



## Analysis of Low Cost Carrier Implementation and Service Quality on Customer Satisfaction and Passenger Loyalty of Citilink Airlines

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**Abstract:** The purpose of this research project is to clarify how consumer satisfaction and customer loyalty are influenced by the deployment of lowcost carriers and service quality. This study uses a sample of 98 LowCost Carrier Citilink users using a quantitative methodology. A questionnaire was utilized in the survey, and SmartPLS 4.0 software was employed for analysis. The study found that while service quality and the use of low-cost carriers had a major impact on consumer satisfaction, they had no direct effect on customer loyalty. In the link between the use of low-cost carriers and service quality to customer loyalty, customer satisfaction plays a key mediating role.

**Keywords:** LowCost Carrier, Service Quality, Customer Satisfaction, Customer Loyalty, Citilink Airline

### INTRODUCTION

In an era of intense business competition, building customer loyalty is the key to success for companies. Customer loyalty is defined as the tendency of customers to choose and buy products or services from the same company and repeatedly (Violin, Hasan, and Sufri 2021).

Building customer loyalty requires the right strategy, including providing good service quality and implementing an optimal operational system in order to achieve customer satisfaction that builds customer loyalty.

The implementation of lowcost carriers is a very competitive business model, where customers have many references to airline choices and competitive price variations. By

Therefore, the implementation of lowcost carriers needs to focus on strategies to build customer loyalty.

This research aims to examine the influence of lowcost carrier implementation and service quality on customer satisfaction and customer loyalty. This research is important to

provide a deeper understanding of the factors that influence customer satisfaction and customer loyalty in the Indonesian airline industry. The results of the research are expected to provide implications for citilink airlines to improve their strategies in creating customer satisfaction and building customer loyalty.

**Literature Review**

LowCost Carrier, frequently referred to as LCC, was founded in 1967 by Herb Keller and his two colleagues Rollin King and Lamar Muse. Southwest Aircraft was the first aircraft to employ this tactic. LowCost Carrier may be a LowCost Carrier idea by eliminating some passenger services. The LCC model began to expand to other regions of the world, particularly Europe, as a result of Southwest Airlines' success. Ryanair and Easy Jet are two airlines that have significantly contributed to the LCC concept's implementation in Europe. A scheduled airline with far lower costs than a regular airline is called a LowCost Carrier (LCC), sometimes referred to as a no-frills or budget airline. (Violin, Hasan, and Sufri 2021).

Service quality is an activity that focuses on fulfilling the demands of a person or organization that aims to satisfy consumers or employees. It involves assembling wishes, requirements, and convenience. In 2024, Fakrudin et al. If the expectations of the customer are fulfilled, this contentment might be created. Marina et al. (2023) identify multiple elements of service quality, including assurance, tangibles, responsiveness, empathy, and reliability. (Hsieh, Lu, and Lu 2018) as well as (Putro and Rachmat 2019) assert that service quality is the primary factor that positively impacts customer happiness. Service quality, according to (Violin, Hasan, and Sufri 2021), is determined by comparing the level of service that customers receive with their expectations.

According to (Fakhrudin et al. 2024) say that customer satisfaction could be a measurement or indicator of the degree to which customers or users are fulfilled. company products or services are very cheerful with the products or services received, customer satisfaction could be a comparison between desires and recognitions of involvement

Loyalty is a measure of customer relationship to a product or service. loyal customers can encourage company development (Violin et al. 2021). Customer loyalty is a good perspective on customer attitudes towards the company, its products and services, which creates an attraction for them to keep returning to the company. Loyalty is a measure of customer relationship to a product or service.

**Tables and Figures**

Tables are presented in the following:

**Table 1 Measurement of Variable**

Variable	Operational Definition	Items	Source
LowCost Carrier Implementation	the concept of a low-cost airline that reduces some passenger services.	1. Price 2. Diverse Route Diversity 3. Flight Frequency 4. Distribution	(Wahyuni et al.2023)
Service Quality	Service quality is an effort that centers on the assembly desire, requirements, convenience to meet customer expectation	1.Reability 2.Tangible 3. Responsiveness 4. Assurance 5. Emapati	(Marina et al. 2023)
Customer Satisfaction	Customer satisfaction could be a measurement or indicator of the degree to wich customer or users are fulfilled.	1. Expectatio n Match 2. Interests Revisit 3. Willingness Recommend	(Dyahjatmayanti et al. 2023)

Customer Loyalty	Loyalty is a measure of customer relationship to a product or service.	1. Making repeat purchases 2. Buying Between product/service lines 3. Not buying products from competitors.	(Nurlita et al. 2016)
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Figures are presented as follows:

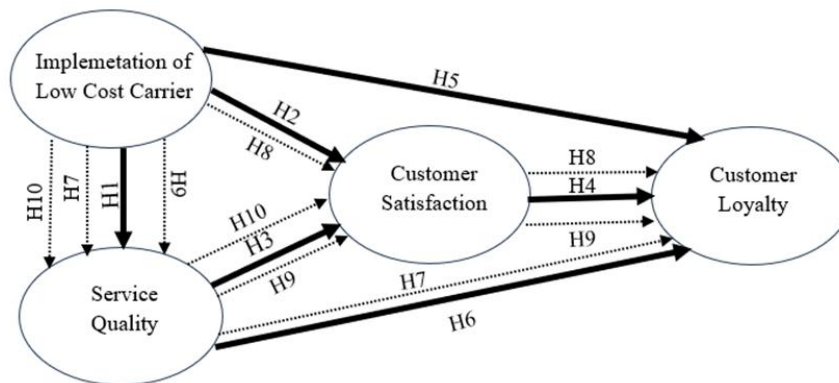


Fig. 1. Research model

Table 2 Research Hypotheses

NO	Research Hypotheses
H1	Implementation of LowCost Carrier is influence on Sevice Quality
H2	Implementation of LowCost Carrier is influence on Customer Satisfaction
H3	Service Quality is influence on Customer Satisfaction
H4	Customer Satisfaction influence on with Customer Loyalty
H5	Implementation of LowCost Carrier is influenced on Customer Loyalty
H6	Service Quality is influence on Customer Loyalty
H7	Implementation of LowCost Carrier mediated by Service Quality is influenced on Customer Loyalty
H8	Implementation of LowCost Carrier mediated with Customer Satisfaction is influence on with Customer Loyalty.
H9	Implementation of LowCost Carrier and Service Quality mediated by Customer Satisfaction is influenced on Customer Loyalty.
H10	Implementation of LowCost Carrier mediated with Service Quality is Customer Satisfaction

**METHOD**

This research uses a quantitative approach method that focuses on measuring the variables studied lowcost carrier implementation, service quality, customer satisfaction, and customer loyalty. This research uses a Quantitative approach with a sample of 98 citilink LowCost Carrier customers. The survey used a questionnaire and was analyzed using SmartPLS 4.0 software. The results showed that the application of LowCost Carriers and service quality had a significant impact on customer satisfaction but did not directly affect customer loyalty. Customer satisfaction is a significant mediating factor in the relationship between the application of LowCost Carriers and service quality to customer loyalty. All statements were tested for validity and reliability with the results of valid and reliable statements.

## RESULT AND DISCUSSION

Data analysis was carried out using SmartPLS 4.0 with PLS-SEM. PLS was chosen because it is suitable for analyzing latent variables and has the ability to manage complex data.

### Characteristics of Respondents

Respondents in This research have criteria who use the Citilink LowCost Carrier. Characteristics of respondents of all genders, both men and women who aged between 17-60 years old with a background of respondents from students, private employees, civil servants / TNI / POLRI, entrepreneurs, and others.

### Construct Measurement

The constructs measured in This research include the application of low cost carriers, service quality, customer satisfaction, customer loyalty. Each construct is measured using several statement items.

### Outer Model Evaluation

In evaluating the outer model, all indicators in This research according to (Hair et al. 2019) use a rate greater than 0.70 to measure the data used is valid. And a p-rate of less than 0.05 with a Cronbach Alpha rate greater than 0.70 indicates a good outer model.

### Reability and Validity Test

**Table 3. Cronbach Alfa, Composite Reliability, and AVE**

Variable	Cronbach's Alpha	Composite Reliability (Rho_A)	Composite Reliability (Rho_C)	Average Variance Extracted (AVE)
Customer Loyalty	0.927	0.925	0.949	0.822
Customer Satisfaction	0.953	0.953	0.963	0.841
Implementation of LowCost Carrier	0.919	0.919	0.943	0.804
Service Quality	0.975	0.975	0.975	0.816

Source: Processed data (SmartPLS4.0)

Based on the results of the validity and reliability test, all indicators used for This research are valid with the results of outer loading > 0.5. All variables in This research are reliable based on the results of Cronbach Alpha > 0.70 and Average Variance Extracted (AVE) > 0.50.

### Inner Model Testing

R Square

**Table 4. R Square Latent Variable**

Variable	R Square	R Square Adjusted
Customer Loyalty	0.864	0.860
Customer Satisfaction	0.856	0.852

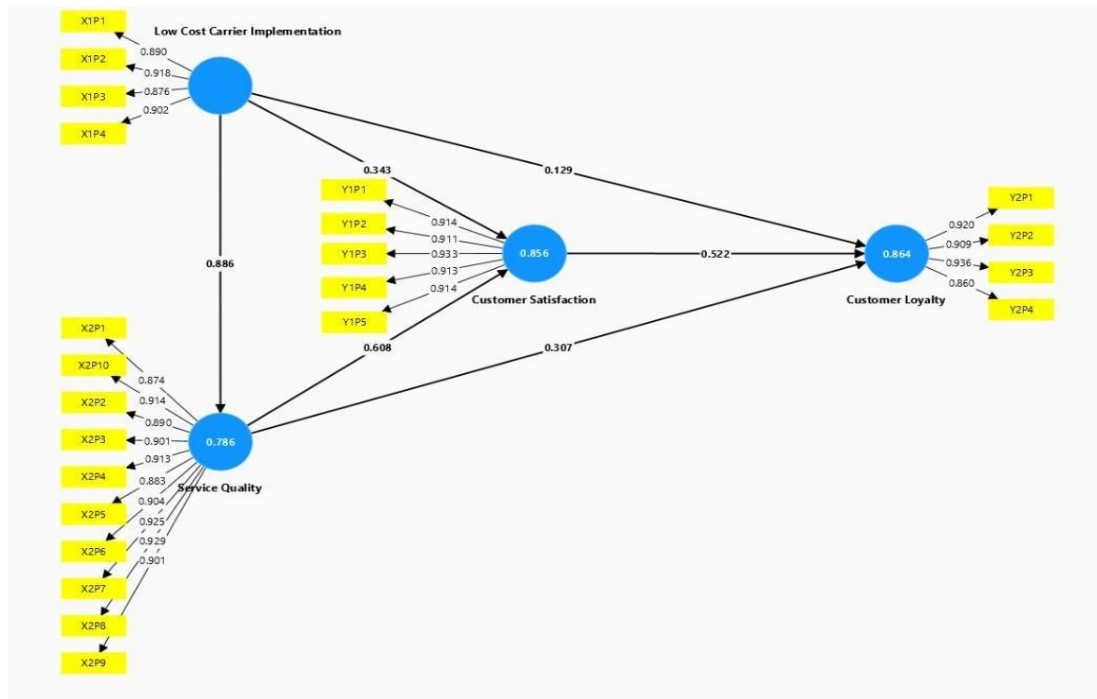
Source: Processed data (SmartPLS4.0)

Table 2 shows the influence of the Application of Low Cost Carriers and Service Quality on Customer Loyalty of 0.864 or 86.4% which implies 13.6% of the variables not discussed in This research have been found. It can be concluded that this table shows the influence of the Application of Low Cost Carriers and Service Quality on Customer Satisfaction of 0.856 or 85.6% which implies 14.4% of variables have been found that are

outside of This research.

**Hypotheses test**

Data results were processed with SmartPLS 4.0 as follows:



The deployment of low-cost carriers has a direct impact on customer loyalty, as demonstrated by the figures, with a rates of 0.129, and service quality has a direct impact with a rates of 0.307. With a rate of 0.886, the use of low cost carriers directly affects service quality. Additionally, the use of low-cost carriers directly affects consumer satisfaction, as indicated by the rate of 0.343. Customer satisfaction is directly impacted by service quality, as seen by the rate of 0.608. and with a score of 0.522, customer satisfaction demonstrates a direct impact on customer loyalty.

Details of the direct influences are shown in the following table:

**Table 5. Direct Influence Table**

Variable	Path Coefficient	T-Statistic	Standard Dev.	P-Value	Remarks
Customer Satisfaction -> Customer Loyalty	0.522	3.044	0.171	0.002	Significant
Implementation of LowCost Carrier -> Customer Loyalty	0.129	0.964	0.134	0.335	Not Significant
Implementation of LowCost Carrier -> Customer Satisfaction	0.343	2.146	0.160	0.032	Significant
Implementation of LowCost Carrier -> Service Quality	0.886	33.364	0.027	0.000	Significant

Variable	Path Coefficient	T-Statistic	Standard Dev.	P-Value	Remarks
Service Quality -> Customer Loyalty	0.307	1.426	0.215	0.154	Not Significant
Service Quality -> Customer Satisfaction	0.608	3.825	0.159	0.000	Significant

Source: Processed data (SmartPLS4.0)

**The influence of Low Cost Carrier Implementation on Sevice Quality**

This research results in a p-rateof 0.000 <0.05, which implies that the direct influence between the application of lowcost carriers on good service quality so that it shows a significant influence shown in the table, then H1 is acceptable.

**The influence of Low Cost Carrier Implementation on Customer Satisfaction**

This research results in a p-rateof 0.032 <0.05, which implies that the application of lowcost carriers has a significant influence on customer satisfaction, so H2 is acceptable. This shows that the application of lowcost carriers meets consumer expectations as said (Fakhrudin et al. 2024).

**The influence of Service Quality on Customer Satisfaction**

This research results in a p-rateof 0.000 <0.05, which implies that service quality has a significant influence on customer satisfaction, so H3 is acceptable. This shows that research on citilink LCC service quality can meet consumer expectations. In This research, it agrees with the opinion of (Hussain et al. 2015) If the service is received as expected, the service quality is satisfactory. And according to (Lianna, Ridho 2019) The better the quality of service provided, the higher the level of passenger satisfaction. In the article Rahajeng Widyarsih (2018) says, customer satisfaction with a service quality can be defined by comparing the perception of the service received with the desired expectations. So, customer satisfaction can be known if customer expectations can be met for the services received.

**The influence of Customer Satisfaction on Customer Loyalty**

This research results in a p-rateof 0.002 <0.05, which implies that customer satisfaction has a significant influence on customer loyalty, so H4 is acceptable. According to (Dam and Dam 2021), customer satisfaction is also the mood / attitude of the client towards a product / service after use. This shows that consumers who feel happy / satisfied and in accordance with a good mood towards a product or service will build customer loyalty.

**The influence of Low Cost Carrier on Customer Loyalty**

This research results in a p-rateof 0.335 > 0.05, which implies that the application of lowcost carriers has no influence on customer loyalty, so H5 is rejected. This shows that the application of lowcost carriers does not create an attraction for passengers to reuse the services offered (Violin et al. 2021).

**The influence of Service Quality on Customer Loyalty**

This research produces a p-rateof 0.154 > 0.05, which implies that service quality has no influence on customer loyalty, so H6 is rejected. This shows that service quality does not create passenger attraction to reuse the services offered (Violin et al. 2021).

**Mediation Test**

**Indirect Influence Table 6.**

Variable	Path Coefficient	T-Statistic	Standard Dev.	P-Value	Remarks
Implementation of LowCost Carrier -> Customer Satisfaction -> Customer Loyalty	0.179	2.147	0.083	0.032	Significant
Service Quality -> Customer Satisfaction -> Customer Loyalty	0.317	1.775	0.179	0.076	Not Significant
Implementation of LowCost Carrier -> Service Quality -> Customer Loyalty	0.272	1.451	0.188	0.147	Not Significant
Implementation of LowCost Carrier -> Service Quality -> Customer Satisfaction -> Customer Loyalty	0.281	1.697	0.166	0.090	Not Significant
Implementation of LowCost Carrier -> Service Quality -> Customer Satisfaction	0.538	3.591	0.150	0.000	Significant

Source: Processed data (SmartPLS4.0)

**The influence of Implementation of Low Cost Carrier on Customer Loyalty is Mediated by Service Quality**

This research results in a p-rateof  $0.147 > 0.05$ , which impliesthat the application of lowcost carriers has no influence on customer loyalty going by mediation of service quality. Hal

This shows that the application of low cot carrier does not create customer loyalty even though it is mediated by the quality of service that has been provided.

**The influence of Implementation of Low Cost Carrier on Customer Loyalty is Mediated by Customer Satisfaction**

This research results in a p-rateof  $0.032 < 0.05$ , which impliesthat the application of lowcost carriers has an influence on customer loyalty which is mediated by customer satisfaction. This shows that if consumers are satisfied, it can create an attraction for passengers to reuse the services offered (Violin et al. 2021).

**The Influence of Implementation of Low Cost Carrier and Service Quality on Customer Loyalty is Mediated by Customer Satisfaction**

This research results in a p-rateof  $0.090 > 0.05$ , which impliesthat the application of lowcost carriers and service quality has no influence on customer loyalty mediated by customer satisfaction. This shows that LCC service quality has no influence on customer loyalty mediated by customer satisfaction.

## **The Influence of Implementation of Low Cost Carrier On Customer Satisfaction is Mediated by Service Quality**

This research produces a p-rate of 0.000, which implies that the application of low cost carriers affects customer satisfaction going by mediation of service quality. This shows that good service quality can affect customer satisfaction.

### **CONCLUSION**

This research shows what factors can influence the application of low cost carrier Citilink by using the variables of service quality, customer satisfaction, and customer loyalty in order to have an influence on increasing repeat purchases or reuse of Citilink LCC passengers.

From the results of the research, it results that service quality can affect customer satisfaction to create customer loyalty. But the application of low cost carriers cannot affect customer loyalty. The application of low cost carriers going by the mediation of customer satisfaction can influence passengers to make repeat purchases or create customer loyalty. While the application of low cost carriers going by mediation

service quality has no influence on customer loyalty. In This research, it can be found that the application of low cost carriers can create customer loyalty if the airline can meet customer expectations or consumer satisfaction. If customer expectations are not met, then the application of LCC Citilink cannot create customer loyalty.

### **Implications**

The implications of This research provide how the research results can be applied and provide contributions regarding the relationship between variables for industry players, especially Citilink airlines, with the following implications:

This research shows that service quality has a significant influence on customer satisfaction. Therefore, Citilink airline LCC services need to focus on efforts to improve service quality so that efforts to increase customer satisfaction can be achieved. Customer satisfaction as an important variable as a mediator between LCC implementation and customer loyalty. Citilink needs to prioritize strategic planning to create customer satisfaction. Strategic steps such as improving service quality that can increase customer satisfaction need to be considered. LCC implementation does not directly affect customer loyalty, on the contrary, LCC implementation has a significant direct influence on customer satisfaction. Citilink airlines need to improve understanding and implement actions to optimize the LCC strategy by offering prices that can compete with competitors without reducing service quality so that airlines can get more demand for passengers who prioritize price without reducing the quality of service provided.

### **Research Limitations**

This research is finished but with a short period of time, limiting the collection of data for the preparation of articles. Data collection such as distributing questionnaires in reaching respondents in certain areas only so that sample collection is less than optimal. Future research is expected to expand the number of respondents and evaluate the period of time in the preparation of research.

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