Customer Perception On Products, Pricing, Service Quality, Towards Customer’s Quality Relationships And Loyalty Of Domestic Airlines, Indonesia

Hasniaty

Aviation services industry is an important industry that holds Indonesia. Indonesia has approximately 17 thousand islands scattered with a long coastline over 5,000 kilometers. Air transport is an essential component for connecting approximately 250 million people with a population growth of 1.49 percent annually. Air transport services become business areas that are needed by today’s modern society. This study aims to quantify the relationship between customer perceptions on the concept or product, price, service quality and relationship quality on customer loyalty of domestic airline in Indonesia. This study took a sample of 300 respondents. The data analyzed using SEM (Structural Equation Modeling). The results of this study is theoretical findings suggests that the product has a significant positive effect on trust, customer satisfaction and loyalty, but positive effect is insignificant on commitment. The price has significant positive effect on trust, commitment, satisfaction, but positive effect is insignificant on loyalty. Service quality has a significant positive effect on trust, commitment, satisfaction, but positive effect is insignificant on loyalty. Trust has significant positive effect on satisfaction and loyalty. Commitment has significant positive effect on loyalty, but positive effect is insignificant on loyalty. Satisfaction has significant positive effect on satisfaction and loyalty.

Index Terms: Product, Price, Service Quality, Relationship Quality and Loyalty.

1 INTRODUCTION

Aviation services industry is an important industry that holds Indonesia. Indonesia has approximately 17 thousand islands scattered with a long coastline over 5,000 kilometers. Air transport is an essential component for connecting approximately 250 million people with a population growth of 1.49 percent per year. Air transport services become business areas that are needed by today’s modern society. One advantage of aviation services when compared to other transportation services is a short time to reach the destination. It was very supportive of the higher mobility in social activities, which is a creation of the demands of modern society (Natalisa, 1999). From the analysis of ATAG (The Air Transport Action Group) estimated that in 2010, five years ahead of the current transport to and between countries in the Asia-Pacific region will reach 1.1 billion passengers with the growth about 7.4 percent per year. The share of Asia-Pacific for scheduled passenger traffic (domestic and international) will reach 42.9 per cent of the world passenger flow. The total current Indonesian passenger is around 51.4 million passengers, consisting of 22.8 million international passengers with an average traffic growth of 8.2 percent per year. This is due to more than half of the world’s population is in Asia. Population (3) the political stability of countries - Asian countries - Pacific are relatively stable, (4) does deregulation against overseas travel (5) The existence of ethnic relations among countries - Asian countries, (6) intensive tourism promotion, (7) increased the frequency of short-distance travel with, and (8) the liberalization of air transport (Natalisa and Subroto, 2003). Demand for air travel in Indonesia jumped great in recent years. With a population of 250 million people and 83.7 million air travel, both domestically and internationally in 2013, Indonesia became one of the very large aviation market. "The pace of growth in air traffic, including the highest in the world," The movement of air traffic in Asia Pacific is expected to grow on average of 4.5 percent per year in 2007-2015. Bambang said the number of air traffic movements continued to rise, from 161 million in 2009 to 211 million in 2015, and is estimated to reach 321 million by 2025. Heightened demand for services product come along with the consumer selectivity, therefore so many companies are compete with each other to gain market share, and it spurred the company to try to move forward in improving its business. In addition, the company should change its view of the product or service oriented, to a customer-oriented view (customer oriented). One strategy that can be used by the company is to build customer loyalty. Judging from the cost dimensions, will be greater costs to attract new customers when compared to the cost to retain existing customers or create repeat purchases. Therefore, retaining customers is more important than lure customers. The key lie in keeping customers is customer satisfaction (Kotler 2010). Besides, it is also necessary to establish the ability of the company to have long-term relationship with their customer. Long-term relationship means that loyal customers who have a high retention rate to stay in touch with the company to meet the needs and desires are satisfied. Customer loyalty describes a commitment to doing business with the organization, with the purchase of goods and services repeatedly, and recommending services and products to friends and group (McIlroy & Barnett, 2000). In the era of conventional marketing, many marketers believe that customer retention is basically formed due to the contribution of value (value) and brand (brand). The marketers realize that customer retention is a very important impetus for creating sales (Chan, 2003). The research is absolutely different from previous researches because the writer placed exogenous variables such as product, price and service quality that have never been analyzed as the exogen variable at the same time. In addition, the findings of constructing variables and its relation in this research are different from the previous research

2. Problem Study

1. Is customer solutions, customer value, and service, customer satisfaction directly influence the domestic carrier Lion Air.
2. Does the customer solutions, customer value, and service, directly influence customer trust domestic carrier Lion Air.
3. Is customer solutions, customer value, and service, satisfaction, trust, commitment to customers directly influence the domestic carrier Lion Air.
4. Is customer solutions, customer value, and service, satisfaction, trust, commitment to customers directly influence customer loyalty domestic carrier Lion Air.
5. Is customer solutions, customer value, and customer service, indirect effect on satisfaction and trust commitment through domestic carrier Lion Air.
6. Is customer solutions, customer value, service, satisfaction, trust, indirect effect on loyalty through customer commitment domestic carrier Lion Air.

3. Literature Review

This concept adopts the concept Olson, 1993. Olson said that customer loyalty is a behavioral urge to make a purchase repeatedly and to build customer loyalty towards products/services produced by enterprises that require a long time through a process of repeated purchases mentioned Oliver (1980) states that consumer loyalty is a function of customer satisfaction which is the expectation comparison of cognitive function before consumption and actual experience. Anderson, Fornell et al., (1994) said that satisfaction/dissatisfaction with service consumers need experience, and influenced by the quality of service and value of service. Low commitment on giving the qualified customer service widens the gap between the companies. Emphasis on the purpose of the performance of competitors (such as discounting and other short-term profit orientation) is easy to be measured and monitored, with the result that emphasis on the quality of services is often not so into the limelight. Furthermore, extensive study conducted Parasuraman et al., (1990) have identified conceptual factors causing the gap between what customers expectation with management's perception of service quality. One factor is the lack of dominant influence management's commitment to quality. Theory conducted by Buttle (2007: 297) who says that products with low involvement have a low level of personal significance or low relevance to the customer. Customers will experience low commitment to the brand making it easier for customers to move to a competitor. With the added benefit will help the brand holders to improve customer commitment. The concept of trust adopting from the concept by (Morgan & Hunt 1994) which says that the confidence (trust) if a party has no trust (confidence) to the integrity and reliability of the other party or declaring the trust as a willingness to trust the other party who has been believed by the indicators capabilities (ability), goodness (benevolence), integrity adopted the concept of Morgan & Hunt (1994:23) and (Meyer et al: 1995). Additionally, (Berry and Parasuraman: 1991) saying that the trust is one of the most important factors for maintaining the relationship with the customer in the long time. If customers feel good and have memorable experience to what is offered by the company, then there will be a sense of confidence that eventually form the trust of customers. This study adopts the concept of Zeithaml and Bitner (2003:158) states that the primary goal of relationship marketing is to build and maintain profitable customer commits for the company and at the same time minimize the time and effort spent on the less profitable customers. The concept was adopted from Parasuraman et satisfaction. al (1985) says that the two main factors that affect the quality of the service or services that are expected (expected service) and services are perceived (perceived service). If the perceived service in accordance with the expected service, the quality of the services in question would be perceived as good or positive. If the perceived service exceeds the expected service, the quality of service perceived as the ideal quality. Conversely, if the perceived service worse than expected service, the quality of service perceived as negative or bad. Therefore, whether it's a good or not the quality of services depends on the ability of service providers to meet customer expectations consistently.

The conceptual framework can be seen in Figure 1 below:

4. Hypothesis

Based on the background of the problem, study objectives, theoretical basis, and the formulated conceptual framework, the study hypothesis is proposed as follows:

1. Direct influence of exogenous variables X1, X2, X3 of the endogenous variables Y1 ~ trust.
   \[ H_{1a} \]: There is a positive and significant direct effect on the trust products
   \[ H_{1b} \]: There is a positive and significant direct effect on the price of the trust
   \[ H_{1c} \]: There is a positive and significant direct effect on trust in the quality of services

2. Direct influence of exogenous variables X1, X2, X3 of the endogenous variables Y2 commitment.
   \[ H_{2a} \]: There is a positive and significant direct effect on commitment to product
   \[ H_{2b} \]: There is a positive and significant direct effect on the price of commitment
   \[ H_{2c} \]: There is a positive and significant direct effect on the quality of service commitment

3. Direct influence of exogenous variables X1, X2, X3, Y1 and Y2 to Y3 endogenous variables of customer
satisfaction.

H_{3a}: There is a positive and significant direct effect on customer satisfaction products

H_{3b}: There is a positive and significant direct effect of price on customer satisfaction

H_{3c}: There is a positive and significant direct effect of service quality on customer satisfaction

H_{3d}: There is a positive and significant direct effect of trust on customer satisfaction

H_{3e}: There is a positive and significant direct effect of commitment to customer satisfaction

4. Direct influence of exogenous variables X1, X2, X3, Y1, Y2, Y3, Y4 consequence of the endogenous variables of customer loyalty.

H_{4a}: There is a positive and significant direct effect on customer loyalty products

H_{4b}: There is a positive and significant direct effect on customer loyalty rates

H_{4c}: There is a positive and significant direct effect of service quality on customer loyalty

H_{4d}: There is a positive and significant direct effect on customer loyalty confidence

H_{4e}: There is a positive and significant direct effect on customer loyalty commitment

H_{4f}: There is a positive and significant direct effect on customer loyalty customer satisfaction

5. Does not directly influence the product, price, service quality to satisfaction through trust, and commitment

H_{5a}: There is a positive and significant influence on product satisfaction through trust and commitment

H_{5b}: There is a positive and significant impact on the price of satisfaction through trust and commitment

H_{5c}: There is a positive and significant impact on satisfaction of service quality through trust and commitment

6. Does not directly influence the product, price, service quality, trust and commitment on customer loyalty through customer satisfaction.

H_{6a}: There is a positive and significant impact on customer loyalty products through customer satisfaction.

H_{6b}: There is a positive and significant impact on customer loyalty rates through customer satisfaction.

H_{6c}: There is a positive and significant impact of service quality on customer loyalty through customer satisfaction.

H_{6d}: There is a positive and significant impact of trust on customer loyalty through customer satisfaction.

5. OBJECTIVES

This study can contribute to developments in the field of marketing management, especially regarding to the product, price, service quality to (trust), commitments, customer satisfaction and customer loyalty. These findings are expected to show the relationship between the concept of product, price, quality of service to (trust), commitments, customer satisfaction and customer loyalty. This study is also expected to provide information needed by the airlines and other stakeholders in the field of aviation services industry. Besides, it can be an input for the management company to determine policies in order to improve performance, as well as competition in developing the aviation service industry in Indonesia.

6. RESEARCH METHODOLOGY

The study location is Hasanuddin International Airport which is a class IA Makassar airport which is located on Jl. Hasanuddin Airport - Mandai, Makassar - 90 552 with the object of study is the domestic airline Lion Air, this study was conducted in December - February 2014 In the study will be analyzed is the influence of the dimensions of the product, price, service quality, trust, commitment, customer satisfaction and customer loyalty. Based on the type of study, this study is a study that explains the causal relationship between the variables or the so-called explanatory study (explanatory study) is study to identify and explain the effect of the variables between the existing and continued with hypothesis. Besides testing, this study was included in the descriptive study, because it provides a descriptive explanation of the variables to be studied. The main method in this study is a survey method, namely the study of population sample retrieval and use questionnaires as the principal means of data collection. The population of this study is a domestic flight service, while the sample used is a customer of the domestic airline Lion Air. This study was conducted in two phases over four months. In the first phase were data collection customers (passengers) of domestic airlines Lion. Respondents in this study are the domestic airline passengers who are waiting for the departure of the aircraft is in flight departure lounge at Hasanuddin International Airport. Questionnaire distributed to all passengers who were in the waiting room at least 30 minutes before boarding time, this is done to anticipate charging time is estimated using a questionnaire within 15 minutes. Before the questionnaires were distributed respondent must meet the criteria, i.e. never use a service domestic carrier Lion Air. In this case respondents were asked to fill out a questionnaire based on their experiences using services domestic flights Lion Air before. The second stage is processing the primary data collected in the first phase in addition to the secondary data that have been successfully obtained from the respondents and the Lion Air airline. The number of samples in this study adjusted assuming with Structural Equation Model (SEM). Hair et al.(1995). Based on these opinions, the number of samples in this study is 10 times the indicator studies, (10 X 26 = 260). This study took a sample of 300 respondents.
study used analysis of Structural Equation Modeling (SEM) with the help of AMOS software. The use of SEM as a tool of analysis, based on reasons other than the complexity of the model used, also based on the limitations of multidimensional analysis tools are often used in quantitative study, such as multiple regression, factor analysis, discriminant analysis, and other.

7. RESULTS
Based on empirical models proposed in this study, can be tested towards the hypothesis by testing the path coefficients in structural equation models. The test results are presented in Table 1 below:

Table 1 Hypothesis Testing

<table>
<thead>
<tr>
<th>HIP</th>
<th>Independent Variabel</th>
<th>Dependent Variabel</th>
<th>Direct Effect</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Standardize</td>
<td>CR</td>
<td>P-value</td>
<td></td>
</tr>
<tr>
<td>H1a</td>
<td>Product Trust 0,216</td>
<td>2,010</td>
<td>0,043</td>
<td>Significant</td>
</tr>
<tr>
<td>H1b</td>
<td>Price Trust 0,401</td>
<td>2,342</td>
<td>0,019</td>
<td>Significant</td>
</tr>
<tr>
<td>H1c</td>
<td>Service Quality Trust 0,413</td>
<td>2,913</td>
<td>0,004</td>
<td>Significant</td>
</tr>
<tr>
<td>H2a</td>
<td>Product Commitment 0,008</td>
<td>0,080</td>
<td>0,936</td>
<td>Not significant</td>
</tr>
<tr>
<td>H2b</td>
<td>Price Commitment 0,408</td>
<td>2,515</td>
<td>0,012</td>
<td>Significant</td>
</tr>
<tr>
<td>H2c</td>
<td>Service Quality Commitment 0,404</td>
<td>2,978</td>
<td>0,003</td>
<td>Significant</td>
</tr>
<tr>
<td>H3a</td>
<td>Product Customer satisfaction 0,204</td>
<td>2,136</td>
<td>0,033</td>
<td>Significant</td>
</tr>
<tr>
<td>H3b</td>
<td>Price Customer satisfaction 0,138</td>
<td>2,061</td>
<td>0,038</td>
<td>Significant</td>
</tr>
<tr>
<td>H3c</td>
<td>Service Quality Customer satisfaction 0,166</td>
<td>1,984</td>
<td>0,046</td>
<td>Significant</td>
</tr>
<tr>
<td>H3d</td>
<td>Trust Customer satisfaction 0,961</td>
<td>3,804</td>
<td>0,000</td>
<td>Significant</td>
</tr>
<tr>
<td>H3e</td>
<td>Commitment Customer satisfaction 0,136</td>
<td>0,816</td>
<td>0,414</td>
<td>Not significant</td>
</tr>
<tr>
<td>H4a</td>
<td>Product Customer Loyalty 0,080</td>
<td>0,919</td>
<td>0,358</td>
<td>Not significant</td>
</tr>
<tr>
<td>H4b</td>
<td>Price Customer Loyalty 0,088</td>
<td>0,623</td>
<td>0,533</td>
<td>Not significant</td>
</tr>
<tr>
<td>H4c</td>
<td>Service Quality Customer Loyalty 0,053</td>
<td>0,481</td>
<td>0,631</td>
<td>Not significant</td>
</tr>
<tr>
<td>H4d</td>
<td>Kepercayaan Customer Loyalty 0,271</td>
<td>2,013</td>
<td>0,041</td>
<td>Significant</td>
</tr>
<tr>
<td>H4e</td>
<td>Komitmen Customer Loyalty 0,270</td>
<td>2,168</td>
<td>0,031</td>
<td>Significant</td>
</tr>
<tr>
<td>H4f</td>
<td>Customer satisfaction Customer Loyalty 0,610</td>
<td>2,625</td>
<td>0,009</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Indirect Effect

<table>
<thead>
<tr>
<th>Variabel Independent</th>
<th>Variabel Depend</th>
<th>Variabel Inter input</th>
<th>Standardize</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>H5a Product Customer satisfaction</td>
<td>Trust / Commitment</td>
<td>0,208</td>
<td>Significant</td>
<td></td>
</tr>
<tr>
<td>H5b Price Customer satisfaction</td>
<td>Trust / Commitment</td>
<td>0,385</td>
<td>Significant</td>
<td></td>
</tr>
<tr>
<td>H5c Service Customer satisfaction</td>
<td>Trust / Commitment</td>
<td>0,397</td>
<td>Significant</td>
<td></td>
</tr>
</tbody>
</table>

8. CONCLUSION
- From the study it can be concluded that the product, price, and Service quality have a positive effect on trust, has positive effect on trust.
- Products have no effect on commitments and customer loyalty, but Price and service quality have a positive effect on commitments.
- Product, price, service quality, and trust have a positive effect on customer satisfaction.
- Price have no effect on customer loyalty, but Service quality, trust, commitments and customer satisfaction have a positive effect on customer loyalty.
- There is a positive and significant relationship Product, price and service quality on customer satisfaction through trust.
- There is a positive and significant relationship Product, price and service quality, trusts on customer loyalty through customer satisfaction.
- There is a positive and significant relationship Service quality on customer loyalty through commitment. Service quality is not directly influence the loyalty, but the quality of services indirect effect on customer loyalty through trust, commitment and customer satisfaction, this means that the quality of service that makes both committed and satisfied customers that have an impact on customer loyalty.

9. RECOMMENDATION
- Limitations and weaknesses in this study may result in less perfect so hopefully this study will be refined by...
other studies. Many diagnostic limitations and weaknesses are as follows:

2. Study only tested the 6 variables that influence customer loyalty; there are many other variables that likely influence the loyalty, making it less able to explain more comprehensively in managing customer loyalty well.

3. Study was confined to the airline as the study object, and carried on the flight path with the solid demanding route, as well as at the international airports, so the results could not see the other airline customer preferences and other routes as well as an international airport yet.

4. Route examined only domestic route only takes about 2 hours, so customers can not feel the quality of the service completely.

5. Study did not differentiate customer segments, making it difficult to know the difference segments served.

REFERENCES


Utama: Jakarta.


