Citilink's Customization Service Fosters Customer Loyalty

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Abstract: This study aims to analyze the influence of customization services on the loyalty of citilink airline passengers by considering the role of trust, satisfaction, and perceived value. The method used in this study uses a quantitative method with a survey technique of 80 citilink airline service users. data analyzed using Partial Least Squares structural equation modeling (PLS-sem).The method of making the model was calculated using SmartPLS software 4.the results showed that 80 respondents. The results showed that trust in customization had a significant positive effect on passenger loyalty ($\beta=0.403, t=2,043, p<0.05$), satisfaction with customization also had a positive effect on loyalty ($\beta=0.440, t=2,017, p<0.05$), and passenger satisfaction was also proven to have an effect positive and significant to the perceived value ($\beta=0669, t=4,033, p<0.01$).

The results of this study prove that even though citilink airlines operate as low cost carriers (LCC), service customization strategies are effective in building passenger loyalty. conducting comparative studies with other low-cost airlines (LCCs).

Keywords: *Customization Service, Passenger Loyalty, Customer Satisfaction, Low Cost Carrier (LCC), Citilink.*

I. INTRODUCTION

Air transportation is one of the means of transportation that is needed by a person to travel, moving from one place to another.in Indonesia has two types of flights, namely the first flight that implements *a full service* system and the second is a low-cost flight system or commonly called *low cost carrier*.

Citilink as a subsidiary of Garuda Indonesia which focuses on *the low cost (* LCC) market serves flights with a city-to-city system.

The company was established in 2021 offering a number of customization services to improve passenger comfort even with a more economical business model in line with its vision of becoming a world-class low-cost airline with sustainable profitability and becoming the most desirable company for job seekers in Indonesia, and a mission to improve 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 hospitality characterized.

Citilink airlines always prioritize comfort in terms of providing good service for its customers, which is certainly at the right price. LCC continues to grow due to passengers' need for low-cost air travel. However, according to Holtbrugge, Wilson, and Berg (2006) who said that many airlines aim to provide high quality of service to increase passenger satisfaction and to improve the efficiency of airline brands to replace LCC's genetic reputation as a low-fare benefit.

Citilink posted a growth of 12 million passengers in 2023 (up 25% from 2021), but its market share (15%) is still lagging behind Lion Air Group (40%), one of the reasons is the low customer satisfaction score.

Thus, citilink airlines must have a marketing strategy or new breakthrough in order to influence service users in purchasing tickets, one of which is by providing customization services. Citilink airlines can offer more relevant or personalized services, such as seat selection, food menus, and in-flight entertainment that suit the needs of each service user. The focus of this study is to find out whether customization services can affect passenger loyalty to *Citilink airlines*.

Previous studies on LCC (e.g.firatmadi,7) have focused only on price and basic service quality; The study has not examined customization strategies as a loyalty tool, even though research by Coelho & Henseler (2012) proves that service customization increases customer loyalty in the airline service industry.

II. LITERATURE REVIEW

➤ *Customer Loyalty*

According to Oliver (1997), loyalty refers to a deep commitment to buy back the chosen product or service in the future.

Consumers who will bring various benefits to the company, one of which is that the company incurs lower costs by keeping existing consumers compared to looking for new consumers (Reicheld and Sasser, 1990).

Joumpa VIP Airport Service is an exclusive service of citilink airline that is made to improve passenger comfort.citilink airline customization service products in the form of food and beverage selection, seats, extra baggage, travel insurance, airport lounge, seat upgrade (new), airport transportation, linkpass, linksport community, surprise in, passenger assistance, citilink cargo, citilink charter, bundling product, link shop, wrapping baggage, and linkmiles. https://www.citilink.co.id/)

Citilink's airline service strategy to increase its customer loyalty is to provide quite good service, one of which is to offer flight services at low ticket prices so that they can be reached by the lower middle class. This is an attraction for passengers, provides timely service, and is able to provide cost certainty in service.

➤ *Customization*

Service customization is used to identify which market segments can benefit the company and can provide services according to the wishes of the service users. Piler (2004) defines customization as the act of producing and responding to a specific customer's desires.

Meredith revealed that customization refers to the process of offering products or services on a regular basis according to the wants and needs of passengers (A Usmara, 2013). Customization as the constituent elements of the offering through direct input from the user to create a personalized variant (Human & Kahn, 1998). Service

customization is also a dynamic adaptation carried out during the service delivery process, driven by continuous interaction with users (Sheth et al, 2000). Service customization provides a number of strategic advantages for airlines, especially in increasing competitiveness and retaining customers.

➤ *Customer Satisfaction*

According to Sulistiono & Setiawan (2013) said that passenger satisfaction not only serves to increase revenue in the short term but also to build loyalty and brand in the long term.

According to Oliver (2020), customer satisfaction is the fulfillment response of konsumen.ini is the assessment that the features of the product & service, or the product & service itself, provide a pleasant level of fulfillment related to consumption, including the level of under-full filling and over-fullfillment. Customer satisfaction is a person's feeling after comparing perceived performance (or results) compared to their expectations (Schiffman & Wisenblit).

III. METHODOLOGY

The research method used is a quantitative approach to determine the impact of customization services on Citilink airlines on customer loyalty through data collection by distributing questionnaires to Citilink airline users. The scale used for this research variable uses a 5-point likert scale.

The questionnaire used in this survey asked the experiences of all respondents and included several questions about these five research models, namely service quality, perceived value, passenger satisfaction, passenger trust, and passenger loyalty. The model in this study modifies the ECSI (*European customer statisfaction index)* customer satisfaction index model by adding the customization service variable as an antecedent and explaining the one used in this study using the Partial Least Squares (PLS) method. The model creation method was calculated using SmartPLS 4 software.

IV. RESULTS AND DISCUSSION

This study uses primary data, data collection is carried out through the distribution of questionnaires online using a likert scale (1=strongly agree to 5=strongly disagree), and 80 data samples are obtained with the distribution of respondents as follows:

Table 1 . Description of Respondent Characteristics

Yes	Features	Category	Sum	Presentase
1	Gender	Male	58	58 %
		Woman	42	42%
2	Age	18-25 years old	74	74%
		26-35 years old	26	26%
3	Education level	Student	70	70%
		Private employees	12	12%
		Other	18	18%

A. Outer Model Testing

The outer model is one of the parts of PLSM that measures the relationship between variables and their indicators. In this study, there are 5 variables used by the researcher, namely 2 expgenous variables and 3 endogenous variables.

➢ The Validity Test aims to measure and determine the level of validity of the questionnaire results used by researchers in obtaining research data from the questionnaire. Individual indicators are considered reliable if they have a correlation value above 0.70.

Loading factor (outer loading)

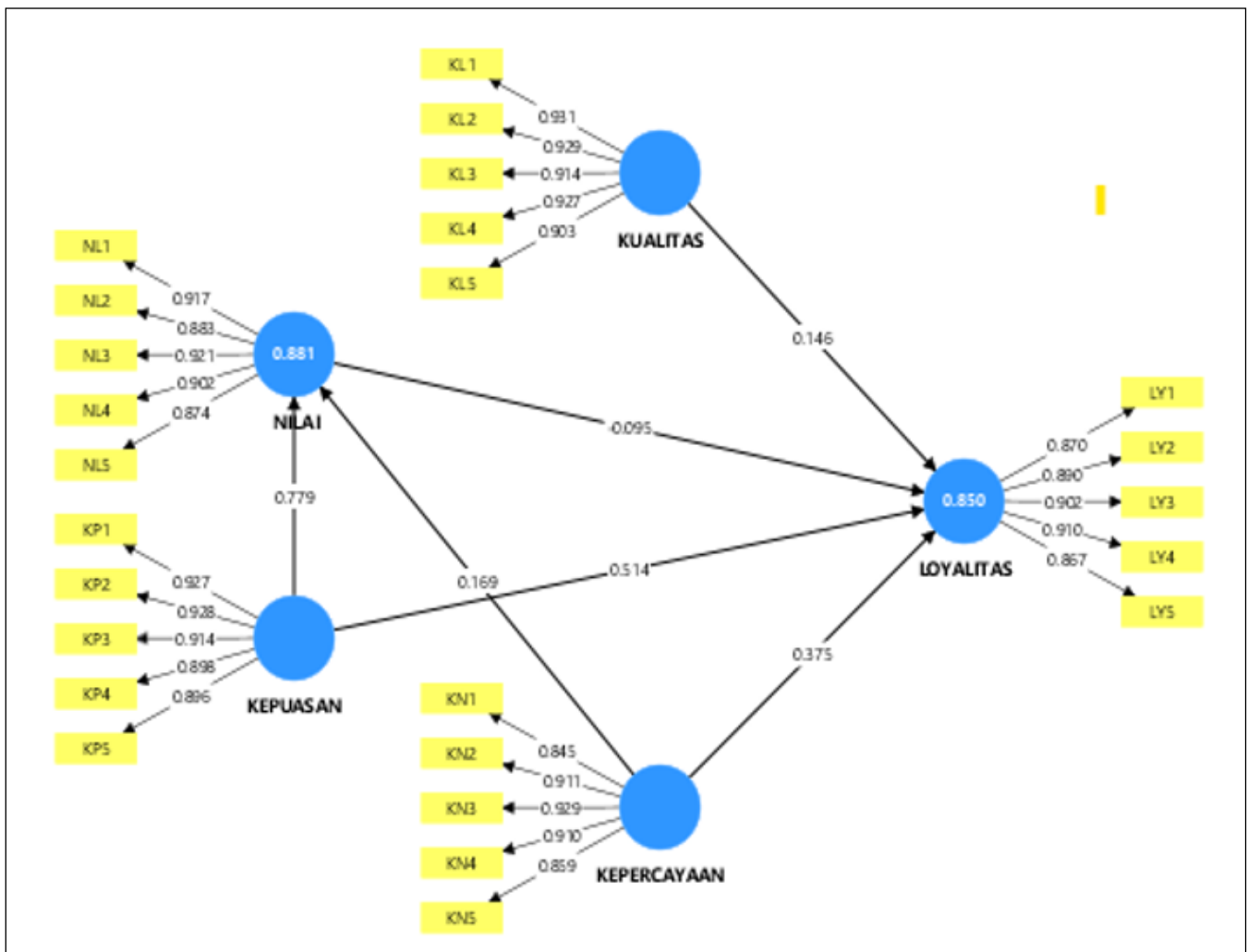*Loading factor (outer loading)*

Fig 1 Outer Loading

From Figure 1 above, the outer loading value has met the criteria because it is greater than 0.70 (>0.70).

- *Average Variance Extracted (AVE)*
  To determine the validity by looking at the AVE value, there is a criterion if each AVE of the other variable is greater than 0.50 (>0.50) (Ghazali & Latan, 2015).

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Table 2 Average Variance Extracted (AVE)

VARIABEL	AVE(*Average Variance Extracted*
Loyalty	0,788
belief	0,795
trust	0,809
Satisfaction	0,833
quality	0,846

The AVE output results showed that the AVE value was good for the variables of loyalty, trust, value, satisfaction, and quality because it had an AVE value greater than 0.50 (> 0.50).

➢ Reliability Test is a measurement process to find out whether an instrument will be consistent if it is done repeatedly with the same measuring instrument.reliability test consists of *composite reliability* and *Cronbach's alpha.*

The *composite reliability test* can be accepted and declared valid if the value of each variable meets the requirements, namely the > value of 0.70.

Table 3 Composite Releability

Variabel	Composite Releability
loyalty	0,949
Trust	0,951
Value	0,955
Statisfaction	0,961
Quality	0,965

Based on table 6 above, it is stated that the value is declared valid because it has met the requirements because it has a value of >0.70.

- *Cronbach's Alpha.*

According to Hair.et .al *Cronbach's alpha* value which is equivalent to and above 0.60 is acceptable and declared reliable.

Table 4 *Cronbach's Alpha*

Variabel	Cronbach's Alpha
Loyalty	0,933
Trust	0,935
Value	0,941
Statisfaction	0,950
quality	0,955

Based on the table above, it can be stated that *Cronbach's Alpha value* has met the requirements, which is >0.60

B. Inner Model

The inner model is part of PLSM by calculating the value of the determination coefficient (R *square).* The higher (R2) the better the predictive value of the proposed model. When the value of R-*Square* 0.75 means strong, 0.50 is a moderate model, and 0.25 is a weak model.

Table 5. R-*square* dan *adjusted* R-*square*

Variabel	R-Square	Adjusted R-square
loyalty	0,663	0,648
trust	0,707	0,700

Based on the model criteria in the table above, the R-square*(R2)* value in the table concludes that each structural *(inner model)* in this study is included in the "moderate" category.

C. Hipotesis

The hypothesis test in this study was carried out by looking at t-statistics and P-velues. The hypothesis in this study is stated to be significant if the P-values < 0.05 and the t-statistical value of the t-table > the t-table is > 2.012. The following are the results of the hypothesis test obtained through *the inner model.*

Table 6.Path Coeffcient

	Original Sample	Sample Mean	Standard Deviation	T Statistic	P-Velue
Trust-loyalty	0.403	0.376	0.197	2.043	0.004
Trust -value	0.189	0.217	0.165	1.143	0.256
Statisfaction-loyalty	0.440	0.457	0.218	2.017	0.046
Statisfaction-value	0.669	0.644	0.166	4.003	0.000
Quality-loyalty	-0.005	-0.008	0.130	0.047	0.962
Value-loyalty	-0.000	0.017	0.188	0.001	0.999

Based on table 6, it can be concluded that:
- There is a positive influence on trust based on the original sample value of 0.403, then it can be seen that the t-statistic value of 2043 is greater than the t-table value of 1.990 and the p velues value is 0.008 so that it can be said that trust has a significant positive effect on passenger loyalty. So H1 can be concluded that trust in customization has a positive effect on passenger loyalty.
- From figure 6, it can be concluded that trust does not have a significant effect on the value.it can be seen from the t-statistic of 1.143 and the p-value of 0.255 so that this hypothesis is not significant or rejected
- There was a positive and significant influence on satisfaction based on the original sample value of 0.440, then it was seen that the t-statistical value of 2.017 was

greater than the t-table value of 1.990 and the p value was 0.045.so it can be concluded that H2 satisfaction with customization has a significant positive effect on loyalty.
- There was a positive and significant effect on satisfaction based on the origin sample value of 0.669, then it was seen that the t-statistical value of 4.033 was greater than the t-table value of 1.990 and the value of p velue was 0.000 so that it can be concluded that H3 satisfaction with customization had a significant positive effect on the perceived value.
- Quality has no significant effect on loyalty, as can be seen from the t-statistic value of 0.047 and p-velues of 0.962, so this hypothesis is rejected.

- The value does not have a significant effect on loyalty seen from the t-statistic of 0.001 and p-velues of 0.999 it can be concluded that this perception does not affect loyalty and therefore it is rejected.

V. DISCUSSION

➢ *H1 The Effect of Trust in Customization on Passenger Loyalty*

Based on the hypothesis test with the help of SmartPLS 4, in the hypothesis 1 (H_1) test that was proposed, it was suspected that trust in customization had an effect on passenger loyalty. When passengers believe that the customization services provided by the service provider are reliable, it will create a conducive environment to build strong loyalty so that the service holder feels appreciated and reluctant to turn to other airlines. These findings are consistent with Morgan & Hunt's (1994) theory that trust reduces uncertainty in the customer-brand relationship, especially in LCCs that are often associated with minimalist quality.

➢ *H2 The Effect of Satisfaction on Customization Affects Passenger Loyalty*

Based on the hypothesis test with the help of SmartPLS 4, in the hypothesis 2 (H_2) test that was proposed, it was suspected that the effect of satisfaction on customization had an effect on passenger loyalty. When customization services are provided to passengers and they feel satisfied, then they are more likely to remain loyal to the airline.

➢ *H3 The Effect of Satisfaction on Customization Affects Perceived Value.*

Based on the hypothesis test with the help of SmartPLS 4, in the hypothesis 3 (H_3) test that was proposed, it was suspected that satisfaction with the customization service had an effect on the perceived value. When the customization services provided to passengers can provide a very comfortable and memorable experience so that the value of the flight feels higher.

VI. CONCLUSION

Based on the results of the study, it can be concluded that customization services have a significant effect on passenger loyalty, taking into account the role of trust, satisfaction, and value felt by Citilink airline, which operates as a *lowcost carrier (*LCC) airline in Indonesia using a quantitative approach and *the patrial least squares* (PLS) method processed using *softwere* SmartPLS 4, primary data from 80 respondents (Citilink airline users).

This can prove that even though Citilink operates as an LCC, the service customization strategy carried out is effective so that it is able to create trust, as well as satisfaction for passengers so that it can foster their loyalty so that it can prove that low-cost airlines can also compete not only based on price, but also through customized value-added offerings and create positive value for customers.

SUGGESTION

For Citilink airlines, it can be recommended to further improve customization services to create an impressive flight experience such as providing a varied food menu, providing rewards such as ticket discounts, and conducting regular market research by evaluating passenger satisfaction using online surveys and reviews. In addition, it can provide 2 times the points provided for each user of the customization service that can be exchanged for a longue upgrade.

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