

Comparison of Power Influence Factors Shaping Loyalty Indonesian Domestic Airlines

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Abstract

Passenger perception of the quality of airline service LFA lower than the FSA for airline passengers pay the ticket realized with relatively cheaper rates. This study aimed to analyze the differences in causality between variables expected to affect the flight of customer loyalty. By using Structural Equation Modeling (SEM) this paper examines the relationship causal constructs quality of service, price, and satisfaction, to the image as well as customer loyalty and LFA, FSA flight. The results indicate that there are differences in causality between customer loyalty models of FSA with LFA. The quality of service and price together create satisfaction and encourage the creation of a good image in the minds of passengers FSA and LFA. Quality of service has a greater influence on satisfaction than the price effect and the direct effect on the image quality of service is greater than its indirect effect through satisfaction. FSA found that customer satisfaction does not encourage loyalty, customer satisfaction LFA opposite effect on passenger loyalty.

Keywords: Customer Satisfaction, Customer Loyalty, Low Fair Airline, Full Service Airlines

1. Introduction

Flight Low Fare Airlines (LFA) into a new phenomenon as the impact of changes in the business aviation industry in several countries, including Indonesia. The 2000s was the era of growth LFA flight in Indonesia. The number of airline LFA continues to grow with the effect of an increase in passenger numbers significantly from year to year. Intense competition between airlines not only provides an opportunity for the company to survive and thrive and achieve their business objectives, but also resulted in some airlines are not able to survive or go bankrupt.

Three airlines are considered quite successful in increasing the number of passengers today is Garuda Indonesia, Lion Air and Air Asia. These LFA continues to grow and develop the business drivers of change in the domestic airline industry, the impact on the change map market share in getting the passengers. Garuda Indonesia has become the market leader with a master flight domestic and international market. Since the presence of LFA particular airline Lion Air and Air Asia, the number of passengers served by both airlines, are able to exceed the growth in the number of passengers as the airline Garuda Indonesia Full Service Airline (FSA).

Some airline LFA uses low price strategy to attract a number of passengers, intense competition with price differentiation as a parameter to force airlines to enter into price competition or price war. The global financial crisis of 2008 have an impact on the world of transportation cost, impact of the crisis has pushed passenger flight business goals and tourist passengers choose the low cost airlines as a result of reduced levels of welfare. In the last 10 years there has been a change in customer behavior as well as the sensitivity of passenger airlines business purposes where the business goals domestic tend to consider in choosing airline prices. Mason (2002) proved that 40% of short-haul passenger business goals become elastic to price and switching from FSA to airline LFA. Changes in technology and macro-economic conditions have made the changing demographics and lifestyles of customers (Sumarwan 2011).

LFA passengers not only consider the price but also the quality of service when selecting a flight (Jou, Lam, Hensher, Chen and Kou 2008). Quality of service is an important factor to develop and maintain relationships with customers (Park, Robertson and Wu 2006). Passengers can assess and evaluate the quality of the airline through a comparison between experiences and their expectations on a number of attributes of the service (Grönroos 2007).

The level of service quality has a direct impact on the satisfaction of air transport passengers (Saha, Theingi 2009). Quality of service has a positive influence on interest repeat purchase, recommend, and choose a better alternative in which three have a relationship with customer loyalty (Jones, Mothersbaugh, and Beatty 2000). One force airlines to survive in the increasingly fierce competition is to create consumer loyalty. Consumers who are loyal customers who make repeat purchases of the same airline.

Loyalty to the airline is a very complex phenomenon because many background factors customers become loyal to one particular airline. Some research on the antecedents of customer loyalty concluded that the cost factors of quality of services offered, customer satisfaction, airline image, as well as confidence in the services received, or even a consumer preference towards a particular airline is affecting the willingness of

consumers to re-use the services of a the same airline. More specifically Forgas, Sanchez, and Palau (2010) stated that there are differences in the antecedents of loyalty among customers LFA with the FSA.

This study aims to examine the relationships between the constructs of quality of service (pre-flight, in-flight, post-flight, and perceived safety), price, satisfaction, image and customer loyalty of the domestic flights that will distinguish between the LFA customers and FSA.

2. Literature Review

2.1 Airline Industry's Business Model

There are three models of aviation business in Indonesia, namely models Full Service Airline (FSA) or that we are familiar with the traditional cost, service models Low Fare Airlines (LFA), and the mixture between the two service models (full service airlines and low fare airlines) (Manurung 2010).

LFA or low-cost airline is airlines generally offer lower rates by eliminating some of the services that are owned by traditional airlines or FSA. The term in the aviation industry is actually referring to the airline which has a structure of lower operating costs than their competitors, but the term is often applied also to all airlines with low ticket prices and limited services, regardless of their operating models (Miller, Vandome,McBrewster 2009).

FSA concept known as the business model of traditional airlines (legacy carriers), in this concept, the emphasis is complete and high quality services also at a premium price. Services provided is comprehensive, flexible flight frequency, the grant of lounge facilities, provision of food and drink, loose seat and entertainment facilities and so on, to support quality services, airport used also is the main airport. Until the year 2012, in Indonesia, Garuda Indonesia, which only uses the concept of the FSA, but since the year 2013 appeared airline Batik Air is the concept of the FSA.

The main difference between the LFA and the FSA is the rate charged, fare difference occurs because of the cost of LFA able to cut unnecessary costs and eliminating services that are not directly related to the operation and in principle can be accepted by the customer. The cost difference by Hansson *et al.* (2003) includes sales and reservation, service in the plane, pilot salaries, aircraft ownership, maintenance and ground handling.

2.2 Consumer Behavior

Consumer behavior is essentially to understand "why do consumers do what they do". Consumer behavior is all the activities, actions, as well as the psychological processes that drive action at the time before buy, when to buy, use, spending and evaluate products and services (Sumarwan 2004). Decision-making choosing the airline is defined as activities undertaken by passengers from beginning to recognize the need, seek as much information about the existing airline, evaluate options, and finally decided to make reservations and purchase airline tickets of choice.

2.3 Quality of Service

Quality of service is a total experience that can only be evaluated by the customer (Pasuraman, Berry, Leonard, Zeithamal, Valarie 1988). According to Pasuraman *et al.* (1985), there are two main factors that affect the quality of service that is Expected Service and Perceived Service. If the services received or perceived as expected, then the perceived service quality is good and satisfying, if the services received exceed consumer expectations, the quality of service perceived by the excellent and qualified. Conversely, if the services received is lower than expected, then the perceived poor quality of service (Alma 2007).

Quality of service is an important determinant of the behavior of customer satisfaction and cost (Sureshchandrar *et al.* 2003; Ling, Lin and Lu 2005; Dagger, Sweeney and Johnson 2007). Studies show that the perception of service quality affects the feeling of satisfaction, which in turn affects the behavior of loyalty and post-purchase (Tam 2000; Choi and Chu 2001; Petrick and Backman 2002). Passenger perception of the quality of airline services is one of the main drivers of satisfaction and perceived value. Failure to provide a quality service to the customers also can destroy the image carrier and cause a negative effect on customer loyalty (Archana &Subha 2012).

The airline that is able to create and maintain quality of service will gain some benefits, among others: (1) establish a close relationship between the airline passengers, (2) provide a good basis for repurchase, (3) encourage the loyalty of passengers, (4) create word-of-mouth, (5) create a good reputation in the minds of passengers, and in the end (6) encouraging increase airline profits (Park *et al.* 2005; Rizan 2010). Good quality of service is a competitive strategy for the airlines, in addition to improving satisfaction is also able to increase the airline's image in the minds of customers, the quality of customer service is also pushing for a commitment to the airline, which leads to an increase in market share.

In general, the evaluation of the service process can be divided into three distinct phases: pre-consumption, consumption and post-consumption (Kasper *et al.* 2006), so that when adapted into the aviation

industry, the third stage is the pre-flight services (pre-flight, in flight, in-flight) and post-flight activities (post-flight), each stage, each containing several customer-oriented activities and contribute to the total customer experience (Leong 2008). Identification of the factors of service quality in the airline industry is done partly by Ostrowski 1993; Sultan and Simpson 2000; Tsaor *et al* 2002; Chang 2002; Mazzeo 2003; Park *et al.* 2004; Chen and Chang 2005; Liou and Tzeng 2007).

Dimensions of security and safety is the most important dimension is used to measure the quality of service cost (Clemes *et al.* 2008), because when choosing an airline, passenger aircraft safety regarded as the most important criteria (Gilbert and Wong 2003; Atalik and Özel 2007). Safety and comfort are the most instrumental factor in the selection of Indonesian airlines (Marsetyawan 2006). Indonesia has a poor record related to aviation safety, and accident airline Air Asia QZ 8501 on Sunday, December 28th, 2014 to add a bad record for flight Indonesia.

2.4 Price

Understanding the price of customer cognitive concept is something that must be sacrificed to obtain several types of products and services, in which the lower the perceived price, then the lower the perceived sacrifice and more satisfied customers perceived price of the whole transaction was created (Zeithaml 1988). Provide appropriate price to the customer is another way to achieve loyalty (Clemes *et al.* 2008); Chen *et al.* 2011; Chen and Hu 2012). There is a relationship between the reasonableness of the price with satisfaction and loyalty in service companies (Consuegra *et al.* 2007). Price fairness perceptions are positively associated either directly or indirectly through satisfaction on customer loyalty (Bei and Chiao 2001).

The reasonableness of the price can be measured through attributes (Consuegra *et al.* 2007):

1. Customers feel paying a reasonable price on a purchase transaction faithful.
2. Reference price level, where customers feel normal if a product or services of a different kind of companies are set at different prices.
3. Policies price is determined by the company are reasonable and acceptable to the customer.
4. Price set is an ethical, where the customer is always notified of price changes that will be made by the company before the new prices are set.

2.5 Customer Satisfaction

The company recognizes that customer satisfaction is the main thing that should be achieved by the company to gain the loyalty of its customers. Satisfaction is a mediating variable between service quality and customer loyalty so many satisfied customers that will provide a high loyalty to the company (Akbar *et al.* 2010).

Study the relationship between satisfaction and quality of service as well as its impact on loyalty has been carried out, among others, Lee, Graefe, & Burns (2004); Tian - Cole, Crompton, & Wilson (2002). The results Zins (2001) on the future of passenger loyalty antecedents in the commercial aviation industry found that customer satisfaction with the brand image and quality of service is an important component to explain loyalty to airline passengers.

The comparative study conducted by Bamford and Xystouri (2005) found that the failure of services such as flight cancellation, diversion, delays, strikes and negative attitudes of employees is more common in LFA flight, so more prevalent complaints in airline service LFA compared to FSA.

2.6 Airlines Image

Corporate image (the image of the company) can be considered as a function of the accumulated experience of the purchase or consumption and has two main components: functional and emotional. Functional components associated with real attributes that can be easily measured; while the emotional component is related to the psychological dimension is manifested by feelings and attitudes toward an organization. This feeling comes from individual experiences with the organization and processing of information about the attributes, which constitute a functional indicator of company image (Tang 2007). Image positive a positive impact on the company so as to increase the number of sales, otherwise negative image caused losses to the company. Satisfaction followed by the image of the company is important in a construct (Cohen *et al.* 2006). Image companies affected by the quality of service and customer satisfaction, which in turn affect customer loyalty (Tang 2007; Kandampully, Hu 2007). Customer loyalty arises through good image of the airline that is created through the improvement of service quality and customer satisfaction.

2.7 Customer Loyalty

Loyal customers are very attractive to businesses because they are less sensitive to price, therefore, maintain and increase the number of loyal passengers is a must for the airline to survive in the current situation of tight competition (Gomez, Arranz, Cillan 2006).

Factors forming customer loyalty is the quality of service, trust, and customer satisfaction (Akbar and

Parvez 2009). The quality of services offered, customer satisfaction for services received, or even a consumer preference towards a particular airline is affecting the willingness of consumers to re-use the services of the same airline (Hellier, Geursen, Carr, Rickard 2002; Li, Lee 2001).

Based on the literature described above, the conceptual model proposed in this study is :(Figure 1)

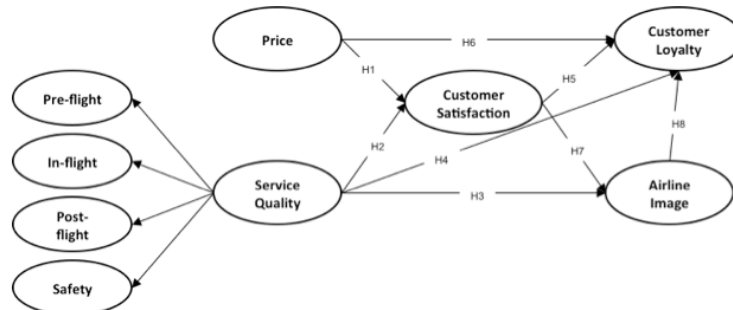


Figure 1. Customer loyalty flights model

3. Methodology, Variable and Data

3.1 Location and Time Research

The research was conducted from February to March 2014, with an interview of the domestic flight passengers departing through terminals 1, 2 and 3 Soekarno-Hatta Airport, Jakarta (Indonesia).

3.2 Method Of Collecting Data

This study was designed as a survey with quantitative descriptive approach to obtain a picture, information, explanations and current conditions related to customer loyalty. Data collected by using questionnaires and interviews (face to face interview) to the respondent. The samples in this study using non-probability sampling design, the sampling technique that does not give the same chance or opportunity for each element or member of the population to be selected into the sample (Sekaran 2003). Types of non-probability sampling are purposive sampling, the method of gathering information from members of the population who meet certain defined criteria.

The criteria used by the consideration (judgment) on the characteristics of the population and the purpose of this study, in which the criteria used in selecting the sample in this study was a passenger aircraft over 18 years old, had been using two different domestic airlines.

Hair et al. (1998) recommend an appropriate sample size ranged from 100 to 200, or a total of five samples for each parameter observation. Respondents interviewed in this study were 352 respondents.

3.3 Variable Description and Measurement

Latent variables used in this study are service quality, price, customer satisfaction, images and customer loyalty. Indicators for each latent variable are described in Table 1.

Table 1. Latent variables and their indicators

Construct	Dimension	Indicator
1. Service Quality	Pre-flight	<ol style="list-style-type: none"> 1. Website services 2. Frequency of flights 3. Convenience of flight schedule 4. Convenience of reservation and ticketing 5. Check-in service (waiting time, efficiency, etc) 6. Neat appearance of employee 7. Customer service enthusiasm 8. Flight on time 9. Information flight delays 10. Compensation for flight delays 11. The amount imposed for overweight baggage
	In-flight	<ol style="list-style-type: none"> 1. Seat comfort 2. Seat space and legroom 3. Cleanliness on board 4. Cleanliness of rest room 5. Food and beverage service on board 6. Entertainment facilities on board 7. Flight attendants attitudes 8. Flight attendants appearance 9. Courtesy of employees
	Post-flight	<ol style="list-style-type: none"> 1. Promptness and accuracy of baggage delivery 2. Handling of loss luggage 3. Dealing with loss and damage luggage 4. Safely/carefully handled luggage
2. Price	Safety	<ol style="list-style-type: none"> 1. Aircraft security check before departure 2. Aircraft type 3. Physical appearance of aircraft 4. Flight safety records 5. Attention and alertness of the crew cabin to the safety and comfort of passengers during the flight 6. Sense of safety during the flight
		<ol style="list-style-type: none"> 1. Fairness the price of airline tickets 2. Discount programs 3. Fairness of price and service delivery
3. Customer Satisfaction		1. How satisfied are you with the service overall
4. Image		<ol style="list-style-type: none"> 1. The company's commitment to always provide the services that impressed the minds of consumers 2. The company's commitment to the best compared to other airlines 3. The airline effort to maintain the reputation/image

Measurement indicators using a Likert scale with category scale 1-5: 1 = very dissatisfied, 2 = not satisfied, 3 = moderate, 4 = satisfied and 5 = very satisfied.

3.4 Processing Methods and Data Analysis

This study data processing using descriptive analysis to get an overview of the characteristics of the respondents, and inferential analysis using the Structural Equation Model (SEM) to confirm that the model has been built. Explaining the contribution of each indicator variables in the model are based on measurements Confirmatory Factor Analysis (CFA) and to test the causality between the constructs in the structural model is based on an understanding of the theory as the study of literature.

Tests on the suitability of the model using criteria Goodness Of Fit Index (GOFI), CFA is used to test the construct validity and reliability of the measurement model. Hair *et al.* (2006) stated that the factor loading value of an indicator in measuring the latent variables as valid if the value is greater than 0.5 and significant. A construct is said to reliably if the value of Construct Reliability (CR) is not less than 0.7, and the value of Variance Extracted (VE) is not less than 0.5. The influence tests of the relationship between the constructs using t-test to compare the t-test with t-table and we used SPSS 17 for descriptive analysis and Lisrel version 8.3 for

SEM analysis.

3.5 Hypothesis

Based on the above theory study proposed the following hypothesis:

H1: Service Quality influence the satisfaction

H2: Loyalty influence the Quality of Service

H3: Loyalty influence the Image Quality Service

H4: The price influence the satisfaction

H5: Price influence the Loyalty

H6: Satisfaction influence the Image

H7: Satisfaction influence the loyalty

H8: Image influence the Loyalty

4. Results and Discussion

4.1 Descriptive Analysis

Characteristics of respondents is important statistical measurement tool in a population, the characteristics of the respondents in this study is described on gender, age, income measured through monthly expenditure, as well as education and employment levels associated with customer loyalty. Of the 352 respondents divided into two groups, of which 222 respondents as well have used the FSA also use the LFA. Characteristics of the 352 respondents who becomes the object of research, most of the respondents were male as much as 235 (66.8%), with the highest age range in the age range 20-40 years, an age group in which the respondents have a greater degree of mobility than the age group Other respondents so relatively frequent travel both for office / work or for other purposes. Most of the respondents was 38.89% private employees with educational background Bachelor degree (Table 2).

Table 2 Profile of respondents

Description	Participants	Frequency	%
Gender	Male	235	66.8
	Female	117	33.2
Age	20 – 25 years	85	24.1
	26 – 30 years	77	21.9
	31 – 35 years	57	16.2
	36 – 40 years	37	10.5
	41 - 45 years	31	8.8
	46 - 50 years	23	6.5
	51 – 55 years	25	7.1
	56 – 60 years	17	4.8
Education	Elementary	3	0.9
	Junior School	5	1.4
	High school	93	26.4
	Associate Degree	43	12.2
	Bachelor Degree	163	46.3
	Master Degree	43	12.2
	PhD Degree	2	0.6
Occupation	White Collar Employees	137	38.9
	Civil Servants	70	19.9
	Self Employed	52	14.8
	Student	33	9.4
	Professional	42	12.0
	Unemployed	18	5.1
Spending	< IDR 2 million	61	17.3
	> IDR 2 mill – IDR 4 mill	133	37.8
	>IDR 4 mill – IDR 6 mill	71	20.2
	>IDR 6 mill – IDR 8 mill	40	11.4
	> IDR 8 mill	47	13.4

Loyalty developed following three stages, namely cognitive, affective, and conative. Usually become loyal customers first on cognitive aspects, then the affective aspects, and finally the conative aspect. Table 3 explains that of the 222 respondents who have used the FSA has a level of agreement that is different, some 77

respondents (34.68%) is a customer who has reached the level of Influencer, loyalty Client (20.72%), and Partners (18.92%) as Table 3.

Table 3 Levels of agreement FSA customer loyalty indicator

Statement	Total	%
All airlines are the same (Shopper)	57	25.68
I will use this airline on the next flight (Client)	46	20.72
I will always use this airline as a partner in my journey (Partner)	42	18.92
Because many benefits, I would recommend this airlines to others (Influencer)	77	34.68
Total	222	100.00

The results showed that most of the FSA customers already at the level began to be loyal clients and partner to become an influencer; only 25.68% said that all the airlines are same (shopper).

Of the 352 respondents who provide an assessment of the level of agreement that the LFA has a different, a total of 32 respondents (9:09%) is a customer who has reached the level of Influencer, loyalty Client (19:32%), and Partners (14.77%), but the very high number of customers who assume that the LFA airlines same as other airlines (Shopper) of 200 respondents (56.82%), as Table 4.

Table 4 Levels of agreement LFA customer loyalty indicator

Statement	Total	%
All airlines are the same (Shopper)	200	56.82
I will use this airline on the next flight (Client)	68	19.32
I will always use this airline as a partner in my journey (Partner)	52	14.77
Because many benefits, I would recommend this airlines to others (Influencer)	32	9.09
Total	352	100.00

The results of this study showed that the majority of airline customers LFA is a customer who assume that all the airlines are same, since many LFA airlines relatively offers the same product so that the airline is able to provide different services, routes and flight times more with price cheaper would be preferred by LFA customers.

4.2 Analysis Measurement Model

Information on the level of agreement of each indicator can be read separately, but the explanation latent variables cannot be done individually because of the aspects of the relationship (correlation) between indicators of each other. Sequential effects occur in a set of indicators in explaining the latent variables. Therefore, it is necessary that the measurement model based on the Confirmatory Factor Analysis (CFA) (Joreskog and Sorbom 1996) to explain the contribution of each indicator. SEM provides facilities Unweight Least Square (UL) to determine the performance or contribution of each indicator in explaining her latent variables. Facilities Unweight Least Square (UL) in the SEM would suspect the magnitude of the coefficient value measurement model. Construct Reliability (CR) is an indicator of the ability to explain the variable (from the aspect of quality) and Variance Extracted (VE) show the weight indicator is able to explain the latent variables (quantity aspect). The measurement results show that there are several indicators to obtain load factor <0.5 , although the results of t-test was significant above 1.96, but when referring to the minimum rules Joreskog coefficient value (minimum 0.5), it can be said these indicators are not important enough to measure each variable. In some studies suggested indicators with load factor of less than 0.5 should be eliminated, but in this study the researchers concluded that these indicators are indicators measuring but their importance is not too high.

4.3 Structural Model Analysis

4.3.1 Structural Model Full Service Airline Customer Loyalty (FSA)

Structural equation models determine the causal relationship between the latent variables and describe the causal effects, the analysis in this study using LISREL version 8:30. Structural equation modeling was used to test the model and the structural basis of the hypothesis on the relationship between the various constructs in the conceptual model. The measurement results and the factor loading value-t model is presented in Figure 2 and Figure 3. The measurement model (Chi-square = 80.16, $df = 40$) matched with an index showing the designated cutoff (RMR = 0.05 RMSEA = 0.067, GFI = 0.98, AGFI = 0.97, NFI = 0.97, CFI = 0.99).

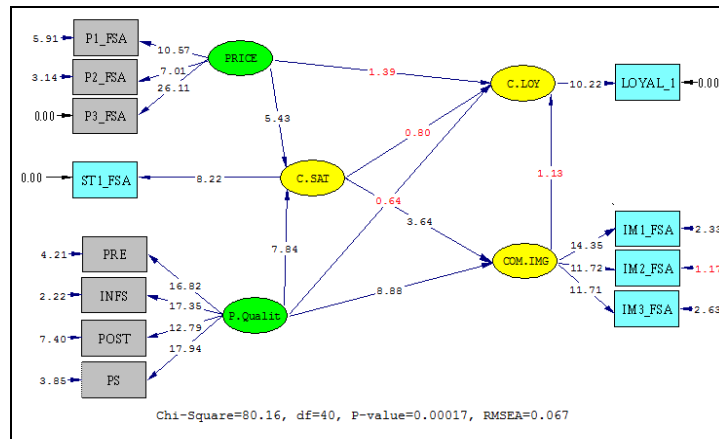


Figure 2. Standardized loading factor (FSA)

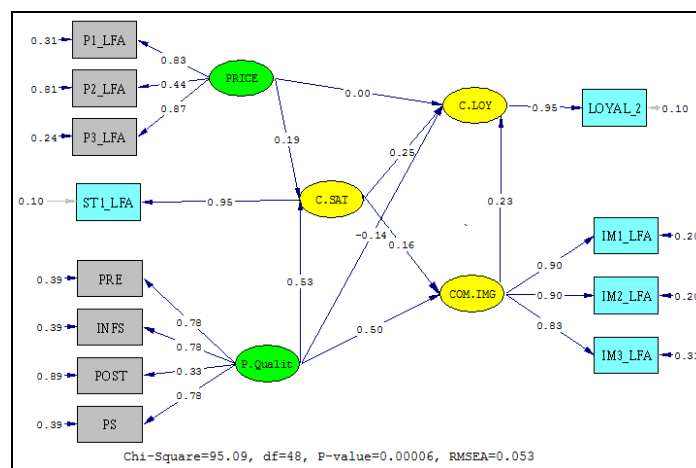


Figure 3. t-value (FSA)

In this model, the hypothesis (H0) is tested koragam matrix population same as with matrix koragamsample, the hypothesis was tested by using two statistical tests (Joreskog, 1998), the Chi-square statistic (χ^2) and RMSEA. H0 is accepted if the value of the P-Value (χ^2 test) greater than 0.05 or less than 0.08 RMSEA value. The hypothesis on this study is the koragam matrix population same as koragam matrix samples ($H_0: \Sigma = S$) and $H_1: \Sigma \neq S$). H0 means the model structure (diversity of models) can be used to infer the structure (diversity of the population). Testing hypotheses using statistical test Chi-square (Σ^2) and RMSEA. H0 is accepted if the value of RMSEA less than 0.08 or value of P (χ^2) is greater than 0.05 (Joreskog et al.1996). The test results in this study resulted in the value of the P-Value = 0.000 (<0.05) and RMSEA 0089, the overall empirical models acceptable even though the P-values less than 0.05.

Table 6. Hypotheses test of customer loyalty model of FSA

Hypotheses	Influences	Coef.	t-value	Information
H1	Price → Customer Satisfaction	0.29	5.43*	Significant
H2	Servicequality → Customer satisfaction	0.48	7.84*	Significant
H3	Service quality → Airline Image	0.51	8.88*	Significant
H4	Service quality → Customer Loyalty	0.07	0.64	Not significant
H5	Cust. Satisfaction → Customer Loyalty	0.10	0.80	Not significant
H6	Price → Customer Loyalty	0.07	1.39	Not significant
H7	Cust. Satisfaction → Airline Image	0.25	3.64*	Significant
H8	Airline Image → Customer Loyalty	0.13	1.13	Not significant

* : Significant at α 1% ($t > 2.57$)

Testing found that the Quality of Service (Service Quality) positive and significant effect on satisfaction (Customer Satisfaction) and the Image of the airline (Airline Image) but no significant effect on customer loyalty (customer loyalty). Quality of Service direct influence ($\lambda = 0.51$, $t = 8.88$) is greater than its indirect effect through Customer Satisfaction (0.12).

Price (fairness the price) and a significant positive effect on customer satisfaction ($\lambda = 0.29$, $t = 5.43$) but no significant effect on Customer Loyalty ($\lambda = 0.07$, $t = 1.13$), When compared to the price, then the

influence of the Satisfaction Quality of Service ($\lambda = 0.48$) is greater than the price effect ($\lambda = 0.29$) to satisfaction. Customer satisfaction positive and significant effect on Airline Image ($\beta = 0.51$, $t = 8.88$) but not significant effect on customer loyalty ($\beta = 0.07$, $t = 0.64$), Similarly Airline Image no significant effect on loyalty.

Quality of service and price together affect FSA airline customer satisfaction, but no significant effect on loyalty. Customer satisfaction with the airline FSA did not influence the customer loyalty, Jones and Sasser (1995) concluded that the only satisfying customers is not enough to keep them to remain loyal, while they are free to make choices. Besides the many alternative choices of airlines today, customer loyalty behavior is also strongly influenced by demographic factors, especially income.

The study concluded that the quality of airline service FSA influence the customer satisfaction and the image of the airline, but has no effect on loyalty, when associated with a statement of loyalty where most customers FSA into the category of loyal, allegedly there are other variables that affect customer loyalty FSA.

4.3.2 Structural Model Low Fare Airlines (LFA)

The measurement results and the factor loading value-t model is presented in Figure 4 and 5. The measurement model (Chi-square = 95.09, $df = 48$) showed matched with an index in the designated cutoff (RMR = 0.028, RMSEA = 0.000, GFI = 1.0, AGFI = 0.99, NFI = 0.99, CFI = 1.00).

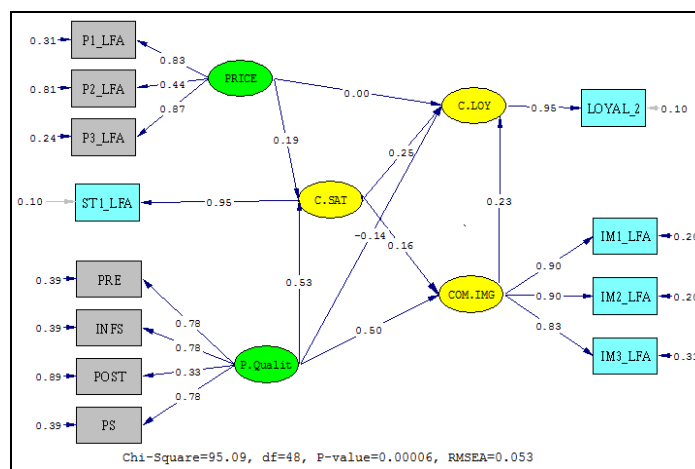


Figure 4. Standardized loading factor (LFA)

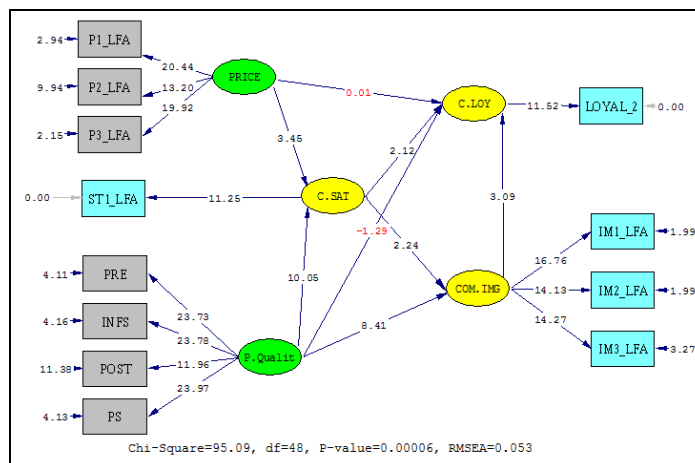


Figure 5. t-value (LFA)

Table 7. Hypothesis test of customer model loyalty LFA

Hipotesis	Influences	Coef.	t-Value	Information
H1	Price → Customer satisfaction	0.19	3.45*	Significant
H2	Service quality → Customer satisfaction	0.53	10.05*	Significant
H3	Service quality → Airline Image	0.50	8.41*	Significant
H4	Service quality → Customer Loyalty	-0.14	1.29	Not Significant
H5	Cust. Satisfaction → Customer Loyalty	0.25	2.12*	Significant
H6	Price → Customer Loyalty	0.001	0.01	Not Significant
H7	Cust.Satisfaction → Airline Image	0.16	2.24*	Significant
H8	Airline Image → Customer Loyalty	0.23	3.09*	Significant

* : Significant at α 1% ($t > 2.57$)

Testing found that the Quality of Service (Service Quality) positive and significant effect on satisfaction (Customer Satisfaction) and the Image of the airline (Airline Image) but no significant effect on customer loyalty (customer loyalty). Image Quality of Service direct influence ($\lambda = 0:50$, $t = 8.41$), greater than its indirect effect through Customer Satisfaction (0:08).

Price (fairness price) and a significant positive effect on customer satisfaction ($\lambda = 0:19$, $t = 3.45$) but no significant effect on Customer Loyalty ($\lambda = 0.001$, $t = 0:01$), when compared to the price, then the influence of the Satisfaction Quality of Service ($\lambda = 0:53$) is greater than the price effect ($\lambda = 0.19$) towards satisfaction. Customer satisfaction positive and significant effect on Airline Image ($\beta = 0:16$, $t = 2.24$) and Customer Loyalty ($\beta = 0:25$, $t = 2.24$), similarly Airline Image significant effect on loyalty ($\beta = 0:23$, $t = 3.09$).

Results of research on customer loyalty LFA models show different results, which affect service quality indirectly loyalty through satisfaction. Perceived LFA price is cheaper than the FSA rates did not lead to customer loyalty to the airline LFA. Satisfaction is central to improve customer loyalty, either through improved quality of service and reasonable rates apply.

5. Conclusion

This study contributes about differences causality variable quality of service, price, satisfaction and loyalty image between the FSA and LFA airline customers. FSA customer loyalty is not only influenced by satisfaction and increase the image of the airline, but supposedly there are other factors that influence. While the satisfaction of airline passengers LFA influence the loyalty. Dimensions of quality of service and pricing strategies can be used by airlines in setting the strategic planning framework to maintain and increase the number of passengers, through the correspondence between price and the services provided.

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