

## THE ROLE OF SERVICE QUALITY ON LOYALTY AMONG LOW COST CARRIER CONSUMER

### *Peran Kualitas Pelayanan Terhadap Loyalitas pada Konsumen Low Cost Carrier*

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#### ABSTRACT

*As one of the peoples choice for traveling, "X" airline company is one of low cost carrier in Indonesia is considered to have poor service quality despite controlling nearly 60% of domestic market share. The purpose of this study was to determine whether there is influence of service quality on customer loyalty among "X" airline company. The method used is causal comparative quantitative research. Data were collected through a questionnaire with a sample size of 250 people aboard with "X" airline company. Purposive sampling technique was used in this research. The results of this study indicate that there is a positive influence between service quality on customer loyalty with regression value of 0.802 ( $p = 0.000$ ). Reliability, assurance and empathy dimensions are the three dimension that have the most impact on customer loyalty ( $p < 0.05$ ). Based on the results, it is recommended that the "X" airline company continue to strive to improve the quality of services, especially in terms of safety and comfort to create a customer loyalty.*

**Keywords:** *service quality, customer loyalty, low cost carrier, passengers*

#### ABSTRAK

Sebagai salah satu pilihan masyarakat untuk berpergian, perusahaan penerbangan "X" adalah salah satu maskapai berbiaya rendah di Indonesia yang dianggap memiliki kualitas layanan yang buruk meskipun menguasai hampir 60% pangsa pasar domestik. Tujuan dari penelitian ini adalah untuk mengetahui apakah ada pengaruh kualitas layanan terhadap loyalitas konsumen perusahaan penerbangan "X". Metode yang digunakan adalah penelitian kuantitatif kausal komparatif. Data dikumpulkan melalui kuesioner kepada sampel berjumlah 250 orang yang pernah menggunakan penerbangan maskapai penerbangan "X". Teknik sampling *purposive sampling* digunakan dalam penelitian ini. Hasil penelitian menunjukkan bahwa ada pengaruh positif antara kualitas layanan terhadap loyalitas pelanggan dengan nilai regresi 0.802 ( $p=0.000$ ). Dimensi reliabilitas, jaminan, dan empati adalah tiga dimensi yang paling berdampak terhadap loyalitas konsumen ( $p < 0.05$ ). Berdasarkan hasil, direkomendasikan agar perusahaan penerbangan "X" terus berusaha untuk meningkatkan kualitas layanan, terutama dalam hal keselamatan dan untuk menciptakan loyalitas konsumen.

**Kata kunci:** *kualitas layanan, loyalitas konsumen, low cost carrier, penumpang*

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## INTRODUCTION

In the past decades, economic improvement and consumer needs were change rapidly. Many people travel around countries and islands either for holiday, medical treatment, business and work. Amongst all transportation facilities, air transportation has become a reliable transport for consumers. According to Directorate General of Civil Aviation Ministry of Transportation Republic of Indonesia, in 2014 the amount of domestic passengers' airline increased 12.5 percent. Central Bureau of Statistics (BPS) also recorded an increase about 10.75 percent with a total 50.5 million passengers in the period January to July in 2017. As the growth of aviation industries, many Low Cost Carrier (LCC) airlines compete in order to expand in domestic and international market. The LCC airline is defined as an airline designed to have a competitive advantage in terms of costs over Full Service Carrier. An LCC is a low-cost concept of flight that relies on very simple firm organization and logistic principles (Alderighi, Cento, & Nijkamp, 2014). One of the largest private airlines in Indonesia that apply the concept of LCC is "X" Airlines. It operated since 2000 and now has more than 56 destinations in Indonesia and many others. Even though "X" airlines dominate almost 60 percent of domestic market in 2014, "X" airlines always has many issues because of frequent delay (Praditya, 2015). Some other issues like an unknown porter opens passenger suitcases and picks up valuables in "X" Air baggage area (Putera, 2015) and a case of a pilot with some colleagues consumed drugs in 2015 (Ferri, 2015).

Many passengers choose to board with LCC because of the airline price cheaper and its service quality. In order to compete in LCC industries, they should increase and provide a good service as priority for consumer. Parasuraman, et al. (in Lupiyoadi 2009) defined service quality as how far the difference between reality and

consumer expectations for the services they acquire. The service quality model that many used as reference in research, is known as ServQual. If the services received exceeds the customer's expectations, then the quality of service is perceived as ideal quality. Conversely, if the services received lower than expected, it means the quality of service is perceived poorly. There are five dimensions used to measure the quality of service: (1). Tangibles, measure the physical appearance, equipment, employee facilities, and communication media; (2). Reliability, measure the ability of the company in providing appropriate and satisfactory service; (3). Responsiveness, means able to provide quick and efficient service to consumers; (4). Assurance, measures the ability and decency of employees or staffs and the trustworthiness of the company; (5). Empathy, means the company is able to give attention and care to customers. These dimensions will affect consumer judgment in shaping the pattern of loyalty (consumer loyalty pattern), from very loyal to very disloyal (Kotler in Kaihatu, et al, 2008). Having loyal customers is the ultimate goal of all companies because successful marketing strategies are supported by loyal customers. The way that can be done by companies in increasing consumer loyalty would be increasing perceived service quality and customer satisfaction with brand products offered to consumers (Zahra & Matulesny, 2012).

Kotler (2008) mentioned loyal customers are not measured by how much he buys, but from how often he makes repeat purchases and recommending others to purchase. Usmara (2008) defines loyalty as a deep commitment to repeat purchase of a product or service in the future with the same brand, continuously although there are situational influences and other marketing efforts potentially cause customers to choose different products. Based on previous research to PT. Telkomsel Jakarta, obtained the result that about 63.52% customer loyalty is influenced by quality of service and has a high correlation value of .797

(Nurfarhana, 2012). Quester and Lim (as cited in Bobalca, 2013) explain that loyalty consists of three dimensions or components, namely: 1). Cognitive: a representation of what is believed by consumers. This cognitive component contains a consumer's perception, belief and stereotype of a brand. Loyalty means that consumers will be loyal to all price-related information, brand securities and other important attributes; 2). Affective: a component that is based on the feelings and commitment of consumers to a brand. This loyalty is a function of the consumer's feelings (affect) and attitudes toward a brand such as favor, interest and feeling of the brand; 3). Conative: the boundary between the dimensions of attitude and behavioral loyalty that is represented through the tendency of consumer behavior to use the same brand in the future. In this research, "X" airlines as one of largest private airlines had many issues and problems regarding their service, thus it was interesting to find the role of service quality in loyalty among the "X" airlines customers.

## METHOD

### Participants

Participants were every customer who have had experience flying with "X" airline. Research consisted 250 people (N= 117 male, N= 133 female). The age of participants started from 17 years old, considering they already have identity card and able age to go abroad by airline. Age of participants varied from 17- 20 years old (9.6%), 21-25 years old (40.4%), 26-30 years old (31.2%), 36-40 years old (3.2%) and above 40 years old (2%). Mostly participants worked as private employees (64.4%), civil public employees (13.6%), entrepreneurs (6.4%) and college students (15.6%).

### Measures

**Service Quality.** Service quality ratings were obtained using Service Quality scale that constructed by researchers. Items were constructed based on Service Quality by Kotler and Keller (2009). Service Quality

scale derived from five dimensions: Tangibles (4 items), Reliability (5 items), Responsiveness (5 items), Assurance (6 items), and Empathy (6 items). Total number of items were 26 items. A try out test was given to 30 participants to obtain reliability and validity. Participants were asked to rate on Likert scale, the scale 1 (very disagree), 2 (disagree), 3 (agree), 4 (very agree). The scores of negative items were coded reversely. The reliability analysis produced an alpha of .926 and the range of validity 0.309 - 0.781.

**Customers' Loyalty.** Customers' loyalty was measured through a customers' loyalty scale based on three dimensions of loyalty model by Quester and Lim (as cited in Bobalca, 2013): cognitive, affective and conative. Each dimension contains of 6 items. A try test was conducted to measure reliability and validity of the scale. The participants responded to 18 items with the statement on the Likert scale ranging 4-item scale: 1 (very disagree), 2 (disagree), 3 (agree), 4 (very agree). The scores of negative items were coded reversely. In the reliability analysis, the alpha for customers' loyalty scale was .911, with the range of validity .309- .781.

### Data collection

A convenience sampling technique was employed to collect data from "X" airline customers. A personally administered questionnaire method and giving any qualified respondents that able and willing to fill the questionnaire were employed to collect data.

### Data analysis technique

Regression analysis was used to find the influence of service quality on loyalty by using SPSS 16.

## RESULTS AND DISCUSSION

### Normality test

The normality test of data used Kolmogorov- Smirnov technique. The results of normality test showed that the distribution data on service quality and

loyalty variable was normal. This can be seen from the value of significance with probability (p) .167 which means having probability above 0.05 ( $p > 0.05$ ).

### Descriptive category of Service Quality and loyalty

The categorical analysis used percentiles which divided category into four category of service quality: very poor, poor, good and excellent. The following table presented service quality categories.

**Tabel 1.** Descriptive category of service quality

The categorical analysis showed 5 people (2%) perceived very poor service quality, 140 people (56%) perceived poor service quality, 85 people (34%) perceived good service quality, and 20 people (8%) perceived excellent service quality.

**Tabel 2.** Descriptive category of loyalty

Score	Frequency	Percent	Category
18 – 31	25	10%	Very low loyalty
32 – 45	145	58%	Low loyalty
46 – 59	70	28%	High loyalty
60 – 73	10	4%	Very high loyalty

The categorical analysis revealed 25 people (10%) were very low loyalty, 145 people (58%) were low loyalty, 70 people (28%) were high loyalty and 10 people (4%) were very high loyalty.

### Regression analysis

The analysis result show that service quality significantly influence loyalty of low cost carrier customers. In combination, five dimensions of service quality explained a significant 80.2% of the customer loyalty,  $R^2 = .802$ , sig  $p < .01$ . While three dimension of reliability ( $p = .023$ ), assurance ( $p = .000$ ) and empathy ( $p = .000$ ) had a significant influence on customers' loyalty ( $p < .05$ ). The other hand, the influence of tangible and responsiveness were not significant ( $p > .05$ ).

**Table 3.** Regression analysis result

R	R Square	Sig.
0,896 <sup>a</sup>	0,802	0,000

Based on the results, it appears that the dimensions of reliability, assurance and empathy are three dimensions that have the greatest influence on consumer loyalty. According to Parasuraman (as cited in Kotler & Keller, 2009), the dimension of reliability can be measured from the company's ability to provide the right and satisfactory service. Reliability of the

Score	Frequency	Percent	Category
26 – 45	5	2%	Very poor
46 – 65	140	56%	Poor
66 – 85	85	34%	Good
86 – 105	20	8%	Excellent

company to provide services in accordance with consumer needs in a timely manner is an important thing that must be considered by "X" airline in order customers be loyal. Conversely, if the services provided are not in accordance with what is promised, the customers' satisfaction will decrease and this will certainly affect consumer loyalty in the future. As well as, the assurance dimension, which a company is expected to have the knowledge manners and ability of the company's employees to foster trust in the company's customers. The dominant service that consumers expect from airline companies is the assurance of safety and security (Gilbert & Wong, 2003). Along with that, in the empathy dimension means the company that gives sincere and personal attention to the customers and seeks to understand the consumers' desires are needed in determining loyalty. Empathy allows the individual to understand the intentions of others, predict their behavior and experience the emotions triggered by their emotions. In this case, "X" customers assume that understanding the specific needs of customers and having a convenient operating time for customers of "X" a part of the improvements in service quality to create loyal customers.

## CONCLUSION AND SUGGESTION

In general the study findings indicated that service quality has significant influence on customers' loyalty. In addition of the analysis, it was found that reliability, assurance and empathy were three dimensions that significantly related to customer loyalty of "X" airline. It can be concluded that "X" airline must intent to optimize the ability to provide satisfying service with concern to customers' wants, the assurance of safety and security of the airline, and ability to show attention for customers' needs and expectation like the service from the staff and staff attitude.

Even though this study can offer useful data for the "X" airline, this study also has some limitations. First, the collection data was conducted for a relatively short period time using convenience sampling. Thus, the sample of this study may not reflect all perceptions of passengers and limited for "X" airline service only. Second, the study must consider the recent period of customers using the airline, because this study only control the frequency of customers' using the airline. For further research, it would be useful to measure buying decision and compare studies dealing with traditional and low cost airlines.

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