

Passenger Loyalty: Quality of Service and the Mediating Role of Customers' Satisfaction

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The aim of this study is to analyse and discuss the effect of service quality on the loyalty of Garuda Indonesia passengers with satisfaction as a mediation variable. The research design in this study was conclusive research with a causal research approach in order to produce evidence of a causal relationship. The research design was used in order to understand whether there was an influence of service quality on loyalty with satisfaction as a mediation variable. The population in this study was Garuda Indonesia passengers in Ciputra world, city of tomorrow, Graha Bumi Surabaya. The sample consisted of 110 respondents. This research used a path analysis technique. There is a significant influence of the service quality on satisfaction for passengers of the Garuda Indonesia aircraft. In addition, there is a significant relationship between satisfaction and the loyalty of the passengers of Garuda Indonesia and also a significant influence of service quality on loyalty in passengers of Garuda Indonesia. This study enriches the empirical research regarding customers' satisfaction with the aviation industry.

Key words: *Passenger Loyalty, Quality of Service, Customer Satisfaction.*

Introduction

Since 2014, Indonesia has had a well-developed aviation industry. It is delivered by the Indonesian Aircraft Maintenance Service Association (IAMSA). One factor that drives the growth of this industry is the number of air transport passengers in Indonesia, which has continued to increase (Source: Antaranews.com accessed 2016). According to BPS data, throughout 2015, aircraft users numbered 82.5 million and in 2016 the numbers of aircraft users increased by 16.98% (ekbis.sindonews.com/2017).

Customers who tend to persist with service providers demonstrate high satisfaction (Lupiyoadi, 2013: 232). The specific benefits of customer satisfaction with the company include a positive impact on customers' loyalty (Tjiptono, 2012: 57). This is supported by research that was conducted by Atika et al. (2013) who state that there is a positive influence and significant satisfaction that results in loyalty. A study was also conducted by Seffy et al. (2013), who argued that satisfaction has a positive and significant effect on loyalty. However, results from research conducted by Susanto and Aulia (2014) showed that customer satisfaction has no significant effect on customer loyalty. In service companies, service quality is an important aspect of customer satisfaction (Raharjo et al., 2018). According to Kotler and Keller (2009: 144), the quality of products, services, level of satisfaction and profitability are interrelated.

Passengers who appreciate the quality of services are more likely to feel satisfied and become loyal passengers of the airline. According to Kotler and Keller (2009: 144), the quality of products, services, level of satisfaction and profitability are interrelated, whereby the higher the quality of products and services, the higher the customers' satisfaction. This is supported by the research that was conducted by Jiang and Zhang (2016), who stated that the quality of services is a factor affecting the level of customers' satisfaction. Meanwhile, the research that was conducted by Kalaiarasan et al. (2015) argued that quality of services is the main factor which contributes to customers' satisfaction. However, a study conducted by Susanto and Aulia (2014) stated that quality of services has no significant effect on satisfaction. Besides the impact on satisfaction, service quality also leads consumers to show loyalty since the foundation for loyalty is related to customer satisfaction, whereby the quality of services is the main factor (Lovelock, Wirtz, Mussry, 2011: 91). This is supported by research that was conducted by Yunus et al. (2013) who concluded that there is a positive and significant influence between the quality of services and loyalty.

Research conducted by Marina et al. (2013) argued that the quality of services has a positive and significant correlation with customer loyalty. However, research that was conducted by Mahmudet et al. (2013) concluded that the quality of services has an insignificant effect on consumers' loyalty with a negative correlation.

Indonesia has three types of airlines, namely full service, medium service, and a low-cost carrier (LCC). LCC airlines sell cheap tickets because the airlines do not focus on in-flight luxuries and the luggage capacity is smaller compared to other airlines. There are five types of LCC airlines in Indonesia, namely Citilink, AirAsia Indonesia, Lion Air, Wings Air, and Susi Air. The segmentation of LCC carriers is middle-class to low-class, which is different to full-service airlines, with the segmentation of middle-class to high-class, because these airlines provide better service than other airlines (Source: Tribunnews.com accessed 2013). The types of full-service airlines in Indonesia are Garuda Indonesia and Batik Air. Meanwhile, medium-service airlines still provide passengers with services that are almost similar to full-service

airlines, although the price offered is cheaper. The medium-service carriers in Indonesia are Aviastar, Kalstar, Sriwijaya, Transjak Trigana, Xpress Air, and Nam Air. This type of airline is segmented in the mid-market (Source: icon-transport.biz accessed 2015).

Currently, full-service airlines are expanding and increasing due to market demand (icon-transport.biz/2015). The market leaders of full-service airlines for domestic and international flights in Indonesia is Garuda Indonesia (Source: Marketeers.com accessible 2015). Throughout 2015 to 2016, this airline was constantly improving its services by adopting the Saber Air Center Enterprise operations technology that offers much more sophisticated technology, improved Garuda aircraft tracking, interference control and aircraft intrusion prevention. Improved services offered by Garuda Indonesia have often seen the airline being awarded “the world’s best cabin crew” and “the best-enhanced airlines” or the best airline in terms of service development. Improving the quality of service and the many awards for Garuda Indonesia is expected to encourage more passengers to use Garuda Indonesia flights, so that the company’s revenue increases. However, it is not as expected; Garuda Indonesia passengers in 2016 decreased by 122,713 passengers (0.98%). According to the airline’s chief executive in 2016, that year was a challenging year for himself and the company (Source: tempo.com accessed 2016).

The aim of this study is to analyse and discuss the effect of quality of service on the loyalty of Garuda Indonesia passengers with satisfaction as a mediation variable. This research enriches empirical research on customer satisfaction analysis in the aviation industry.

Development of Empirical Hypotheses

Consumers’ Behaviour. According to Engel (1995: 3), consumer behaviour refers to direct actions that are involved in obtaining, consuming, and depleting products and services, including the decision process that proceeds consumption. Furthermore, the consumers’ behaviour model is based on consumers’ decision processes that include the following steps: 1) Introduction of Needs; 2) Information Search; 3) Alternative Evaluation; 4) Purchases; and 5) Results.

Meanwhile, according to Griffin (2005: 18), every customer who buys will move through five steps: first, realising the product, and second, making the initial purchase. Then, the buyer moves through two stages of attitude formation; one stage is called “post-retrieval evaluation” and the other is “buyback decision”. If the decision to buy back has been approved, then the fifth step, the repurchase thereby establishes a repeat cycle that may be repeated several times, during the relationship between the customer and the product company and services.

Quality of Service. According to Lovelock, Wirtz, and Mussry (2011: 154), the quality of service is located in a people point of view. This definition equates quality with maximum satisfaction. This subjective and needs-oriented perspective recognises that customers will have different expectations and needs. The service quality is something that definitely fulfills or reinforces customers' needs (Hutahayan and Wahyono, 2019). According to Kotler and Keller (2009: 144), the quality of products and services, and satisfaction and profitability are interrelated, where the higher the quality of products and services the higher the customers' satisfaction. Quality of service also leads customers to demonstrate loyalty because the basis of loyalty is related to customer satisfaction, whereby the quality of service becomes the main factor (Lovelock, Wirtz, Mussry, 2011: 91). Quality of service has some basic dimensions, according to Parasuraman et al. (cited in Lupiyoadi, 2011) who states that there are five dimensions of quality of service, namely, tangibility, performance, responsiveness, assurance, and empathy.

In order to measure quality of service, this study uses variables in line with Wardani (2006), as follows: 1) Tangibility (airlines have equipment that utilises sophisticated technology, professional stewardesses, and interesting facilities); 2) Reliability (Flight attendants are welcoming to passengers; Timely service and notifications, according to flight schedules); 3) Responsiveness (Airlines provide fast and convenient service, and convey a sense of security in providing services to passengers; stewardesses are fast, efficient and willing to help solve any problems faced by passengers).

Satisfaction. According to Kotler and Keller (2009: 138), satisfaction occurs when consumers feel happy, or disappointed when perceived performance of the product goes against their expectations. The specific benefits of customer satisfaction with the company includes a positive impact on customers' loyalty (Tjiptono, 2012: 57, Fernandes, 2018). The five factors that become the main driver of customer satisfaction, according to Irawan (2008: 37-39), are Quality of Product, Quality of Service, Price, Emotional Sense, Cost and Convenience.

In order to measure the satisfaction variables, this study utilises the research conducted by Suki (2014), Leong et al. (2015), and Solimun and Fernandes (2018) as follows: 1) Satisfaction increases by using airlines; 2) Impression of the airlines is good; 3) Passengers behave positively toward the airline company; 4) Satisfied with the decision to use the airline; 5) The right choice to use the airline; 6) Experience with this airline is gratifying.

Loyalty. According to Sumarwan (2011: 391), Limba et al (2019), and Al-Musadieq et al. (2018), loyalty refers to the positive behaviour of consumers towards a brand. Consumers demonstrate a high desire to buy the same product now or in the future. According to Jill Griffin (2005: 22-24), there are four types of loyalty: No Loyalty, Inertia Loyalty, Latent Loyalty, and Premium Loyalty. Furthermore, customers' loyalty, according to Griffin (2005:

33-34), is demonstrated by purchasing regularly, buying inter-line products and services, recommending products to others and showing immunity to the pull of competitors. In addition, factors that affect customers loyalty are customer satisfaction, emotional bonding, trust, ease, and experience of the company (Zikmund in Vanessa, 2007: 71-72).

In order to measure loyalty variables, this study utilises the research conducted by Akmavi et al. (2015) and Leong et al. (2015) as follows: 1) Deciding to use the preferred airline as the first choice when flying; 2) Preferring particular airlines over competitors' airlines; 3) Speaking positively about the preferred airline to others.

Based on the statements above, the research hypotheses are arranged as follows:

H1: There is a significant influence of quality of service on passengers' satisfaction of Garuda Indonesia aircraft

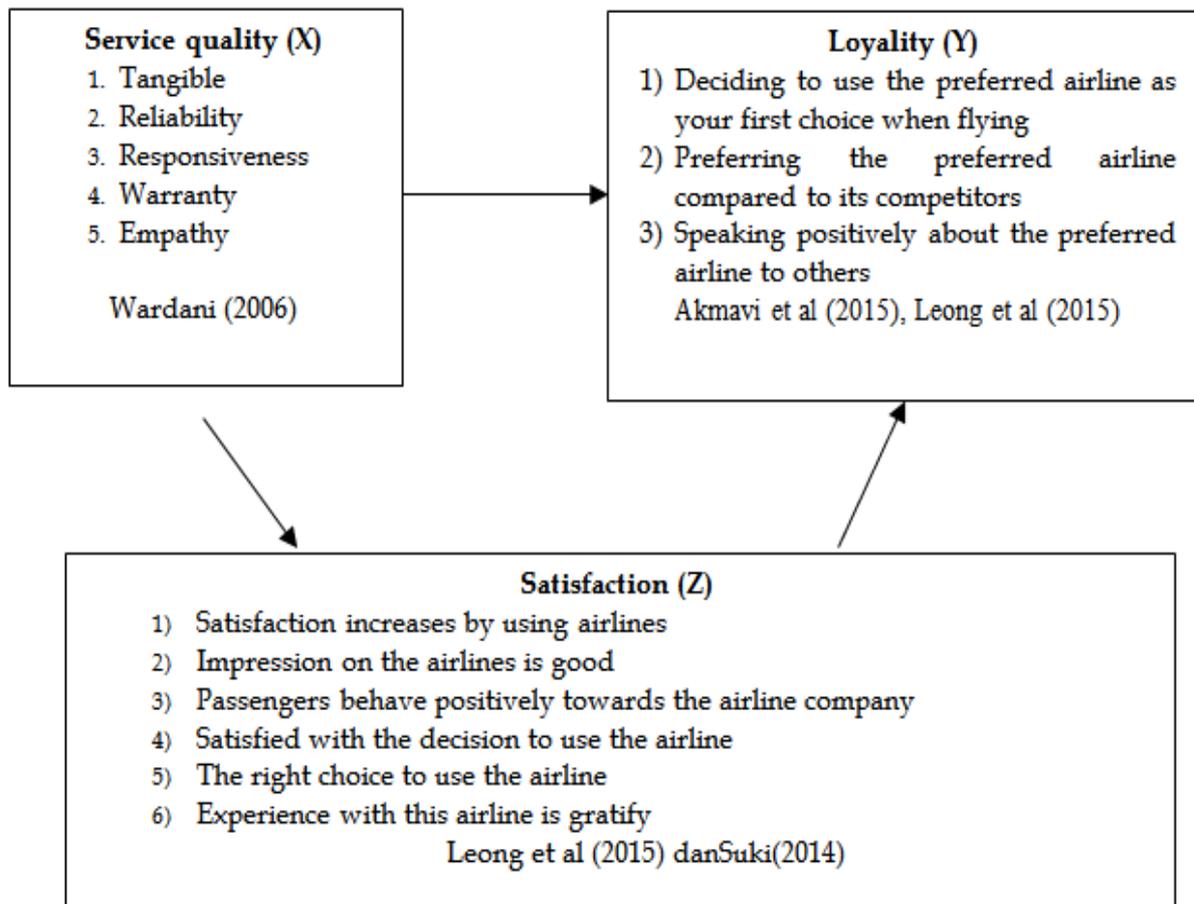
H2: There is a significant influence of satisfaction on passengers' loyalty of Garuda Indonesia aircraft

H3: There is a significant influence of quality of service on passengers' loyalty of Garuda Indonesia aircraft.

Research Methods

The research design in this study utilised conclusive research with a causal research approach in order to produce evidence of a causal relationship. The research design was used to establish whether there was an influence of quality of service upon customer loyalty with satisfaction as a mediation variable and can be seen in the following diagram:

Figure 1. Conceptual Model



The population in this study was Garuda Indonesia passengers in Ciputra world, city of tomorrow, Graha Bumi Surabaya. Meanwhile, the numbers in the samples were 110 respondents. This research used a path analysis technique.

Structural Model. The structural model equation form is as follows:

$$Z = b_1X + e_1$$

$$Y = b_2X + b_3Z + e_2$$

Information:

X = Service Quality

Y = Loyalty

Z = Satisfaction

b1 = Path coefficient between quality of service and satisfaction

b2 = Path coefficient between satisfaction and loyalty

b3 = Path coefficient between quality of service and loyalty

e1, e2 = error

Empirical Results

Normality Test. The normality test in this study has the value of each normal variable because the value in each variable is between -2.58 to 2.58. For a multivariate normality test it is 1.050 and between -2.58 to 2.58. This research has fulfilled the multivariate normality assumption so that data can be used in the next estimation.

Linearity Test. This test is designed to obtain information regarding whether the empirical model should be linear, squared or cubic, one of the simple correlation tests of the Pearson model. The probability value of quality of service to the satisfaction is 0.000 where the number is <0.05 . The probability value of satisfaction with loyalty is 0.000, which means that the value is <0.05 . Meanwhile, the probability value of quality of service to loyalty is 0.000, which means that the number is <0.05 . This illustrates that the linearity test results in all the variable relations in this study have a linear relation.

Outlier Test. Detection of multivariate outliers is done by considering the magnitude of mahalanobis distance. The magnitude of mahalanobis distance $X^2(5, 0.01)$ is 15.086. This means that all cases having mahalanobis distance greater than 15.086 are multivariate outliers.

The value of mahalanobis distance can also be seen from p1 and p2. The value p1 that is faced is not large that is <0.05 . Meanwhile, the value of $p2 > 0.05$ means that there are multivariate outliers (Ghozali, 2013: 85). The outliers test results in this study are as follows:

Table 1: Outlier Test Results

Observation number	Mahalanobis d-squared	p1	p2
91	14.910	0.002	0.188
61	11.969	0.007	0.200
74	10.569	0.014	0.209
58	10.390	0.016	0.093
98	9.085	0.028	0.200
69	8.454	0.038	0.232
64	8.407	0.038	0.130
92	7.835	0.050	0.180
48	6.654	0.084	0.579
85	6.507	0.089	0.526
.....
.....
67	0.764	0.858	0.076

Source: data processed by researcher

Based on the table above the magnitude mahalanobis distance <15.086 or does not have mahalanobis d-square that > 15.086. p2 shows the existence of a data outlier because it has value > 0.05. Therefore, it can be said that the data meets the outlier test and it can be used in the next estimate.

Goodness of Fit model. The result of model accuracy is as follows:

$$\begin{aligned} R^2_{\text{model}} &= 1 - (1 - R^2_1) (1 - R^2_2) \\ &= 1 - (1 - 0,188) (1 - 0,331) \\ &= 1 - (0,812) (0,669) \\ &= 1 - 0,543 \\ &= 0,46 \text{ atau } 46\% \end{aligned}$$

The result of model calculation in this research is 46%, which means that the model is the structural relationship between three research variables of 46%. In addition, the rest is explained by other variables that are not involved in this model.

Hypothesis Test 1. The hypothesis number one in this study has a value of CR arithmetic between quality of service variables on the satisfaction of 5.017 where the number exceeds the number 2. The probability value of significance is 0.000 ($p < 0.05$). The standard value of regression weight (S.E) is 0.41. The quality of service variable significantly influences the variable of satisfaction, which means that the hypothesis is accepted.

Hypothesis Test 2. Hypothesis number two in this study is that the value of CR arithmetic between satisfaction variables on the loyalty are 4.158 where the number exceeds the number 2. The probability value of significance is 0.000 ($p < 0.05$). The standard value of regression weight (S.E) is 0.50. A variable of satisfaction has a significant influence on loyalty, which means that the hypothesis is accepted.

Hypothesis Test 3. Hypothesis number three is that the value of CR arithmetic between quality of service variables to loyalty are 3.655 where the number exceeds the number 2. The value of its probability significance is 0,000 ($p < 0.05$). The standard regression weight (S.E) value is 0.24. Quality of service variables have an effect of significant to variable on satisfaction, which means that hypothesis is accepted.

Mediation and Sobel Test. The result of the mediation test in this research is partially mediated because the hypothesis test result shows that the P value of quality of service to satisfaction is 0,000 or below 0,05. It is also equal to the value of P satisfaction with loyalty that has a value below 0.05 0.000 and the P value of quality of service to loyalty has 0.000, which means that the value is below 0.05.

Table 2: Results of the Sobel test

Test Statistic	Std. Error	p-value
3.2004918	0.0133217	0.00137193

The table above shows that the p-value of quality of service is 0.0013, which is less than 0.05. This explains that the quality of service variables has a significant influence on the variables of satisfaction and loyalty. Therefore, the Sobel test is accepted.

Discussion

The research results show that the quality of service variable has a significant influence with the satisfaction variable, which can be seen in the Standardised Direct Effect that is equal to 0,433. The higher the quality of service experienced on Garuda Indonesia airlines, the higher the levels of satisfaction that will be felt by Garuda Indonesia passengers. Based on the respondents' characteristics, male respondents prefer to use aircrafts that maintain the security of both aircraft, cabin crew and passengers. These research results are in accordance with the theory of Kotler and Keller (2009: 144), who argued that there are three things which are related to the quality of products and services, and satisfaction and profitability, where the higher the quality of products and services then the higher customers' satisfaction. The results of this study also support the research conducted by Jiang and Zhang (2016), who stated that quality of service is a factor that affects the level of satisfaction; it is also in line with the research results by Kalaiarasan et al. (2015), who argue that the quality of service is the main factor affecting customers' satisfaction. Meanwhile, research conducted by Saha and Theingi (2009), shows that there is a positive relationship between quality of service and satisfaction.

The satisfaction variable has a significant positive effect on loyalty. The magnitude of the influence of loyalty satisfaction variable can be seen in the Standardised Direct Effect that is equal to 0.361. The higher the satisfaction regarding Garuda Indonesia airline, the higher the loyalty outcome is likely to be. Associated with the characteristics of respondents, the most dominant respondents with income above Rp 15,000,000 do not care about the high price, as long as they are satisfied when using Garuda Indonesia. The results of this study are in accordance with Lupiyoadi (2013: 232), who states that if customer satisfaction is high then the customer will tend to stick with the current service provider. It also supports research conducted by Budianto et al. who concluded that satisfaction has a positive and significant relationship to loyalty. Research conducted by Gures et al. (2013) showed that satisfaction has a positive and significant impact on loyalty. Nugraha and Achyar (2015) also concluded that there is a positive relationship between satisfaction and loyalty.

The quality of service variable has a significant influence on the loyalty variable and this can be seen in the Standardised Direct Effect that is equal to 0,318. The higher the quality of service

on Garuda Indonesia airlines, the higher the loyalty will be. The results of this study are in accordance with the conclusions of Lovelock, Wirtz and Mussry (2011: 91) who explain that the quality of service can deliver loyalty, where the quality of service becomes the main factor. These results support research conducted by Yunus et al. (2013) which concluded that quality of service has a positive and significant influence on loyalty. This research is also conducted by Marina et al. (2013) who concluded that there is a positive and significant relationship between quality of service and loyalty. In addition, research conducted by Jiang and Zhang (2016) illustrated that quality of service has a positive and significant influence on the loyalty variable. Meanwhile, the results from Rizan (2010) also show that quality of service has a significant positive influence on loyalty.

Conclusions

These results conclude that there is a significant influence of quality of service on satisfaction of passengers of Garuda Indonesia aircraft. In addition, there is a significant relationship between satisfaction and the loyalty of passengers of Garuda Indonesia aircraft. Furthermore, it can be concluded that there is a significant influence from quality of service upon loyalty in relation to passengers of Garuda Indonesia aircraft.

This research has several benefits that the results of this study are expected to provide, which are related to management, especially marketing management. This research is also expected to provide information that relates quality of service to loyalty, quality of service to satisfaction and satisfaction to loyalty. Further benefits for researchers are to add insight and knowledge that are related to quality of service and satisfaction to loyalty as well as deepen the theories which are gained during the study of strategies in growing loyalty. Meanwhile, the benefit to the university is to add a reference about quality of service and satisfaction to loyalty. In addition, this research aims to feature in library collections. It furthermore provides benefits for readers because this research offers information that is related to loyalty, quality of service to loyalty and quality of service to satisfaction.

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