

## THE EFFECT OF COMPANY REPUTATION AND CUSTOMER EXPERIENCE ON CUSTOMER LOYAL BEHAVIOR CITYLINK INDONESIA

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### ABSTRACT

The object of this research is to find out how much influence customer experience has on customer loyalty with the unit of analysis of VIP customers of Citylink Indonesia Airline. The results of the study prove the influence of customer experience on customer loyalty that customers who have a positive experience are more likely to come back for another purchase, more likely to recommend a business to a friend, and less likely to switch to a competitor. The results of this test reveal that customer experience management factors contribute very much as a strategy for competitiveness in business. The literature states that emotional experience contributes greatly to customer loyalty to a company's brand. The findings are also in line with the research results that there is a significant influence of airline image and service quality on airline customer behavioral intentions. Customer experience is related to customer loyalty, because the experience of a brand involves the subjective experience and behavior of a consumer. The experience is created by the image, trust, and additional services provided by the airline. The experience that customers have can be positive, so they will be happy to make repeat purchases of these services.

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### 1. INTRODUCTION

Air transportation is one of the modes of transportation that has significant development in Indonesia. The development of air transportation modes is an indicator of the progress of a nation. Moreover, for Indonesia as an archipelagic country, air transportation facilities play an important role in increasing economic, social, cultural, and political and defense mobility. Over the past few decades, Indonesia has had more than 20 airlines, which serve domestic and international routes. This shows that commercial air transportation services are currently developing and are at a fairly high level of competition. The Indonesian people have also made air transportation a mode of choice, because in addition to saving time, the price of air transportation services is currently quite affordable. The high level of demand for air transportation services has caused the development of the air transportation business to grow rapidly. The transportation market share that is experiencing rapid and rapid growth in Indonesia is air transportation. This will have an impact on increasing the number of airplane passengers at almost all airports. This increase in air transportation market share shows that the aviation industry in Indonesia plays an important role in economic activities in Indonesia.

Based on the data obtained regarding the loyalty indication, it can be revealed about the level of loyalty of airline service customers compared to other industries as illustrated below:



Source: From various sources processed; Marketing Research, Inaca 2021

Figure 1 Customer Loyal Behavior Index in Indonesia

The loyalty behavior index above shows that the average customer loyalty across all industries in Indonesia reaches 71.61%. The highest customer loyalty behavior is shown by customers in the lubricants industry sector. Meanwhile, the level of loyalty in the airline service industry is the lowest when compared to other industries in Indonesia. The low level of customer loyalty to air transportation services in Indonesia is related to the intense competition among domestic air transportation service providers. Only airlines that are able to create unique services and cost leadership will be able to survive. From the current conditions, it seems that customers are still very difficult to determine which airline is superior to other airlines. The emergence of loyal behavior conditions from national airline customers is thought to be related to problems in the scope of customer experience and the level of airline reputation.

Citylink Indonesia was established on January 6, 2009 and conducted its first operation on April 22, 2009. The company operates under the Garuda Indonesia flag. As a company that manages LCC airlines with the slogan "Enjoy Simplicity", the airline has a vision to "Become a world-class low-cost airline with sustainable profitability and become the most desirable company for job seekers in Indonesia." In order to achieve this vision, Citylink Indonesia has a mission of "Improving the quality of life of the community by providing hassle-free air transportation services with high reliability and international standard flight safety and a touch of service characterized by Indonesian hospitality." As a new private company, Citylink can be categorized as a successful domestic airline. This can be seen in the awards that Citylink has won, where the award was obtained because Citylink has put customer satisfaction above all else. These awards are a testament to Citylink's commitment to improving customer service. To date, Citylink has received several awards and certificates, including: (1) Indonesia Travel and Tourism Award (2016/2017); (2) The 5th Indonesia Inhouse Magazine Awards (2016); and (3) Silver Champion of Indonesia WOW Brand. Today, Citylink has become a domestic market share leader, with Soekarno-Hatta International Airport being the airline's main base. Citylink currently has a wide network of scheduled passenger flights from Jakarta to 56 destinations.

Companies can build customer loyalty supported by the results of research by Wereda and Grzybowska (2016) in a study of the relationship between customer experience and customer loyalty, it was found that customers who have a positive experience are more likely to come back for another purchase, more likely to recommend a business to a friend, and less likely to switch to a competitor. According to Mashingaidze (2016).

## **2. LITERATURE REVIEW**

### **Customer Experience**

The definition of customer experience in the retail context according to Verhoef et al (2009) is a multi-dimensional construct. According to him, customer experience is holistic and involves cognitive responses, affective responses, emotional responses, social responses, and physical responses of customers to retailers. Furthermore, according to Schmitt, Brakus, and Zarantonello (2015), every service exchange leads to customer experience, regardless of size and shape as part of psychology. Customer experience is holistic, incorporating customers' cognitive, emotional, initial, social, and spiritual responses to all interactions with the company (Bolton, Gustafsson, McColl-Kennedy, Sirianni, & Tse, 2014).

### **Customer Loyalty**

Kuusik (2007) points out that there are many approaches to the concept of customer loyalty. The concept of customer loyalty has been dominated since 1970, which reveals that loyalty is a function of creating purchases, then loyalty is a function of repeat purchases or patterns of repeat purchases themselves. Griffin (2002) states that the concept of customer loyalty will refer more to the pattern of behavior given by customers rather than customer attitudes. Loyalty from these customers can be seen in purchasing behavior that refers to non-random purchases over time, where it is also influenced by decision making. Therefore, loyal customers will be an invaluable asset for a company. This can be said because loyal customers have several characteristics that can benefit the company, namely in the form of: buying products repeatedly and regularly, buying products outside the service line, being able to invite other customers to buy a product and having immunity to competitive pull so that loyal customers will not be easily influenced by other similar products from different companies.

### **Framework and Hypothesis**

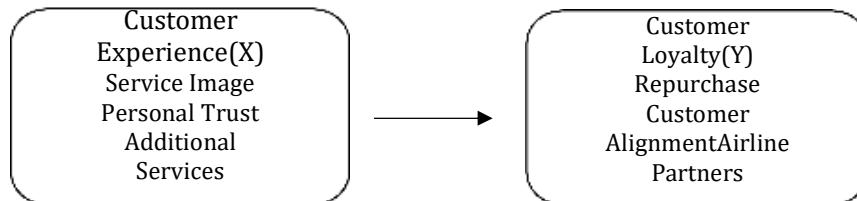


Figure 2. Relationship Flow Framework between Latent Variables

Information:

X : Customer Experience

Y : Customer Loyalty

$\epsilon$  : Other factors that affect performance that are not examined

Hypothesis: Customer Experience has a positive effect on Customer Loyalty

### 3. METHOD

Given the problems in this study, a quantitative approach will be used as a research approach. Quantitative research itself can be interpreted as research that systematically investigates a phenomenon by collecting numerical data or numbers to be processed through statistical techniques. Quantitative research collects information using a sampling method (survey). The results are described in numerical form that can be used to predict. In this research, descriptive is used to obtain an overview of airline reputation, customer experience management, and customer loyal behavior. Then, this research will explain the relationship and influence between customer experience variables and customer loyalty. Hypothesis testing will be conducted using SEM, while the sample of this research will refer to 300 VIP customers of Citylink Indonesia Airline.

### 4. RESULT AND DISCUSSION

Hypothesis: Effect of Customer Experience on Customer Loyalty on Citylink Indonesia Airline

The following are the results of testing hypothesis 7 regarding the effect of customer experience on customer loyal behavior in the aviation industry in Indonesia.

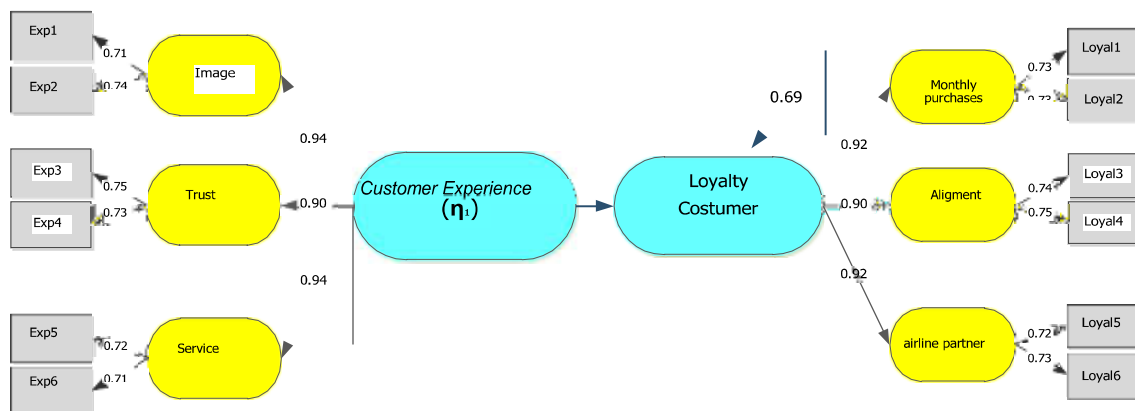


Figure 3. Customer Experience Path Diagram to Customer Loyalty

Based on the picture above, the structural equation is obtained as follows:

$$\eta_2 = 0.56 * \eta_1 + \epsilon_3, \quad R^2 = 0.31$$

Table .2. Partial Test Results of Customer Experience on Customer Loyalty

	Hypothesis	Koef.Estimate	S.E.	t count	R2
7	Customer Experience Customer Loyalty	0.56	0.13	4.17*	0.31

Source: LISREL Calculation Results, 2020

\*significant at =0.05 (t table =1.96)

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## 5. CONCLUSION

Customer experience has a positive influence on the loyal behavior of LCC airline customers in Indonesia. The aspects of customer experience that have the greatest influence are service image and additional services, and are supported by personal trust. The image of the airline in terms of the quality of the company's products and Services Coverage of the company's services is the aspect that contributes the most in increasing customer loyal behavior.

Customer experience is a form of evaluation of Airline Company services, because the experience of each customer is certainly not the same and has various positive and negative impressions. Customers can determine the type of flight they want by choosing a full service carrier or a low cost carrier.

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