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Impact of Country of Origin and National Identity on Air Travel Purchase Decisions for Prospective Buyers: The Case of American Travelers

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Abstract

This study focuses on how the concept of country of origin (COO) and national loyalty affect purchasing decisions of prospective travelers when purchasing airline tickets. The objectives of this study are to understand: (a) the relationship between demographic structures of travelers and their national loyalty status, (b) the relationship between national loyalty and national airline perceptions, (c) the construction and analysis of the measurement of national airline preference scale, and (d) testing the relationship between national loyalty, national airline perception, and preferences of foreign airlines. Data collected from 136 people residing and employed in three districts of Pennsylvania. The study findings denote that the national loyalty status of travelers affects the purchasing behaviors of air travelers. Prospective travelers do not prefer foreign airline service providers, thinking that they may damage the national airline companies and national economy. The effects of national loyalty include overrating the service quality and merit of national airlines and underrating the merits of foreign airline services. The findings of this research propose that foreign airline companies should convince international travelers that preferring their services over other airlines would not result in a disadvantage of national airlines or deteriorate economic conditions in their home countries.

Keywords: airlines, national loyalty, ethnocentric factors, product’s country of origin, air travel decisions

Introduction

American air travelers today have a variety of choices, especially when traveling internationally. Both national and foreign-originated airlines flying to or from the United States compete in the U.S. market to attract prospective air travelers. When American travelers make reservation decisions for airlines, considerations besides the quality of services or products also include some personal factors such as the country of origin (COO) of that product. A variety of studies conducted in consumer behavior spectacles that the COO of a product or service has potential implications in the decisions for travel reservation in both domestic and international travel (Abdelhady et al., 2019; Al-Sulaiti & Baker, 1998; Al-Sulaiti & Fontenot, 2004; Henderson, 2016). Consumer perceptions regarding products or services are important for the firms serving in domestic and international markets or selling or manufacturing products abroad. Therefore, marketing experts
working in the tourism and travel industry should be aware of which significant factors affect a traveler’s purchase intention and service evaluation.

Although the new dynamics of globalization have been changing the perceptions of buyers since the 1990s, consumer core values such as national identity, group affiliation, and consumer ethnocentric identity are still the dominant factors for prospective buyers in many countries and markets. A study conducted by Bizumic (2019) revealed that the age we live in is a different age where social-related factors such as ethnocentrism, ethnicity, and exclusionary inclinations have been reanimated. In such a world, potential buyers’ judgments regarding products are often influenced by the COO (Klein et al., 1998). In marketing literature, this phenomenon is known as the COO (Papadopoulos, 1993). Over the last forty years, a considerable amount of study has been conducted on product COO. Many researchers have concluded that prospective buyers with an ethnocentric mindset prefer to buy national manufactured goods and services over foreign manufactured products and services (Kaynak & Kara, 2002; Shimp & Sharma, 1987; Thomas et al., 2019).

The notion of consumer ethnocentrism (CE) is originated from the idea of ethnocentrism (Sharma, 2015) and refers to the feelings and attitudes of prospective buyers when evaluating the product and services originated from a specific country (Netemeyer et al., 1991; Shimp & Sharma, 1987). According to Shankarmahesh (2006), consumers ignore foreign-based products regardless of their prices or quality considerations due to national identity. Bruning (1997) stated that two main factors support the view of ethnocentrism. The first is informational affiliation, which is related to product quality information. Bruning (1997) also stated that COO conveys information about the product quality when information about product quality is uncertain or absent. Lantz and Loeb (1996) identified this factor as reasoned judgment, which is established on the economic well-being of the country where the product originated. Consumers in most cases tend to perceive higher risk when they purchase foreign products or use services from countries with a poor country image. The second factor is group affiliation. Group affiliation refers to national identity or social identity (Bruning, 1997; Deshpande et al., 1986; Dimoffe et al., 2010; Hirschman, 1981). According to this view, consumers prefer to buy some products over others because of group or ethnic affiliation or social identity.

Group affiliation and social identity concepts shape consumer opinions and preferences in purchasing decisions. Over time, people develop stereotypical perceptions of certain countries and products imported from those countries. These perceptions could be positive, negative, or unclear. When people are about to buy products or services, these images frequently color the perceptions of prospective buyers and are used as extrinsic cues (Bilkey & Nes, 1982; Lin & Sternquist, 1994; Parameswaran & Yaprak, 1987), especially when sufficient information is unavailable for the product or service quality at the time of purchase. Marketing research also shows that consumers have tendencies for the products or services produced in a specific country with constantly affirmative or undesirable points of view (Bilkey & Nes, 1982). Consumers both in developed and under-developed countries share similar perceptions regarding origin biases (Nes & Bilkey, 1993). Including specialty products, this phenomenon applies to all products, and for both organizational buyers and final end-users (Bilkey & Nes, 1982; Dzever & Quester, 1999). According to Laroche et al. (2005), products manufactured in emerging nations are perceived to have lower value and quality than the products manufactured in developed nations. The underlying factor of these perceptions is that consumers have an ethnocentric mind and hold individual biases for local and foreign products and services that affect their buying preferences and buying behavior. For
instance, research conducted by Hamelin et al. (2011) stated that only those people who live in developed countries might prefer domestic products instead of foreign-made products. Research shows that American consumers have the same tendencies. For instance, in the USA, the 2015 Consumer Reports survey showed that nearly 80% of consumers would buy American-made products rather than imported products, and 60% of those would pay 10% more for local products (Mittal, 2017).

Over the last forty years, COO literature has established a considerable amount of research focused on a country’s image of a product or service. The concept of COO includes the concept of national loyalty and identity or consumer sentiment about a product. From a business viewpoint, a product’s COO carries strategic implications for firms operating in other countries or exporting products to other countries. Knowing local customers perceptions of product-country image is important for international firms selling their products in other countries, serving in domestic and international markets, and competing against foreign companies in their home market. Over the last four decades, the topic of COO has become a fruitful subject in marketing research and has innumerable practical and theoretical implications. This has made it one of the most popular studies for marketing researchers.

**Objective of the Study**

This study focuses on how the concept of COO and national loyalty affect purchasing decisions of prospective travelers when purchasing airline tickets. The objectives of this study are to understand: (a) the relationship between demographic structures of travelers and their national loyalty status, (b) the relationship between national loyalty and national airline perceptions, (c) the construction and analysis of the measurement of national airline preference scale, and (d) testing the relationship between national loyalty, national airline perception, and preferences of foreign airlines.

**Literature Review**

**COO Buyer Perception and Evaluation**

For decades, marketers have focused on understanding the initial perceptions experienced by buyers of specific products. Over the last forty years, with the expansion of international business and international travels, customer perceptions of products have gained a new dimension called a product’s COO and have become a remarkable area of research in disciplines such as marketing, consumer behavior, and international business literature (Agrawal & Kamakura, 1999; Al-Sulaiti & Baker, 1998; Han & Qualls, 1985; Papadopoulos & Heslop, 1993; Tan & Farley, 1987). Many studies conducted with consumers regarding purchasing behavior have concluded that consumers hold positive or negative perceptions of foreign-made products or services (Bilkey & Nes, 1982; Kaynak & Kara, 2002 Roth & Romero, 1992).

Johansson et al. (1985) conducted a study with 70 U.S. graduate students and 82 comparable Japanese students utilizing similar brands of cars available in each country as the product. These researchers revealed that the effect of the COO in purchasing decisions is complex than previously thought and some factors such as product familiarity and product knowledge or previous experience with a product should be taken into consideration as along with nationality and other demographic attributes.
In the absence of sufficient intrinsic indications of the quality of a foreign product, consumers use indirect evidence to infer the quality of such products. This evidence can simply be the brand name of the product or the COO of that product (Han, 1988; Lawrence et al., 1992; Zhang, 1996). Likewise, consumers familiar with certain well-known products judge the quality of a product based on their previous knowledge or familiarity with that particular brand name, rather than some certain attributes of that product and the COO (Schafer, 1997). Such consumer behaviors have prompted firms to rethink how national loyalty and identity may shape the decisions of consumers when they intend to buy either foreign products or local products. Over the last four decades, the literature on COO has established a substantial number of issues regarding a product or service’s country image that hold an array of abstract frameworks. The COO model incorporates the idea of national loyalty/identity or customer emotion about a product.

Few studies have been conducted in the airline industry investigating the relationships between consumer preferences and the COO. For instance, Ahmed et al. (2010) uncovered a significant correlation between COO-based patriotism and national airline preferences. According to this study, Lebanese passengers with high-level patriotism preferred to fly with national airlines as their first preference and those with a low level of patriotism selected a foreign airline as their first preference. Another study by Bruning (1997) found similar results. Bruning (1997) collected data from 427 air passengers at a large Canadian airport and reported that Canadian air travelers with a high level of national loyalty preferred national airlines over international flights. However, the country feature ranks second only to price in the relative importance of airline selection.

**Product Country of Origin (COO) and Consumer Ethnocentrism (CE)**

Shimp and Sharma (1987) defined customer ethnocentrism as “a perception held by consumers on the suitability and certainly integrity of buying foreign goods” (p. 280). These researchers further concluded that CE was originally centered on economic motives for domestic country prejudice and signified an epitomist idea, which states it is improper to purchase imported goods. Additionally, Neuliep and McCroskey (1997) described ethnocentrism as “an individual psychological disposition that presents positive and negative outcomes or both” (p. 386). The concept of CE delineates the tendency of people to see their own nation’s product as superior and underestimate the quality of products made in other countries or by other nations (Booth, 1979; Worochel & Cooper, 1979). Many consumer-oriented studies carried out in industrialized countries show that ethnocentric-minded buyers tend to prefer local products rather than foreign-made products (Balabanis & Diamantopoulos, 2004; Granzin & Painter 2001; Nguyen et al., (2008); Shimp & Sharma, 1987; Suh & Kuwon 2002).

Netemeyer et al. (1991) stated that consumer ethnocentric perception shapes buyer purchase behaviors to make inferences about the quality of products regardless of whether these products were produced locally or imported from other countries. Ethnocentrism is directly related to consumer attachment; for example, a consumer is highly ethnocentric when they feel a high attachment to domestic products compared to imported products. The study conducted by Lantz and Loeb (1996) revealed that customers who have an extremely ethnocentric mindset have a strong tendency to buy products originating from culturally similar nations, while consumers with minimal ethnocentrism mindsets do not. The concept of CE influences the feelings of consumers and gives them a sense of character or a sense of fitting in. This feeling is associated with understanding of acceptable or unacceptable consumer behavior within common group norms.
According to many studies, the product image of Western industrial countries or Japan is more positive compared to most other less developed countries or newly industrialized countries, (Ahmed & d’Astous, 2004; Liefeld, 1993). For instance, in Tunisia, the local population sees imported goods such as those from France and Italy as lavish, prestigious, and high-class, whereas local products are not perceived in that fashion (Karoui & Khemakhem, 2019). On the other hand, Wall and Heslop (1986) revealed that American consumers love the idea of buying American-made products to help the domestic economy and create new jobs for Americans. Similarly, people from Turkey prefer buying locally made products rather than foreign-made products; because foreign product purchases increase the domestic unemployment rate and hurt the local economy (Kucukemiroglu, 1999). More recently, Kim et al. (2006) wanted to see how Korean consumer identity associated with ethnocentricism relates to multicultural issues. This study revealed that Korean consumers were more conservative and ethnocentric in their product buying decisions compared to Japanese citizens and native English speakers. Another study concludes that Japanese consumers who evaluate local products (versus foreign-made products) are more favorable, regardless of product superiority. However, US consumers rate a product more positively only if product quality is perceived higher than its competitors (Gurhan-Canli & Maheswaran, 2000).

Research shows that some product categories —such as food, are significantly affected by the COO effect (Foroudi et al., 2019; Rodrigues & Parr, 2019; Sjostrom et al., 2016). Another study conducted by Balabanis and Diamantopoulos (2004) demonstrated that the degree of impact of CE in purchasing preferences fluctuates depending on a particular product and its COO. Among many other factors, some scholars concluded that personalities, perceptions, and previous experiences of consumers are important factors when evaluating performance and quality of products and services (Ahmed et al., 2010). Lin et al. (2005) claimed ethnocentrism could be mediated by consumers’ culture. The same study found American students were less ethnocentric compared to Romanian students. Although ethnocentrism supports the idea of cultural identity, it can lead to more misunderstanding (Neuliep & McCroskey, 1997) and can cause less desire to communicate between cultures (Lin & Racer, 2003).

To provide unbiased and consistent research findings for firms and marketers, Shimp and Sharma (1987) created a widely used 17-point scale which is called ethnocentric consumer scale. It measures consumers’ ethnocentric habits related to purchasing imported or domestic products. Over the years, this scale has become a common metric for studies investigating consumer behavior orientation in many countries.

**National Loyalty and National Identity**

Liu and Turner (2018) defined national identity as a new concept belonging to modern nationalism and its product. National identity reflects the common characteristics and basic values of a group of people derived from social identity theory. Some researchers have verified that ethnocentrism is strictly associated with national identity or loyalty and national loyalty plays a vital role in the buying process of foreign and national products (Daser & Meric, 1987; Han, 1988). The idea of consumer national loyalty proposes that patriotic sentiments emotionally influence consumer attitudes about product quality and purchase behaviors. Especially, a person’s national loyalty motivates cognitive appraisals of products and services and, accordingly, shape purchase intentions. This suggests that consumers with strong national loyalty will tend to favor local products and services against other foreign-made products (Han, 1989).
According to Blank and Schmidt (2003), national identity is an extension of an individual’s sense of belonging to a particular nation and it proves the existence of an inner bond with that nation. Individuals develop a national identity over their lives, but more specifically in early ages; and it is shaped by the cultural and social value system a person grows up in. Consequently, this value system draws on a basis to judge products or services being consumed (Thuy & Hau, 2010). National identity is considered as the extent that a buyer sticks to a common value system of a country and has possible reverberations for the inclination to show an origin-nation prejudice in goods (Lantz et al., 2002). In consumer markets, the relationship between product preferences and national identity can be expressed through the individual value system of individual consumers (Schwartz, 1992). Consumer behavior studies have shown that consumers are often inspired by personal factors such as the concept of sociocultural background for a particular product (Schiffman & Kanuk, 1978; Yaprak, 2008). When a product has a foreign origin, consumers’ choice depends heavily on consumers’ attitudes towards that nation (Chao, 2001; Sharma, 2011) regarding the dimension of ethnocentrism (Diamantopoulos et al., 2011).

Previous studies in the field of consumer behavior have revealed that a consumer’s national identity is an important precursor to customer ethnocentrism. Lantz et al. (2002) showed that an individual’s national identity is a deeply held value and is shaped by his culture, while ethnocentrism is a particular phenomenon of this deeply held value. Accordingly, national identity is superior to CE. Attributes of consumers have linked to national identity, cultural openness (Sharma et al., 1995), world mindedness (Rawwas et al., 1996), and patriotism (Sharma et al., 1995).

Studies on national identity and ethnocentrism have produced mixed results. Keillor et al. (1996) found a close relationship between CE and consumer national identity. A study by Vida and Reardon (2008) revealed that cosmopolitanism has negative effects on customer ethnocentrism in the Slovenian market. However, the empirical findings were inconsistent with research in various other contexts. For example, findings of Cui and Adams’s (2002) study showed that a sense of national identity had a slight influence on CE in Yemen. Cui and Adams (2002) suggested that the national identity scale used in consumer research should be adapted based on different cultural norms. On the other hand, CE in Bosnia and Herzegovina is a vital but obvious consequence of high national identity and nationalism (Vida et al., 2008). Questionable and mixed findings were also provided by the work of Dimitrovich et al. (2009). They found that national identity and CE were very strong among consumers in Croatia, Serbia, and Bosnia and Herzegovina, but not in the neighboring state of Montenegro. Zeugner-Roth et al. (2015) claimed that national identity has a stronger (positive) effect than CE on consumers’ behavior of choosing domestic products. A more recent study found that Chinese consumers exhibit a high level of ethnocentrism compared to US consumers, suggesting that Chinese consumers are more ethnocentric than US consumers (Carter, 2020). Although national identity and cultural sensitivity are important indicators of CE, there are few studies in the literature examining the relationships between them. More specifically, there is little empirical research on how CE can affect perceived risk when purchasing foreign products (Wang et al., 2018).

**Foreign Product and Service Perception**

In a global world with stiff competition in consumer markets in any given country, COO perceptions have become a fruitful avenue for researchers. Investigating and exploring the feelings and perceptions of consumers about products imported from other countries or made in other
countries will allow marketing managers and executives to develop the most appropriate marketing strategies and respond to the needs of consumers. More specific information regarding a product’s COO influences the cognitive behavior of consumers and what they think about that product. For instance, in consumer minds, products originating from France will suggest elegance and stylish. In many Latin America markets, foreign cellphone service providers offer superior services compared to local companies. A product’s COO provides a strong clue for the quality and originality of the product and influences subsequent judgments. Such a strong stereotype over product-perceived quality persuaded the Italian government to spend 25 million USD on the advertisement to influence local people that Italian fashion products are the top-quality in the world (Hoyer & MacInnis, 2004).

Methods

Sample Frame and Data Collection

Participants included in this study were individuals from Beaver, Butler, and Allegheny counties in Western Pennsylvania, who have traveled at least once outside of the United States. Each prospective respondent was asked to complete a self-administered questionnaire at their most convenient time. Consequently, the authors collected questionnaires from 136 people residing and employed in these three districts in Pennsylvania. The compilation of data used in this study was operationalized and utilized a mix of convenience and non-probabilistic sampling techniques.

Survey Development and Measurement of Perceptions

The questionnaire used in this study consisted of four parts. The first part contained three statements intended to measure the degree of national loyalty of the respondents. These statements were adapted from the CE scale that was initially constructed by Shimp and Sharma (1987). The second section aimed to get the opinions of respondents towards national airlines’ perceptions. Respondents were provided five statements and asked to mark their opinions on the scale adapted from Parameswaran Pisharodi (1994) and Spillan and Harcar (2012). The third section consisted of five questions related to foreign airline preferences over national airlines developed by the authors. The fourth part of the questionnaire examined respondents’ demographic and socio-economic characteristics and flight frequency within a calendar year. Except for the demographic-oriented questions, all sections provided a five-point Likert-type scale to rate the opinions of respondents regarding their airline perceptions and purchasing behaviors.

Research Model

In this study, researchers employed the ethnocentric consumer behavior model to make inferences about the perceptions of air travelers. This model has often been employed in similar studies and consists of the constructs mentioned above. These constructs were developed based on the theory of CE and COO behavior. The constructs were unobservable (latent) variables and were determined by a block of observable variables or indicators, as presented in Figure 1. Compared to a single-question approach, using more than one question for each construct increases the precision of the estimate of expected results (Turkyilmaz & Ozkan, 2007).

Based on the results of the extensive literature search, the following hypotheses are proposed for the model:
• H1: There is a positive relationship between national loyalty and preference of foreign airlines.
• H2: There is a positive relationship between national airlines perception and preferences of foreign airline companies.
• H3: There is a positive relationship between national loyalty and national airline perception.

These hypotheses provide the foundation for completing data analysis and developing the research findings.

**Figure 1. Conceptual Framework**

The data used in this study were collected from 136 respondents. SPSS 25 and AMOS 24 packages were utilized in data analysis. SPSS software was used to tabulate the demographic and socio-economic profile of the respondents and presented in Table 1. Researchers also checked missing values and outliers with this software. No significant outliers were detected in the dataset. The normality of the data set was also checked with SPSS and AMOS. For data analysis, researchers utilized the structural equation modeling (SEM) technique to test the proposed conceptual model as presented in Figure 1. Researchers thought that the SEM can be used in this dataset for two reasons: (a) it estimates multiple and interrelated dependencies among the variables in a single analysis and (b) it can analyze intangible observations.
Findings

Demographic Characteristics of Airline Travelers and National Loyalty Level

Table 1 presents the demographic structures and socio-economic profile of the respondents. The data set comprised 136 respondents, with 74 of them in the high loyal category (54.4%) and 62 of them in the low loyal category (45.6%). About 52.9% of respondents were male and 47.1% were female. High loyal female respondents were 51.6% of the total respondents, while 56.9% of those were high loyal male respondents. As of age, about 40.4% of all respondents were between 26–45 ages and 46–60-year-old age group accounted for about 22.8% of the total. Respondents under 25-year-old consisted of 20.6% and respondents over 60-year-old group had the lowest ratio (16.2%). In terms of educational level, 16.9% of all respondents were university graduates, 18.4% of them had vocational schools, 44.9% high schools, and 19.8% had below high-school education. Concerning occupation, 19.1% of the respondents had administrative jobs, 18.3% were housewives, 17.6% were tradesmen or salesman, and 13.2% were professionals. The rest of the respondents (31.8%) had different occupations, as presented in Table 1.

Table 1. Demographic and Socio-Economic Characteristics of the Sample

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>High Loyal (&lt;i&gt;n = 74&lt;/i&gt;)</th>
<th>Low Loyal (&lt;i&gt;n = 62&lt;/i&gt;)</th>
<th>Total (&lt;i&gt;n = 136&lt;/i&gt;)</th>
<th>Chi Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
<td>Not Significant</td>
</tr>
<tr>
<td>Male</td>
<td>56.9 %</td>
<td>43.1 %</td>
<td>52.9 %</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>51.6 %</td>
<td>48.4 %</td>
<td>47.1 %</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
<td>18.85*</td>
</tr>
<tr>
<td>Under 25</td>
<td>21.4 %</td>
<td>78.6 %</td>
<td>20.6 %</td>
<td></td>
</tr>
<tr>
<td>26-45</td>
<td>54.5 %</td>
<td>45.5 %</td>
<td>40.4 %</td>
<td></td>
</tr>
<tr>
<td>46-60</td>
<td>74.2 %</td>
<td>25.8 %</td>
<td>22.8 %</td>
<td></td>
</tr>
<tr>
<td>Over 60</td>
<td>68.2 %</td>
<td>31.8 %</td>
<td>16.2 %</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
<td>Not Significant</td>
</tr>
<tr>
<td>Below High School</td>
<td>64.8 %</td>
<td>35.2 %</td>
<td>19.8 %</td>
<td></td>
</tr>
<tr>
<td>High School</td>
<td>50.8 %</td>
<td>49.2 %</td>
<td>44.9 %</td>
<td></td>
</tr>
<tr>
<td>Vocational School</td>
<td>60.0 %</td>
<td>40.0 %</td>
<td>18.4 %</td>
<td></td>
</tr>
<tr>
<td>University</td>
<td>56.5 %</td>
<td>43.5 %</td>
<td>16.9 %</td>
<td></td>
</tr>
<tr>
<td>Occupation</td>
<td></td>
<td></td>
<td></td>
<td>Not Significant</td>
</tr>
<tr>
<td>Professional</td>
<td>55.6 %</td>
<td>44.4 %</td>
<td>13.2 %</td>
<td></td>
</tr>
<tr>
<td>Administrative</td>
<td>50.0 %</td>
<td>50.0 %</td>
<td>19.1 %</td>
<td></td>
</tr>
<tr>
<td>Trade Man – Salesman</td>
<td>45.8 %</td>
<td>54.2 %</td>
<td>17.6 %</td>
<td></td>
</tr>
<tr>
<td>Housewife</td>
<td>48.0 %</td>
<td>52.0 %</td>
<td>18.3 %</td>
<td></td>
</tr>
<tr>
<td>Technical</td>
<td>69.2 %</td>
<td>30.8 %</td>
<td>9.6 %</td>
<td></td>
</tr>
<tr>
<td>Craftsman</td>
<td>60.0 %</td>
<td>40.0 %</td>
<td>7.4 %</td>
<td></td>
</tr>
<tr>
<td>Student</td>
<td>80.0 %</td>
<td>20.0 %</td>
<td>7.4 %</td>
<td></td>
</tr>
<tr>
<td>Unemployed</td>
<td>50.0 %</td>
<td>50.0 %</td>
<td>7.4 %</td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
<td>Not significant</td>
</tr>
<tr>
<td>Low</td>
<td>54.1 %</td>
<td>45.9 %</td>
<td>27.2 %</td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td>51.9 %</td>
<td>48.1 %</td>
<td>58.1 %</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>65.0 %</td>
<td>35.0 %</td>
<td>14.7 %</td>
<td></td>
</tr>
<tr>
<td>Flight frequency</td>
<td></td>
<td></td>
<td></td>
<td>43.55*</td>
</tr>
<tr>
<td>Light users (one trip per year)</td>
<td>91.7%</td>
<td>8.3%</td>
<td>35.3%</td>
<td></td>
</tr>
<tr>
<td>Medium users (2-5 trips per year)</td>
<td>41.9%</td>
<td>58.1%</td>
<td>31.6%</td>
<td></td>
</tr>
<tr>
<td>Heavy users (more than five trips per year)</td>
<td>26.7%</td>
<td>73.3%</td>
<td>33.1%</td>
<td></td>
</tr>
</tbody>
</table>

Note. * Significant relationship for <i>α</i> < .01 significance level

A chi-square test of association and a cross-tabulation were performed to see if any significant differences existed between demographic factors and national loyalty status. A closer examination of the profile indicates that high and low loyalty groups were not statistically significant in demographic characteristics other than age groups. Younger age groups fall into low loyal groups while older age groups fall into highly loyal groups. The sample consisted of 72 male (53%) and
64 female (47%) respondents. While 48.4% of female travelers were in the low loyal group, 51.6% of them were in the highly loyal group. The ratios for male travelers related to low and high loyalty was 43.1% versus 56.9%. In terms of age groups, highly loyal travelers belong to the 46-60-year-old group (74.2%) and the over 60-year-old group (68.2%) had the second highest ratio. The 26-45-year-old group accounted for 54.5% of high loyal travelers. Respondents below high school and vocational school graduates were in highly loyal groups with 64.8% and 60.0% respectively. Other high loyal travelers with 56.5% were university graduates and with 50.8% high school graduates. Regarding the occupation of travelers, students showed the highest loyalty with 80%. The second highest highly loyal group was technical field travelers with 69.2%. All other occupations distributed between high and low loyalty found in Table 1. As well as demographics, travel frequency by airlines was also examined. There were statistically significant variations between high frequency travelers and national loyalty tendencies.

National Airline Perceptions and National Loyalty

Based on the responses to the five national airline perception statements of airline products or services (overall service quality, safety, price, brand name, and reliability), all respondents were categorized into two groups: high and low loyal travelers. Respondents with above the average mean were classified as high loyal and the rest classified as low loyal travelers. A five-point Likert scale was used to assess the national airline perceptions of respondents. The Likert scale spans the numbers 1 to 5; 1 being a strong disagreement with the statement, while 5 is considered as a strong agreement. Table 2 reveals the average score for individual groups centered on different attributes such as high and low national loyalty status. The high loyal travelers’ mean score of national airlines perception was higher than the low loyalty travelers.

Table 2. National Airlines Perception Based on National Loyalty Status

<table>
<thead>
<tr>
<th>National Airlines Perception</th>
<th>Low Loyalty</th>
<th>High Loyalty</th>
<th>T Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>I believe that overall service quality of national airlines is superior to foreign airlines.</td>
<td>2.45</td>
<td>3.21</td>
<td>-4.911*</td>
</tr>
<tr>
<td>National airlines are safer than foreign airlines.</td>
<td>2.94</td>
<td>3.52</td>
<td>-4.183*</td>
</tr>
<tr>
<td>National airlines are reasonably priced considering quality of service they offer</td>
<td>2.89</td>
<td>3.30</td>
<td>-3.194*</td>
</tr>
<tr>
<td>National airlines have a better-recognized brand name than foreign airlines.</td>
<td>2.70</td>
<td>3.31</td>
<td>-3.915*</td>
</tr>
<tr>
<td>National airlines are more reliable than foreign airlines.</td>
<td>2.95</td>
<td>3.29</td>
<td>-2.383*</td>
</tr>
</tbody>
</table>

Note. * Significant at α < .05

Exploratory and Confirmatory Factor Analysis

One of the objectives of the study was to construct and analyze the measurement of national airline preference scale. In order to test the validity and reliability of the data collected from respondents, exploratory and confirmatory factor analyses were performed one after the other. Table 3 presents the results of the exploratory and confirmatory factor analyses. The data were first tested using principal component factor analysis. A Varimax rotation was used for data analysis. The emerged factors accounted for 75.13 percent of the common variance in the data. The internal consistency reliability of the variables was assessed by computing Cronbach’s alphas. Cronbach Alpha values of each factor are as follows: national loyalty = .903; national airlines perceptions = .872; and preference of foreign airlines = .894. The Cronbach’s alpha values of all the factors were over .70, which is considered acceptable for analysis. Exploratory Factor Analysis revealed that each scale was evidently signified by a particular factor (eigenvalue > 1).
For the confirmatory factor analysis, goodness-of-fit indices are tested and presented in Table 3 that follow the widely accepted norm values. Indices used for analysis included (1) the maximum likelihood chi-square statistic, (2) chi-square/degree of freedom ratio, (3) the goodness-of-fit index (GFI), (4) the adjusted goodness-of-fit index (AGFI), (5) the normed fit index (NFI), (6) the Tucker-Lewis non-normed fit index (TLI), (7) the root mean square error of approximation (RMSEA), and (8) the comparative fit index (CFI). The chi-square analysis was utilized to assess the fit among the actual data set and the hypothesized statistical model. A poor model fit was derived from a significant chi-square statistic. The value of $\chi^2$ statistic is 627.321 with the values of $\chi^2$/df ratio of 2.68. This proportion falls in the range of 0-3 where smaller numbers suggest a better fit. The analysis of the data reveals a good fit within the given standard. Both indices (goodness-of-fit & adjusted goodness-of-fit) were very close to 1, indicating a near-perfect fit and highly satisfactory results. The Chi-square method is highly sensitive to sample size, so it is only used as a source of contrast among other fit indices. The values for fit indices (GFI, AGFI, CFI, and TLI) can be interpreted in this way. The values on the table of .95 or greater indicate an excellent correspondence between the hypothetical model and actual data and values. The values between .85 and .90 indicate reasonable model fit (Browne & Cudeck, 1993; Hu & Bentler, 1999). The RMSEA test statistic assesses the accuracy and precision of approximation by determining the lack-of-fit of the hypothesized model to the sample covariance matrix. In order to claim a good fit an RMSEA value of less than .05 is required. Values around .08 illustrate fair fit, and values close to .10 indicate poor fit (Marsh et al., 1988). As seen in Table 3 most fit indices are in the acceptable range for each construct (Hu & Bentler, 1999). This results, as reflected here, support the reliability and validity of the scales used in the analysis.

As seen in Table 3, the factor loadings were found relatively large and positive between variables and their related latent variables. In this context, the emphasis was on a systematic analysis of the number of fit indices for the prognostic relevance of the model (Fornell & Cha, 1994; Lohmöller, 1989). It is essential to check $R^2$, accounted average variance, average variance explained, regression weights, and loadings factors (Grace & O’Cass, 2004). Table 4 represents the standardized regression weight for the hypothesized relationships. The regression coefficients of the model are statistically significant ($p < .01$).
Table 4. Inner Regression Weights between Latent Variables in the Path Model

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Causal Path</th>
<th>Regression Weights</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>National Loyalty – Preference of Foreign Airlines</td>
<td>-0.643*</td>
</tr>
<tr>
<td>H2</td>
<td>National Airlines Perception – Preference of Foreign Airlines</td>
<td>-0.598*</td>
</tr>
<tr>
<td>H3</td>
<td>National Loyalty – National Airline Perception</td>
<td>0.675*</td>
</tr>
</tbody>
</table>

Note. *p < .001 level.

Results

The empirical findings of this research support the contention that consumer national identity affects the perception of buyers toward national airlines and the preferences of foreign airline companies. In general, consumers with strong national loyalties do not tend to use foreign-service providers in the airline industry, since they think they may be damaging to their national airline industry and national financial system. For this reason, these sensitive travelers rely on a belief that a foreign airline company can have an adverse competitive influence on local airline companies (Lutz et al., 2008). According to the study, travelers with strong national loyalty present overrating of the superiority and value of national airlines while underestimating the virtues of foreign airline services. According to SkyTrax Airline Rating and Services website (2021), most of the American airline companies were rated behind foreign airline companies in overall service quality. Conversely, American consumers recognize their national airlines to be more favorable than foreign airline companies do. Results from this study demonstrated some similarities with Supphellen and Rittenburg’s (2001) findings examining Polish consumers’ purchasing behaviors and preferences of local and imported products. The study found that foreign products were perceived superior to locally made products. Passengers with a strong national identity, on the other hand, evaluated domestic airlines positively but did not display a negative attitude towards foreign airlines.

The research model used in this study specifies a relationship between national loyalty and national airline service quality as perceived by respondents. Regarding this, the favorable perception of American air travelers toward their own airline companies can be utilized with the advertising and promotion strategies of national airline companies, so that consumers may be inspired to select national airlines. The results also demonstrate the relationship of consumer loyalty with consumer preferences for buying airline services. The COO effect and perceptions of travelers regarding the service quality of national airlines versus international airlines could be a significant determinant of consumer purchase behavior. The results have practical significance for those companies operating in the airline industry. For instance, national loyalty tendency can be used by domestic and foreign airlines when segmenting the total travel market.

Conclusions

Consumer behavior has been the primary focus of marketing literature since the 1940s and is the basis of many marketing strategies today. Prior research has shown that consumer behavior is dynamic and difficult to predict. Studies may show controversial results in some markets conducted by different researchers. The empirical results of this study are similar to other studies carried out in the airline industry. The primary emphasis of this study posits that foreign airline companies should reassure international passengers that purchasing their services will not disrupt domestic airlines or economic conditions in their home country. It would be a strategic approach for foreign airline companies that initiate new services to foreign destinations may join strategic
alliances with domestic airline companies to ease the travelers’ resistance to foreign airline services.

**Theoretical and Practical Implications**

The empirical results of this study provided some significant evidence supporting the contention that national loyalty perceptions of airline travelers affect their reservation decisions and are favorable for domestic airlines. Therefore, the results of this study should be interpreted in a way that the COO of airline service providers plays a critical role in airline reservation decisions. Thus, this research is assumed to have some implications for future researchers and airline managers.

The findings also provided significant literature review to future researchers interested in the national loyalty of prospective buyers. Future researchers will understand the many aspects of the COO and national loyalty aspects of the air travel industry. In the same vein, the results of this study have some practical implications for air travel managers and company executives. Airline industry managers should understand how consumer preferences for domestic airlines might help them design marketing programs and marketing strategies to increase customer loyalty for domestic airlines. In a global and competitive business environment, to survive and stay competitive one must understand and respond to the dynamic marketing forces, including consumer behavior. Therefore, it is crucial to consider the product perceptions and purchasing behaviors of potential air travelers when promoting products, designing marketing campaigns, or responding to the needs of travelers. The results of this research provide a good framework for air travel companies, executives, and decision-makers in this prospect.

**Limitations and Future Research**

Results from this study must be interpreted cautiously. The exploratory nature of the study was the primary constraint. It concentrated explicitly on airline travelers in only three counties in the U.S. state of Pennsylvania. A second limitation was the non-probability method used to select the sample from a substantial dataset. A greater dataset is required for extra decisive consequences. Given these constraints, one must still recognize the similarities among the societies and economies in the same regions. Therefore, we recommend that the findings in this study produce a viable overview to other counties in similar territories. In addition to this, a strong verification process should be conducted; for example, by conducting a behavior analyses using identical methodologies in neighboring counties for the confirmation of results in the original study. The study also did not consider travel segmentations such as business, leisure travelers, or visiting friends and relatives segments, as it requires a more sophisticated research design.

A further study with a more comprehensive sample could include different travel segments in the study and attempt to determine how different travel segments (such as leisure or business) behave differently. It should also include more questions regarding the behavior of different types of travelers who are given more variety in flights and price alternatives with similar service quality (including travel time and connections). Another future research study could consider strategic alliances of national airline companies with their foreign counterparts. Lastly, a more thorough and concise sampling procedure may distinguish the correlation between national identity, consumer perception, and airline company preferences.
References


Lin, L. W., & Sternquist, B. (1994). Taiwanese consumers’ perceptions of product information cues: Country of


