

Influence of Customer Quality and Customer Satisfaction on Customer Loyalty: Garuda Indonesia study case Jakarta

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Abstract. This study aims to identify the effect of service quality and customer satisfaction on customer loyalty in Garuda Indonesia Soekarno Hatta Jakarta. The data collection method used in this study are quantitative research methods by obtaining primary data sources and secondary data. The sample used in this study is probability sampling technique that is a random sampling system and the sample calculation method uses the method of Isaac and Michael with data obtained processed using SPSS 23.0 for Windows. While the method of data analysis uses statistical analysis, validity, and reliability, basic assumption test, simple linear regression analysis, coefficient of determination analysis and T test (Partial Test). The results showed that service quality and customer satisfaction had a strong influence on customer loyalty. Service quality and customer satisfaction have an influence of 77.2% on customer satisfaction and the remaining 22.8% is influenced by other factors. (100% - 77.2% = 22,8%).

1. Introduction

The commercial air transportation industry in Indonesia is growing very rapidly, as evidenced by the expression of the Minister of Industry, Airlangga Hartarto, "The growth in the number of domestic air passengers has increased by an average of 15 percent per year over the past 10 years. international air passengers rose by around 8 percent. Airlangga Hartarto also explained that Indonesia is the third country with the largest aircraft purchase after China and India. The data is also supported by the number of passengers traveling domestically and internationally in 2012-2017 amounting to 248,711,216 for the arriving number of passengers and 228,603,305 for departing number of passengers, therefore it is not surprising that the purchase of aircraft in Indonesia is also large[1].

The Directorate General of Air Transport of the Ministry of Transportation of the Republic of Indonesia states that in 2018, the number of passengers increased from 10,252,555 to 14,681,841 from the previous year. With the increase in the number of airline passengers, it requires many airlines companies to step up as the large number of airlines currently making the competition between airlines becoming increasingly fierce (both in increasing the number of customers and retaining existing customers). Existing airline services are trying to maintain market competition through product offerings with each of the advantages varies with the airlines. Customer satisfaction is a stand-alone construct and is influenced by service quality, as well as customer loyalty [2].

A similar opinion was expressed by Hallowell (1996) that satisfaction has the potential to build loyalty[3]. Customer satisfaction is a service that exceeds the expectations of these customers so that it can increase customer loyalty. Apart from competing at ticket prices, operators can also compete with the quality of service in order to win their customers. Indeed, customer satisfaction is one of the main measures of performance of business companies such as airlines itself. Airline companies devote considerable amount of resources in providing high-quality services to increase customer satisfaction and ultimately increase their income and profits.

Data of the Directorate General of Air Transportation of the Ministry of Transportation that the total number of passengers, are still mostly dominated by Lion Air. Lion Air's market share of 34 percent totaled 33,131,053 passengers. Followed by Garuda Indonesia with 19,601,133 passengers; 20 percent. While the most international passenger market share is held by Garuda Indonesia with 4,833,194 passengers or 39 percent[1].

Garuda Indonesia, which is committed to providing better services, although in reality there are still complaints from its customers. Customer complaints are indicators of customer

dissatisfaction with the services provided by the company. Garuda Indonesia Experience is a new concept of service designed to allow passengers to experience Indonesia at its best. By introducing the concept of Garuda Indonesia Experience, Garuda Indonesia is creating a special brand identity for the company and at the same time promoting Indonesia in the international level. The concept of Garuda Indonesia Experience is based on 5 senses (sight, sound, scent, taste, and touch) which includes 24 “customer touch points”, from prejourney, preflight, inflight, postflight and post journey services.

Garuda Indonesia seeks to improve corporate image and increase passenger comfort as well safety by providing services that can increase customer satisfaction and loyalty. This is supported by complaints made by the customers. Based on the data obtained from 2017 and 2018, for pre-flight complaints such as granting delays and baggage permits, for in-flight complaints such as flight security and food quality and for post-flight such as baggage collection. The same thing was also conveyed in online media, one passenger complained that the flight was delayed and causing passengers to wait. Not to mention realizing the damage done to the passenger baggage after a passenger picks up a suitcase in the trunk.

The reason underlying the selection of this research object is that Garuda Indonesia is one of the airlines offering quality services by prioritizing customer satisfaction aspects to generate customer loyalty. Based on this, it is necessary to further examine how service quality, passenger satisfaction and loyalty from customers. In addition, to knowing and analyzing the influence of the quality of flight services on passenger satisfaction and customer loyalty from Garuda Indonesia.

2. Literature Review

2.1 Service Quality

Quality is one of the key factors influencing a customer's purchasing decisions [4]. And Customer satisfaction is a stand-alone construct and is influenced by service quality, as well as customer loyalty which is also determined by service quality. The conceptualization of quality is more challenging for services industry than manufacturing business due to the intangible nature of services [5]. According to Ghylis [6], by explain and evaluating the service quality, businesses will be able to offer a service that is of high quality level ostensibly leading to customer satisfaction.

2.2 Customer Satisfaction

Customer satisfaction have been one of the top tools for a successful business. Service quality and customer satisfaction are closely related but not interchangeable, although both concepts involve a comparison of expectations of quality and the actual service received [8]. Satisfaction refers “to a person's feeling of pleasure or disappointment resulting from comparing a product's performance in relation to his or her expectations”[9]. And Customer satisfaction is a stand-alone construct and is influenced by service quality, as well as customer loyalty which is also determined by service quality . At a glance, customer satisfaction is a crucial component of a business strategy as well as customer retention and product repurchase. To maximize the customer satisfaction companies should sell ideas and methods after the completion with all the necessary documents.

2.3 Customer Loyalty

Loyalty is its own decision by consumers to remain customers of a company for a certain period of time[12]. And defines customer loyalty is that loyal customers are not measured by how much they buy, but from how often they make repeat purchases, including here recommending other people to buy[13]. And Griffin defines customer loyalty as people who make regular purchases, buy between product lines and services, refer them to others, and show immunity to attraction from competitors[14].

3. Hypothesis

H1: Influence of customer satisfaction on customer loyalty Garuda Indonesia.

H2: Influence of Service quality on customer loyalty Garuda Indonesia

H3: The Influence of service quality on customer satisfaction with the interest in repurchasing Garuda Indonesia

4. Research Methodology

According to Sugiyono (2017: 2), what is meant by research method is basically a scientific way to obtain data with specific purposes and uses[15]. This type of research uses quantitative methods with survey research. Which includes collecting primary data by distributing questionnaires to all Garuda Indonesia passengers in which the authors conducting this study took a sample of 43 respondents and uses the method of Isaac and Michael with data obtained processed using SPSS 23.0 for Windows . In the questionnaire respondents were divided based on their characteristics in the form of analysing the characteristics of respondents, testing inferential statistical data analysis instruments and testing statistical hypotheses. Namely as follows:

4.1 Analysis of respondent characteristics

The respondent's characteristics analysis is divided based on Gender, Age, and Last Education, as follows:

Table 1. Profile of respondents based on Gender

Gender	Respondent	Persentase(%)
Man	26	63.4%
Woman	15	36.6%
Total	41	100%

Source: Questionnaire Data 2019

Table 2. Profile of Respondents by Use Intensity/year

Intensity/month	Respondent	Persentase(%)
1-2	15	36.6%
3-5	12	24.4%
6-8	8	19.5%
>8	8	19.5%
Total	41	100%

Source: Questionnaire Data 2019

Table 3. Profile of Respondents by Occupation

Occupation	Respondent	Persentase(%)
Government Employees	15	17.1%
Private Employees	10	43.9%
Collage Student	8	19.5%
Etc	8	19.5%
Total	41	100%

Source: Questionnaire Data 2019

4.2 Data collection procedure

The technique used to collect data are questionnaires distributed to employees using accounting information systems at medical equipment distributor companies in Jakarta who are willing to be respondents to fill out the questionnaires. Understanding the questionnaire according to Sugiyono (2015) is a technique of data collection conducted by giving a set of questions or written statements to the respondent to answer[16].

To get data related to the object to be studied, the authors collect data by:

1. Observation, which is direct observation of the object to be studied with the aim of getting a better and more comprehensive picture of service quality and customer satisfaction and also the data and information studied.
2. Questionnaire (questionnaire), Questionnaire is a list of questions or statements that are given to participants. Sugiyono (2008: 142) explains that the questionnaire is a technique for collecting data that gives some questions or statements to respondents[17]. In this research, the researcher makes fifteen item statements relate to beliefs in vocabulary learning strategy. The researcher takes Brown and Payne's vocabulary learning strategy. It is done by spreading a set of written questions to respondents where the respondents are Garuda Indonesia transportation service users. The author distributes questionnaires to a sample of 41 people with unexpected populations
3. Literature Studies, namely library research used to obtain data or information by studying several written sources including books, research results, journals, theses and theses that are relevant and related to variables that will be examined from the quality of service and customer satisfaction and the object of customer loyalty that will be examined. The research data was obtained using a questionnaire, which is through a list of questions arranged systematically with several answer choices that are easily understood using the Likert scale.

4.3 Data Analysis Technique

To answer the problem statement and test the proposed hypothesis, the data obtained will then be processed with the needs of the analysis. For the purpose of discussion, data is processed and presented based on statistical principles, while for the sake of analysis and testing of hypotheses used multiple linear regression methods with SPSS24 for windows, where multiple linear regression involves more than one independent variable or predictor. This analysis is to determine the direction of the relationship between the independent variable and the dependent variable whether each is positively or negatively related and this model assumes the existence of a straight / linear line between the dependent variable and each predictor and also to predict the value of the dependent variable if the variable value independent experience an increase or decrease.

5. Processing Statistical Data

Data processing is statistically descriptive and to draw conclusions and hypotheses statistically inferencing with multiple linear regression analysis. According to Malhotra (2012, p. 511), regression analysis is a statistical procedure that is strong and flexible in analyzing the relationship between the dependent variable and one or more independent variables[18].

If there are two or more independent variables, the researcher uses multiple linear regression analysis.

$$Y' = a + b_1X_1 + b_2X_2$$

Information:

Y' = dependent variable

X_1, X_2 = independent variable

a = constant (Y value 'if $X_1, X_2 = 0$)

b = regression coefficient (value of increase or decrease)

6. Result and Discussion

6.1. Result

		Coefficients ^a				
		Unstandardized		Standardized		
		Coefficients		Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.584	1.692		2.117	.041
	SERVICE QUALITY	.483	.126	.497	3.820	.000
	CUSTOMER SATISFACTION	.432	.131	.428	3.287	.002

a. Dependent Variable: CUSTOMER LOYALTY

Source: Processed from 2019 SPSS data

According to the SPSS calculation results, the following multiple linear regression equation is obtained: $Y = 3,548 + 0,483x_1 + 0,432x_2$

Based on the above equation, conclusions can be made as follows:

1. The Constant value formed is 3.548. This shows that if service quality variables are considered constant, customer loyalty will increase by 3.548%.
2. From the stages of the model testing above, it shows that the physical evidence variable has an influence level of 0.483 which means that if assumed service quality increases 1% and other variables are considered constant, then customer loyalty will increase by 0.483%.
3. From the stages of testing the model above shows that the reliability variable has an influence level of 0.432, which means that if assumed customer satisfaction increases 1% and other variables are considered constant, then customer loyalty will increase by 0.432%.

The t test in this study was conducted to test whether the independent variable (service quality and customer satisfaction) has an effect on the dependent variable (customer loyalty) as seen in the output of the following coefficients

Based on the output results can be known:

- a. Testing the effect of service quality on customer loyalty results in a t count of service quality that is equal to 3.820 with a significant $0.00 < 0.05$. This shows that $t \text{ count } 3,820 > t \text{ table } 1,684$, this shows that the service quality variable has an influence on customer loyalty.
- b. Testing the effect of reliability on customer satisfaction produces a value of t count reliability that is equal to 3.827 with a significant $0.02 < 0.05$. This shows that $t \text{ count } 3,827 > t \text{ table } 1,684$, this indicates that the reliability variable t has an influence on customer satisfaction.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	157.581	2	78.791	64.366	.000 ^b
	Residual	46.516	38	1.224		
	Total	204.098	40			

a. Dependent Variable: CUSTOMER LOYALTY

b. Predictors: (Constant), CUSTOMER SATISFACTION, SERVICE QUALITY

Source: Processed from 2019 SPSS data

Based on the output results, it can be seen that $F_{count} > F_{table}$ ($64,366 > 2,20$) with significant $0,00 < 0,05$, the results show that the independent variable (customer satisfaction and service quality) jointly influence the dependent variable (customer loyalty).

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.879 ^a	.772	.760	1.10640

a. Predictors: (Constant), CUSTOMER SATISFACTION, SERVICE QUALITY

Source: Processed from 2019 SPSS Data

Based on the above output, it can be seen that the R square value is 0.772. This shows that the service quality and customer satisfaction variables used in this study can explain customer loyalty variables of 77.2% and the remaining 22.8% is explained in other variables not explained in this research model

6.2 Discussion

Intense competition among budget airlines have forced them to improve service quality in order to retain and satisfy their customers [19]. This paper focuses on studying the relationship between Customer satisfaction measured by customer complaints and service quality of Garuda Indonesia carriers.

The Research Results are as follows:

- First, H1 the data for Customer Satisfaction has a positive influence on the Customer Loyalty carried out by Indonesian Garuda airlines
- Second, H2 the data for Service quality status shows a positive influence on Customer Loyalty
- Third, Customer satisfaction, Service Quality has a positive influence on Customer Loyalty.

7. Conclusion

From the above discussion it can be concluded:

- First, the Service quality has a significant and strong influence on customer loyalty carried out by Garuda Indonesia airlines.
- Second customer satisfaction has a significant and strong influence on customer loyalty carried out by Garuda Indonesia airlines.
- Third Service quality and customer satisfaction have a significant and strong influence on customer loyalty made by Garuda Indonesia airlines.

This means that there is a positive and significant relationship between service quality variables (X1) and customer satisfaction (x2) on the variable customer satisfaction (Y). The better the quality of service and the creation of customer satisfaction provided by Garuda Indonesia, the higher the Customer Loyalty towards the interest in repurchasing Garuda Indonesia service users. Thus, it can be concluded that service quality and customer satisfaction have a positive and significant effect on customer loyalty.

8. References

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