The Influence of Brand Image On Passenger Loyalty Through Acceptance Value Study On Low Cost Carrier Airline Passengers In Yogyakarta

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Abstract

The airline industry is a highly competitive market, and understanding the factors that influence passenger loyalty is critical for airlines to maintain a sustainable competitive advantage. The aim of this research is to explore and understand the influence of brand image on passenger loyalty through value acceptance, with a focus on Low Cost Carrier airline passengers in Yogyakarta. This research aims to identify the extent to which the brand image of low-cost airlines influences passenger loyalty, as well as how the acceptance of value by passengers acts as a mediator in this relationship. This research will use a quantitative approach, by collecting data from a sample of low-cost airline passengers in Indonesia. Brand image is stated to have a significant influence on passanger loyalty, while the influence of brand image on perceived value and perceived value on passanger loyalty is stated to have no positive influence and is not significant, this is because LCC passengers are more focused on low prices than other factors.

Key words: Brand Image, Passanger Loyalty, Perceived Value

INTRODUCTION

The airline industry is a highly competitive market, and understanding the factors that influence passenger loyalty is critical for airlines to maintain a sustainable competitive advantage (Hussain et al., 2015) (Hussain, 2016). Previous research has highlighted the important role of brand image and perceived value in shaping passenger loyalty (Han et al., 2019) (Hussain, 2016) (Hussain et al., 2015). In the context of the low-cost airline (LCC) industry in Indonesia, this research aims to investigate the influence of brand image on passenger loyalty, with perceived value as a mediating factor. Existing literature shows that

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brand image is an important determinant of customer loyalty in the aviation industry. (Hussain et al., 2015) A positive brand image can increase the perceived value of airline services, leading to increased customer satisfaction and, ultimately, stronger loyalty. Additionally, the quality of airline service, including in-flight meals, can also influence customer satisfaction and loyalty. (Han et al., 2020).

Additionally, airlines' environmental corporate social responsibility (CSR) initiatives have been proven to have a positive impact on brand image, love, and respect, which can further strengthen customer loyalty. (Han et al., 2019) Service quality, perceived value, and brand image have all been found to have a significant positive impact on customer satisfaction, leading to brand loyalty. (Hussain et al., 2015). Additionally, airlines' environmental corporate social responsibility (CSR) initiatives have been proven to have a positive impact on brand image, love, and respect, which can further strengthen customer loyalty. (Han et al., 2019) Service quality, perceived value, and brand image have all been found to have a significant positive impact on customer satisfaction, leading to brand loyalty. (Hussain et al., 2015).

Existing literature on this topic provides valuable insights. (Leong et al., 2015) A study of an airline based in the United Arab Emirates found that service quality, perceived value, and brand image have a significant positive impact on customer satisfaction, which can then lead to brand loyalty. Likewise, other research in the United Arab Emirates aviation industry revealed that corporate image influences brand loyalty through the mediation of customer satisfaction. (Hussain, 2016) In addition, research on sensory/health-related and comfort/process quality of airline food shows that attitude, satisfaction, and love act as significant mediators between food quality and customer loyalty. (Han et al., 2020. Based on these findings, this study proposes a conceptual framework that examines the influence of brand image on passenger loyalty, with perceived value as a mediating variable. This research will use a quantitative approach, by collecting data from a sample of low-cost airline passengers in Indonesia. The findings from this research are expected to contribute to the understanding of the complex relationship between brand image, perceived value, and passenger loyalty in the Indonesian LCC aviation industry, and provide valuable insights for airline managers to develop effective marketing strategies.

LITERATURE ANALYSIS AND METHODOLOGY
Brand Image

Brand image can be an important factor in influencing consumer purchasing decisions, because it can reflect the overall perception and evaluation of a product or service (Zahari et al., 2018). The fashion industry, in particular, has been the focus of several studies on brand image and its marketing implications. (Lee et al., 2000) As brands continue to expand into virtual and artificial contexts, research on this topic has gained momentum in recent years. (Loureiro, 2023). The psychosocial implications of a brand, such as the feelings of pleasure and comfort associated with its use, are also an important aspect of brand image. Furthermore, the psychosocial implications of a brand, such as the feelings of pleasure and comfort associated with the use of the product, have been identified as an important aspect of brand image (Katerina et al., 2023).

Passenger Loyalty

The concept of customer loyalty has become a topic of great interest in the hospitality and aviation industries, with an increasing number of studies examining the drivers and outcomes of passenger loyalty (McCall & Voorhees, 2009) (Yoo & Bai, 2013) The theoretical development of loyalty has progressed through four eras different, as described by (Lu, 2017). The first era, characterized by the inception and study of brand loyalty, has given way to more multidisciplinary exploration of the concept, systematic conceptualization, and advancement of theoretical frameworks. In the hospitality and tourism sector, loyalty has been studied through a typological lens, its relationship to satisfaction and repeat visits, and more recently, through a systematic examination of its antecedents and consequences. In the aviation industry, the application of expert systems and intelligent algorithms has emerged as a new approach to understanding the relationship between service quality, customer satisfaction and loyalty (Leong et al., 2015).

In the airline industry, researchers have used structural equation modeling and artificial neural networks to examine the relationship between service performance (SERVPERF), customer satisfaction, and passenger loyalty. in the aviation industry, researchers have taken a different approach, namely by using expert systems and intelligent algorithms to investigate the impact of service performance on customer satisfaction and loyalty. These studies have revealed a significant influence of service performance dimensions on passenger satisfaction and loyalty, with quite large variances. (Yoo & Bai, 2013) (Lu, 2017) (Leong et al., 2015) (Leong et al., 2015)

Examination of loyalty program management has also been a focus of recent research, with scholars organizing the drivers of loyalty program success into three broad categories: program structure, reward structure, and customer factors. (McCall & Voorhees, 2009) This research highlights the importance of aligning loyalty program design with customer

preferences and expectations in order to encourage long-term engagement and commitment.

Perceived Value

The concept of perceived value has become a subject of increasing interest in academic research in recent years (Laursen & Svejvig, 2016). Existing literature shows that perceived value is a multidimensional construct that includes various factors, such as price, quality, and overall value judgments. Researchers have explored the relationship between customer experience and perceived value, finding that a positive emotional response to a store can increase the perceived value of its offerings (Chatzoglou et al., 2022).

One study proposed a conceptual model of perceived customer value in the context of e-commerce, which includes variables such as information quality, system quality, and service quality. (Chen & Dubinsky, 2003) The authors found that these factors influence online shoppers' value perceptions. (Tam, 2004) Similarly, another study examined the role of values in Internet shopping, using mental accounting theory. This study identifies monetary and non-monetary value determinants and explains how they influence online purchasing decisions directly and indirectly through perceived value (Gupta & Kim, 2009).

Research Method

This study examines the relationship between three important variables Brand Image, Perceived Value, and Passanger Loyalty. The initial section of the questionnaire outlines the purpose of the research, provides direction for completion, and emphasizes the importance of respondent involvement. This research uses a quantitative research methodology combined with a survey strategy, analysis method with PLS. The survey included a 7-point Likert scale to assess respondents' viewpoints. This scale was chosen because it is more likely to obtain agreement from respondents compared to a 5-point Likert scale (Wang, Law, Guillet, Hung, & Fong, 2015).

This study includes LCC airline passengers. The individuals involved in this research are individuals who have had the experience of flying with LCC airlines in Indonesia. This research involves the participation of 100 respondents. This sample size is in accordance with the recommendations stated by Hair, Black, Babin, and Anderson (2018).

RESEARCH AND RESULTS
Validity and Reliability Test

Validity is a measure that determines the validity of an instrument and a valid instrument has high validity (Heale & Twycross, 2015). An instrument is declared valid if it can

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measure what is desired. If the measurement scale is invalid then it is not useful for researchers, because it does not measure what it should measure (Heale & Twycross (2015). According to Almanasreh and Chen (2019), reliability is a test used to measure indicator variables in a questionnaire. An instrument is declared reliable If each person's response to a given statement is always consistent over time. A variable is said to be stable if it has a Cronbach alpha value > 0.7 and apart from that it also meets the criteria for a Cronbach alpha value greater than Cronbach alpha, then the item is deleted.

Sample

A sample is part of the population studied in a study and the results will reflect the original population, but not the population itself (Hair et al., 2017). The sample was carried out because the researcher had limitations in this research in terms of time, energy, funds, and the sample had to be a truly representative sample. The number of samples used in this research was 100 respondents taken from low cast carrier airline passengers in the Special Region of Yogyakarta, and the sampling technique used Next, the sample criteria or respondents who were recommended by researchers to fill out the research instrument were managers and could represent the company owner . Table 1 shows the respondent profile.

Table 1. Respondent profile

Spesification	Type	Percentage
Gender	Man	S
	Woman	47
Level of education	S3	1
	S2	10
	S1	68
	SMA	18
	SMP	3
Age	<21	30
	21-35	59
	36-50	11
	51-65	0
	>65	0
Marital status	Single	89
	Marry	11
Income Level	1-3 Million	15

	3,001 Million -5 Million	1
	5,001-7 Million	4
	>7 Million	10
	Have no income	70

Evaluate The Outer Model

Outer model evaluation is carried out to assess the validity or reliability of the model. The outer model with reflective indicators is evaluated through convergent and discriminant validity of the indicators forming the latent construct and composite reliability as well as Cronbach alpha for the indicator block. The following are the estimation results of the partial least squares model algorithm shown in Figure. 1
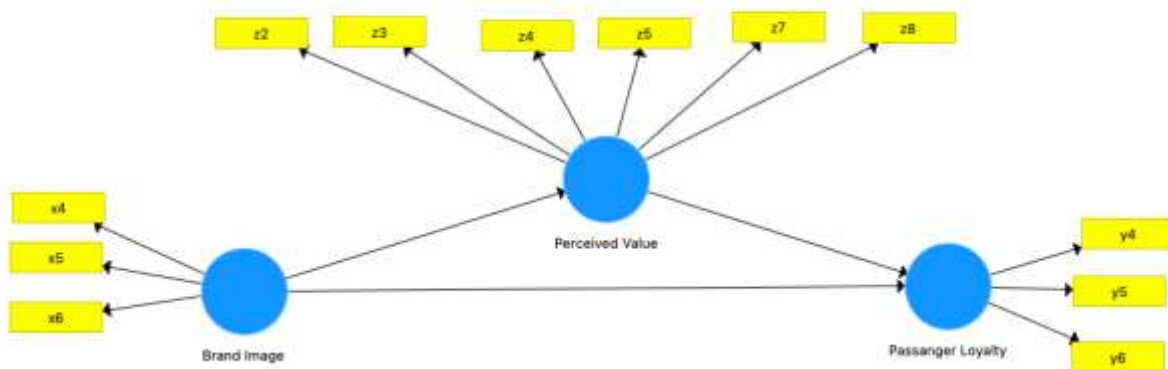

Figure. 1. Model Algorithm

Convergent Validity

Convergent Validity relates to the principle that the measures (manifest variables) of a construct must be highly correlated. The convergent validity test can be seen from the loading factor value for each construct indicator. Then, the convergent validity test in PLS with reflective indicators is assessed based on factor loading and if the factor loading is > 0.50 then it is considered practically significant (Ali et al., 2018; Rasoolimanesh & Ali, 2018). Table 2 shows the results.

Table 2. Results Convergent Validity

	Brand Image	Passanger Loyalty	Perceived Value
x4	0,844		

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x5	0,872		
x6	0,814		
y4		0,817	
y5		0,925	
y6		0,885	
z2			0,833
z3			0,904
z4			0,916
z5			0,768
z7			0,723
z8			0,792

Based on Table 2, the Rule of Thumb used is that the loading factor for confirmatory research must be > 0.70 so it is declared valid. The Rule of Thumb, namely the loading factor value for exploratory research between 0.60 - 0.70, can be declared valid.

Discriminant Validity

Discriminant validity is a test that can be used to measure the difference between two variables that are conceptually similar. Discriminant validity is achieved when there is a low correlation of two variables that should not be related to each other constructs in the model (Hair et al. 2017). Here are the results:

Table 3. Cross-loading

	Brand Image	Passenger Loyalty	Perceived Value
x4	0,586	0,234	-0.093
x5	0,605	0,21	-0.123
x6	0,565	0,202	-0.075
y4	0,197	0,567	-0.116
y5	0,238	0,642	-0.107
y6	0,236	0,614	-0.061
z2	-0.087	-0.097	0,578
z3	-0.061	-0.117	0,627
z4	-0.155	-0.130	0,636
z5	-0.050	-0.015	0,533

z7	0.014	-0.045	0,502
z8	-0.100	0.020	0,55

Based on Table 3, the cross-loading comes from the latent variable indicator which is determined by the criteria that it must be greater than the loading of all other latent variables. Then, Fornell Larcker, the AVE root of the latent variable must be greater than the squared correlation between other latent variables.

Table 4. Fornell-Larcker

	Brand Image	Passenger Loyalty	Perceived Value
Brand Image	0.844	0.370	-0.116
Passenger Loyalty	0.370	0.877	-0.107
Perceived Value	-0.116	-0.107	0.826

Based on Table 4, the Fornell-Larcker criterion is interpreted as a measure that compares the square root of the AVE value with the relationship between latent variables. Thus, the square root value of each AVE construct must be greater than the correlation value with other constructs.

Composite Reliability

Composite reliability is an indicator for measuring a construct which can be seen in the latent variable coefficient display. The Rule of Thumb of composite reliability value is more than 0.70 in confirmatory research and a value of 0.60 - 0.70 is acceptable for exploratory research (Henseler et al., 2015).

	Cronbach's Alpha	rho_A	Composite Reliability
Brand Image	0,554	0,556	0,611
Passenger Loyalty	0,588	0,595	0,63
Perceived Value	0,634	1.059	0,643

Inner Model Evaluation

In this review, we will explain the results of hypothesis testing and R-squared obtained from SmartPLS 3.2.9 startup as shown in the figure. 2:
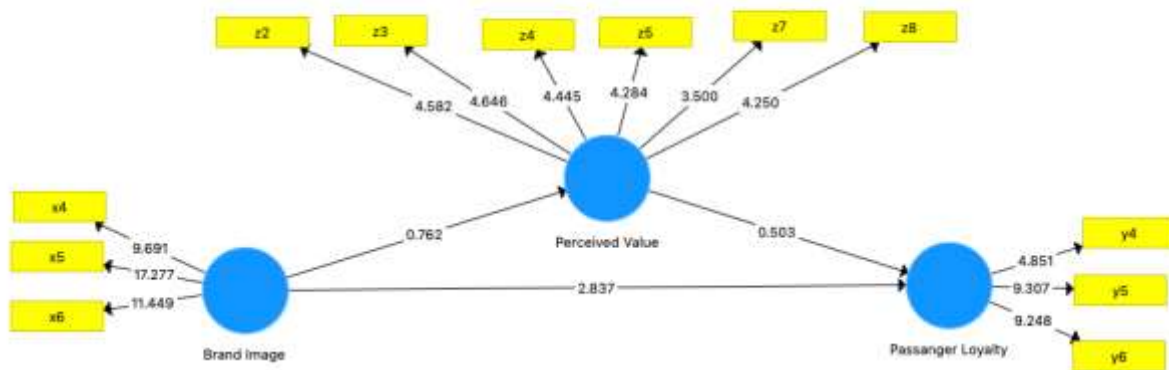
Figur 2. SEM

Inner weight

Internal weighting is used to test the research hypothesis that has been formulated. The results of the research hypothesis test have shown the weight in the assessment as follows

	Original Sampel (0)	Sample Mean (M)	Standar Deviation	T Statistics	P Values
Brand Image →Passanger Laoyalty	0.370	0.389	0,129	2.872	0.004
Brand Image → Perceived Value	-0.116	-0.107	0.152	0.762	0.446
Perceived Value → Passanger Loyalty	-0.065	-0.069	0.129	0.503	0.615

H1: The relationship between brand image and passenger loyalty, with (O) = 0.370; T-Statistics = 2.872 and p-value = 0.004. These results indicate that there is a positive and significant influence between brand image and passanger loyalty because the p value is <0.05 and the T-Statistics value is > 1.97.

H2: The relationship between brand image and perceived value with (O) = -0.116 T-Statistics = 0.762 and p-value = 0.446. These results indicate that there is no positive and insignificant influence between brand image and perceived value because the p value is >0.05 and the T statistic value is <1.97

H3: Relationship between perceived value and passanger loyalty, with (O) = -0.065 T-Statistics = 0.503; and p-value = 0.615. These results indicate that there is no positive and insignificant relationship between perceived value and passanger loyalty because the p value is > 0.05, and because the T-Statistics value is < 1.97

Indirect Influence

The results of indirect effects in PLS analysis are presented as follows in specific results:

	Original Sampel (0)	Sample Mean (M)	Standar Deviation	T Statistics	P Values
Brand Image → Perceived Value → Passanger Loyalty	0.008	0.009	0.012	0.355	0.723

For the indirect influence of brand image on passanger loyalty through perceived value, with (O) = 0.008; T-Statistic = 0.355 and p-value = 0.723. This means that there is no positive and insignificant influence between brand image and passanger loyalty, where perceived value is the mediator.

CONCLUSION AND RECOMMENDATIONS

The exploration of this paper answers the research objectives, to provide the development of a conceptual model of brand image and its impact on passanger loyalty, then, to test the influence of, among others: brand image on perceived value and test the effect of

perceived value on passanger loyalty, from the research results it was found that only brand image As for passanger loyalty which is stated to have an influence and is significant, the other is that the influence of brand image on perceived value and perceived value on passanger loyalty is stated to have no positive influence and is not significant, this is because LCC passengers focus more on low prices than other factors. Passengers tend to choose airlines based on the lowest ticket prices and have low expectations of the additional services offered. In addition, the limited facilities provided by LCC reduce the role of perceived value, so that brand image becomes the main factor influencing passenger loyalty, where a positive image of reliability and affordable prices determines their decision to remain loyal. The aim of this research is to provide evidence Empirically, the importance of brand image, perceived value and passenger loyalty in the context of low cost carrier or LCC airline business. As an illustration of creating a superior marketing strategy, the results of this research contribute and can be used as a reference among academics and practitioners. However, this research has several limitations, including geographic scope and the variables studied, future research could include additional variables such as service quality, price, and customer experience for more in-depth analysis.

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