

# LOW-COST AIRLINES BRANDING DURING THE COVID-19 PANDEMIC



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## Abstract

The COVID-19 outbreak has the potential to reshape the air travel sector globally, either in scope or on its current routines, requiring airlines to find new revenue strategies and, consequentially, innovations in brand management. Communication, indeed, is a key factor, along with other types of response in the face of the crisis they have to deal with. Since the future of airlines and the air travel sector is unclear and very difficult to predict, it seems relevant to understand their branding concerns in the present, as a way to identify and grasp which strategies and values are being reinforced and recreated during the pandemic. In this context, our research question is: what do low-cost carriers' communication responses to the COVID-19 pandemic reveal about their branding management strategies? In order to answer this question, we aimed to investigate and understand low-cost carriers' branding management by analyzing communication responses by Ryanair (Europe) and Southwest (USA) during the pandemic. On the empirical side, communication from both companies have been harvested from social media and official reports, and further analyzed following Kapferer's (2012) brand functions model.



## Resumo

A eclosão da COVID19 tem potencial para remodelar o setor aéreo em escala global, seja em escopo ou em suas rotinas atuais, exigindo das companhias aéreas novas estratégias de gestão de receitas e consequentemente inovações na gestão de suas marcas. A comunicação, de fato, é um fator-chave junto com outras respostas diante da crise que as companhias aéreas tiveram que enfrentar. Uma vez que o futuro das companhias aéreas e do setor não é claro e muito difícil de prever, parece relevante entender suas preocupações com a marca no presente, como forma de identificar e compreender que estratégias e valores estão sendo reforçados e recriados durante a pandemia. Nesse contexto, nossa questão de pesquisa é: como as respostas de comunicação à pandemia COVID19 das operadoras aéreas de baixo custo informam sobre suas estratégias de gestão de marca? Para responder a essa pergunta, nesta pesquisa objetivamos investigar e compreender a gestão da marca das operadoras de baixo custo, analisando as respostas de comunicação da Ryanair (Europa) e Southwest (EUA) durante a pandemia. Do lado empírico, a comunicação de ambas as empresas foi colhida de mídias sociais e relatórios oficiais vinculadas às funções da marca propostas por Kapferer (2012).

Key-words: brand functions, communication, content analysis

## Branding and crisis management

The spread of the novel coronavirus (SARS-CoV-2) produced global impacts in all sectors of contemporary life, travel and tourism included. On the one hand, the pandemic – as announced by the World Health Organization (WHO) on March 11th – evolved very quickly given the extraordinary planetary connectivity, mainly via air traffic. On the other hand, as the crisis evolved, it has led to severe circulation constraints, interrupted international routes and even blocked land mobility within countries.

Notably, the air traffic industry has been dramatically impacted. As countries closed their borders to control the virus circulation, thousands of aircrafts remained on the ground worldwide, generating substantial downturns: Airlines registered US\$ 84,3 billion in financial loss and 54% drop in overall demand up



to June 2020; direct and indirect jobs lost in the sector (direct & indirect) can go up 30 million (IATA, 2020; Iacus et al., 2020). Restrictions have led to significant financial impacts on most airlines; some of them were already on a critical financial situation before the pandemic (such as FlyBe, South African Airways, Avianca Brasil) and went into bankruptcy. Air travel companies in general – and low-cost carriers (LCC) in particular – are especially vulnerable to such circumstances, once they operate in very tight levels of cash flow, considered as a “prerequisite for survival” (Vinod, 2020).

Apart from being the process of creating, conquering and expanding markets, marketing is also a way to stay in the market (Kotler & Keller, 2012; Kotler, 2000). Thus, given the suspension of most of their activities after the COVID-19 outbreak, many companies faced severe revenue losses and were forced to set new strategies to stay in the market, having their brands as main assets.

Branding is a set of strategies that encompasses the management of brands. It is a composite of communication in the areas of a company's métier, such as media, press, community and public and government affairs (Schultz & Barnes, 2001). Brand management directly interferes in reputation, which is related to society's expectations about the organization (Forni, 2013) and is decisive in the purchase decision-making process. So negative brand associations may impact a company's financial results.

With the digital evolution, communication became faster, directly impacting brand management, empowering consumers through social networks (Kotler & Keller, 2012). Indeed, during a crisis, brand management might be crucial for businesses survival, overcoming threats in short and long terms. It takes place basically in three domains: financial, reputational and public safety (Coombs, 2007). Thus, transparency and the ability to communicate precise, reliable and consistent information during a crisis can generate positive perceptions, increase a company's reputation and support its recovery (Forni, 2013; Grundy & Moxon, 2013).



According to Kotler and Keller (2012), companies focusing on lower price ranges – such as low-cost carriers – can experience financial growth as a result of a crisis. Assuming that crisis might interfere on prices policy, LCCs can benefit from that if they manage to sustain a positive image amongst their target audiences, which depends, to a large extent, on the communication strategies they adopt during and after the crisis. Though brand recovering strategies for airlines are not new, the current crisis has no precedent in the industry, and no previously-known contingency plans apply (Grundy & Moxon, 2013).

### **Research design**

In order to investigate LCC branding communication, this article proposes a case study using content analysis. As it is a contemporary and intensive case study, this method allows the understanding of events, situations and actions in which individuals are involved and investigate a phenomenon that is still ongoing (Auerbach & Silverstein, 2003). In this case, we focused on the image branding attributes of Southwest Airlines and Ryanair, based on their communication strategies during the first ninety days of the COVID-19 pandemic (WHO, 2020).

Both companies were selected because they are top-ranked as the most prominent in their markets worldwide. No comparative analysis is proposed here, though data are displayed side-by-side. Kapferer's (2012) elemental proposal on brand functions (Chart 1) has been used as a reference in several studies on destination branding (Blain, Levy, & Ritchie, 2005), brand identity (Iglesias, Landgraf, Markovic, Kaporcic, 2020) and new technologies applied to branding (Swaminathan et al., 2020).

According to that model, a brand performs certain functions that justify its attractiveness for consumers, as well as its financial return when evaluated in a negotiation. The first two functions refer to the essence of the brand, and work as a symbol that facilitates consumers' choices. The following three



functions work as reducers of the perceived risk. The last three functions are linked to the pleasure and satisfaction of consumers (Kapferer, 2012).

Brand Function    Consumer benefit

Identification    To be clearly seen, to quickly identify the sought-after products, to structure the shelf perception.

Practicality To allow savings of time and energy through identical repurchasing and loyalty.

Brand Function	Consumer benefit
Identification	To be clearly seen, to quickly identify the sought-after products, to structure the shelf perception.
Practicality	To allow savings of time and energy through identical repurchasing and loyalty.
Guarantee	To be sure of finding the same quality no matter where or when you buy the product or service
Optimization	To be sure of buying the best product in its category, the best performer for a particular purpose.
Badge	To have confirmation of your self-image or the image that you present to others.
Continuity	Satisfaction created by a relationship of familiarity with the brand that you have been consuming for years.
Hedonistic	Enchantment linked to the attractiveness of the brand, to its logo, to its communication and its experiential rewards.
Ethical	Satisfaction linked to the responsible behavior of the brand and its relationship with society (ecology, employment, citizenship, advertising which doesn't shock)

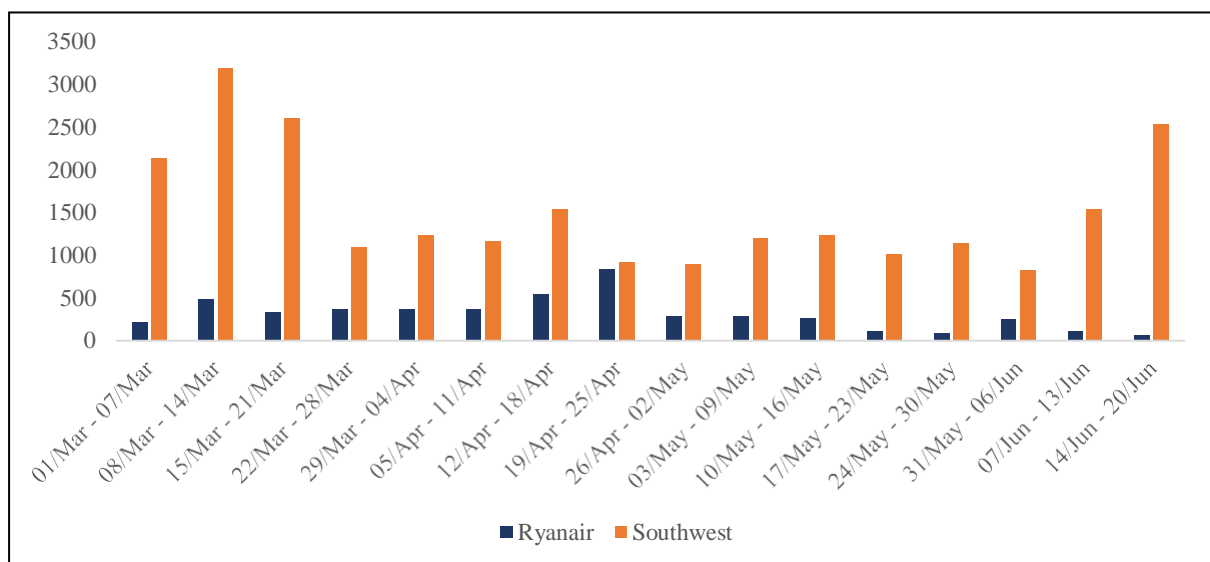
Chart 1: The functions of brand (Kapferer, 2012 p. 39)

The data were harvested from the companies' social media (Facebook, Instagram, and Twitter) and press releases issued from March 1st to June 18th 2020. Data from social network pages/profiles were captured by using NCapture plug-in (by NVivo) and Fanpage Karma. Coding was undertaken



via NVivo auto-coding categorization, followed by allocation of those categories into Kapferer's scheme (brands functions). Also using Nvivo we proposed a cluster analysis with dendrograms, to point out the proximity of values manifested in the brands' communication pieces.

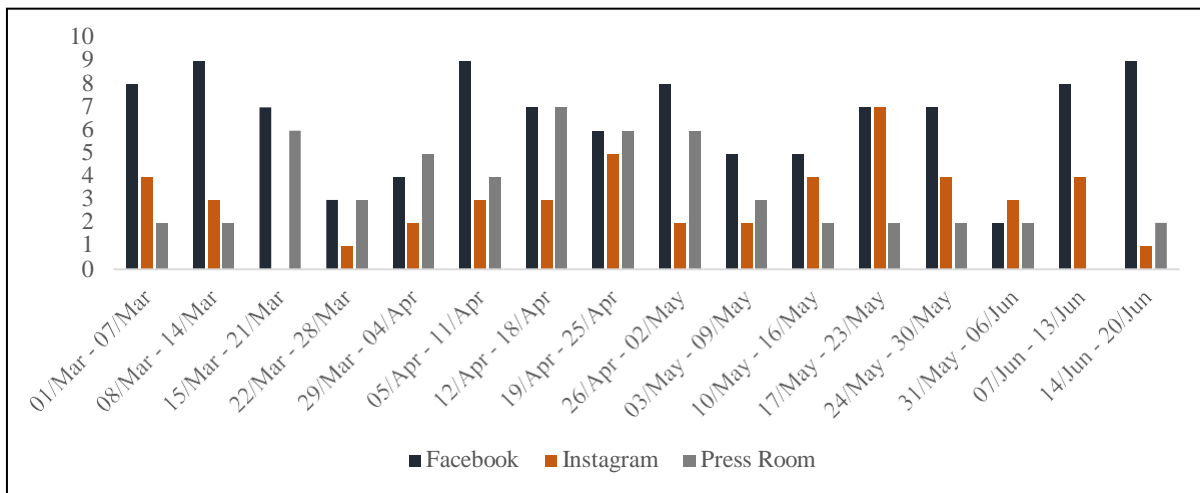
A total of 29,830 publications were collected, with the predominance of Twitter (98% of posts), followed by Facebook (1.25%), Instagram (0.36%) and press releases (0.36%). A greater volume of publications (mainly on Twitter, by Southwest) was observed in the week of March 11th – when WHO announced the pandemic.



Graph 1: Number of tweets and retweets from Ryanair and Southwest (Source: airlines' social media profiles)

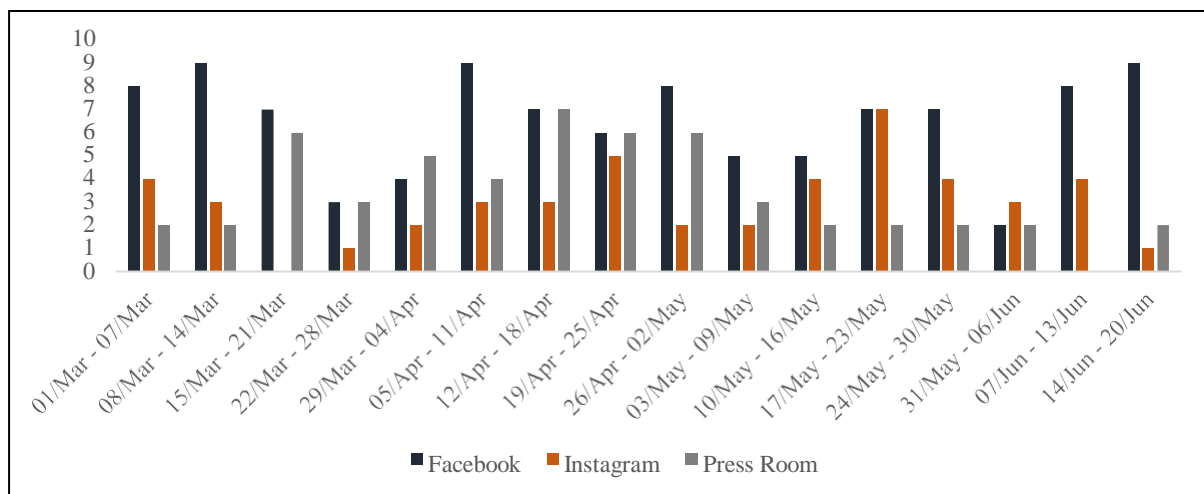
Southwest's Instagram and Facebook posts presented a slight drop between the weeks of March 15th and March 29th. However, press releases had their peak between March 15th and April 12th, and again a new decline in the week of May 1st.





Graph 2: Southwest's number of posts and press releases (Source: airlines' social media profiles)

On the other hand, the frequency of Ryanair's posts was significantly lower during the first months of the pandemic, increasing their frequency from the week of May 17th, mainly on Facebook.



Graph 3: Number of Ryanair's posts and press releases (Source: airlines' social media profiles)

**Main Findings**

An important phenomenon was observed on Instagram: as described above, both companies decreased the average amount of posts on March, precisely when the pandemic was announced and most European countries



experienced peaks in number of cases and deaths tools – it was a period characterized by uncertainty.

Notably, most of the communication pieces corresponded to the identification attribute, 22% in total. Moreover, the attributes related to repurchase, such as practicality, optimization and hedonistic, appear in smaller proportion. The concern with ethics is also highlighted, being present in 16% of the publications.

BRAND FUNCTIONS	SOUTHWEST		RYANAIR		TOTAL	%
	#	%	#	%		
<b>IDENTIFICATION</b>	41	20%	57	23%	98	22%
<b>PRACTICALITY</b>	23	11%	16	6%	39	9%
<b>GUARANTEE</b>	27	13%	22	9%	49	11%
<b>OPTIMIZATION</b>	16	8%	15	6%	31	7%
<b>BADGE</b>	25	12%	31	13%	56	12%
<b>CONTINUITY</b>	19	9%	49	20%	68	15%
<b>HEDONISTIC</b>	26	13%	16	6%	42	9%
<b>ETHICAL</b>	30	14%	42	17%	72	16%

Chart 2: Frequency of codes - Southwest and Ryanair posts (Source: airlines' social media profiles)

The primary brand functions found in the analysis of both companies were attributes related to Reference – mainly for the disclosure of restrictive measures in flights such as usage of masks, flights rescheduling and tickets reimbursement. These same aspects emerged in other codes such as Optimization, but less frequent and focusing on attributes associated to Performance for both brands. We can see some examples in a post by Ryanair which stated: “... and again urge the Irish and UK government to abandon its unexplained, ineffective and non-implementable quarantine restrictions” and “add an additional non-stop flight on weekdays, directionally between...”





Despite the prominent concern with operations maintenance, these two dimensions (Reference and Optimization) were not dominant, accounting for less than a third of the total of codes (28% for Southwest and 29% for Ryanair).

The focus on ensuring continuity of activities becomes visible in the function Ethics, which depicts concerns for costumers' health, as stated in a Southwest's post: "Extra cleaning steps that we are taking to ensure their safety".

The largest disparities between companies were observed in brand functions Hedonistic and Permanence. First, it is noticeable Southwest's greater concern on maintaining its "lovebrand" status: "We will always have our Heart". Brand love is defined as "the degree of emotional and passionate

affection that a satisfied consumer has with a particular brand" (Carroll and Ahuvia, 2006, p.31). And second, one sees aspects related to the recurrence of purchases by consumers: "... you can continue to enjoy the lowest fares and the most reliable service by switching to Ryanair".

By analyzing hedonistic and personalization functions, similar positions emerged in terms of Reference, Ethics and Permanence, due to concerns related to business continuity and company's image.

Through cluster analysis, with codes grouped by similarity and presented in the form of dendrograms extracted from the NVivo tool, it is possible to identify how organizations approach the communication functions in their discourses.



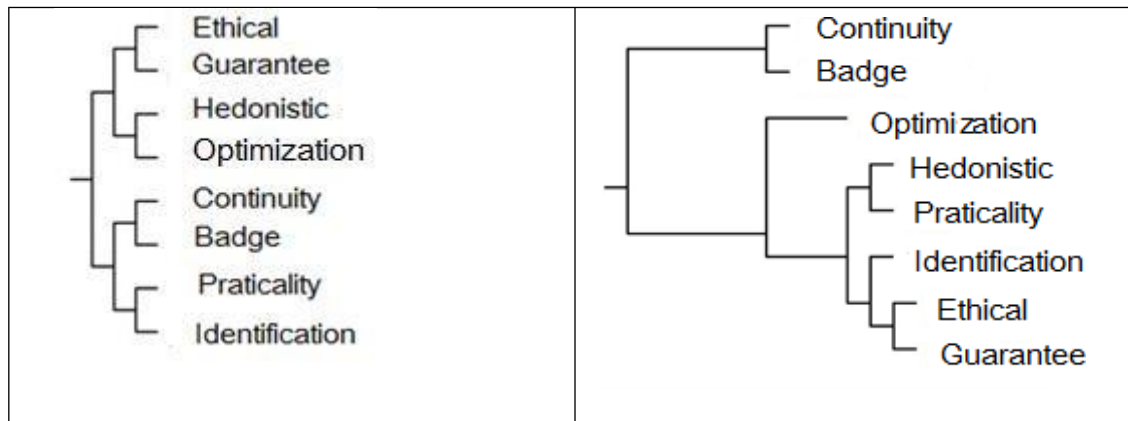


Figure 1: Cluster analysis by similarity of codes. Ryanair (Left) and Southwest (Right). (Source: airlines' social media profiles)

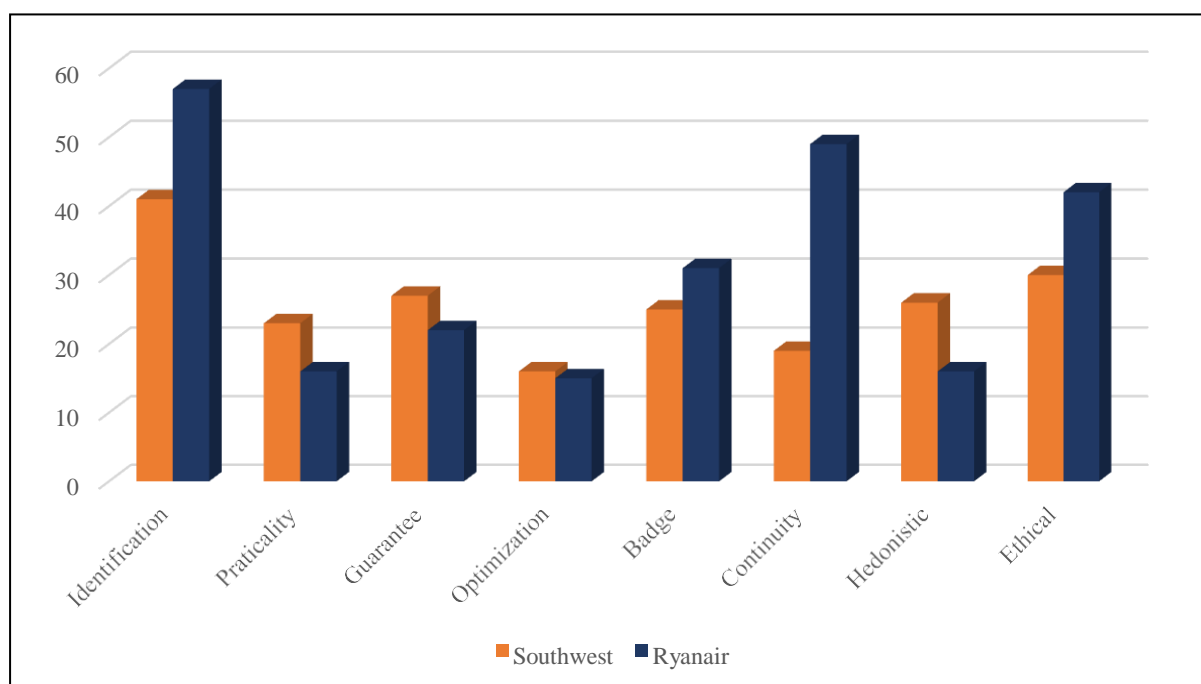
By analyzing figure 1, two strong correlations between functions become visible: Ethics and Guarantee, as well as Permanence and Personalization. For the first pair of functions, a possible interpretation may be related to the need for transparency regarding procedures adopted in the first 90 days of the pandemic. In the second pair, we can see that satisfaction with the brand can be a motivating factor for future repurchases, a factor deeply dependent on economic recovery after COVID-19.

The differences appear mainly in the correlations between the functions Optimization, Hedonist and Practicality. While these functions appear homogeneously in the analysis of Ryanair's publications (all functions appear in pairs), in Southwest's material the Hedonistic function appears linked to Practicality – reinforcing the company's “lovebrand” discourse, which strengthens the brand, constantly associated to satisfaction and repurchase opportunities.

Since the two companies operate in the same market, both sought to communicate operational decisions to keep their services under new bio-safety protocols. This concern is illustrated mainly in the categories Badge, Ethical and Continuity. Similarities in ethical functions can be seen as follows: “The protocol released today will reassure passengers that it is safe for them to fly and so help the industry recover from the effects of this pandemic”

(Ryanair) and “Extra Cleaning Steps We Are Taking to Ensure Your Safety” (Southwest).

The main differences between the companies' statements have been found in the Hedonistic and Continuity functions. Southwest made clear efforts to maintain its “lovebrand” status (“We will always have our heart” and “Only you can decide when you're ready to fly again”), whereas Ryanair focused on encouraging consumers to keep purchasing (“...customers can continue to enjoy the lowest fares and most reliable service by switching to Ryanair”).



Graph 4: Codes counting (Source: airlines' social media profiles)

Although this article's focus is not to compare both companies, one can observe similarities and differences in their brand positioning. Similarities are visible by two clear correlations of brand functions: Ethical-Guarantee and Continuity-Badge. For the first pair, we can note a concern about maintenance of flight services despite restrictions imposed by governments. A possible explanation for the highest correlation between these variables may be the need for companies to be transparent regarding mandatory procedures onboard during the first 90 days of the pandemic. The second

pair (Continuity-Badge) illustrates how brand satisfaction can be a motivating factor for future repurchases, as aspect intrinsically linked to the urge for economic recovery after the SARS-CoV-2 pandemic (Figure 1).

The differences can be seen mainly in Optimization, Hedonistic and Practicality functions: Ryanair's codes appear homogeneously, whereas for Southwest some functions were more prominent than others. For Southwest, the Hedonistic function is strongly linked to Practicality as an attempt to link brand satisfaction with repurchase opportunities, and communications on the period reflect brand awareness as a major concern for the company. On Ryanair side, this does not seem to be a prominent brand function, probably due to the necessity to dialog with countries and audiences facing different stages of the disease transmission and different institutional contexts facing SARS-CoV-2 effects.

### **Final remarks and further developments**

Although both companies selected for this study compete in the same business model (LCC), their communication responses vary significantly, demonstrating different strategies and capacity to react to the severe SARS-CoV-2 pandemic crisis. Both companies seem to keep on aspects related to business maintenance, emphasizing new safety rules before, during and after flights. However, their communication strategies differ on how they convey their messages to stakeholders, suggesting an attempt to connect with their brand values. This may pave the way for future branding strategies in the post-pandemic context.

Our analysis revealed Southwest was more consistent regarding the frequency of publications, maintaining daily communications on social media, as much as before COVID-19. However, Ryanair's communications frequency suggests some instability in March and April 2020, when their social media posts' frequency fell from 2 per day on average to a total of 10 posts in two months. From May 2020, the company increased their posting frequency again, thus transmitting an image of recovery to the market.



Given the extent of the pandemic and its impacts, it is not yet possible to assertively predict the future of these companies. However, by observing how two of the world's biggest LCCs react, we can note slightly different values communication, and it is reasonable to foresee that companies – not only LCC – will be pushed to set new operational and commercial parameters (for example, with continuous brand monitoring) in order to maintain their activities. This may include careful brand management, possibly responding to new consumer behaviors and stricter protocols for airlines.

There are three limitations in this study, and it opens room for research improvements. First, it was based on the brand functions model proposed by Kapferer (2012). Other theoretical models of brand management could enable different understandings on airline branding in crisis contexts, or even produce literature on branding during an unprecedented crisis. Second, a recommendation for future research is that data codification is performed, at some stage, manually by more than one researcher, avoiding subjectivity and interpretation biases. And, third, a more comprehensive data gathering would be recommended, either in geographical scope (including more airlines from different world regions) or in corpus range, for instance, adding more information from airlines' marketing and advertising campaigns.

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