Increasing clicks through advanced targeting: Applying the third-party seal model to airline advertising

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Increasing clicks through advanced targeting: Applying the third-party seal model to airline advertising

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Abstract

Purpose: From five-star hotels and Michelin Star restaurants, few industries signal their quality and unique selling points through the use of third-party seals like tourism. However, despite using seals and certifications in advertising being widespread, little academic research has been conducted into their effectiveness. Through the running of campaigns on Facebook’s Ad Manager for Indian airline Jet Airways, this study applies the Third-Party Seal Model to optimise campaign audiences to target the right prospects with the most effective message.

Methods: A Facebook ad campaign experiment was created for Indian private airline, Jet Airways. Five unique audiences were examined, utilising the ad targeting available through Facebook’s Ads Manager; hypotheses regarding the impact of third-party seals on airline choice were developed and tested.

Results: Throughout the experiment, 115,781 impressions were delivered to 106,263 individuals across the five audiences. Based on findings, the validity of Third-Party Seal Model (TPSM) as a tool to predict the use of third-party seals as an approach likely to increase the probability of a purchase, has been confirmed through the online experiment.

Implications: The results of this experiment provide airline marketing and product managers with clear insights which can be directly applied to advertising campaigns. TPSM can be used by researchers to compare effectiveness of seals and to analyse existing online campaigns, providing recommendations for improvements at macro and micro levels.

Keywords: third-party seal model, social media advertising, airline marketing, third-party seals, online advertising

JEL Classification: M37, L93

1 INTRODUCTION

From five-star hotels and Michelin Star restaurants to airline of the year and world’s best holiday destination, few industries signal their quality and unique selling points through the use of third-party seals like tourism. However, while the effectiveness of these seals and certifications has been debated for decades by academics, their use and ability to drive purchase intent has not been extensively studied within a tourism context.

This limited research has focused around three areas; providing trust to online purchasers, signalling minimum service quality, and indicating environmental impact, with experiments limited to travel websites, hotel ratings, and eco-tourism. Despite widespread industry use (for example Jet Airways, 2018; Rainforest Alliance, 2018; KLM, 2018), as well as airline-specific seals available in market, to date there has been no research into the use of third-party seals and certifications by airlines in advertising and public relations communications.

To help bridge this gap and assist marketers effectively deploy marketing and advertising campaigns using third-party seals, this study seeks to apply the Third-Party Seal Model (Murphy, 2018), to a social media marketing campaign for Indian airline Jet Airways. The Third-Party Seal Model is the first academically published model which provides marketing managers with the ability to compare the effectiveness of third-party seals to each other and predict which are more likely to increase the probability of a purchase. While created through a review of past literature and the results of consumer surveys, this study will be the first field test of the Third-Party Seal Model in an advertising context.
Through the use of advanced targeting features available on Facebook’s ad manager platform, a single creative message will be shown to five unique audiences representing the three stages of the Third-Party Seal Model. The results of this study will provide actionable insights for marketers and product managers within the airline and tourism industries including advanced targeting and messaging strategies which can be directly implemented within digital marketing campaigns.

2 LITERATURE REVIEW

2.1 Why Passengers Choose an Airline

Once heavily regulated and dominated by monopolies and oligopolies, the airline industry has seen significant change over the last half-a-century. Whereas once consumers were restricted in their options of where to fly and who to fly with, the industry has seen a move from value-added experience to pure commodity (Jarach, 2004), with it becoming increasingly difficult for airlines to differentiate in a competitive and saturated market (Pi and Huang, 2011). With this in mind, a number of researchers have sort to understand which factors most influence a traveller’s choice of airline.

In their 2004 paper, Jarach suggested that traditional airline carriers develop a strategy around five key pillars. While not empirically researched, the pillars centre around a simple value proposition which predicts and meets customer needs through clear and consistent marketing communications. The best approach which airlines should take with their value proposition falls into three key categories according to research; price and perceived value (Escobar-Rodríguez and Carvajal-Trujillo, 2013; Park et al., 2006), service quality (Park et al., 2006), and customer loyalty and habit (Escobar-Rodríguez and Carvajal-Trujillo, 2013; Pi and Huang, 2011). Of these three, price and perceived value and service quality lend themselves most to the use of third-party seals in marketing and advertising messaging.

In their modelling of service quality and marketing variables on passenger intention to use an airline in the future, Park and colleagues (2006) reported that perceived price was found to have a negative effect on behavioural intentions and a positive effect on perceived value. Ultimately finding that passengers were more likely to fly with an airline and recommend it to others if the ticket price was low. Similarly, Escobar-Rodriguez and Carvajal-Trujillo (2013) found that price was the second highest predictor of online purchase intent for airline tickets behind habit.

Service quality has also been shown to be both a positive influence on perceived value, passenger satisfaction, and behavioural intentions (Park et al., 2006). Experienced service quality and the perceptions created by advertising messaging of these services also contributes to customer loyalty (Kim et al, 2016; Pi and Huang, 2011; Misirlis et al., 2018). In their survey of first-class passengers, Kim and colleagues (2016) reported that customer-centric innovativeness is a strong driver of brand loyalty for airlines, with perceived innovativeness derived from experiential dimensions of inflight service designs including food, entertainment, physical environment, and flight attendant performance/physical appearance.

2.2 Third Party Seals and the Third-Party Seal Model

The granting of seals, certifications, and guarantees by organisations to products and services has been a longstanding practice since the start of the 20th century. The likes of the Good Housekeeping Seal of Approval and Michelin Star are household names across the globe and considered by many consumers as indicators of quality. And since first being studied by Thomas Parkinson in 1975, many academics and researchers have sort to uncover whether this much-used marketing tactic is effective in driving purchase intent.

Results of this research has been mixed; from those finding seals to have a positive effect (for example Atkinson and Rosenthal, 2014; Bernard et al., 2015; Kamins and Marks, 1991), to those finding little or no impact (for example Hu et al., 2010; Kimery and McCord, 2006; McKnight et al., 2004; Chatzigiorgiou, 2017), and those finding results dependent on the circumstances (for example Caso et al., 2015; Orth and Krška, 2001; Viot, 2012; Christou, 2015). In an attempt to increase the probability of third-party seals being an effective marketing tactic and product development strategy, the Third-Party Seal Model (TPSM) was developed as a guide for marketers and product managers (Murphy, 2018). Created using findings from past research and empirical results of two experiments, the TPSM (Fig. 1) recommends that third-party seals are most effective when the advertising brand is known to the consumer, the third-party seal is known to the consumer, and the seal represents an important consideration attribute for the product or service. For seals to be most effective and to influence purchase intent, the TPSM suggests that all three of these model stages must be passed by the message recipient (Murphy, 2018).

Figure 1. The Third-Party Seal Model

This study represents the first published test of the TPSM within a live advertising campaign. As such, the following hypothesis will be tested based on the model within an airline context to both validate the TPSM, and provide actionable advice for managers based on known key selling points:

H1: Advertisements shown to an audience who knows the brand are more likely to be clicked than those who do not know the brand.

H2: Advertisements shown to an audience who knows the third-party seal are more likely to be clicked than those who do not know the third-party seal.
H3: Advertisements shown to an audience to whom the third-party seal represents an important decision-making attribute are more likely to be clicked than those for which it doesn’t.

H4: Advertisements shown to an audience who knows the brand, the third-party seal, and to whom the third-party seal represents an important decision-making attribute are more likely to be clicked than those who don’t and for which it doesn’t.

2.3 Research of Third-Party Seals in Airline and Tourism Marketing

While both price and service quality would seem to be ideal attributes which can be easily communicated through the use of third-party seals, little research has been conducted into their use specifically within the airline industry. Within the tourism industry as a whole, research into third-party seals generally focuses around three areas; providing trust to online purchasers, signalling minimum service quality, and indicating environmental impact.

In a 2015 study, Ponte et al investigated the use of trust seals such as TRUSTe, VeriSign, and BBBOnline as part of a wider model for online purchase intention for travel websites based on perceived value, trust, and the antecedents of perceived security and privacy. The team propose that consumers’ perceived security of websites for shopping for travel depends on eight variables which include the display of third-party assurance seals on the website, the understanding of the seals, and the general disposition to trust the perception of third-party certification. These results are not dissimilar to other research results (see Murphy, 2018), or the Third-Party Seal Model. However, interestingly, in their similar study of consumer’s trust toward online travel websites, Agag and El-Masry (2017) did not explicitly investigate the use of third-party seals.

The rating of hotels by third parties is a long-standing practice in the industry. However, according to Caso et al (2015), their impact may not be as significant as managers would hope. From their study of consumers through a questionnaire, they reported that although quality certifications help to decrease tourists’ perceived risk, they suffer from an awareness problem. For involved decision-makers, quality certification is an important, but not determinant, selection criterion. Alternatively, when tourists have less time for travel planning, certifications suffer from awareness limitations and rely on more familiar signals such as brand name or price. These results are somewhat explained by Lockyer and Roberts (2009), who suggest that the longer a guest stays in a motel, the more important higher levels of comfort and “enhancers” are.

Like price and service quality, the environmental benefits and impact of travel providers and services can easily be communicated through the use of third-party seals. However, while eco-tourism and environmental considerations have been shown to be positive attributes for some consumers (Chia-Jung and Pei-Chun, 2014; Verma and Chandra, 2016; Verma and Chandra, 2018), like all other industries, the effect of signalling this through the use of third-party seals has been shown to be product and consumer depended (Esparon et al, 2014; Zafiropoulos et al, 2015).

2.4 The Use of Third-Party Seals in Airline Marketing

While not previously studied in an academic context, the use of third-party seals and certifications in advertising and public relations communications by airlines is a widespread industry practice. From the self-awarded “Best Price Promise” from India’s Jet Airways (Jet Airways, 2018) to Asiana Airline’s use of Rainforest Alliance Certified coffee (Rainforest Alliance, 2018) and KLM’s proud promotion of winning three 2018 TripAdvisor Traveller’s Choice Awards (KLM, 2018), airlines the world over use third-party seals in a variety of applications.

A number of well-known organisations grant third-party seals specifically to the airline industry (see Appendix 1). In particular, these seals provide airlines with the ability to signal their service quality and value for money in comparison to other airlines; two of the three most important factors in driving purchase intent. Of the granting organisations, TripAdvisor seemingly has the greatest recognition among consumers, with 6,275,551 Facebook followers compared to the next highest, Air Help, with 643,662, and as the most-visited travel site in the world (TripAdvisor, 2018). The low following of industry and media recognised seals such as Skytrax (92,306 followers) is in line with past research which suggests that many third-party seals have a recognition problem (Dam and Reuvenkamp, 1995; Norberg, 2000).

3 TESTING THE THIRD-PARTY SEAL MODEL

With well-followed third-party seals which signify important purchase intent factors, air travel is an ideal industry to test the effectiveness of the TPSM. Digital marketing platforms, specifically Facebook’s Ad Manager also provide the opportunity to categorise with some certainty a consumer’s fit as the ideal recipient for messages according to the TPSM. To test the effectiveness of the TPSM in an advertising context, social media display advertisements will be shown through Facebook’s display network to unique audiences to test the aforementioned hypothesis.

3.1 Research Design and Method

As part of an affiliate marketing program, a Facebook ad campaign was created for Indian private airline, Jet Airways. Jet Airways was chosen for the experiment due to the engagement with the author for marketing activities, as well as its size, brand awareness, and receipt of third-party seals. With 14.2% market share of the Indian domestic air travel in the first half of 2018 (Directorate General of Civil Aviation, 2018), Jet Airways is the second largest domestic airline in India. Jet Airways was also the winner of the 2017 TripAdvisor Traveller’s Choice Indian Airline of the Year, providing the opportunity to use the best-known airline-related third-party seal within the advertising creative.
Run between the 7th and 29th of August 2018, the same ad creative (Figure 2), was shown to five unique audiences. Utilising the ad targeting available through Facebook’s Ads Manager, the audiences were created to be unique and not overlap, as well as match the stages of the TPSM as closely as possible (Table 1). While it is impossible to know with certainty whether an audience member is aware of the brand (Jet Airways), the third-party organisation and their seal (TripAdvisor Traveller’s Choice) and whether it represents an important decision-making attribute, the audiences do reasonably increase the probability of this being, or not being the case where relevant.

Table 1. Audiences used in the experiment

<table>
<thead>
<tr>
<th>Audience</th>
<th>Audience 1</th>
<th>Audience 2</th>
<th>Audience 3</th>
<th>Audience 4</th>
<th>Audience 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impressions</td>
<td>20,427</td>
<td>35,988</td>
<td>41,096</td>
<td>7,379</td>
<td>10,206</td>
</tr>
<tr>
<td>Reach</td>
<td>20,303</td>
<td>35,200</td>
<td>40,504</td>
<td>6,526</td>
<td>4,088</td>
</tr>
<tr>
<td>Clicks</td>
<td>22</td>
<td>47</td>
<td>42</td>
<td>176</td>
<td>14</td>
</tr>
<tr>
<td>Click rate</td>
<td>0.0011</td>
<td>0.0013</td>
<td>0.0010</td>
<td>0.0238</td>
<td>0.0013</td>
</tr>
<tr>
<td>Cost per click</td>
<td>$0.16</td>
<td>$0.21</td>
<td>$0.22</td>
<td>$0.06</td>
<td>$0.63</td>
</tr>
</tbody>
</table>

For the purposes of the experiment, Audience 1 will represent the control group by which all four hypotheses will be tested. While this audience may be aware of the brand, third-party and seal, and see travel advice as an important decision-making factor, given they have not followed either Jet Airways or TripAdvisor, or indicated any interest in, or shown signs of travel, the risk of this being the case has been reduced as far as practically possible. To test whether the change in audience had an effect or not, a chi-square test will be completed for each hypothesis to find whether the p-value is significant (Biau et al., 2010; Kohavi and Longbotham, 2017).

4 RESULTS AND DISCUSSION

Throughout the experiment, 115,781 impressions were delivered to 106,263 individuals across the five audiences, a valid sample size for an online experiment (Kohavi et al., 2014; Kohavi and Longbotham, 2017). Due to the size of the audiences and the auction-style bidding of the Facebook ad platform, each audience was served different numbers of ads with clicks varying from the most expensive cost of $0.63 for Audience 5 to $0.06 for Audience 4. Unsurprisingly given this result, Audience 4 received the most clicks of any audience with 176, despite having the lowest number of impressions.

Table 2. Results of experiment per audience

<table>
<thead>
<tr>
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</tbody>
</table>

To test whether audience members who know the brand Jet Airways were more likely to click on the advertisement, the results of Audience 1 and the combination of Audience 3 and Audience 5 were compared. A chi-squared analysis did not show a significant difference between knowing the band and not knowing the brand ($\chi^2= 0.026, df=1, P=0.8715$), therefore hypothesis one is rejected. While this may seem to also invalidate the TPSM, these results may be due to the importance of customer loyalty and habit in purchase intent (Escobar-Rodriguez and Carvajal-Trujillo, 2013; Pi and Huang, 2011). That is, those who are already aware of or are customers of Jet Airways will purchase tickets with the airline when needed and not when prompted by advertisements highlighting other drivers of purchase intent such as customer service and price.

To test whether audience members who know the third-party seal and to whom the third-party seal represents an important decision-making attribute were more likely to click on the advertisement, the results of Audience 1 and the combination of Audience 4 and Audience 5 were compared. A chi-squared analysis showed a significant difference between knowing the third-party seal and having it represent an important decision-making attribute and not knowing the third-party seal or having it represent an important decision-making attribute ($\chi^2= 163.281, df=1, P=0.0001$), therefore hypothesis two and three are accepted.
Finally, to test whether an audience who knows the brand, the third-party seal, and to whom the third-party seal represents an important decision-making attribute are more likely to be click than the control, the results of Audience 1 and Audience 5 were compared. A chi-squared analysis did not show a significant difference between knowing the brand, third-party seal and having it represent an important decision-making attribute and not knowing the brand, third-party seal or having it represent an important decision-making attribute ($\chi^2 = 0.313$, $df=1$, $P=0.5761$), therefore hypothesis four is rejected. Like the test of hypothesis one, these results may be due to members of this audience already being customers, or aware of Jet Airways’ price and service quality attributes, and therefore do not find the advertising messaging appealing. This theory can also be implied from the comparison of Audience 4 and Audience 5. Here, despite both audiences knowing the third-party seal and having it represent an important decision-making attribute, there was a significant difference between those who followed Jet Airways and those who didn’t ($\chi^2 = 202.488$, $df=1$, $P=0.0001$).

These results suggest that knowledge of a third-party seal, and having it represent an important decision-making attribute is the most influential component of the TPSM. However, to test this, further research would need to ensure that those in the control group have not heard of the brand prior to receiving marketing messages so therefore cannot be concluded from this study.

However, the significant results seen between those following TripAdvisor and those who don’t has wide-ranging implications to the industry and may revolutionise the use of third-party seals in marketing and advertising materials. Indeed, if treated as a campaign promoted to 115,096 recipients, this study has shown that as little as 15% of the audience accounted for 63% of total clicks. By segmenting audiences and tailoring messages to only those who they will resonate with (see Conclusion and Managerial Implications for recommendations), significant budget can be saved while increasing campaign effectiveness.

5 CONCLUSION AND MANAGERIAL IMPLICATIONS

The results of this experiment provide airline marketing and product managers with clear insights which can be directly applied to advertising campaigns. While the rejection of hypothesis one and four would suggest that the TPSM is invalid, the sheer size and brand awareness of Jet Airways within the Indian domestic market means that potentially the application of the TPSM may be even easier for established brands. Having carried more 11m passengers in the first half of 2018 alone (Directorate General of Civil Aviation, 2018), and as one of three airlines listed in among India’s most valuable brands in 2017 (Brand Finance, 2017), there is little doubt that most Indians would pass the first stage of the TPSM (Murphy, 2018).

For established airlines, this makes the use of third-party seals a viable advertising tactic, especially through the use of digital advertising with advanced segmentation. Combining the information available to marketers, as well as the known drivers of purchase intent for airline passengers, it is possible to apply the TPSM to reach an audience with messages that will increase purchase intent. Table 4 provides a practical framework by which marketers can segment and target customers using the TPSM based on whether they have previously flown with the airline.

For past and current customers, seals should represent relationship-orientated promotion to increase customer loyalty (Pi and Huang, 2011). These can include value-add services such as shuttle buses and priority access, charitable and environmental benefits and programs, referral programs, and discounts and bonuses available with other brands. For prospective customers, seals should represent price and value for money or service quality compared to alternate offerings; for example, the winning of awards.

### Table 3. Results of hypothesis tests

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Description</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Advertisements shown to an audience who knows the brand are more likely to be clicked than those who do not know the brand.</td>
<td>Rejected</td>
</tr>
<tr>
<td>H2</td>
<td>Advertisements shown to an audience who knows the third-party seal are more likely to be clicked than those who do not know the third-party seal.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3</td>
<td>Advertisements shown to an audience to whom the third-party seal represents an important decision-making attribute are more likely to be clicked than those for which it doesn’t.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4</td>
<td>Advertisements shown to an audience who knows the brand, the third-party seal, and to whom the third-party seal represents an important decision-making attribute are more likely to be clicked than those who don’t and for which it doesn’t.</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

The results of this study provide marketers with a unique framework to deploy bespoke and personalised campaigns through the use of the TPSM to past, current, and prospective customers through digital marketing channels. Not only does this framework allow marketers to reach audiences with the correct messaging, but also reduce advertising costs through wasted impressions to audience members where messages will not resonate. The study also highlights the importance of prioritising certain third-party seals over others, particularly those which are recognised and understood by the target audience.

<table>
<thead>
<tr>
<th>Audience</th>
<th>Brand targeting</th>
<th>Seal targeting</th>
<th>Key attribute seal should highlight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Past &amp; current customers</td>
<td>• Follows brand on social media</td>
<td>• Follows seal on social media</td>
<td>• Value-add services</td>
</tr>
<tr>
<td></td>
<td>• Subscriber to EDMs</td>
<td>• Completes search for relevant keywords</td>
<td>• Charity and environmental benefits</td>
</tr>
<tr>
<td></td>
<td>• A known customer from CRM</td>
<td></td>
<td>• Referral programs</td>
</tr>
<tr>
<td></td>
<td>• Retargeting from purchase confirmation page</td>
<td>• Completes search for relevant keywords</td>
<td>• Discounts for other brands</td>
</tr>
<tr>
<td>Prospective customers</td>
<td>• Categorised as a regular traveller</td>
<td>• Follows seal on social media</td>
<td>• Price</td>
</tr>
<tr>
<td></td>
<td>• Completes search for relevant keywords</td>
<td>• Completes search for relevant keywords</td>
<td>• Service quality</td>
</tr>
<tr>
<td></td>
<td>• Follower of competitor airline</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 4. Recommendation of application of TPSM for airline marketing

The results of this study provide marketers with a unique framework to deploy bespoke and personalised campaigns through the use of the TPSM to past, current, and prospective customers through digital marketing channels. Not only does this framework allow marketers to reach audiences with the correct messaging, but also reduce advertising costs through wasted impressions to audience members where messages will not resonate. The study also highlights the importance of prioritising certain third-party seals over others, particularly those which are recognised and understood by the target audience.
5.1 Theoretical Implications

This study represents the first time that third-party seals have been tested in relation to the airline industry and contributes to the small body of literature related to the third-party seals in the wider tourism context. The validation of the TPSM as a tool to predict the use of third-party seals are more likely to increase the probability of a purchase is also an important contribution to the disparate streams of third-party seal research. Now validated, the TPSM can be used by researchers to not only compare the effectiveness of seals in other industries, but also analyse existing campaigns to measure their effectiveness and provide recommendations for improvement at marco and micro levels.

5.2. Limitations and Future Research

As with all research, this study was not without limitations and does provide further avenues for research in the future. The use of Facebook advertising and a limited budget provides opportunities for research to be conducted using other marketing and communication channels and to a larger audience. However, the author cautions that through other channels, particularly those offline, it may be difficult to define audiences with certainty as was the case in this experiment. Similarly, the use of a well-known and single-market based airline provides the opportunity for future experiments to use less well known or start-up airlines, or application of the TPSM to airlines similar to Jet Airways in markets other than India.

REFERENCES


Appendix 1 - Organisations granting airline-related third-party seals