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The Impact of Service Quality and Brand Image toward Customer Loyalty in the Indonesian Airlines Industry

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Abstract

This research was conducted in order to determine and understand the impact of service quality and brand image toward customer loyalty in the Indonesian airlines industry. This research implements survey method, in which questionnaires were used as tools to collect the data needed for this research. A total of 550 respondents participated in this research, in which all questionnaires were deemed valid to be analyzed. Data were then analysed using PLS-SEM method using SmartPLS 3.2.7 Software. Based on the results of the data analysis, it was found that both service quality and brand image had a positive and significant impact on customer loyalty, with service quality had a stronger impact compared to brand image. Based on these result, author would like to suggest to companies conducting their business in the Indonesian Airlines Industry to improve the level of quality regarding the service that they offer to the customers, while they should also be able to maintain and improve the image of the brand in order to enhance the positive image of the brand in the public's mind. To author's knowledge, this is one of a few researches which conduct an assessment regarding the relationship between variables in the airlines industry using PLS-SEM approach.

Keywords— Brand Image; Customer Loyalty; Indonesian Airlines Industry; PLS-SEM Method; Service Quality

Abstrak. Penelitian ini dilakukan guna mengetahui dan memahami pengaruh kualitas jasa dan citra merek terhadap loyalitas pelanggan pada industri penerbangan di Indonesia. Penelitian ini mengimplementasikan metode survei, dimana kuesioner digunakan sebagai alat untuk mengumpulkan data dari responden. Sebanyak 550 responden berpartisipasi pada penelitian ini, dimana setelah melalui berbagai tahapan pengecekan data, dapat disimpulkan bahwa seluruh data yang dikumpulkan melalui kuesioner adalah valid untuk dianalisa ke tahapan berikutnya. Data yang dikumpulkan tersebut kemudian diolah dengan metode PLS-SEM dengan bantuan perangkat lunak SmartPLS versi 3.2.7. Berdasarkan hasil analisis data, dapat disimpulkan bahwa kualitas jasa dan citra merek berpengaruh positif terhadap loyalitas pelanggan pada industri penerbangan di Indonesia, dimana, kualitas jasa memiliki pengaruh yang lebih besar dibandingkan dengan citra merek di dalam mempengaruhi loyalitas pelanggan. Berdasarkan hasil ini, maka peneliti menyarankan kepada seluruh perusahaan yang bergerak di industri penerbangan di Indonesia untuk dapat meningkatkan kualitas pelayanan yang diberikan kepada pelanggan, mengingat, kualitas pelayanan merupakan salah satu aspek paling penting yang dapat menentukan kesuksesan sebuah perusahaan penerbangan di Indonesia. Tidak hanya itu, peneliti juga ingin mengyarankan kepada perusahaan untuk dapat terus meningkatkan citra merek yang dimiliki guna meningkatkan persepsi positif pelanggan dan pubik terhadap merek tersebut. Berdasarkan hasil studi yang dilakukan oleh peneliti, penelitian ini merupakan satu dari sedikit penelitian yang bertujuan untuk mengetahui hubungan antar variabel melalui metode PLS-SEM.

Kata Kunci: Kualitas Jasa, Citra Merek, Loyalitas Pelanggan, Industri Penerbangan di Indonesia, Metode PLS-SEM

I. INTRODUCTION

Airlines industry is one of the fastest growing industry in Indonesia compared to the other industries, such as the telecommunication industry, tourism industry, pharmaceutical industry, automotive industry, and smartphone industry. The rapid development of the airlines industry in Indonesia could be seen from two perspectives, either based on the increasing number of new airlines entering Indonesian airlines industry or based on the number of passengers travelling in and out of the region via air travel in Indonesia. Data released by Knoema (Knoema, 2018) as shown in figure 1 had illustrated the increasing number of air travel for the past 50 years, in which the number of passengers had increase from around 1 million passengers in 1960, to around 30 million passengers in 2007, and that number had since tripled in 2016, in which the number of passengers going in and out of Indonesia had totaled 96 million passengers. Such the data could be assumed as an illustration on how the airlines industry in Indonesia had rapidly grown in around 50 years.
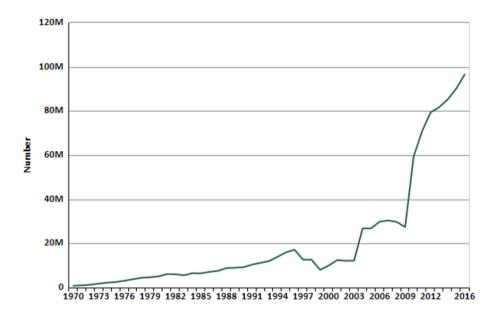

Figure 1. Number of Air Passengers Carried in Indonesia (Source: Knoema, 2018)

Furthermore, a report published by International Air Transport Association (IATA) in 2017 forecasted that Indonesia will be one of the five countries (beside China, United States, India, and Turkey) which were projected to be the fastest-growing markets in the worldwide aviation industry (IATA, 2017). Moreover, other than looking based on the increasing number of passengers carried in the past 50 years, the increasing number of airlines entering Indonesian airlines industry in the past 20 years could also be seen as the sign that the airlines industry in Indonesia is keep growing. In the early 1990s, there are only a few commercial airlines which dominated the Indonesian airlines industry, such as Garuda Indonesia, Mandala Airlines, and Bouraq. However, since the beginning of the 2000s, as Indonesian and worldwide economy grow after the 1998 economic crisis, many airlines were established in Indonesia to compete with the existing airlines in the industry. However, high level of fixed costs (which had become one of the characteristics and risk in the airlines industry), financial difficulties, and difficulties in attracting enough passengers had caused some of these airlines to go bankrupt. Nevertheless, there are still a lot of airlines doing the business in the Indonesian airlines market, such as Garuda Indonesia, Lion Air, Malindo Air, Batik Air, Indonesia Air Asia, Sriwijaya Air, and Citilink. The existences of these airlines not only illustrate the strict and fierce competition in the industry, but also underline the development and the growth of the Indonesian airlines industry for the past 20 years.

Service quality had been long discussed and studied as one of the most important factors which could affect and determine company's success in the industry, especially in the service industry (Ramseook-Munhurrun, Lukea-Bhiwajee & Naidoo, 2010; Agyapong, 2011; Mosahab, Mahamad, & Ramayah, 2010; Heskett and Sasser, 2010; Hutchinsona, Laib & Wang, 2009). Defined as customers' comparison between the expected or

perceived service offered by a company and the actual service performed by the company (Cronin and Taylor, 1992; Oliver, 1993; Zeithaml, Berry and Parasuraman, 1993; Agyapong, 2011), the role of service quality is so important, particularly in the airlines industry, that airlines could have their reputation go down or fall if they aren't able to perform or offer the good quality of service to their customers. Moreover, as one of the industries which put more emphasis on service rather than products, many successful airlines in the industry were mainly judged based on the service that they offer to the passengers rather than based on the products that they sell to the customers. Therefore, each and every airline need to be able to serve their customers to the fullest and give services which could be deemed as "exceptional" to the passengers in order to achieve success in this industry.

Other than service quality, brand image possessed by companies could also affect customer loyalty in the industry, which in turns determine their success in this industry (Upamannyu and Sankpal, 2014). Brand image could be defined as customers' perception toward a brand, in which such perception could either be a negative perception, or positive perception toward a brand. Brand image could also be understood as customer's reflection toward what a brand looks like which stored in the customers' memory (Saleem and Raja, 2014; Lahap *et al.* 2016). Lahap *et al.* (2016) further stated that establishing positive brand image in consumers' mind is an important objective that each company need to achieve in order to achieve organizational success within the industry. Therefore, in order to become a successful company in the industry, companies must be able to establish positive brand image in their consumers' and public's mind in order to increase people's perception that the company is a good and highly reputable company in the industry, which in turn could increase the company's image (Hung, 2015; Lahap *et al.* 2016).

Based on the introduction above, author would like to conduct this research, in which this research was conducted in order to determine the impact of service quality and brand image toward customer loyalty in the Indonesian airlines industry. Furthermore, this research was conducted in order to further understand which variable played a bigger and more important role in affecting customer loyalty in the Indonesian airlines industry.

II. LITERATURE REVIEW

A. Service Quality

Service quality could be defined as customer's attempt to compare the quality of the service expected by the consumers (expected) with the actual service that was performed by the company (Czepiel, 1990; Cronin and Taylor, 1992; Zeithaml and Bitner, 1996; Agyapong, 2011; Fauzi, 2018). Several researchers had underlined the importance of service quality in the business environment, in which service quality serve as an important variable which could ensure companies' success and survival in the industry (Fotaki 2015; Ismail and Yunan, 2016; Ali et al. 2016). Therefore, many researchers had stated that offering or performing good or even exceptional service to the consumers might help the company to become the market leader in the industry. Furthermore, Ismail and Yunan (2016) further stated that one of the method which companies could use in order to gain competitive advantages in the market or industry was by offering service which was deemed as "good" or even "unbeatable" to their consumers, in which such as service wasn't able to be offered by the other companies doing business in the same industry. Therefore, companies (especially in the service industry) should always understand and remember that delivering an exceptional service to their customers is an important step which should be done by each companies in order to achieve or gain competitive advantages and success in the industry (Zeithaml, Berry & Parasuraman, 1993; Randall and Senior, 1994; Robinson, 2003; Ramseook-Munhurrun, Lukea-Bhiwajee & Naidoo, 2010).

B. Brand Image

Brand image could be defined as customer's perception regarding the brand which was stored in the customer's memory (Saleem and Raja, 2014; Lahap et al. 2016). Furthermore, Levy (1978) define brand image as consumers' overall impression regarding a brand, in which the impression was formed by the combination of recognition, feeling and attitude toward the brand. As one of the most important aspect or antecedents in branding, brand image played an important role in shaping consumers' perception toward a brand. Furthermore, the image that companies would like to convey to consumers depend on their action in the industry, in which, companies' actions or activities in the market could determine whether the company had a positive or negative image in the consumers' or public's mind (Nasar et al., 2012; Zhang, 2015; Durani et al. 2015). When a company conduct negative actions or activities which deemed as "irresponsible" by the public (for example: polluting the environment, tax fraud, corruption, and conducting the other illegal business practices), then there's a risk that the company's image would be branded as "negative" by the public since the actions or activities conducted by the company were deemed unacceptable by the public. However, in the contrary,

companies which conduct their business in the right way in the public eyes will have their image to be branded or viewed as "positive" by the public, since the company's action was deemed acceptable in the public's eyes. Therefore, it was suggested that companies are able to establish positive brand image in the consumers or public's mind in order to increase the companies' brand equity in the future since brand equity played an important role in determining companies' success in the industry (Faircloth, Capella & Alford, 2001; Wilson, Theodorus & Tan, 2018).

C. Customer Loyalty

Many authors and researchers had stated and argue that customer loyalty is the most important factor in affecting company's success in the market which was characterized by intense competition among companies (Mosahab, Mahamad, & Ramayah, 2010; Zhou, Lu & Wang, 2009; Ismail and Yunan, 2016; Kaura, Prasad & Sharma, 2015). Customer loyalty itself could be defined as customer's willingness to re-visit and re-purchase a product or service from the same company (Zhou, Lu & Wang, 2009; Wilson, 2016; Ismail and Yunan, 2016; Deng et al., 2010; Wong and Sohal, 2003; Yeo et al., 2015). Customer loyalty had become an important factor in determining companies' success in the industry since customers who are loyal to a certain company tended to only buy a product or service from the same company and had no interest in the similar products or services offered by the competitors. Therefore, loyalty could be understood as a customers' commitment toward a company, in which customer will re-buy or re-purchase a product or service from the company and will not buy products or services from the other companies (Baran, Strunk & Galka, 2008; Wilson, 2016). Furthermore, Rowley (2005) stated that it is important for companies to be able to retain and create loyalty toward their consumers' minds, since loyal consumers are less-sensitive to price fluctuation. Moreover, Zakaria et al. (2014) further stated that retaining customers and make them loyal to the companies is a good step which would bring advantages to the companies, since loyal customers will reduce companies' costs and effort to attract new customers.

III. HYPOTHESIS DEVELOPMENT

A. The Impact of Service Quality toward Customer Loyalty

Previous research by Zhou, Lu & Wang (2009) and Wilson (2016) had shown that service quality had a positive and significant impact on consumers; repurchase intention, which serve as one of the antecedents of customer loyalty. Furthermore, previous research by Butcher (2001), Ndubisi (2006) found that empathy, as one of the dimensions which measure service quality, had a positive impact on customer loyalty. Moreover, another studies by Newman (2001) and Caruana (2002) had also found that service quality played a great and important role in affecting consumers repurchase intention, which in turns will had a significant impact on customer loyalty. Another research by Kheng et al. (2010) had showed that out of five dimensions which were hypothesized to have a positive impact on customer, three dimensions, which are reliability, empathy, and assurance, had a positive impact on customer loyalty, while responsiveness and tangible didn't positively affect customer loyalty in the banking industry. Moreover, previous research by Fauzi (2018) had found that electronic service quality played an important role in affecting consumers repurchase intention through customer satisfaction. Based on the literature above, author would like to posit the following hypothesis:

H1: Service Quality had a positive impact on Customer Loyalty

B. The Impact of Brand Image toward Customer Loyalty

Previous research by Ogba and Tan (2009) had found that in the Chinese mobile phone market, brand image positively and significantly affecting customer loyalty toward companies specializing in the mobile phone industry. Furthermore, previous research by Merrilees and Fry (2002) had showed that brand image had direct and positive impact on customer loyalty. Another research by Davies and Chun (2002) also found that brand image had a positive impact on customer loyalty through customer satisfaction. Moreover, further research by Hart and Rosenberger (2004), Da Silva and Alwi (2008), and Wu (2011) had also showed that customer loyalty was positively affected by brand image. Based on the literature above, author would like to posit the following hypothesis:

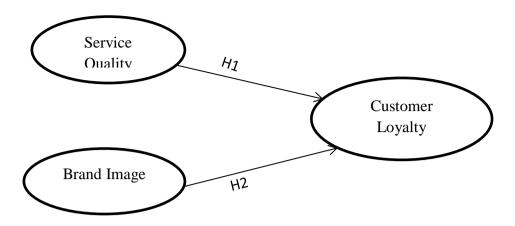H2: Brand Image had a positive impact on Customer Loyalty

Figure 2. Research Model (Source: Ogba and Tan, 2009; and, Kheng et al., 2010)

IV. RESEARCH METHODOLOGY

This research implemented survey method, in which questionnaires were used as the instrument to collect all of the data in this research. Questionnaires were electronically distributed toward the respondents using online survey websites. There are two parts in this questionnaire, in which the first part contains the questions regarding the demographics of the respondents. In the other hand, the second part of this questionnaire contains a total of 35 items which represent all three variables analyzed in this research. From the total of 35 items, 20 items represent variable service quality, 8 items represent variable brand image, and 7 items represent variable customer loyalty. Items measuring variable service quality were adapted from Ramseook-Munhurrun, Lukea-Bhiwajaee & Naidoo (2010), while items representing brand image were adapted from Lahap et al. (2014). Furthermore, Items representing variable customer loyalty were adapted from Khan and Rizwan (2014). All items had been modified and edited to ensure that the sentence and wording of the items conform with the topic discussed in this research.

Furthermore, Interval scale with 5-Point Likert Scale method was also used in this research, in which each respondent was asked to give their respond regarding each statement presented on the second part of this questionnaire, which was consisted of "1" to reflect their strong disagreement toward the statement, "2" to reflect their disagreement toward the statement, "3" to reflect that they are neither agree nor disagree toward the statement, "4" to reflect their agreement toward the statement, and "5" to reflect their strong agreement toward the statement.

Before research was conducted, a pretest research will be conducted beforehand. Malhotra (2007) and Sekaran and Bougie (2016) stated that a questionnaire should and required to be pretested adequately before it could be used on the actual survey. A total of 100 respondents who were drawn from the same population and share the same characteristics as the respondents participated in the pretest. After all of the data were collected, validity and reliability test were conducted in order to ensure that all of the data are valid and reliable, and the questionnaire could be used in the research. After conducting both tests, it was revealed that all items have been deemed as valid and reliable, thus enabling the questionnaire to be used in the research.

Regarding the amount of sample size determined in this research, Hair et al. (2010) stated that a total between 150 to 400 sample size were the right number for a research or study using both structural equation modeling and partial least squares-structural equation modeling approach (PLS-SEM). Moreover, Beavers, Iwata & Lerman (2013) had also stated that for a multivariate research, a total of sample size between 150 to 300 respondents had been deemed appropriate. Furthermore, previous research by Wilson and Keni (2018) also underlined that for a research, the total number of sample size determined by researchers should exceed 200. Based on the theories stated above, a total of 550 sample size was determined and set for this research, in which this number was twice the amount of sample size suggested by researchers stated above.

A total of 550 respondents participated in this research, in which, respondents who were chosen are those who have board any domestic airlines at least twice a year for the past two years. Furthermore, the data used in this research were collected from respondents who lived or originated from Jakarta. Regarding the sampling method, this research used purposive sampling in order to ensure the objectivity of the research since all

respondents participated in this research should fulfill the criteria set beforehand, in which they should have made a purchasing activity on e-commerce websites in the past eight months. The response rate in this research is 100% since all 550 questionnaires were filled and returned. After further assessment was made regarding the response given in the questionnaires, all data generated from the questionnaires were deemed valid and usable. Therefore, data collected from a total of 550 questionnaires were used and processed in this research.

Regarding the demographic profile of the respondents, out of 550 respondents, a total of 291 respondents are male (52.90%), while a total of 259 respondents were female (47.10%). Furthermore, a total of 233 respondents have board an airline at least twice a year, while a total of 178 respondents have board an airline thrice to six times a year. Meanwhile, a total of 139 respondents have board an airline more than six times a year. Furthermore, after conducting the demographics analysis on the respondents, data were then analyzed using partial least square-structural equation modeling (PLS-SEM) using SmartPLS 3.2.7 software in order to determine the validity and reliability of the model, and to determine the relationship between variables.

V. RESULT AND DISCUSSION

All data collected from the questionnaires were processed using Partial Least Squares-Structural Equation Modeling (PLS-SEM) method by using SmartPLS 3.2.7 software. In this research, data which were collected from respondents will be analyzed in order to generate the results needed for this research. Before conducting determining the relationship between variables and conducting the hypotheses testing, several assessments needed to be done beforehand to ensure that the model is valid and reliable. Those assessments were assessment on the service quality dimensions, outer model assessment, and the inner model assessment. First of all, an assessment on the service quality dimensions needed to be conducted in order to determine whether all dimensions which measure variable service quality (reliability, responsiveness, assurance, tangible, and empathy) could really measure and well-explain variable service quality. In order to conduct the assessment, several criteria need to be fulfilled in order to determine that all dimensions could explain variable service quality. Those criteria were: the factor loadings value of each items should exceeded 0.50 (Barclay, Higgins & Thompson, 1995; Chin, 1998), the AVE of each dimensions should exceeded 0.50 as suggested by Hair, Ringle & Sarstedt (2011), the composite reliability of each dimensions should exceed the cut-off value of 0.70 as suggested by Henseler, Ringle & Sinkovics (2009), Wilson & Keni (2018), and Ebert (2010), and the t-value of each dimensions should exceed the cut-off value of 1.96 in order to confirm that each dimension could well-represent and well-explain variable service quality.

Based on the results of the service quality dimensions assessment, it was revealed that the factor loadings of all items had exceeded the cut-off value of 0.50. Furthermore, the AVE value and the composite reliability of each dimension had also exceeded the cut-off value of 0.50 and 0.70 respectively. Furthermore, the t-value of all dimensions had exceeded the cut-off value of 1.96, which indicated that all dimensions, which comprised of reliability, responsiveness, assurance, tangible, and empathy, could well-explained and well-represented variable service quality. Based on the results of the analysis, it could be concluded that all dimensions could represent variable service quality, thus enabling the outer model and inner model analysis to be conducted afterwards.

Table 1. An example of a table.

Dimensions	Items	Factor Loadings	AVE	Composite Reliability
Reliability	REL1	0.669	0.534	0.784
	REL2	0.817		
	REL3	0.836		
	REL4	0.720		
Responsiveness	RES1	0.732	0.523	0.752
	RES2	0.771		
	RES3	0.809		
	RES4	0.602		
Assurance	ASS1	0.704	0.510	0.759
	ASS2	0.659		
	ASS3	0.834		
	ASS4	0.821		
Tangible	TAN1	0.876	0.531	0.801
	TAN2	0.711		
	TAN3	0.743		
	TAN4	0.794		
Empathy	EMP1	0.706	0.514	0.821

EMP2	0.856	
EMP3	0.823	
EMP4	0.744	

Source: Data Analyzed (SmartPLS 3.2.7)

Table 2. T-Value of Each Dimensions.

Relationship	T-Value	Sig.Value	Conclusion
Reliability→ Service Quality	2.218	0.002	Significant
Responsiveness→ Service Quality	3.196	0.000	Significant
Assurance→ Service Quality	2.176	0.003	Significant
Tangible→ Service Quality	4.497	0.000	Significant
Empathy→ Service Quality	2.953	0.000	Significant

Source: Data Analyzed (SmartPLS 3.2.7)

After the completion of the analysis on service quality dimensions, outer model analysis was conducted afterwards in order to determine and confirm the validity and the reliability of the data and model. In conducting the outer model analysis, several criteria required or needed to be fulfilled in order for a model to be classified as valid and reliable. Those criteria are : The value of AVE and composite reliability of each variable should be greater than 0.5 and 0.7 respectively (Henseler, Ringle & Sinkovics 2009; Ebert, 2010), the factor loadings value of each items should exceeded 0.50 as suggested by Barclay, Higgins & Thompson (1995) and Chin (1998), and the value of AVE of each latent construct should be higher than the construct's highest squared correlation with any other latent construct (fornell-larcker criterion) as suggested by Hair, Ringle & Sarstedt (2011) and Wilson & Keni (2018). Only after all of these criteria were fulfilled that the inner model analysis could be conducted on the data and the model. Based on the results of the outer model analysis, it was revealed that the model had fulfilled all criteria set or described in the outer model analysis. The factor loadings value of each items had exceeded the cut-off value of 0.50, while the AVE and the composite reliability of all variables had exceeded the minimum acceptance value of 0.50 and 0.70 respectively. Furthermore, the value of AVE of each latent construct had been higher than the construct's highest squared correlation with any other latent construct. Based on these results, it could be concluded that the data and the model had fulfilled all criteria set in the outer model analysis. Therefore, the inner model analysis could be further conducted on the data and the model.

Table 3. Outer Model Analysis.

Dimensions	Items	Factor Loadings	AVE	Composite Reliability
Reliability	REL1	0.670	0.534	0.784
	REL2	0.817		
	REL3	0.836		
	REL4	0.720		
Responsiveness	RES1	0.732	0.523	0.752
	RES2	0.771		
	RES3	0.809		
	RES4	0.602		
Assurance	ASS1	0.704	0.510	0.759
	ASS2	0.658		
	ASS3	0.835		
	ASS4	0.822		
Tangible	TAN1	0.876	0.531	0.801
	TAN2	0.712		
	TAN3	0.743		
	TAN4	0.793		
Empathy	EMP1	0.706	0.515	0.821
	EMP2	0.856		
	EMP3	0.823		
	EMP4	0.744		
Brand Image	BRI1	0.834	0.607	0.882
	BRI2	0.897		
	BRI3	0.840		
	BRI4	0.821		
	BRI5	0.779		
	BRI6	0.873		
	BRI7	0.769		
	BRI8	0.817		
Customer Loyalty	CLY1	0.777	0.579	0.856
	CLY2	0.860		

CLY3	0.849	
CLY4	0.831	
CLY5	0.703	
CLY6	0.724	
CLY7	0.817	

Source: Data Analyzed (SmartPLS 3.2.7)

Table 4. Discriminant Validity Analysis.

	BRI	ASS	REL	RES	TAN	EMP	CLY
BRI	**0.839**						
ASS	0.657	**0.887**					
REL	0.459	0.637	**0.790**				
RES	0.542	0.565	0.651	**0.853**			
TAN	0.539	0.714	0.523	0.701	**0.799**		
EMP	0.712	0.432	0.543	0.533	0.712	**0.774**	
CLY	0.698	0.568	0.614	0.684	0.589	0.669	**0.758**

Source: Data Analyzed (SmartPLS 3.2.7)

After completing the outer model analysis, the inner model analysis was further conducted on the data and the model in order to determine the relationship between variables. Furthermore, mediating analysis was also conducted in this research in order to determine whether variable customer satisfaction didn't mediate, partially mediated, or fully mediated the relationship between website design quality and repurchase intention, and between service quality and repurchase intention. Moreover, data generated from the inner model analysis will be used as a benchmark in terms of whether the hypotheses proposed or posited in this research were supported or rejected. By implementing 5% of significance level, the cut-off value of 1.96 was set in this analysis in order to determine whether the hypotheses were supported or rejected. If the t-value is greater than 1.96, then it could be concluded that the hypothesis was supported. However, a t-value lower than 1.96 indicated that the hypothesis was rejected. Based on the results generated on the inner model analysis, it was revealed that the relationship between variables were significant and positive. Furthermore, based on the results of the r-square value generated in this analysis, it was revealed that variable customer loyalty had a r-square value of 0.839. Based on these results, it could be concluded that variable customer loyalty was explained by variable brand image and service quality by 83.9%, while 16.1% of variable customer loyalty was explained by the other variables not included in this research.

Table 5. R-Squared.

Variables	R-Squared Value
Brand Image	-
Service Quality	-
Customer Loyalty	0.839

Source: Data Analyzed (SmartPLS 3.2.7)

Table 6. Path Coefficient Analysis.

Relationships	T-Value	Sig.Value	Conclusions
Service Quality → Customer Loyalty	7.689	0.000	Signficant
Brand Image → Customer Loyalty	4.612	0.000	Signficant

Source: Data Analyzed (SmartPLS 3.2.7)

Furthermore, path coefficient analysis was conducted not only in order to know the relationship between variables, but also to know whether the hypotheses proposed in this research were supported or rejected. Based on the results generated in the path coefficient analysis, it was revealed that the t-value of all hypotheses had exceeded the cut-off value of 1.96. The first hypothesis (H1) proposed that service quality had a positive impact on customer loyalty. Based on the results generated on the path coefficient analysis, the impact of service quality on customer loyalty had generated a t-value of 7.689, which was greater than the cut-off value of 1.96. Therefore, the first hypothesis (H1) was supported. The second hypothesis (H2) proposed that brand image had a positive impact on customer loyalty Based on the results generated on the path coefficient analysis, the impact of brand image on customer satisfaction through customer loyalty had generated a t-value of 4.612, which was greater than the cut-off value of 1.96. Therefore, the second hypothesis (H2) was supported. Based on these results, it could be concluded that all hypotheses in this research were supported.

Based on the results of the data analysis presented above, it could be concluded that both service quality and brand image had a positive and significant impact on customer loyalty in the Indonesian airlines industry. As

one of the industries which put more emphasize on the quality of the service offered to the consumers rather than the product sold to consumers, the role of service quality in affecting customer loyalty in the airlines industry was big and important. As the competitions between airlines intensify in the recent years, airlines were required to always serve their passengers to the fullest from the time that they buy the ticket (pre-flight) to the time when they've been landed on the destination and steps out of the aircraft (post-flight). In this case, airlines should be able to deliver and perform services which could be perceived as "exceptional" by the passengers, in which when airlines were able to do so, it could increase the possibility of passengers (customers) boarding the same airline in the future. In this case, passengers could become loyal to the airlines and will neglect any other offer of promotions offered by the other competitors. Therefore, in the airlines industry which put more emphasis on the quality of service delivered by the airlines, delivering exceptional and unbeatable service will be an important way which needed to be performed by the airlines in order to achieve success and competitive advantages toward the competitors.

Furthermore, the result of this research also showed that brand image had a positive and significant impact on customer loyalty. These results suggest that customers' perception regarding the image of a brand or company could impact their perception regarding the company itself, which in turns could impact their loyalty status toward the companies. In the airlines industry, several negative things conduct or performed by the airlines (such as long delay, rude flight attendants, bad service performed by the customer service department, and fraud regarding the price of the ticket) could bring bad and negative impact to the airlines' brand image. In this case, people will perceive that the airline is "bad" for doing such things, which would create "negative brand image" on consumers' mind toward the brand of the airline. However, in this contrary, airlines which always do positive and responsible things toward their consumers and environment (such as using fuel which is environmentally friendly, flight attendants who always perform their best on board the aircraft, and complaints which were always responded well by the customer service department of the airlines) could bring positive impact to the airlines' brand image. In this case, people will perceive that the airline is "good" for doing such things, which would create "positive brand image" on consumers' mind toward the brand of the airline. In regard to these findings, building, establishing, or maintaining positive brand image will bring advantages to the airlines as it will increase the probability of passengers or public using the same airline in the future. Therefore, it could be stated that positive brand image could increase loyalty in consumers' mind.

VI. CONCLUSION

Based on the results described and explained in the previous section, it could be concluded that both service quality and brand image played an important role in determining customer loyalty. Furthermore, based on the results of the data analysis, it could also be concluded that service quality played a more important role in determining or affecting customer loyalty compared to brand image, as this was reflected by the fact that service quality had a higher t-value compared to customer loyalty.

VII. MANAGERIAL AND PRACTICAL IMPLICATIONS

Based on the conclusions drawn in this research, practitioners specializing in the Indonesian airlines industry, together with managers or owners of the airline companies conducting business in Indonesia should understand the importance of establishing and fortifying both service quality and brand image in bringing more success to the company. Not only because they could affect people's perception toward the company, but also because both variables could affect customer loyalty toward the airline. Airlines which had the ability to offer customers the services which deemed far better than the competitors and serve customers well had a higher chance to attract, persuade, and motivate prospective customers to buy a ticket and re-buy the ticket from the same airlines in the future, while also enhancing their ability to retain existing customers. Therefore, airlines need to improve the quality of the service that they offer to customers in order to prevent them from using or boarding the aircraft which belongs to the other airlines.

Furthermore, this research generated the results which underlined that service quality played a more important in determining customer loyalty compared to brand image. Therefore, managers or owners of airline companies conducting business in the Indonesian airlines industry were required to put more attention and effort to improve the quality of the service that the company offer to customers in order to please customers and increasing their chance of buying products or services from the same company.

VIII. THEORETICAL IMPLICATIONS

This research was conducted in order to determine the impact of service quality and brand image toward customer loyalty in the Indonesian airlines industry, Based on the results of the data analysis, author concluded that both service quality and brand image had a positive and significant impact on customer loyalty, with the former had a greater impact compared to the latter which was implied by the higher t-value between both variables. Based on these results, author would like to suggest that the positive and significant impact of both variables toward customer loyalty not only work in some industries in Indonesia, such as the Telecommunication industry, Food and Beverages industry, Education industry, Automotive industry, and in the Hotel industry (which were based on previous studies), but also work in the Airlines, which had been deemed as one of the most difficult, risky, and volatile industry in the world. Therefore, the results generated in this study could enrich, enhance, and boost people's and academicians' knowledge and understanding toward the context of service quality and brand image, and the impact that both variables had toward customer loyalty in the Indonesian airlines industry.

IX. LIMITATIONS AND SUGGESTIONS

Several limitations existed in this research. First of all, this research was analyzing the impact of service quality toward customer loyalty in the Indonesian airlines industry. The fact that there are might be some other variables which could affect customer loyalty, author strongly suggested that in the future research, these other variables could be explored and analyzed. Second, this research was conducted in the Indonesian airlines industry, in which the results and conclusions of this research might not be generalizable to the other industry. Therefore, further research about this topic was highly suggested to be conducted in another business industries, either in Indonesia or in the other countries.

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