates with RJ which is the operating airlines to sell a flight trip from Manchester to Amman which operates partially by RJ. In

this case British Airways and RJ can offer lower prices for those passengers and focus more on the joint profits.

However, Doganis (2002) argues that IATA's has less influence over interline fares through the coming years because many airlines are setting their prices based on agreements even if they are not part of airlines alliance or even having a code-sharing agreement.

On the other side, regulators have thought that, if airlines carriers decide prices as one carrier, antitrust immunity may reduce competition and lead to higher priced fares. Similarly, other alliances' partners operate regular parallel services from hub airports; however, the extent of airline traffic is less than U.S. or UK popular routes served by both the American Airways and British Airways.

Moreover, academics pointed to the revenue system, expecting (as discussed earlier in Theme One) that collaboration in price setting will generate anticompetitive effects. An Aviation Professor stated:

“There should be more integration between the revenue functions to create the seamless experience that alliances promise; however, this involves linking the revenue management systems which many alliance airlines are still reluctant to do. Oneworld has not really ‘marketed’ the brand; they have shared facilities, used personnel from alliance partners overseas to reduce costs, but little else.”

No. 59

According to Bilotkach and Hüschelrath (2011), it is the interest of the customer that creates customer value and sets prices which maximise the profitability of the organisation on flights with durations two hours and above. It is evident, and significant, that RJ has remained the only international airline that offers economy class passengers a choice of three meals from fish, beef or poultry.

On the other hand, the airline has tried very hard to stabilise its prices over the years. However, this has not been possible as a result of interplay of certain factors. For instance, the rising price of oil has had a direct impact on operational costs. Higher fuel costs have

also resulted in economic recessions, which inevitably see a worldwide downturn in demand for air travel.

The significant changes in the Middle East have also had placed great pressure on the firm to increase its prices. Over the recent past, this region has been plagued with crises such as Middle East oil embargo (1973), the Gulf War (1991), the worldwide financial meltdown (2008) and the most recent Arab Spring (2011). These historical developments have impacted heavily on RJ, especially regarding price stability. Yet, just like any other airline, RJ is obliged to review price plans based on competitor prices, destinations and type of class, as well as the time of year (whether it is peak season or off-peak).

Nonetheless, most of the low fare rates are unavailable during peak travel times. Due to the high operational costs associated with airlines, it appears that charging low prices has been very unsustainable for RJ. As a result, they have placed a lot of restrictions on this policy and significantly reduced the number of flights that offer lower fares. RJ has also been in the forefront of installing specialised computer programs that constantly monitor flights, analyse booking patterns and execute real-time analysis of the number of seats in each fare level. In case the flight is being booked up faster than usual, the airline reduces the number of available seats in the lowest fare levels or removes them altogether. In the case where a flight is not selling well, the firm is forced to sell out most of its low fare seats.

However, all these pricing activities are undertaken in full consideration of what other firms do. Thus, RJ has established a pricing department which examines how other airlines are adjusting their prices. Besides, to attract more customers, the airline provides commissions and incentives to those sales agents with most customers. Importantly, OWA has offered its customers flexibility of prices and freedom to choose what they can afford and therefore we can conclude that there is no clear revenue system among the partners however there is a limited arrangement between the partners regarding the prices.

6.7.3 Distribution Strategies

There are multiple distribution channels for airlines such as travel agents, websites, and GDS. There are high added costs which reach up to 20 per cent of airlines' total expenditures according to IATA (1999). There are many expenses that add up to the final cost i.e. the commission costs, ticketing costs and reservation cost. The airlines companies are looking to lower all these costs and manage their operation in more efficient and effective ways especially that the distribution cost is high comparing to other kind of expenses (Mason, 2002). Some of the participants reflected on that as the following quotes made by the director of Asia/Pacific Strategic Alliances at American Airlines:

"I think the biggest benefit is the expansion of the brand throughout the world, particularly in places that American Airlines does not serve. Oneworld also legitimizes us in other regions of the world."

No. 42

In addition the EMEAR General Affairs at Japan Airlines said that:

"Japan Airlines gained services offerings beyond what our normal network would require and that gave us a lot more access to markets than we never really thought that we would be servicing."

No. 38

In line with Prince and Davis' (2002) findings, the researcher found that brand alliance goes beyond the original network of the partner and offers both distribution and promotional benefits. This also justifies why most of the participants discussed the benefits of expanding their network to new destinations where the airlines cannot reach either due to regulatory barriers or not having the resources to go beyond their original network. On the other hand, travel agencies and GDS have an integral role in the network. Reflections made by the marketing manager at Travel Centre Agency support this:

"RJ has a department for the pricing they are giving offers to the agents, for example there are companies that give Zero incentive and commission at the end of the year, but RJ gives."

No. 28

Similarly, Account Manager at Sabre Travel Network

“we have variety of options that does not stop at anywhere in the world and through the facts that I got I can tell you that having these alliances make it easier for us and the passengers for accessing a bigger network with more convenient options.”

No. 31

Both the GDS and travel agency confirmed that they have witnessed that membership in the OWA has had an impact on RJ. Membership has resulted in RJ giving them more information, providing more convenient service and offering a range of options not previously available. This finding confirms and extends the findings of Prince and Davis (2002) study on the airlines alliances.

GDS creates another entry barrier for LCCs. Travel agents tend to favour established higher-fare carriers however low-cost airlines have avoided distribution through travel agents and have encouraged passengers to book their own flights on the internet to avoid extra costs. New entrants must bypass distribution channels altogether or create their own. Consequently, we can consider distribution channels or the GDS of airlines in a global alliance as a kind of immunity system that mitigates against threats from new entrants and other external threats. This supports work of Doganis (2002) and Oum et al., (2004) who argued that creating a network among a group of airlines or a horizontal alliance will lead to a better marketing benefits and a reduction in the distribution and sales cost and that will improve the productivity of the members.

It is worth mentioning that many of the travel agencies along with airlines are using internet channels to reach more customers and reduce the cost. This could be related to promotional strategy too. Also OWA affiliates provide services in conjunction with individual OWA member, so the passengers can enjoy even greater choice and flexibility when you fly with any of the members as a result this will reduce the overall cost of the distribution process (Alamdari, 2002).

6.7.4 Promotional Strategies

The final strategy to be discussed is promotion strategy. Product and service promotion are important determinants of brand awareness (Aaker, 2004). Firms are willing to spend a lot in advertising and sales promotions, in order to win consumer confidence. In the airline industry brand promotion performs a major role in determining market competitiveness.

Team Young and Rubicam (TY&R) by 2015 was the sole agency that is responsible for RJ brand and their main role is to make sure all communication material falls under RJ's guidelines. Also, they help in creating and designing advertising campaigns, BTL and branding material to help achieve both advertising and business objectives within the guidelines. The Group Account Director of RJ at Team Young and Rubicam advertising agency stated that joining OWA was a major milestone as they highlight that while designing the campaigns:

“In general we always make sure to convey the memorable journey passengers will experience their flights with RJ and in the last campaign we highlight all the milestones in RJ history and the attributes related to RJ brand.”

No. 33

Also, OWA does not impose any restrictions on RJ's commercial choices or its ads campaigns but there are some rules which require the logo of OWA to be added to RJ's material. The Customer Experience, Business Development and Market Research Director said:

“Every partner within the airline have the responsibility to promote you even as a partner they have to include something about the RJ... the idea is to keep a certain level of consistency in sending the promotional messages to the customers of the alliance members so they will be willing to experience every single member also enjoy all the joint facilities”

No. 2

Expanding on this, the No. 2; the Executive Assistant Media and Communication Spokesman stated:

“Every press release by Oneworld members will be highlighted all the members and the benefit they can get by becoming FFP holder moreover the Oneworld management company keep the members and the passengers up to date with anything new about the members or the alliance in general. Oneworld has shaped our commercial decisions in a way or another.”

No. 8

The above discussion presents two important points. First, that the FFP is doing the job of promoting the airlines to other passengers of the OWA members; second that there is consistency of the media messages. There is a promotional link point between RJ and OWA which is supported by Janonis et al., (2007) when he argued that a brand alone may not have competitive advantage in the aviation market. Organisations that do not communicate their brands, consequently, therefore fail, to maintain competitive advantage, to manage the brand communication, project its identity, equity and uniqueness. Moreover, Floor (2006) argued that inadequate communication could produce negative impact on brand awareness and identity. Inappropriate information about a brand might spread to consumers, and lead to misunderstandings with employees, the organisation and company objectives. Former Vice-President of Planning and Commercial, Director at SWISS international Airlines said that:

“You can see now more and more every of one world airline is panting at least a certain amount of aircraft in at every destination at the home market we are trying to put Oneworld on everywhere on the carrier so that we are Oneworld carrier, we support Oneworld towards the customers by having it easy for the customer”.

No. 25

All in all, OWA does not have a direct effect on its member’s promotional strategy but it has added benefit in all the promotional material by using the promises of the OWA brand through the advertisements and promotional materials. Also the alliance and its members play a significant role in endorsing and enhancing the brand to their clients either by selling them a ticket on RJ or by promoting RJ through their hubs or branches all over the world. This finding also supports the argument put forward by Blackett (1999) that since alliances are long-term arrangements, alliance members would manage their promotional efforts differently.

RJ has significantly developed its promotional activities in a bid to earn a wider market share. The company's latest 'The art of flying' slogan has served to inform consumers of the type of services they can expect when they board their plane – exceptional quality and artistic effect. It also reflects the airline's ongoing efforts to rebrand itself as the leader in the provision of on-board entertainment and comfort to passengers. TY&R, OWA's branding advisor team in Jordan, has the responsibility to ensure that the airlines in the alliance focus on adopting suitable promotional strategies that can result in sustainable market competitiveness.

Consequently, OWA is highly decentralized management style and does not place any restriction on the commercial choices made by RJ or any other members regarding its own promotional techniques, as long as they work to the best interest of company and compatible with DRD. This study shows that adopting relevant promotional techniques such as advertising can help the company attain higher levels of brand equity. Heavy investment in product promotional techniques may also result in redefining the quality of products firms usually provide. RJ is well known for the provision of excellent on-board services because of its constant advertisement and sales promotion - this company has been able to enhance positive product perception amongst customers.

As a result, brand equity has increased and market consolidation has been reinforced. On a practical level, RJ has considered the product promotion positively by placing their brand symbols strategically on television programmes and films. The brand symbols that have been featured comprehensively include hospitality of crew members, efficiency of operations, aircraft and the nature of seating classes. Besides, the majority of RJ's products and services have been showcased in major airports around the world and this has further contributed towards improved brand performance. Also, with regard to promotion, RJ's airline fleet has a dark-grey fuselage with titles in both the Arabic and English languages. With this strategy, it is able to draw customers from different markets, as they are able to understand product and service offerings of the alliance. Enhancing the brand image through pairing the brand with the sign of OWA through all the promotional materials have a great impact on RJ brand reputation and that can be justified by the findings of Rao

et al., (1999) which indicates that one of the important outputs of the brand alliance when a brand becomes allied with a well-known brand is the reputational benefits⁴².

As a result, customers from different countries can easily understand their marketing messages. After entering into OWA in 2009, the company introduced a new colour scheme and adopted a new logo which reads ‘a member of OWA’. Further, the airline strengthened the need for publicity in order to build good relations with the public. It has also fostered the company’s corporate image and helped fight off unsubstantiated rumours, stories and events which would be detrimental to the organisation’s performance. Moreover, all the promotional materials have been changed to include the OWA sign next to RJ brand.

The newsletters send to customers are both OWA and RJ, and are totally committed to promoting the OWA brand and all member brands whenever possible. Also every time a new airline is chosen to become part of the OWA family a press conference will be held with the presence of all alliance members and also a limited promotional material highlighted the newly joined members with the rest of the OWA members.

To conclude from the above discussion, it has been argued that promotional efforts among the partners are built on three important things; the FFP, consistency and the decentralization of the media messages across the OWA members.

This section embraces a detailed discussion on the wider implications of responses given by interviewees who were asked to explain the important strategies undertaken by RJ in the sphere of marketing. Firstly, it is noted that membership of OWA has seen RJ rely on the alliance in order to improve diversification and leverage their brands by entering into new markets.

Besides, RJ has strengthened its brands by responding continuously to dynamic consumer demands. This includes a redesign of its in-flight services, catering services and

⁴² See Appendix H for some illustrations on the integration between OWA and RJ through the promotional materials.

leveraged on introducing interactive games, providing newspapers and showing CNN news on all its flights. To improve the perception of economy class customers concerning the brand, RJ has offered a 32-inch seat and each has been fitted with a personal video screen and satellite telephone services. This has ultimately improved customer satisfaction. This corresponds to the views of Aaker (2004) – that service support, product quality and corporate brand equity are major determinants of customer loyalty. The consumer confidence of the brand has consequently increased, as they become more familiar with service offerings made by the airline.

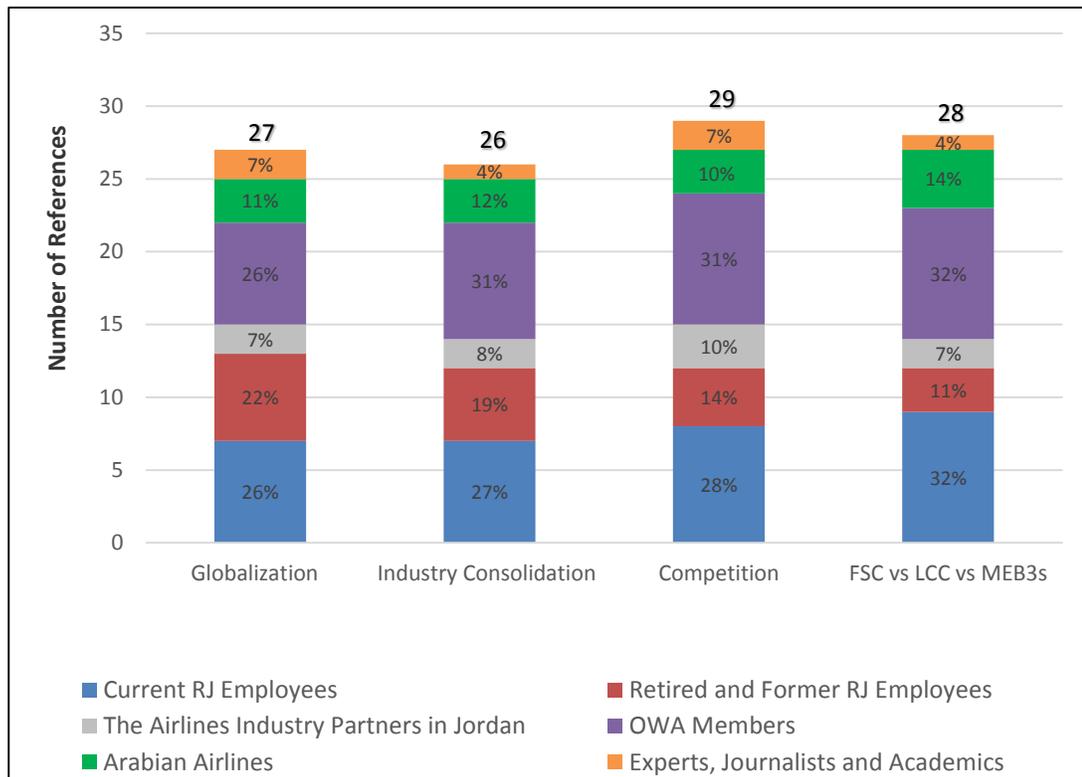
As a OWA member, RJ has leveraged on differentiation, since intense competition and recent tough economic times may make it impossible to stand out in the market. Airlines differentiate their products in various ways, for instance in their network operations, non-schedule flights, low cost, charter operations and cargo. The strategy that airlines with diverse networks employ is to find new markets by differentiating their products after a thorough market search. The expansion caters for increased demand for local and international travel. As different legal regulations had been fulfilled upon its entry into OWA, differentiation has become a central element of RJ's competitiveness.

Despite the fact that RJ already had a wider network, broader demands of customers were not being met. As a result, the airline decided to implement a wider network to ensure that all of its customer segments would be fully satisfied. Joining OWA benefitted RJ significantly, especially by accessing the high customer base of Cathay Pacific, which is the airline preferred by most business travellers. RJ also offered a great deal, accessing earn and burn frequent flyer mileage opportunities, priority boarding and advanced luggage services.

6.8 The Future of Airlines Global Alliances

This section moves into discuss the proposed possibilities for the future of the airlines within the global alliances and what the potential RJ's choices are look like toward these possibilities. Figure 33 provides a representation for all the main factors which were raised the most by the participants.

Figure 33 Representation of the Main Factors of the Future of Airlines Alliances



Source: Table 18, page 201.

Figure 32 shows a number of factors which were mentioned by participants and believed to have profound impact of the future of airline alliances. Also four factors were found to be very much related to each other; globalisation, consolidation movements, competition, and the fully merging of different airlines business models and therefore they are discussed together.

There were some promising opinions that some changes are going to take place in the power structure of the aviation industry which might put aside a number of airlines who used to be powerful leader in the last decades. Consequently, this is will lead to some changes in the global alliance structure which may affect small carriers who might be left out as a result.

For instance, it was pointed that the Chinese airlines are expanding in Europe and carrying traffic to the Far East. The former IATA’s RVP and former RJ’s Commercial Manager, Consultant at Kuwaiti Airlines said:

“I was talking to the CEO of Geneva Airport couple of months ago and he asked me if I would expect who is going to compete with the gulf carriers in the near future? He then answered the Chinese.”

No. 23

The Oneworld Project Director at RJ expressed an interesting opinion:

“The world is moving toward the based centralization, the economic and political based are moving toward other things. But the whole map will be different. I do think after twenty years, there will be nothing called flag carrier. Even the law concerns will all be changed, I do not think after twenty years for example RJ will be for Jordanians.”

No. 1

The extension of international air networks is a strategic objective of the biggest air carriers, despite air service agreements that impinge on market forces, and restrict where how international air carriers may operate. Consequently, all of these issues will effect small carrier survival. Some participants proposed that globalisation is on the side of the big carriers in global alliances but not the smaller ones and so smaller carriers are under threat. A Revenue Passenger Supervisor said:

The extension of international air networks is a strategic objective of the biggest air carriers, despite air service agreements that impinge on market forces, and restrict where how international air carriers may operate. Consequently, all of these issues will effect small carrier survival. Some participants proposed that globalisation is on the side of the big carriers in global alliances but not the smaller ones and so smaller carriers are under threat. A Revenue Passenger Supervisor said:

“Currently many of these smaller carriers are supported by their respective governments, and the support from these governments is on the decline.”

No. 11

Echoing the same, the Director of Asia/Pacific Strategic Alliances at American Airlines argued:

“Malev in Hungary was heavily supported by the Hungarian government, which considered the airline as the flag carrier of Hungary. But why does Hungary need a ‘flag carrier’? And, is the need for a flag carrier worth millions of dollars of support every year? If there is no support from the government, these carriers are going to need to replace this support by forming commercial relationships with other carriers.”

No. 42

Talking about the same threat, Retired Airport Manager at British Airways said:

“In the next 5 or 10 years, you will likely see many of these very small flag carriers (Czech, Croatian, etc.) no longer operate and other carriers shift their alliance strategy (Qantas Airlines and Emirates, etc.).”

No. 34

However, these predictions contradict those of Simonin (1999) who said that small carriers will be looking at joining a group of airlines to avoid the demise. There are significant strategic drivers that operate where strategic convergence exists within a market as it does within the airline industry. Oum and Park (1997) foresaw that it was likely that airlines would move towards more equitable alliances where partners share fairly in the benefits and form lasting relationships. They perceived that some alliances may have benefited unequally from some partners and were focused on taking advantage of alliance inequalities to the detriment of long-term alliance relationships.

It has been asserted by Oum and Park (1997) that if the benefits of alliances were well known then airlines may be motivated to join such groups. Alliances regarded as equitable alliances might be preferred by governments, and consequently may create obstacles for the airlines. It was also concluded by Oum and Park (1997), that alliances may continue as a strong element of the airline industry.

As a result of the globalisation, more consolidation is seen on the horizon however this is not in the terms of more alliances but in terms of the industry moving toward more equity acquisition activity. Echoing the same the Aviation Entrepreneur/ CEO and Founder of Travel Miles/ Jordan Former CEO of RAK Airways/ UAE said:

“In the short term, you are likely going to see more cross-alliance partnerships; a carrier in Star partnering with a carrier in Oneworld. Smaller carriers in these alliances who feel they are not being supported by their fellow alliance partners to the detriment of their long-term survivability are looking for partnerships ‘outside the family’.”

No. 61

Managing Director of Strategic Alliances at American Airlines said:

“More consolidation in the rest of the world and stabilize some of the less capitalize carrier all out of the Jordanian market and merging with some better capitalize carrier who have more mature market everything will be happening at the same time.”

No. 45

The Director – Asia/Pacific Strategic Alliances at American Airlines provided a similar argument:

“In Asia, conventional wisdom is a merger of China Southern and China Eastern. The next phase will be cross-ownership, which you are already seeing with Air Berlin and Etihad, Qantas Airlines and Emirates, Cathay and Air China, etc.”

No. 42

Former Senior Manager at British Airways stated:

“The alliances will stay; I think they will continue to build; over time you may have someone like Emirates really trying to drive a big stake through it. I think technology is going to be a big driver, so the whole airport experience is going to change. The whole smart phone, checking in on your phone, boarding pass, smart code on your phone.”

No. 35

There were some expectations that governments are going to ease their restrictions and forming bilateral agreements to become much easier than before. Along with these expectations, however, there were some concerns about the longevity of the global

alliances. A public relations and communications professional, writer and aviation and travel specialist said that:

“So I think that on the short term the alliances will continue. But I do not think they will become mega monolithic structures. You have got Star Airlines with thirty odd aircraft. I do not think it will ever reach fifty because what is the point in having it? There’s actually no point. I think there has to be a limit.”

No. 55

Echoing the same an Account Manager at Sabre Travel Network argued that each airline prefers to take care of their own business and passengers by themselves but due to the restrictions in the industry many airlines cannot stand alone. However, she –the account manager- supposed at some point in the future that the airlines will stop risking their brand image and reputation as she claimed that:

“One drawback of the alliances is that you do not have the control over the product. So if you are flying with another partner let us say half the way to find that the other affiliate does not have the same level of service or comfort or whatever then you risk your image. Bottom line, the alliance will continue but maybe in the very far future after the openness [maybe] of the markets [maybe] the alliance presence would be limited.”

No. 31

There are many scenarios predicted by the participants. Gössling and Upham (2009) favours the possibility that mergers occur between airlines, where will be in two alliances to fend off competition or strong monopolies, for example in Australasia, as Qantas generally dominates airspace. The fair resolution is to integrate the alliances to create one alliance (IATA), so that all airlines co-operate together. There would be no disadvantages for small airlines. Smaller hubs would be preferred, for example, London rather than one-airline only airline hubs, for example, Frankfurt. Similar outcomes have occurred in different sectors, and rival networks co-operated with one another, for example, railways and banking.

Etihad and Emirates argued that the global alliance model is not working any more. The chairman of Emirates said that the Dubai carrier could not have achieved its current size by joining one of the big global airlines alliances.

The Chairman and CEO of Etihad Airways Sheikh Ahmed bin Saeed Al Maktoum told reporters at the Arabian Travel Market event in Dubai 2014 that the decision to go it alone was key to its success and growth rate.

Another controversial issue is the business model of the LCCs. As this point might refer to the earlier one which is related to the fierce competition in the aviation industry. The technology which helped some airlines to launch the low cost carriers has affected most world airlines. A year later a joint venture formed between the RUM Group in Jordan and Air Arabia to launch Air Arabia Jordan as a LCC and there was a general disappointment from the current and retired RJ employee that RJ had lost a very important opportunity to claim ownership of their niche market. .

LCC are competing on the price and that put the FCC in a very difficult situation because scarifying price means that they are risking their service quality. Therefore, they opt to consolidate with other carriers to save their brand image and the reputation.

Even after consolidating with other carriers the risk is still there. Some might fail such as was the case with Malev and Mexicana. On the other hand, some can break the record and raise again. Senior Vice-President, international Affairs at Malaysia Airlines said:

“In my opinion the airline industry will continue to grow and expand. It is anticipated that LCC growth will outstrip FSC growth in the future. LCC will continue to increase their market share and dominance in the marketplace. Middle East carriers such as Emirates / Qatar / Etihad will play a crucial role in the growth of the world aviation market.”

No. 41

In the near future there might be a smaller number of airlines, carriers, whereas, technology in the future support the industry. Companies integrating with other companies are unlikely to be a successful future strategy since this produces more alliance

competition. The lower cost carriers can be cost efficient as a result of increased liberalization from international agreements, and new restrictions on foreign ownership.

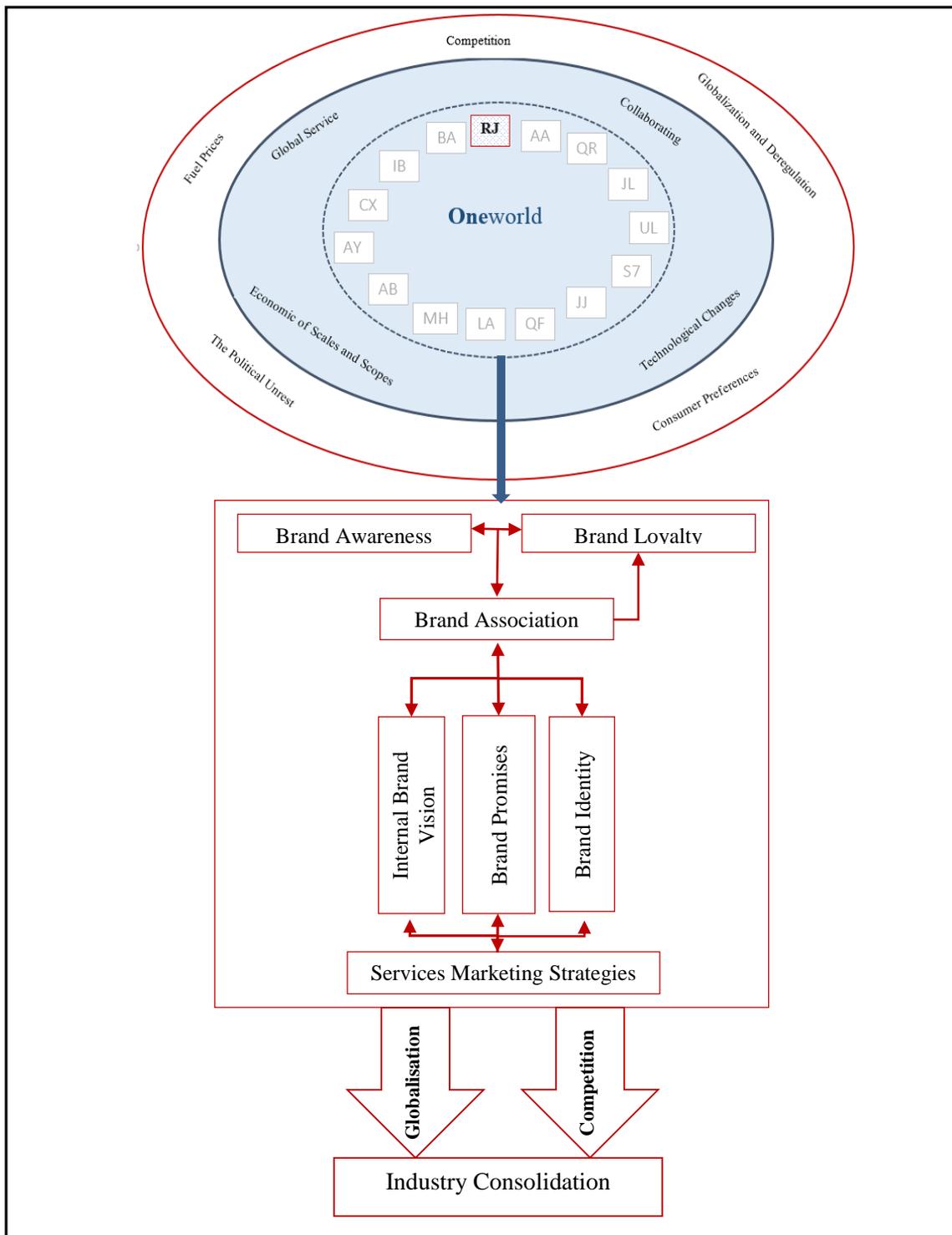
The Former IATA's RVP and former RJ's Commercial Manager, Consultant at Kuwaiti Airlines was certain that changes are going to take place in the region but he was uncertain when as he proposed many attention-grabbing scenarios. One of them was about the power of the three big Gulf carriers as he said that:

“I mean I can see the three gulf carriers becoming one, the logic says this, or two maximum they are too huge and they are competing with each other doing the same thing, and they are depending on their own.”

No. 23

The network map of the Gulf Carriers cannot be enhanced significantly to be attractive to the alliance and thus will not improve the market presence of the alliance as there is too much overlap. Another crucial difference between most LCCs and the global alliances is stated by Sky Team's Mr Wisbrun (in one of France Assembly 2015) who stated, “LCCs are generally continental-based, but alliances are global. If LCCs fly intercontinental, that's far away from where we are now.” Figure 34 below provides an overview for all the sub-themes that presented through this chapter through a proposed model by the researcher.

Figure 34 The Framework of the Study



In the framework above, we can see that the upper part reflects the first theme while the lower part reflects the second theme. Looking at both themes together, we can see the

strategic motivations and challenges that were identified through the first theme. These factors are one of the main reasons either toward forming or joining the alliance. As a result of becoming part of global alliance, the branding practices are affected accordingly. For a small company as RJ, becoming a partner with well-known airlines means increasing the brand awareness by associating this brand with positive images and well established member. As a result, this can enhance the brand loyalty of the passenger experienced the product (FFP) rather than just being exposed to it. When the passengers receive a good quality of service by the new member this means increasing in the brand loyalty and more positive images about the new comer.

Also it found that the brand equity elements in airline alliance consist of 3 main components; the internal brand vision, the brand promises, and the brand identity. These elements must be managed carefully in order to deliver the most accurate promise and preserve the good image and enhance the loyalty. Also there are a number of marketing strategies that should be taken into consideration when getting into alliance. The potential future choices under the effect of the globalisation and competition mainly will lead to more industry consolidation.

6.9 Conclusion

Two research questions explored in this chapter were “what has been the impact of global airline alliances on airline branding strategies?” and “*How have national airline companies traditionally dominated by domestic strategies responded to the airlines alliance frenzy era, such as in the case of Royal Jordan Airlines?*” The literature reveals relatively little about this topic. We know that branding should be viewed as a strategic tool, the result of strategic thinking and the integration of marketing programmes across the complete marketing mix framework (Onkvisit and Shaw, 1989; Aaker, 1997; De Charnatony and McDonald, 1998; Keller, 2003).

In sum, this chapter has been dedicated to an assessment of the key branding strategies that RJ has used to respond to challenges facing it. The employees interviewed noted that the endorsement of the RJ brand by OWA had helped to improve its brand awareness and competency. It has also enabled RJ to leverage its brand by entering into new markets to

meet the demands of its passengers. However, all the airlines that constitute OWA are expected to adhere to the regulations and rules as outlined by a regulations book. In terms of brand building activities, participants underscored the importance of brand identity and sufficient levels of brand management to ensure that the set goals have been achieved, in spite of being part of OWA.

This study agrees with the research which argues that brand awareness is crucial towards the success of any firm. With reference to RJ, strong brand awareness and in more specific term the brand recognition has been built of OWA. The alliance has a strong brand visibility, a situation which has made it possible for RJ to enhance its reputation in different markets it had not yet entered. Further brand reputation is significantly related to the brand image of the alliance. Since a majority of customers think positively of the alliance, membership has been beneficial for RJ.

As brand reputation increases, a competitive advantage is gained. Importantly, from the findings, RJ's brand equity appears to be a powerful predictor of market performance over a longer term. Brands such as British Airways and Cathay Pacific enjoy higher brand equity due to greater brand reputation in the market. They have flights to several destinations. Their brand equity thus affects the ultimate brand positioning of RJ who is the new member of the alliance. Moreover, it is evident that RJ referred to OWA as an endorser of its brand while particular members such as Cathay Pacific added greater value to its branding strategy. Further on, RJ gained several destinations upon entering the OWA. Virtually, all the airports where the alliance members operate have the logo of RJ. This is important for brand awareness, and hence improved market performance.

As a result, RJ leverages on the brand strength of the alliance by being paired to well-known brands in order to increase market penetration, gain customer loyalty and to compete effectively against the competitors such as the Sky Team and Star Alliance. While each member tries to increase its market performance, the marketing strategy for the entire alliance is changed to reflect on the need for improved competitiveness. This finding is in agreement with the position of Kleyman and Seristo (2004) that alliance branding is the crucial determinant of success. However, this research revealed that,

generally speaking, the promotional activities from RJ's point of view are based on the FFP, consistency and the decentralization of the media messages across the OWA members. As firms develop their brand power, they are able to positively influence the market and increase customer numbers. Consequently, this results in increased competitiveness, and hence consolidating market position.

In its resolve to enhance brand image, OWA has ensured that its partner airlines have the same or even better facilities, customer care, on-board refreshment and other service standards. The harmonisation factor is the alliance's defining characteristic, an identity to which all members should adhere. Internal brand vision also plays an important role in effective brand management. By virtue of its membership of OWA, RJ has improved its global brand visibility - its logos are visible in most major airports around the world.

Therefore, it is evident from the findings chapter that the OWA brand has created value to players that are involved in delivering high-quality services, to the allied brands and to each management company. The rationale is that each member benefits from the branding success of the other, in this way creating synergy by developing a brand that can lead to joined-up marketing effectiveness for all. But on the other hand it revealed that are a number of drawback that should be taken into consideration by the alliance and its members.

The last part of this chapter provided a number of proposed possibilities for the future of airlines within global alliances. It also presented potential RJ's choices toward these possibilities. The continuing expansion of international airline networks can be considered as a clear strategic objective for the biggest airlines. Bilateral agreements on air services that regulate air transport services internationally, restrict the forces of the free-market. In future for small carriers like RJ survival will necessitate continued involvement with alliances.

The next chapter will conclude the study by presenting the main findings, providing some managerial implications, acknowledging the limitations of the study and highlighting a number of future research avenues.

Chapter Seven Conclusions and Recommendations

Chapter One:	Introduction and Scope of the Study
Chapter Two:	The Case of Royal Jordanian Airlines
Chapter Three:	Brand Alliances in Airlines Industry Framework
Chapter Four:	Research Design and Methodology
Chapter Five:	Theme One: The Airlines Industry's Attitude towards Brand Alliances
Chapter Six:	Theme Two: The Key Branding and Marketing Strategies and the Potential Future Choices
Chapter Seven:	Conclusions and Recommendations

7.1 Introduction

This study seeks to understand why alliances in branding are considered a key factor in the global airline industry, and how these alliances have shaped the global airlines industry in general and the branding and marketing practices in particular. This chapter presents conclusions of the 4 research questions addressed through the 2 main themes emerged from the data analysis:

Theme 1: The Airlines Industry's Attitude toward Brands Alliances [2005 - 2015].

Theme 2: The Key Branding and Marketing Strategies and the Future Choices for the Airlines Alliances.

These two themes have contributed toward answering the four research question as in table 19.

Table 19 The Main Research Questions

Research Question	The Theme No.	Chapter No.
Question 1. What are the key drivers behind creating more global airline alliances in branding?	Theme One	Chapter Five
Question 2. How has globalisation affected the service branding strategies of the airlines industry?	Theme One	Chapter Five
Question 3. What is the impact of global airline alliances on airline branding strategies?	Theme Two	Chapter Six

Research Question	The Theme No.	Chapter No.
Question 4. How have national airline companies traditionally dominated by domestic strategies responded to the airline frenzy era, such as in the case of Royal Jordan Airlines?	Theme One and Two	Chapter Five and Six

The following section answers these questions by presenting the key result of the main two themes and identifies the main contribution to the knowledge, the second part of this chapter puts forwards a number of managerial implications and acknowledges the potential limitations of this study. The concluding part discusses the future research avenues.

7.2 Summary of the Findings

This section summarises the findings of the study based on the research questions. The main results of the study and outlines the theoretical contributions made.

Question 1. What are the key drivers behind creating more global airline alliances in branding?

Basically, there are different factors that have shaped the airlines industry and led toward forming more strategic alliances. These factors can be classified into four main themes of the environmental pressure and the strategic motivations of the industry and the core competencies and the inadequacies of the companies.

The *environmental pressure* is the first key driver and consists of the increased competition, globalisation and macro environmental drivers of increased rise in technological change; rising fuel costs and environmental concerns; political instability; growing liberalization and increased deregulation.

The fuel prices will constantly threaten the carriers of the non-oil producing countries. Gulf carriers are going to continue the competitive advantages over most of the countries. This means that in future if governments choose to reduce or eliminate subsidies some airlines will experience fuel cost increases that they have heretofore not experienced. The political unrest and uncertainty is a powerful driver for change within the international

and local airline industries. Strategies to deal with political unrest will prove challenging to develop as the political situation develops and changes at speed.

Also the study found that the consumer preferences are dynamic and make the industry highly competitive and airlines need to keep an eye on them and update the offerings accordingly. Alliance membership makes it easier for both companies and consumers to make decisions on choosing certain airlines or meeting these needs. The competition is another important environmental factors within the airlines industry. The MEB3 found to impose a huge challenge and introduce unavoidable competition to the industry. This confirmed that if the alliance is horizontal and there is a complementary integration among the members there will be an increase in market density and a reduction in fixed costs which will reduce fares in general and increase competition among the FCC, MEB3s and LCC.

Another key driver relates to *the strategic motivations* behind forming brand alliances. This research identified four main strategic actions carried out firms involved in brand alliances: collaborating and competing; offering a global service; technological innovation; attaining economies of scale and scope. RJ was strategically motivated to collaborate with OWA in response to industry-level strategic convergence and competition. RJ could not compete with other large Gulf carriers on its own so sought to join the OWA which was aligned with its own strategic goals and values. Joining OWA enables RJ to gain access to new routes and locations and to enhance traffic to its own niche routes through code sharing arrangements.

RJ has had input into the OWA in terms of the geographical presence in the Middle East and being the dominant in the Levant region, which has an impact on the OWA strategy, although this input has been limited in comparison to other members. RJs involvement in the alliance has enabled them to collaborate to fend off competition and has also enabled them to contribute to the overall development and improvement of a global airline service. RJ has been able to sharing OWA's knowledge and expertise and through the alliance has been able to gain valuable knowledge and expertise from other alliance members. Thus being part of the design of a global service has resulted in RJ

improving operations and increasing knowledge in many areas not least service branding and product quality and service.

The impact of the technological change is another strategic motivation that is going to persist and have an effect on the long run. RJ's involvement in the OWA has enabled them to robustly respond to the impact of global technological change, by enabling them to leverage the power of multiple users and take advantage of OWA's IT network power and competence. It is clear that other members of the OWA benefit in a similar way. Since the pace of change in this area is likely to increase, it will remain a significant driver of airline and alliance strategy. This pressure is however slightly mitigated by RJ's involvement in the OWA because membership brings access to wider technical knowledge, support and infrastructure which would not otherwise be available to them.

The study also found that airlines (not just RJ but others too) join alliances to secure economies of scale and this motivation will remain important in the future as fuel prices, costs of technology and infrastructure continue to rise, are subject to volatility. As competition for certain routes and locations and customers remains intense, strategic alliances will remain an attractive and vitally important strategic option for small airlines.

The *companies' competencies* is another prominent driver which contributes to the ability of RJ to challenge in its sector and to maintain its role within the OWA. For RJ the niche market and airline travel experience and quality standards. From the perspective of niche market, RJ's Levant strategy constitutes the strategic focus of the company and supports the development of more routes in the Levant region – Levant is RJ's niche market. This provides RJ with a competence in this region which constitutes a competitive advantage that would be difficult to replicate or purchase (buy into) due to the fact that RJ is state-owned company.

The second competence that RJ possess is the high quality and the high standards delivered by RJ across its operations. RJ's goal is to represent Jordanian culture through the services experience. Evidence from his study showed how RJ's hospitality, human touch and friendly cabin crew are an integral part of the airlines' image and make their

product highly recommendable. Delivery of service quality and customer experience are high in RJ.

However, this study discovered evidence to suggest that these competences alone are not believed to be sufficient to guarantee RJ's continued success. While these competences constitute a competitive advantage, due to the nature of contractual obligations which require RJ to comply with the OWA contract agreement, it is likely that other alliance members will be forced to upgrade aircraft and provide higher levels of service quality in order to comply with that agreement.

Final driver found to be the *companies' inadequacies*, RJ's inadequacies discussed in this section were limited budget and internal policies and issues. The study found that lack of financial resources and internal policy confusion were amongst the main challenges faced by RJ. Current employees spoke openly about RJ's weaknesses many of which were due to issues outside the reach of this study. However, employees pointed out that scarcity in resources was a major weakness. This is in stark contrast to RJ's neighbouring gulf carrier which has a huge budget and is a worldwide leader in the aviation market.

Resource weakness can affect RJ's performance and future expansion therefore being part of the OWA is necessary for RJ in order that it can leverage its smaller resource base to have a better position in the market. Therefore, it is concluded that alliance membership can mitigate an airlines' lack of resources, enabling it to perform at a higher level than it would if it stood alone in the market.

Question 2. How has globalisation affected the service branding strategies of the airlines industry?

Globalisation has had a massive impact on the airline industry. Primarily driven by environmental pressure and political developments, globalisation has developed in parallel with a number of other environmental drivers such as the technological advancement and the liberalisation of trade policy in services, including in airline services. Political and ideological developments have driven a growing liberalisation in the airline industry and coupled with a rapid increase in the rate of technological advances. Also it

found that globalisation has an effect toward forming more alliances and later will have another slightly different impact by pushing toward more consolidation; however, this is not in the terms of more alliances but in terms of the industry moving toward more equity acquisition activity as in the case of Emirates Airlines. This is in line with the views of both Lu (2003) and Button (2009) as they argued that due to deregulation movements in the airlines industry the pressure from the big and efficient carriers is increasing which will put more pressure on other airlines.

Question 3. What is the impact of global airline alliances on airline branding strategies?

This study found a lot of evidences for the impact of the alliances on the branding and marketing strategies. First one found to be is *the benefits of joining oneworld alliance on the brand of RJ*. This study found evidence that endorsement of the RJ brand by OWA had helped it to improve its brand awareness and competency. Membership of OWA has enabled RJ to leverage its brand by entering into new markets to meet the demands of its passengers. This study therefore concludes that brand awareness is crucial for the success of any firm. RJ's strong brand awareness has been enhanced significantly by its association with the OWA brand. The alliance has a strong brand visibility, a situation which has made it possible for RJ to enhance its reputation in new markets. The study concludes that brand reputation is significantly related to the brand image of the alliance and since a majority of customers think positively of the alliance, membership has been beneficial for RJ.

RJ's product and service specifications are the central basis for all the attributes related to brand associations. Upon announcing membership to OWA, RJ was able to place its logos in several airports where alliance members operate and place the OWA logo on all of its planes to enhance brand visibility. Building strong brand equity was achieved by forming strong, favourable and unique brand association(s) in this way so this study supports the assertions of Atilgan et al., (2005) who observed that association with brand identities can contribute considerably towards building vibrant equity.

RJ benefitted from considerable brand exposure as a result of the significant market strength of OWA members, especially its founders and big carriers. This finding supports those of Yoo et al., (2000) who found that brand exposure and positive brand evaluation can result in strong brand equity. Furthermore, this study supports Malhotra's (2008) assertion that to make branding a success, a firm should deliver exceptional and excellence performance to its customers, so as to receive positive evaluations from them. It can be concluded that RJ would not have developed its brand management skills as well had it been working out with the alliance.

RJ leverages on the brand strength of the alliance in order to increase market penetration, gain customer loyalty and to compete effectively. This finding supports those of Kleymann and Seristö (2004) who stated that alliance branding is the crucial determinant of success for any firm. RJ has developed its brand power and so is able to positively influence the market and increase customer numbers, resulting in increased competitiveness, and solid position in the market.

Another impact for the brand alliances is reflected on the aspects of *managing the branding of oneworld alliance*. All members of the OWA adhere to regulations and rules outlined in the regulations book. The importance of brand identity and sufficient levels of brand management to ensure that set goals are achieved was highlighted in this study. It is possible to conclude that within an alliance the brand planning process is performed on two parallel levels but not sequential levels, meaning that each airlines reserves its own right to plan its commercial activities separately from other alliance members and the oMC. Each member airline is involved in two brand planning processes; one for the alliance's brand and the other for their own brand, thus making brand management within an alliance member airline a complicated and complex function. Further it can be concluded that brand management for a firm that is a member of such an alliance is so intricately interwoven that conventional brand management thinking might be deemed to be of limited relevance.

The study found that the managers of the OWA brand are involved in integrated branding strategies aimed at ensuring that each airline is successful in the market. The

study concludes that brand practice is the main determinant of each airline's brand management approach.

Also this study revealed of three main *brand alliance imperatives*. These imperatives consist of consolidating internal brand vision, delivering the adequate brand promises, and enhancing the brand identity.

The effect of the brand alliances on the *airlines services marketing strategies* were presented through the 4Ps of product, pricing, distribution, and promotional strategies⁴³. It was concluded that when the brand (in a position of entering new markets) gives signals about product quality by aligning itself with another dominant brand, it can be an effective way of gaining high brand awareness in a new market Rao et al., (1999). In conclusion, alliance marketing strategy can contribute significantly to the success of a firm when it enters a new market.

Findings in the study support the notion that price is one of the most important factors that determines market success of a firm (Aaker, 2004) since price is determined by assessing the value that customers perceive in the purchased item. It is possible to conclude that pricing strategies are a complex tool which airlines use to maximum effect and that this case offers sound evidence of how pricing strategies differ significantly amongst airlines who are members of an alliance.

In line with Prince and Davis' (2002) findings, the researcher found that brand alliance goes beyond the original network of the partner and offers both distribution and promotional benefits. This is also supports the work of Doganis (2002) and Oum et al., (2004) who argued that creating a network among a group of airlines or a horizontal alliance will lead to a better marketing benefits and a reduction in the distribution and sales cost and that will improve the productivity of the members.

⁴³ As mentioned in section 6.7 *Airlines Services Marketing Strategies*, due to the strong connection of the marketing and branding aspects, the last 3Ps of service marketing mix were addressed throughout the discussion of other sections in chapter 5.

It also found that that promotional efforts among the partners are built on three important things; the FFP, consistency and the decentralization of the media messages across the OWA members. These can be linked to the brand image through pairing the brand with the sign of OWA through all the promotional materials have a great impact on RJ brand reputation and that is agreed with the findings of Rao et al., (1999) which indicates that one of the important outputs of the brand alliance when a brand becomes allied with a well-known brand is the reputational benefits.

In the OWA each member benefits from the branding success of the other. This synergy creates a brand management approach that can result in joined-up marketing strategy that improves effectiveness for all. However, this study also found that the small companies might get greater benefits also there are a number of drawbacks of this complementary brand marketing approach such as, the requirement to match spend on some marketing activities that should be taken into consideration by the OWA and the members. There are risks to alliance membership which can negatively impact an airline's marketing strategy.

Also this study identified with a *number of potential choices for the future of airline alliances*. One of the outcomes of this subtheme is the belief that globalisation does not mean demolition of small or medium carriers for those who are established and who have their own niche or unique target market. From this we can conclude that small airlines that which to survive need to focus on building target and niche markets and brand awareness in those markets.

It is also believed that governments are going to ease their restrictions so that forming bilateral agreements will become even easier. Respondents voiced concerns about the longevity of global alliances because, they believed, most airlines prefer to take care of their own passengers. They suggested that due to restrictions in the industry it may not be possible for airlines to stand alone. There is also a belief that, in future, airlines will choose to stop risking their brand image and reputation by joining an alliance. From these mixed views it can be concluded that it is likely that larger airlines with better reputations may seek to stand alone while small carriers will seek alliance membership.

It therefore is not clear from this study what might happen to competition as a result of alliance creation and membership. Dennis (2005) argued that competition will continue among the members despite claims that it will not. It is clear from this study that some airlines pay very little attention to the strategies of others because they are going to care more about surviving than becoming profitable as is the case between the three big gulf carriers and the three big US carriers. Equally some small airlines care more about the strategies of others which may perhaps make them concerned about competition and likely to seek alliance membership.

Another notion on the LCC were raised as significant challenge in terms of competition and the future of the airline industry. Advances in technology have enabled some airlines to launch low cost carriers and this has had a massive impact on the industry in general. Since it is likely that technological advances will continue at pace small airlines will continue to search for opportunities to gain competitive advantage by joining alliances were they can mitigate technology related risks.

To conclude it is a mixed picture for the future of airline alliances. Given the complex nature of the airline industry environment it is likely that small airlines will continue to view alliance membership as desirable because it gives them access to new routes, access to premium business passengers, brand alliance benefits, consumer brand awareness and similar brand benefits. Whether or not alliances can survive with only small carriers as members is a different issue.

Question 4. How have national airline companies traditionally dominated by domestic strategies responded to the airline alliance frenzy era, such as in the case of Royal Jordan Airlines?

This question have been answered by the above discussion through the previous three questions. Overall the conclusion is that RJ's service branding and service quality are monitored and influenced by the OWA. The OWA collaborates and supports RJ's brand but the study supports the findings of He and Balmer (2006) that the competitive advantage of airline alliances rather individual airlines on their own are important

discriminators and strategic assets. Further, the symbiotic relationship between the OWA and individual member airlines is not an equally beneficial one.

The alliance works for RJ because the airline is government controlled therefore it can manipulate on a local level to have certain regional advantages. Where RJ is the same as other airlines is in the international and wider market and this is where it needs the benefits brought by OWA membership, namely: easy access to a global market to avoid any restrictions on route access and airline ownership enforced by national governments; it is understood that alliances have enhanced global access.

Significantly reduce costs by permitting alliance partners to benefit from economies of scale, more flights and savings linked to operations. Alliances market other airlines' alliance members through spreading their brand names.

The study concluded that the downside risk of alliance membership is that negative spillover effects might occur especially when the new allied brand is not well-known while the other brand is a renowned partner. The results of this study support Staniland (2003) findings on the small carriers which can be successful despite their size if they enjoy a strong domestic market with loyal passengers and are located in a strategic place or their location attracts people for many reasons such as being a touristic place. It is clear that RJ has established itself firmly within the Levant region and enhanced its survival and secure competitive advantages by taking part of global alliance and as a result that has enhanced its brand image through the association with leading brands in the way of sending signals of the services quality of RJ through these well established brands. That agreed with the findings of the signalling theory of Rao and Ruekert, (1994; 1999).

7.3 Contribution to Knowledge

Below is a summary of the high-level theoretical contributions that this study makes. First of all the study reveals of the shortage in the branding and marketing studies and therefore this study is to cover that gap in the previous studies which examined in most of the cases the vertical brand alliance of two domestic brands or with one of the partner brands is a foreign brand.

- The studies that have focused on the Arab context are either focused on non-branding and marketing views or are oriented toward Gulf Carriers in general and more specifically to the phenomena of the Middle East Big Three Carriers. A number of studies have contributed to knowledge about Arab business in general but few have considered more about the government-owned businesses in the Arab the same world. Therefore, this study contributes toward the Arab world; towards a better understanding of how the interplay between global alliance brands and national airlines companies (government-owned airline) brands operates. Limited studies were found that considered brand alliance effects of country of origin and none have considered the Arab context (Voss, 1999; Small, 2007; Melewar 2007). This study therefore contributes to our understanding of how a country has responded to airline industry competition. Also this study drawn from a case study of a small carrier within a region of 21 countries across the MENA and therefore this study therefore found some evidences to other small carriers in relatively unstable regions such as the case of the Latin America.

- The airlines industry extensively explored in other fields such as economics, engineering, and management; however, there is a lack of the marketing research of the brand alliances in the airlines industry. Few studies have extended the look at the branding and marketing aspects of the strategic alliances especially speaking from the eyes of the operator also most of the studies have neglected the views of the less-known member of that alliance. Therefore, previous studies extensively studied the brand alliances from the consumer's perspective. However, this study has contributed towards a better understanding of the umbrella branding within the airline alliances and how that can enhance the brand of the less known member by taking the advantages of the quality and reputation of the well-established partners to boost the brand power of the less known brand.

Moreover, the trend towards the creation of global brand alliances in the airline industry is likely to persist. This study contributes to our understanding of the motivational drivers for strategic alliance membership and supports the notion that with little strategic differentiation in the industry strategic convergence is likely to continue as the strategic response of choice for small airlines.

The results of current studies are derived from a western management perspective investigating the case of dominated countries and the well-established airlines companies. A limited number of studies have investigated how countries have responded to airline industry competition and even fewer studies that have considered individual airlines outside the USA. This study contributes to this gap by providing in depth insight via a single case study into the experience of an individual international airline operating outside the US. This study contributes to our understanding of small firms and increases our knowledge of strategic brand management within a small airline.

7.4 Managerial Implications

This section presents some possible practical implications and future avenues for improvement. RJ has a niche market and needs to ensure it maintains its competitive advantage in that niche. The most prominent implication of the findings from this study are the lack of resources being put into the firm to maintain its quality product and service levels. Capital investment in new aircraft for its fleet is essential to uphold its commitment to the oneworld management contract. Further, by focusing on the Levant strategy it needs to ensure that it can fend off LCCs by considering a pricing strategy that enables it to run at capacity and compete with Air Arabia Jordan within its niche market. However, RJ should leave its comfort zone of the Levant and start to target a new major niche market in Europe Region where the seat capacity counts up to 26 percent and comes in the second place after the Middle East region. Especially speaking that the Middle East was and still the point of most of the war and conflicts and the future is not promising so far therefore different niche markets in more stable regions can mitigate losses in the Levant and enhance the profits. As a temporary alternative plan, RJ can try to develop a hub for transit by the sixth freedom right; and therefore there is an urgent need for the airlines to continue pursuing more sixth freedom rights where the operations are feasible enough to carry the passengers between two different hubs other than RJ's hub in Amman.

It would seem from the findings that RJ has already by default determined their future strategic direction. Therefore, RJ should be in line with the government body and the regulatory authorities to ensure that any proposed sky agreement is in favour of RJ and

has reciprocal benefits. They did not move quickly enough to secure an LCC option when the opportunity presented itself because they see themselves as a premium service airline catering to a discerning customer.

From a strategic perspective, they will need to continue to manage their relationship with OWA members so that they continue to be perceived by them as a high-quality carrier or else risk becoming viewed by alliance passengers as a low quality option, which would put business passenger attractiveness at risk. However, due to the service quality traits and the promising future for RJ, it can be investigated by Emirates Airlines and Etihad Airways for stake acquisition proposal.

The challenge for RJ is to keep up to date with consumer needs in order to be able to provide a seamless service. Monitoring shifts in consumer preferences and industry trends can be achieved by maintaining regular communication with loyal and ordinary RJ passengers and by putting the collection of customer data at the heart of their communication process. The service that RJ offers needs to be as good as that offered by other OWA members if it is to enhance their image. RJ must ensure that their passengers receive at least the same level of service as that offered by other OWA members.

Keeping RJ's safety standards high and holding their fatality free record is very crucial and may constitute a competitive edge for them, and especially with the increased number of incidents recently this is of paramount importance. The frequent changes of CEO may harm RJ's brand and therefore the board members are advised to keep the CEO for a reasonable period in his position.

Moreover, RJ should give more attention to brand activities and focus more on the functionality of the brand rather than keeping focus on the typical authentic image as a hospitality- value or Jordan number one flag carriers or Levant carriers.

On the other hand, RJ should enhance the idea that they are endorsing other brands within OWA in the same way they endorse RJ brands in their own market. If RJ can illustrate that, through a promotional campaign or global advertisement where they emphasize on this idea at the same time they can draw the attention of the other passengers

around the world, RJ is well-esteemed partner in a global alliance with a number of established and well-known brand, then RJ may enhance their image and get indirect endorsement. Stressing the connections among all brands may also reflect on the overall brand performance.

Greater focus should be placed by RJ management on helping employees develop deeper awareness of the role of the alliance. This is because any activity of the alliance affects them directly and so they should be prepared for most eventualities. Through being a member of OWA, RJ has improved its brand visibility, especially now that the company logo is located in the major airports around the world.

Even though this study is about OWA, the researcher found that she can conclude some recommendations for oMC. The main implications are focused around a few areas: membership communication and sharing of knowledge; agreements on promotional and marketing activities; consideration of additional benefits for member airlines who contribute fully to alliance branding.

Considering the relationships among the partners, which need to be enhanced, it is recommended that oMC tailor promotional materials and campaign which emphasizes that they are a small group of airlines. This would convey an important message for the international passengers about the importance of each member and highlight main markets to them. These promotional materials can be distributed or broadcast on the places where one particular member is less known by passengers.

7.5 Limitations

The research strategy and methodology adopted for this study are appropriate for the research questions and are consistent with the thesis's thematic focus. However, there is no complete study and this one is not an exceptional in itself. The first potential limitation is the possible *lack of generalizability of the findings*, since the results have been obtained from a single case study. The main strength of a qualitative, case-study is the considerable quantity of detail and depth of information generated: by definition a case study of RJ is unique. Nevertheless, it offers an opportunity to learn about other Arabian airlines and

small carriers who are members of global alliances, by reflecting on theoretical or methodological generalizations that might be applicable elsewhere. Moreover, this study provides a consistent comparative analysis in relation to other airlines using some secondary sources in order to make the findings more relevant.

The *denied access to archives* is another limitation: it was not possible to examine archival records of RJ or OWA since these records are confidential, and restricted to specific people from each alliance member. This means that some valuable information might have been missed; however, this risk was mitigated by searching news and trade publications.

Another limitation might be the interviews used as a main data collection tool. Despite the fact that semi-structured interviews were the most suitable method to understand RJ, expanding the study to have multiple case studies or using different tools or incorporate quantitative methods might further increase our understanding.

The fourth limitation⁴⁴ is the data collection method which might yield participants' bias as a common result of engaging in particular situations within social contexts (Carson et al., 2001). The actions taken to mitigate such an effect has been to extend those interviewed about this topic to former employees and members of other airlines and different stakeholders, with different backgrounds and in different social contexts. The role of the researcher in the case study is crucial in terms of their own cultural background and their influence on the research process. This study is the product of a single researcher, so the problem was managed by checking interpretations with a number of participant and expertise in the field (McCall and Simmons, 1969).

Another related limitation is the participant error which is related to the subject or participant reliability and that is related to the differences in the collected data which in turn is related to participants' enthusiasm to participate. These limitations were mitigated by recording the interview, constructing an interview guide, preparing a semi-structured

⁴⁴ See section 4.4.3, page 118 for more details on the Validity and generalizability of the study's findings.

interview, and transcribing the interviews. These steps should be standardized to make consequent replication of this study possible in the future. Moreover, a replication of certain questions in alternative means was used to increase the reliability of this study.

7.6 Avenues for Future Research

This research represents an important step toward understanding the nature of the branding and marketing strategies of the alliances from the operator's perspective in an emerging market within the Arabic World. Nevertheless, a number of research avenues have emerged as the following:

First, as a sectoral study on the airlines industry, this research naturally lends itself to further application in other industries which may be of a similar type within similar emerging markets in developing countries. For example, similar study can be stretched to different fields of cooperation such as in the distribution, purchasing, promotion, marketing, and research and development and to various levels of expansion i.e. locally, regionally, nationally, or globally. Therefore, this study can be extended to other industries such as the Telecommunications, Education, Pharmaceuticals, and Automobiles in the Arab World.

Second, further research might also provide greater understanding of the motivations of small firms to form brand alliances. Further research would be of value in understanding how national companies and/or government owned companies use brand alliances as part of their strategy to enter new markets. Therefore, this study can be extended to either investigate other similar case studies of small airlines but in a different context i.e. different region and/or different ownership; not a flag carrier. For example, studying the case European companies such TAROM Airlines within Sky Team Alliance as a small airlines and the flag carrier of Romania. Similarly, this study might possibly be extended to investigate multiple case studies across different geographical areas to determine the country-of-origin effect across. For example, exploring the cases of Egypt Air (Star Alliance), Czech Airlines (Sky Team) and Sri Lankan Airlines (OWA).

Finally, this study has explored brand alliances from the senior management perspective. Therefore, having studies focus on the demand and supply aspects by incorporate reviews from the consumer perspective may be useful. Also, this study has shown that in an industry where strategic convergence exists an individual firm can still create competitive advantages by focusing on niche markets and local needs. Further research in these areas and investigation of the contribution that such strategies might make to other airlines may be of use.

Appendices

Appendix A – The Major Global Airlines Alliances

	Star Alliance	Oneworld	Sky Team
Foundation year	1997	1999	2000
Headquarter	<i>Frankfurt (Germany)</i>	<i>New York City (USA)</i>	<i>Amsterdam (Netherlands)</i>
Aim	<i>“Executing leadership in managing a portfolio of alliance products and services using an agreed process.”</i>	<i>“To be the first choice airline alliance for frequent international travellers, generating more value for customers, shareholders and employees than any airline can achieve by itself”</i>	<i>“Make it possible for you to travel the world in a better way.”</i>
Founding members #	4	5	4
Current # of members	27	15	19
# of members to join	1	4	1
Growth percentage	6.75	2.4	4.75
Average # of passengers/ year (in millions)	603.8	303	474
Countries	185	147	173
Destinations	1,185	766	916
Revenue US Dollar (in billions)	156.8	89.875	97.9

		Star Alliance	Oneworld	Sky Team
Market share (based on # of passengers)		29.3%	23.2%	24.6%
Distribution of Members	USA	2	1	1
	North America	3	2	1
	UK and Europe	7	4	4
	Southern Europe	7	1	4
	Australia	0	1	0
	Far East	5	2	4
	MENA	1	1	3
	South Africa	2	0	2

Source: Developed by the researcher based on statistics from Star (2012); Oneworld (2012); and Sky Team (2012).

Appendix B - Fleet of Royal Jordanian Airlines by 2015

Aircraft Type	Number
Boeing 787	5
<i>Dreamliner 787</i>	5
Airbus	16
<i>A 310</i>	2
<i>A 319</i>	4
<i>A 320</i>	6
<i>A 321</i>	2
<i>A 330</i>	2
Embraer	6
<i>ERJ-175</i>	3
<i>ERJ-195</i>	3
Total	27

Source: Flightglobal (2015).

Appendix C - Interview Guide

Part A: Warm-up section

- A brief introduction to my topic and the main reason for conducting this interview. Also, providing them with necessary letters and asking if they have any general questions.
- Getting the official letters signed by them.

Part B: General questions about Royal Jordanian Airlines

1. What are the main strengths of Royal Jordanian Airlines? How is Royal Jordanian Airlines different from other airlines?
2. Being national carrier for Jordan will give you a full strength in Jordan what about your status in the rest of the world
3. Who are the main competitors to Royal Jordanian Airlines? Currently? In the past? Both?
4. Based on what (and why)?
5. What are the most important problems facing the global airlines industry- generally in the region?
6. What are the main challenges for country based airlines such as Royal Jordanian Airlines?
7. Any future plan for having new sister company for Royal Jordanian Airlines based on low cost airline strategy. (i.e. Arabia and fly Dubai airlines)?

Part C: Identifying the key factors behind the airlines industry's trend towards strategic alliances

8. What were the initial reasons that have pushed airlines towards forming strategic alliances in the past?
9. Are they the same factors that keep pushing airlines toward forming more alliance these days?
10. Is there any effect of the **globalisation** phenomena in forming more open skies agreements? (if yes then)

11. In which ways. How?
12. At that time –the time of skies agreements-. What were they looking for?
13. Were they looking for a mutual cooperation i.e. Code sharing, partnering-up, and alliances relations? Or was it something else?
14. Regarding (de)regulation era⁴⁵. How have these agreements and regulations have shaped the alliance revolution?
15. Major airlines alliances account for 70.1% of total market share around the world. This means that less than 30% of airlines companies have not joined any alliance yet.
16. Do you think the strategic alliances could end soon? (answer: yes/ no)
17. Why?
18. What could be the next in the aviation industry?
19. In the short run. 3 months to 5 years?
20. In the long run after the market becomes saturated. 5 to 10 years?
21. Do you think we are going toward more merger and acquisition? Why?
22. What could happen after that?
23. How would you describe the Aviation industry in the Arab world?
24. Overall, there are only 5 Arabian airlines (Royal Jordanian Airlines, Egypt Air, Middle East Airlines, Saudia Airlines, Qatar Airways) joined a global. What do you think the reason behind approaching these specific Arabian airlines?

Part D: In-depth understanding of Royal Jordanian Airlines

25. You have been in Oneworld Alliance since 2005 after being approached by them.
26. My question in this regard, if you have been approached by another alliance before 2005, would you have been ready for that? (if no)
27. Why?

⁴⁵ Give them a brief about deregulation era and what happened at that time within the aviation industry.

28. What were Royal Jordanian Airlines' main motives for joining Oneworld Alliance?
29. What are the most important items of the alliance's initial agreement? (The master agreement? The protocol?)
30. Is the Royal Jordanian Airlines would be the same today if it hadn't joined Oneworld Alliance? (if no)
31. How did the alliance change the Royal Jordanian Airlines? In terms of what?
32. Did Royal Jordanian Airlines face any major obstacles while joining the alliance?
33. After joining, did Royal Jordanian Airlines have any problem at any level?
34. How other Oneworld Alliance members look at Royal Jordanian Airlines (Branding, performance, etc)?
35. Do you think there are more collaboration among the established members more than the rest? Is there any favourable response to any member by oMC?
36. Is Oneworld Alliance being a matter of choice or time?
37. Royal Jordanian Airlines was expecting to be approached by Oneworld Alliance? Or was waiting a call from any of the three alliances despite the name?
38. How each global alliance differs from the other alliances?
39. Are there any regional alliances Royal Jordanian Airlines took part in? (if yes)
40. Isn't contrast with airlines alliance rules which say that the airlines could be part of one alliance only?

Part E: Discussing the branding issue after joining the alliance

41. What have been the benefits of joining the alliance for the Royal Jordanian Airlines brand?
42. Do you think that competition between airlines companies in the same alliance could harm/ negatively affect the competition structure? Why?
43. How do you manage the following aspects:
 - Code Sharing
 - Pricing
 - Revenue Management
 - Schedule Coordination

- Frequent Flyer Programs
- Ground Handling
- Joint Sales
- Promotional Activities
- Logo

44. What kind of conflicts are possible among partners?

45. Any future plans for Royal Jordanian Airlines about operating new destinations or having a new hub?

46. To which extent you can create that synergy between your brand and the other brands?

47. How do you see the future of airlines in the whole world?

Part F: Closing the interview

- Ask them if they have any question or concern or if they would like to add anything.
- Giving them the “Thank You” with my Business card.

- Finished -

Appendix D – The Main Formal Letter

UNIVERSITY *of York*

The York Management School

The Law and Management School Building
Freboys Lane
University of York
Heslington
York, YO10 5GD, UK
Telephone (01904) 325032
Web <http://www.york.ac.uk/management>

1 May 2013

Dear Esteemed Royal Jordanian Airlines Company
Dear Participant,

I am writing to request your participation in my PhD thesis which is to examine the ways in which alliance has shaped airlines' marketing practices, followed by the relationship with service branding strategies and how this applies to your esteemed company.

Research will be carried out via interviews with marketing managers and staff whose contributions are vital to the success of this thesis. In order to obtain insightful input to this research, I am writing to ask whether it would be possible to have a meeting (lasting no longer than one hour) to discuss further about it.

This research is being carried out with the approval of my supervisor, Professor Teresa da Silva Lopes, Professor of International Business and Business History, and Prof. Colin Divall, Professor of Railway Studies and Transport History, of The York Management School. Please be assured that all information provided will remain strictly confidential. Although the results of this research may be published and/or presented at academic conferences, no mention will be made of the individual organization and/or persons participating in the research project.

Yours sincerely,

Dana Kakeesh

PhD Candidate at the York Management School

Email: dfik500@york.ac.uk

Mobile (United Kingdom): +44-7577259248

Mobile (Jordan): +962-79XXXXXXX

Appendix E – The Information Sheet



The York Management School

The Law and Management School Building
Freboys Lane
University of York
Heslington
York, YO10 5GD, UK
Telephone (01904) 325032
Web <http://www.york.ac.uk/management>

INFORMATION SHEET

PLEASE KEEP THIS INFORMATION SHEET AND A SIGNED COPY OF THE CONSENT FORM FOR YOUR RECORDS

You are invited to take part in a research study. Before you decide whether to participate it is important for you to understand why the research is being done and what it will involve. Please take the time to read the following information carefully. If there is anything you do not understand, or if you want more information, please ask the researcher.

What is the research about?

The Impact of strategic Alliances on the Brand Management Practices: An applied study on the Airlines industry in developing countries.

The Case of Royal Jordanian Airlines in Oneworld Alliance.

Why is the research being carried out?

This research is expected to fill the gap in the Arabic literature in terms of strategic alliance and branding strategies. This research is carried out because most of the studies were focused on general strategies of alliances while a limited number of studies have investigated the alliances in branding.

Also it is important to know why industries such as the aviation industry considered the alliances as an important and essential survival strategy.

In addition to have the full riches of complete understanding of my research area I need to study and understand the airlines strategies to state a comparative analysis among different strategies.

This study will be focused as it could be considered as in-depth case study.

Finally, this study is expected to fill the gap in the Arabic literature because there are no studies about the alliances brands in aviation industry within the Arab world.

Who is carrying out the research?

I am the one who will be carrying out the research. I am a PhD student at the University of York in York Management School as I am conducting this research for my PhD thesis.

Who can participate?

Senior managers who are familiar and knowledgeable about my research area.

What does the study involve?

If you agree to participate, I will conduct an interview lasting no longer than 1 hour to ask you a number of questions.

Do I have to take part?

You do not have to take part in the study. If you decide to take part, you will be given this information sheet to keep and will be asked to sign two copies of the consent form (one copy is for you to keep). If you decide to take part, you will still be free to withdraw at any time without giving a reason. If you withdraw from the study, we will destroy your data and will not use it in any way.

What are the possible risks of taking part?

There will be no risk, according to my expectations, in taking part in this study. You can also choose to withdraw your participation at any time without giving any reason.

Are there any benefits to participating?

There is no direct benefit to the participants. But you consider this interview as a knowledge sharing.

What kind of information do I have to give?

As for the personal data needed, I will need your name and position. In addition to your e-mail if you wish to receive the results. In addition to the information I will ask about during the interview.

What will happen to the data I provide?

Your interviews will be written down and analysed.

What about confidentiality?

Digital recordings of interviews will be transferred immediately after each interview to a secure, password protected university server and then subsequently deleted from the digital recorder. Transcription of these files will be done by the researcher herself and these files will be also stored on a protected laptop with a password.

The data will be translated –if needed- and then transcribed as it is. The references to participants will be anonymised if the participant has not consented to non-anonymised in the consent form.

Will I know the results?

I will send you a summary of the study results by e-mail once the study has completed.

This study has been reviewed and approved by the Departmental Ethics Committee.

If you have further questions regarding this study, please feel free to contact:

Dana Kakeesh

Email: dfik500@york.ac.uk

Mobile (United Kingdom): +44-7577259248

Mobile (Jordan): +962-79XXXXXXX

Appendix F – The Consent Form

**The Impact of strategic Airlines Alliances on
the Brand Management Practices:
The Case of Royal Jordanian Airlines in Oneworld Alliance**

lead researcher: Dana Kakeesh

Consent form

This form is for you to state whether or not you agree to take part in the study. Please read and answer every question. If there is anything you do not understand, or if you want more information, please ask the researcher.

Have you read and understood the information sheet about the study? Yes No

Have you had an opportunity to ask questions about the study and have these been answered satisfactorily? Yes No

Do you understand that the information will be held by the researcher, and your name or any identifying information about you will be mentioned in any publication? Yes No

Do you understand that you may withdraw from the study at any time without giving any reason, and that in such a case all your data will be destroyed? Yes No

Do you understand that the information you provide may be kept after the duration of the current project, to be used in future research? Yes No

Do you agree to take part in the study? Yes No

If yes, do you agree to being recorded on audio? Yes No

Do you agree to mention your name and/or position in the study? Yes No

Your name (in BLOCK letters): _____

Your position: _____

E-mail address (please only fill this in if you would like me to email you a summary of the results): _____

Your signature: _____

Researcher's name: _____ Date: _____

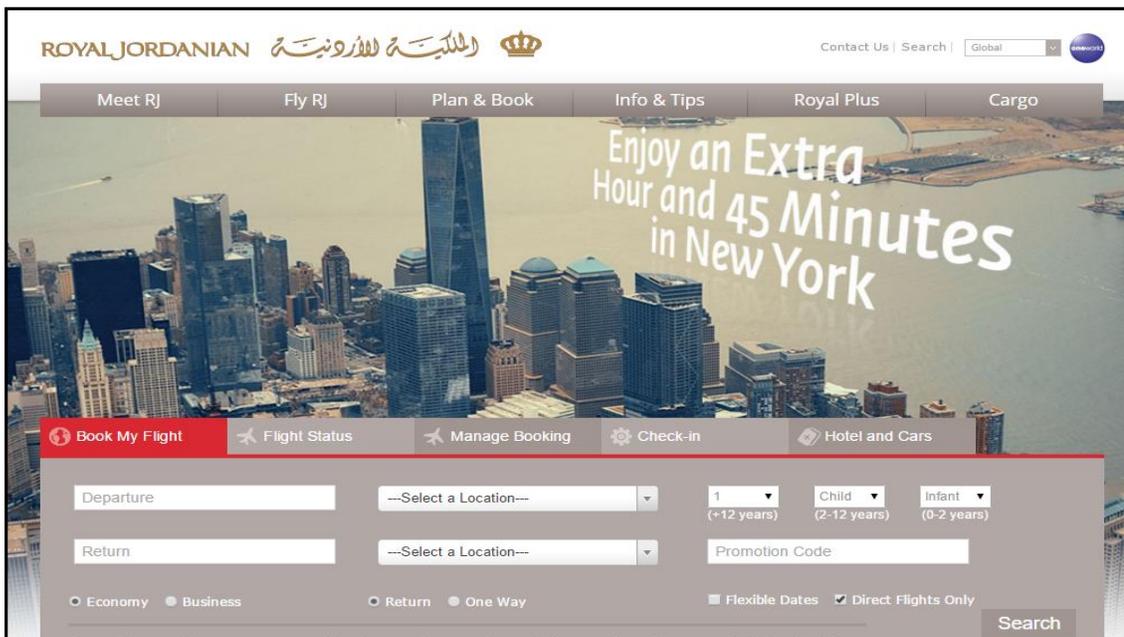
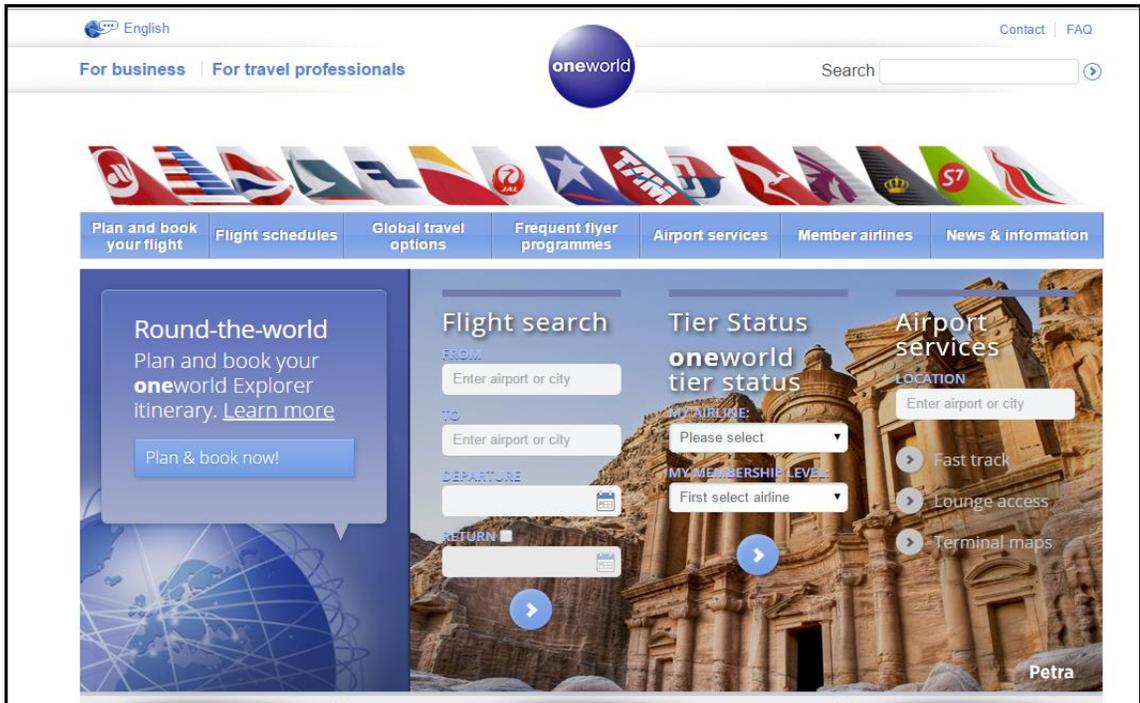
Appendix G – The Participants of the Pilot

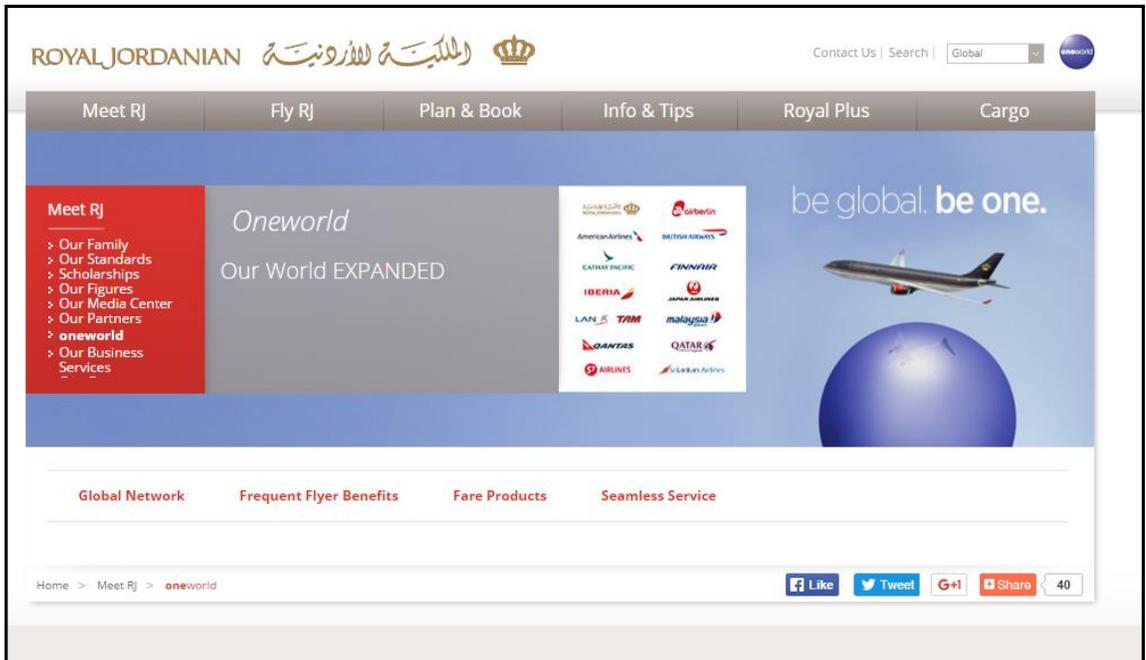
Participant Name	Position	Date	Email Address
Mr. Guido Ruthe	VP of Commercial Affairs and Planning ⁴⁶	August 8 th , 2012	guido.ruther@rj.com
Mr. Feras Battikhi	The Board of Directors Advisor	July 26 th , 2012	firas.battikhi@rj.com
Mr. Ali Dabbas	Oneworld Project Director	July 22 nd , 2012	ali.dabbas@rj.com
Mr. Anwar Atalla	Director of Marketing	July 23 rd , 2012	anwar.atalla@rj.com
Ms. Yolla Isaac	Customer Experience, Business Development and Market Research Director	July 24 th , 2012	yolla.isaac@rj.com
Mr. Issa Haddad	Partnerships and Business Development Manager	August 2 nd , 2012	issa.haddad@rj.com
Ms. Muna Eses	Commercial Affairs Manager	August 2 nd , 2012	muna.eses@rj.com
Ms. Noura Abu Hweij	Trade Marketing & Sponsorship Manager	July 26 th , 2012	noura.abuhweij@rj.com

⁴⁶ Currently he is a Director at SWISS international Airlines.

Participant Name	Position	Date	Email Address
Ms. Sawsan Qaddoumi	Royal Plus, Frequent Flyer Program Director	August 5 th , 2012	sawsan.qaddoumi@rj.com
Mr. Yanal Al Kurdi	Branch Manager in Al-Ahlyya company (former Royal Jordanian Airlines manager)	August 6 th , 2012	yanal_alkurdi@yahoo.com
Mr. Zaki Al-Rwas	Senior Manager/ Qatar Branch	August 8 th , 2012	-

Appendix H – Promotional Materials that Show some of the Possible Integration between OWA and RJ





List of Abbreviations⁴⁷

ASA: Air Service Agreement

BOT: Build Operate Transfer

B2B: Business-to-Business

CAA: Jordanian Civil Aviation Authority

CAB: Civil Aeronautics Board of US

CBBE: Customer Based Brand Equity

CEO: Chief Executive Officer

DRD: Delivery Requirements Document

EU Commission: European Commission

FCC: Full Cost Carrier

FFP: Frequent-Flyer Programme

GDP: Gross Domestic Product

GDS: Global Distribution System

HKJ: Hashemite Kingdome of Jordan

IAG: International Airport Group

IATA: The International Air Transport Association

LLCs: Low Cost Carriers

⁴⁷ The Airlines Codes based on IATA

M&A: Merger and Acquisition

MEB3: Middle East Big Three Carriers; Emirates Airline, Etihad Airways and Qatar Airways

MENA: Middle East and North Africa Region

OS: Open Skies

OSA: Open Skies Agreement

OWA: Oneworld Alliance

PAX: Passengers

QAIA: Queen Alia International Airport

RJ: Royal Jordanian Airlines

RPK: Revenue Passenger Kilometres

SkyTeam Alliance: Sky Team

TSC: Transport, Storage, and Communications sector

TY&R: Team Young and Rubicam advertising agency

UK: United Kingdom

USA: United States of America

US Dollar: United States Dollar

U.S.: United States Airways

USB3: United States of America Big Three Carriers; United Airways, American Airlines and Delta Air Lines.

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