THE INFLUENCE OF BRAND AND COMPANY CHARACTERISTICS ON CUSTOMER LOYALTY: A CASE STUDY OF LION AIR AT YOGYAKARTA INTERNATIONAL AIRPORT

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ABSTRACT

The rapid advancement of technology and the growing demand for mobility have driven the air transportation industry to continuously innovate in order to maintain market presence and customer loyalty. As one of the airlines operating at Yogyakarta International Airport, Lion Air faces challenges in sustaining brand reputation and customer trust. This study examines the relationship between brand characteristics and company characteristics on customer loyalty among Lion Air passengers. A quantitative approach with a descriptive-evaluative method was employed, involving 50 respondents who had traveled on the Yogyakarta–Medan route and vice versa. Data were collected via questionnaires developed from established indicators of brand characteristics, company characteristics, and customer loyalty. Statistical analysis using multiple linear regression revealed that both brand characteristics ($\beta = 0.514$, $p = 0.001$) and company characteristics ($\beta = 0.473$, $p = 0.000$) have significant positive relationships with customer loyalty, jointly explaining 79% of its variance. The findings suggest that consistent improvements in brand and company attributes can strengthen long-term customer loyalty in the airline industry.

Keywords: brand characteristics, company characteristics, customer loyalty, Lion Air, air transportation

1. INTRODUCTION

The rapid development of science and technology has driven the growth of various industries, including the air transportation sector. In the era of globalization, airlines are required to provide services that meet passenger expectations while maintaining operational efficiency. Increasingly intense competition demands that airlines strengthen their competitiveness through improved service quality, operational reliability, and enhanced brand image. Customer loyalty is a key factor in ensuring business sustainability, and its formation can be influenced by both brand characteristics and company characteristics.

Lion Air, one of the leading low-cost carriers in Indonesia, operates extensively on domestic and regional routes, including flights from Yogyakarta International Airport (YIA) [1]. Despite its broad market reach and competitive ticket prices, Lion Air faces challenges related to service consistency, particularly flight delays, which may affect passenger perceptions and loyalty.

Reports indicate that adverse weather conditions, technical issues, and air traffic congestion often contribute to these delays [2]. According to aviation observer Soedjatman (2015), although the airline frequently receives complaints regarding delays, Lion Air has managed to maintain a significant passenger base. This can be attributed to its affordable prices and an extensive route network covering regions across Indonesia, including remote areas, as well as destinations in Southeast Asia. The addition of aircraft to its fleet has also supported the availability of various flight schedules. In 2023, Lion Air ranked third as the airline of choice in Indonesia's air transportation sector, with a market share of 29.8%, behind Citilink at 39.1% and Garuda Indonesia at 74.7% [3]. These conditions indicate that despite operational challenges, brand strength and company characteristics remain strategic factors in maintaining customer loyalty.

Previous studies have shown that a positive brand image and strong company values can significantly influence customer retention and the willingness to

recommend services to others [4] [5]. However, research focusing on low-cost carriers in Indonesia remains limited, particularly in the context of YIA. Therefore, this study aims to analyze the influence of brand characteristics and company characteristics on customer loyalty among Lion Air passengers. The findings are expected to provide theoretical contributions to the study of customer loyalty in the aviation sector and practical recommendations for airlines in developing strategies to improve service quality and strengthen brand image.

2. METHOD

2.1 Research Design

This research employed a quantitative approach with an explanatory research design, aimed at examining the causal relationship between brand characteristics, company characteristics, and customer loyalty. The study was conducted at Yogyakarta International Airport (YIA) with respondents who had previously flown with Lion Air. The quantitative method was selected as it enables statistical measurement of the strength and direction of relationships among variables, thereby providing empirical evidence to support the proposed hypotheses.

The research was conducted through several stages, starting from research planning to drawing conclusions, as illustrated in Figure 1.
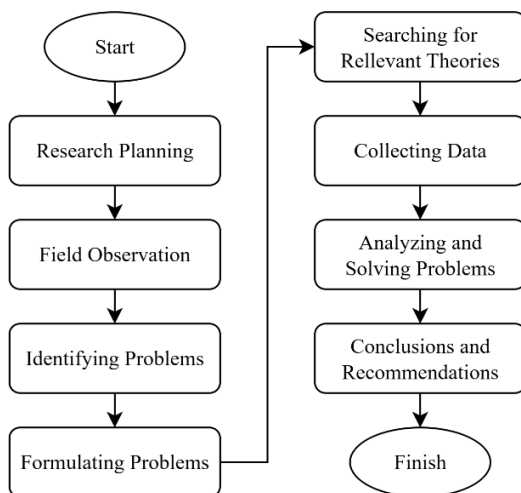

Figure 1 Research Stages

The population of this study consisted of all passengers who had flown with Lion Air on the Yogyakarta–Medan route and vice versa. The sampling technique used was purposive sampling, with criteria: (1) had traveled with Lion Air at least once in the past year, and (2) were willing to participate in the survey. The minimum sample size was determined using the Lemeshow formula (1997), resulting in a total of 50 respondents.

2.2 Research Variables

This study examined two independent variables, namely brand characteristics (X_1) and company characteristics (X_2), as well as one dependent variable, customer loyalty (Y).

- Brand characteristics refer to attributes that reflect the ability of a brand to establish trust and maintain customer satisfaction. In this study, brand characteristics were measured using three indicators adapted from Lau and Lee (1999): brand reputation, predictability, and competence [5].

- Company characteristics describe the organizational attributes that influence customer perceptions. Based on Lau and Lee (1999), this variable was measured using three indicators: organizational reputation, integrity, and customer orientation [5].

- Customer loyalty represents the willingness of customers to continue using a service, resist switching to competitors, and recommend the service to others. The measurement of customer loyalty in this study followed the indicators proposed by Keller (2013), namely repurchase intention, resistance to switching, and willingness to recommend [4].

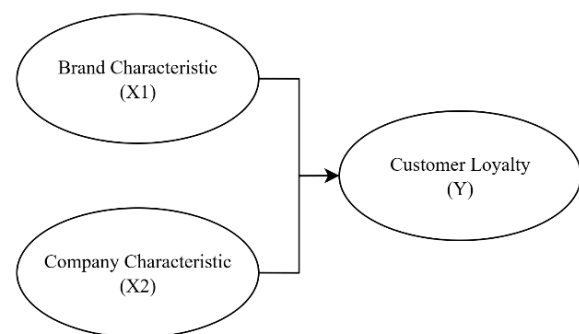The relationship among these variables is illustrated in Figure 2.

Figure 2 Research Variables Framework

2.3 Data Collection

Primary data were obtained through a structured questionnaire distributed directly to Lion Air passengers at Yogyakarta International Airport (YIA). Respondents were selected using purposive sampling based on the following criteria: (1) had flown with Lion Air at least once in the past year, and (2) were willing to participate in the survey.

Before data collection, respondents were provided with a brief explanation of the study's purpose and assured of the confidentiality of their responses. The questionnaire consisted of three sections:

1. **Respondent Profile** – covering demographic information and travel history with Lion Air.

2. **Independent Variables Section** – containing statements related to brand characteristics (X_1) and company characteristics (X_2).

3. **Dependent Variable Section** – containing statements related to customer loyalty (Y).

All questionnaire items were measured using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaires were distributed in printed form, and responses were checked on-site to ensure completeness. The scoring system is presented in Table 1.

Table 1 Likert Scale Scoring

No.	Symbol	Description	Score	
			Positive	Negative
1.	SA	Strongly Agree	5	1
2.	A	Agree	4	2
3.	N	Neutral	3	3
4.	D	Disgaree	2	4
5.	SD	Strongly Disagree	1	5

2.4 Data Analysis Techniques

The data analysis in this study was conducted using IBM SPSS Statistics version 26, with several stages as follows:

1. Validity Test

The validity test is used to measure the extent to which an instrument is able to measure what it is intended to measure. This study employed the Pearson Product Moment correlation formula to test the validity of each questionnaire item [6]:

$$r = \frac{n \sum XY - (\sum X)(\sum Y)}{\sqrt{[n \sum X^2 - (\sum X)^2][n \sum Y^2 - (\sum Y)^2]}} \quad (1)$$

Where:

- r = correlation coefficient
- n = number of respondents
- X = score of each questionnaire item
- Y = total score
- $\sum XY$ = sum of cross products of X and Y

An item is considered valid if $r_{count} > r_{table}$ at a significance level of 5%.

2. Reliability Test

Reliability refers to the consistency of a measurement instrument when used repeatedly. The reliability of the questionnaire was tested using Cronbach's Alpha [7]:

$$\alpha = \frac{k}{k-1}\left[1 - \frac{\sum \sigma_i^2}{\sigma_t^2}\right] \quad (2)$$

Where:

- α = Cronbach's Alpha coefficient
- k = number of items
- σ_i^2 = variance of each item
- σ_t^2 = total variance

A reliability coefficient $\alpha > 0.60$ indicates that the instrument is reliable.

3. Multiple Linear Regression Analysis

Multiple linear regression was used to examine the influence of brand characteristics (X_1) and company characteristics (X_2) on customer loyalty (Y). The regression equation is as follows [6]:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e \quad (3)$$

Where:

- Y = Customer loyalty
- β_0 = Constant
- β_1, β_2 = Regression coefficients
- X_1 = Brand characteristics
- X_2 = Company characteristics
- e = Error term

4. F-Test (Simultaneous Test)

The F-test evaluates whether all independent variables together significantly affect the dependent variable. The formula is as follows [8]:

$$F = \frac{MSR}{MSE} \quad (4)$$

Where:

- MSR = Mean Square Regression
- MSE = Mean Square Error

If $p < 0.05$, the independent variables have a significant simultaneous effect.

5. t-Test (Partial Test)

The t-test was used to assess the partial significance of each independent variable on the dependent variable. The formula is as follows [7]:

$$t = \frac{\beta_i}{SE(\beta_i)} \quad (5)$$

Where:

- β_i = Regression coefficient of the independent variable

- $SE(\beta i)$ = Standard error of the coefficient

If $p < 0.05$, the independent variable has a significant partial effect.

6. F-Test (Simultaneous Test)

3. RESULTS AND DISCUSSION

3.1 Questionnaire Results

The study involved **50 respondents**, all of whom were Lion Air passengers on the Yogyakarta–Medan route. The questionnaire measured three main variables: **Brand Characteristics (X1)**, **Company Characteristics (X2)**, and **Customer Loyalty (Y)**. Responses were recorded on a 5-point Likert scale: Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), and Strongly Disagree (SD).

Table 2 Questionnaire result Variable X1 (Brand Characteristics)

Instrument X1	Indicator					Total Score
	SA	A	N	D	SD	
X1.1	23	21	2	4	0	208
X1.2	29	14	5	1	1	219
X1.3	18	22	7	2	1	204

Table 3 Questionnaire result Variable X2 (Company Characteristics)

Instrument X2	Indicator					Total Score
	SA	A	N	D	SD	
X2.1	10	21	9	7	3	178
X2.2	26	14	6	2	2	210
X2.3	6	10	2	17	15	125

Table 4 Questionnaire result Variable Y (Customer Loyalty)

Instrument Y	Indicator					Total Score
	SA	A	N	D	SD	
Y1	16	20	10	3	1	197
Y2	18	16	5	4	7	184
Y3	27	7	14	1	1	207

From the descriptive results, it can be observed that **Brand Characteristics (X1)** received relatively higher scores compared to Company Characteristics (X2). Within X2, the indicator "Company Integrity" had the lowest score (125), indicating a potential area for improvement. On the other hand, **Customer Loyalty (Y)** showed strong results, particularly in the **Referral** indicator (207), suggesting that many respondents are willing to recommend Lion Air to others.

3.2 Validity Test

Validity testing was conducted using Pearson's Product-Moment correlation. An item was deemed valid if **r-count > r-table (0.2787)**. All questionnaire items met this requirement.

Table 5 Validity Test Results for Variable X1 (Brand Characteristics)

Variable	Statement	r-count	r-table	Validity
Brand Characteristic	1	0,896	0,2787	Valid
	2	0,859	0,2787	Valid
	3	0,920	0,2787	Valid

Table 6 Validity Test Results for Variable X2 (Company Characteristics)

Variable	Statement	r-count	r-table	Validity
Company Characteristic	1	0,936	0,2787	Valid
	2	0,887	0,2787	Valid
	3	0,920	0,2787	Valid

Table 7 Validity Test Results for Variable Y (Customer Loyalty)

Variable	Statement	r-count	r-table	Validity
Customer Loyalty	1	0,866	0,2787	Valid
	2	0,874	0,2787	Valid
	3	0,891	0,2787	Valid

The results confirm that all items are valid and can be used for further analysis.

3.3 Reliability Test

Reliability was tested using **Cronbach's Alpha**. A variable is reliable if **α ≥ 0.60**. All variables met this requirement:

Table 8 Reliability Test Results

Instrument	Cronbach's Alpha	N of Items
X1	0,871	3
X2	0,894	3
Y	0,831	3

These results indicate that all research instruments are consistent and can be used for further analysis because the Cronbach's Alpha values for all variables exceed the minimum acceptable threshold of 0.60. This shows that the questionnaire items reliably measure each construct without significant random error.

3.4 Multiple Linear Regression Analysis

The regression analysis examined the effect of Brand Characteristics (X1) and Company Characteristics (X2) on Customer Loyalty (Y).

Table 9 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,889	0,790	0,782	1,402

The R Square value of 0.790 indicates that 79.0% of the variation in customer loyalty can be explained by brand and company characteristics, while the remaining 21.0% is influenced by other factors outside this model.

Table 10 ANOVA (F-test)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	348,251	2	174,126	88,639	0,000
	Residual	92,329	47	1,964		
	Total	440.580	49			

The F-test shows a significance value of 0.000 (<0.05), indicating that Brand Characteristics and Company Characteristics together have a significant effect on Customer Loyalty.

Table 11 Coefficients (t-test)

Variable	B	Std. Error	Beta	t	Sig.
(Constant)	0,387	1,139	-	0,340	0,736
Brand Characteristics	0,514	0,138	0,413	3,736	0,001
Company Characteristics	0,473	0,100	0,524	4,741	0,000

The regression equation is:

$$Y = 0.387 + 0.514X1 + 0.473X2$$

The positive coefficient for **Brand Characteristics (0.514)** indicates that stronger brand reputation, predictability, and competence are associated with higher customer loyalty. This finding aligns with Lau and Lee's (1999) assertion that brand trust plays a key role in fostering repeat purchases and long-term relationships.

Similarly, the positive coefficient for **Company Characteristics (0.473)** shows that better company reputation, trustworthiness, and integrity contribute to greater loyalty. This supports Kotler and Keller's (2016) perspective that organizational trust and reliability are crucial in retaining customers in competitive service industries.

Together, the two variables explain 79% of the variation in customer loyalty, highlighting that brand image and organizational attributes are major determinants of loyalty in the airline industry. The remaining 21% is likely influenced by other factors such as ticket pricing, flight schedule reliability, and in-flight service quality, which were not examined in this study.

4. CONCLUSION & RECOMMENDATION

4.1 Conclusion

The results of this study indicate that both Brand Characteristic and Company Characteristic significantly influence customer loyalty at Lion Air, Yogyakarta International Airport. Brand Characteristic, particularly affordable ticket pricing, was identified as the most dominant factor affecting passengers' decisions, with 87.6% of respondents strongly agreeing that price plays a key role. Meanwhile, Company Characteristic, especially Lion Air's commitment to providing optimal customer service, received a lower score of 50%, suggesting a neutral perception among respondents.

Overall, the findings demonstrate that while pricing is a critical driver of customer loyalty, service quality also plays a meaningful, albeit less strongly perceived, role in shaping passengers' loyalty to Lion Air.

4.2 Recommendations

Based on the findings, the following recommendations are proposed:

1. Lion Air should enhance its commitment to fulfilling customer needs and delivering optimal service. This may include improving facilities, punctuality, and staff responsiveness to strengthen customer loyalty.

2. Lion Air is encouraged to maintain competitive ticket pricing, as this factor has been shown to significantly influence customer loyalty and reinforces the strength of its brand.

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