

CHAPTER I

INTRODUCTION

1.1. Overview of Research Objects

1.1.1. Lion Air Company Overview

PT Lion Mentari Airlines, operating as Lion Air, is an Indonesian low-cost carrier and one of the country's largest privately-owned airlines, the second largest low-cost airline in Southeast Asia (after AirAsia). Lion Air is part of the Lion Air Group, which oversees other airlines such as Wings Air, Batik Air, Malindo Air in Malaysia, and Thai Lion Air in Thailand. As a leading domestic airline and disciplined low-cost carrier, Lion Air offers flights to value-consciousness customers who focus on price, frequency of flights, and an expansive route network across Indonesia (Lion Air, 2022). Rusdi and Kusnan Kirana established the airline in October 1999, and it began scheduled passenger services from Jakarta to Denpasar and Pontianak on June 30, 2000, utilizing a leased Boeing 737-200. It was the first low-cost airline in Indonesia.



Figure 1. 1 Lion Air Logo

Source: lionair.co.id (2022)

The Company offers travel packages and planning, ticket booking, insurance, prepaid baggage, and shopping services. The airline operates domestic and international routes, connecting different destinations. Lion Air has strategically expanded its passenger services to select international markets, including Singapore, Malaysia, Saudi Arabia, and China. With the tagline "We Make People Fly," Lion Air seeks to break down stigma by showing that anyone can fly with Lion Air while maintaining the highest level of safety, security, and flight quality.

Lion Air has always led a focus on cost-effective operations and an unwavering commitment to providing value-consciousness passengers and cargo customers with the most cost-effective alternative to all of their destinations.

1.2. Research Background

The emerging industry in Indonesia encourages increased competitiveness among companies, especially the company that is engaged in service-related companies. As a business, finding ways to retain happy customers should be a top priority. However, companies are challenged to develop unique methods to improve the quality of their services as customer loyalty declines and customer demands rise because content and satisfied customer is key performance area for the survival and growth of the company. Moreover, customers' demands and wants will always change in line with technological, economic, social, and cultural advancements, affecting the system of people's consumption patterns. Therefore, the needs and desires of customers must be carefully identified and evaluated to provide high-quality services and facilities following customer expectations regardless of the type of business, including the airline industry. As a result, various airlines have modified their marketing strategies, particularly those related to service quality, to compete effectively and fiercely with their competitors. Because, on the basis of service quality, companies can make a difference from other organizations because companies gain a competitive advantage through service quality (Nugraheni & Suyanto, 2021)

Indonesia is one of the countries with a comparatively high growth rate in the aviation industry. Indonesia is a country in Southeast Asia with over 100,000 islands, making it the world's largest archipelago. Because of the country's geographical location as an archipelago, air transportation is one of this country's primary forms of transportation. Considering that domestic flights can reach all cities in Indonesia, especially when land and sea transit cannot, the role of air transportation is critical to reaching any place in Indonesia.

However, due to the development of other airlines and the emergence of Low-Cost Carriers (LCC), air transportation in Indonesia has changed significantly. Air transport is now dominant in transcontinental and intercontinental travel and

has become more competitive for shorter trips in many regional markets. Nevertheless, LCC airlines have played an essential role in expanding the range of short-haul flights. Furthermore, the public's preference for LCC airlines is influenced by the poor quality of ground transportation, making air travel a viable option for national inter-city routes.

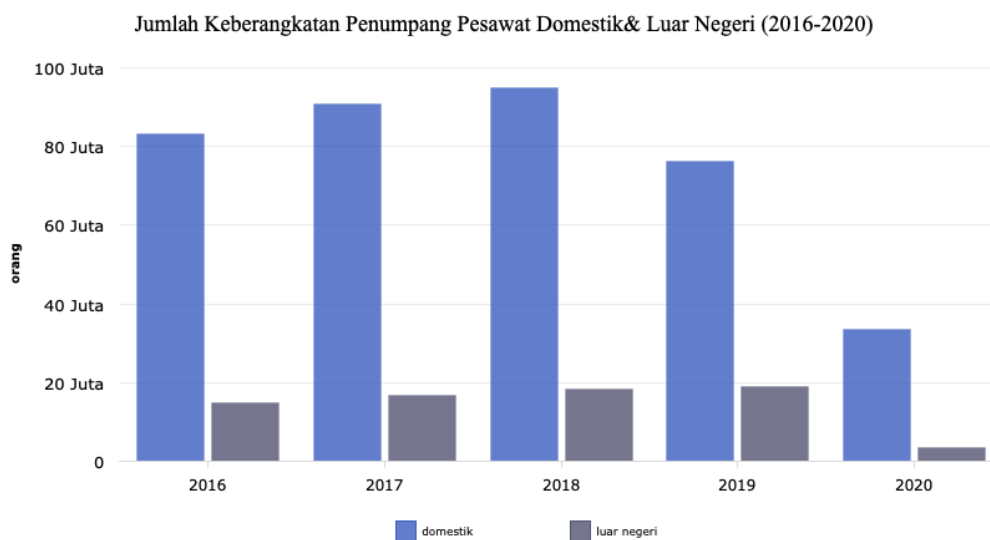


Figure 1. 2 Number of Departures of Domestic and Foreign Passengers
(2016-2020)

Source: Central Bureau of Statistics Indonesia (2021)

As is well known, the COVID-19 pandemic that struck the country on March 2, 2020, prompted the government to restrict foreign citizens' (WNA) access to the country to restrict people's movement in an effort to prevent the transmission of the virus. As a result, the airline sector solely provides service on domestic routes. According to a report from the Central Bureau of Statistics (2020), the number of domestic and international airline passengers departing in 2020 has declined. In 2020, 33.51 million people were recorded as departing on domestic flights. This is a 55.99% decrease compared to the previous year's figure of 76.15 million people. However, Lion Air is still able to survive in the midst of the outbreak of COVID-19 and continues to serve passengers traveling during the pandemic.

Based on the Indonesia National Air Carriers Association (INACA) data, Lion Air has outperformed Garuda Indonesia, Air Asia, and several other airlines in domestic routes for the entire year 2021. Although there was a decrease in passengers by 0.2% in 2021, Lion Air continued to hold the largest share of the domestic aviation market, followed by Garuda Indonesia, Citilink, and Batik Air. Cumulatively, Lion Air has a market share of up to 29% and has transported up to 9.80 million passengers in 2021.

Table 1. 1 Market Share and Domestic Passengers of National Airlines
(2019-2020)

No	Airline	2019		2020		2021	
		Passengers	M.S (%)	Passengers	M.S (%)	Passengers	M.S (%)
1	Lion Air	23.737.227	29,9%	12.516.590	35,4%	9.893.130	29,7%
2	Garuda Indonesia	15.542.662	19,6%	4.619.487	13,1%	3.490.812	10,5%
3	Citilink	11.860.912	14,9%	5.421.720	15,3%	7.524.408	22,6%
4	Batik Air	10.518.452	13,2%	6.123.017	17,3%	7.260.547	21,8%
5	Wings Air	5.709.457	7,2%	2.816.896	8,0%	2.621.559	7,9%
6	Sriwijaya	5.437.880	6,9%	1.590.429	4,5%	1.115.978	3,3%
7	Indonesia Air Asia	2.887.581	3,6%	1.113.480	3,1%	637.453	1,9%

Source: INACA Annual Report (2021)

However, after two years of being hit by a COVID-19 outbreak in Indonesia, some people have begun to seek revenge after social restrictions were eased. The phenomenon of revenge travel refers to a tourist vacation taken after a person has been isolated and restricted in their activities as a result of the COVID-19 pandemic (Rizal Fadli, 2021). Nevertheless, according to the survey conducted by Statista (2022), following the COVID-19 outbreak, the public claimed that cabin cleanliness had been the most important factor determining their flight decision.

Dissatisfaction with the Lion Air airline use can be seen from the large number of passenger complaints data taken from various sources. In this study, the author gathered passenger complaint data through reviews from the Media Konsumen website and taken via Skytrax Ratings website and Trip Advisor website using Text Mining in **Simplescraper**. The data were taken from January 2019 to August 2022. Reviews of complaints from several Lion Air passengers can be seen in Table 1.2 below and Table 1.3 below.

Table 1. 2 Complaints from Media Konsumen of Lion Air

Title of Complaint	Year
<i>Bagasi Lion Air Rusak, Tidak Bisa Diklaim</i>	2022
<i>Lion Air, Mohon Jangan Reschedule Sesuka Hati!</i>	2021
<i>Proses Refund yang Lama dari Lion Air dan Traveloka.</i>	2021
<i>Refund Tiket Pesawat Lion Air Karena Reaktif, Namun Tidak Ada Kejelasan dan Sudah Lewat Jangka Waktu yang Diinfokan.</i>	2020

Source: mediakonsumen.com (2022)

Table 1. 3 Complaints from Skytrax of Lion Air

Review	Date
<i>Has bad flight management.</i>	12 th December 2021
<i>Many problems await if you book your flight with Lion Air.</i>	13 th November 2021
<i>Go with anyone else but Lion Air.</i>	11 th August 2021
<i>Manages to constantly disappoint.</i>	2 nd June 2021
<i>Very bad refund policy.</i>	4 th May 2020
<i>Poor and not really acceptable.</i>	2 nd January 2020
<i>Unbelievably bad service.</i>	24 th September 2019
<i>Terrible experience!</i>	16 th September 2019
<i>By far the worst airline.</i>	10 th September 2019
<i>A little bit delays.</i>	31 st July 2019
<i>Expensive baggage price.</i>	31 st July 2019
<i>Felt totally humiliated.</i>	7 th May 2019

Source: skytraxratings.com (2022)

Table 1. 4 Complaints from Trip Advisor of Lion Air

Review	Date
<i>No air conditioner. No water. They change gates and boarding times without informing. Pathetic. It's unhygienic, dirty, and just not worth it. Pay a little extra go for other airlines. I hope this airline shuts down because they don't treat you like humans but like parcels.</i>	August, 2022
<i>Everything is and will always be delayed. The worst part, they do not communicate with the passenger. For all you know, the plane won't come, or the flight already left from another gate. They don't know either.</i>	August, 2022
<i>Traveled several times during my stay in Jakarta. Flights are not on time ever. You have to alert yourself to gate changes. No water was served. Air-conditioning does not work till take off. The wait between boarding and take-</i>	July, 2022

<i>off can be as much as an hour to an hour and a half. So, till then, sweat it out. Bad leg space. Overall terrible experience.</i>	
<i>Filthy airplane, delays, and no whatsoever interaction with the crew besides welcome and goodbye. Horrible check-in (disorganized), after boarding a delay without any explanation, with people sporadically walking in (even after take-off time was well beyond), no one to be seen during the 1,5 hr flight (not to buy some water, not to mention proactively offering something). To top it the disgraceful luggage collection at Soekarno Hatta Airport takes ages and truly is something they should be ashamed of.</i>	June, 2022
<i>Lion air is the poorest ran airline I have ever seen. They did a terrible job updating passengers on the plane status and did not keep anyone in the loop about how late it would be delayed. I had to check flightaware.com Fly Air Asia and avoid this terrible airline at all costs.</i>	June, 2022
<i>A day before the flight, Lion rescheduled to an hour later. They were loaded into the plane 20 min late. Sat in a full plane without aircon, doors closed, no oxygen for 30 minutes. Everyone was hot, sweating, and furious. There was no announcement from the pilot or crew.</i>	May, 2020
<i>The worst airline I have ever seen. The flight is delayed for 3 hours. Service is so slow. The gates keep changing.</i>	May, 2022
<i>My flight was rescheduled by the airline without any confirmation. Bad services, bad time management, overall is bad, just stay away from this airline.</i>	May, 2022
<i>This airline has the worst customer service and ticketing system. The flight ticket you buy could change whenever and however this trashy airline wants. Don't bother to call customer service because you need to wait at least an hour, just to hear that they are sorry and cannot do anything bla bla bla. Super not recommended.</i>	September, 2021
<i>Unbelievably bad A few times I flew with this airline, it always disappointed me. Long-time never thinks about flying anymore with the name of LION AIR. And now, when I tried to convince myself to try to fly with them again. And it's happened again. DELAY... LOL. and today is 6 February 2022. And they never change. So, if you think about flying on time, then Lion air is not the answer.</i>	August, 2020

Source: tripadvisor.com

Table 1.2 above shows the number of complaints addressed to the Lion Air services that the author obtained from the website dedicated to helping voice

customers' opinions on the products or services they consume named Media Konsumen. On the website, three complaints were found from 2020 to 2021.

In addition, to collect complaint data from the Media Konsumen website, this study employs Text Mining to retrieve data from the SkyTrax and Trip Advisor websites to determine the number of complaints from passengers regarding the Lion Air service. Table 1.3 and Table 1.4 shows that Lion Air received multiple complaints during the past three years. From 2019 to 2021, complaints from passengers on domestic flights are being collected. A large number of complaints regarding Lion Air's services can be said that the services the Lion Air airline provides to its customers have not been maximized. Reviews relating to consumer disappointment with Lion Air and user disappointment with Lion Air with services can be seen based on the AIRQUAL dimension proposed by Ekiz et al. (2006), namely Airline Tangibles, Terminal Tangibles, Personnel Services, Empathy, and Airline Image. The author attempts to compile all complaints and negative feedback from the passengers that have been collected above and is classified according to the five dimensions. Reviews related to these dimensions can be seen in Table 1.4 below.

Table 1. 5 Complaints Classification Based on AIRQUAL Dimensions

AIRQUAL Dimensions	Passenger Complaint
Airline Tangibles	<i>No air conditioner. No water. They change gates and boarding times without informing. Pathetic. It's unhygienic, dirty, and just not worth it. Pay a little extra go for other airlines. I hope this airline shuts down because they don't treat you like humans but like parcels.</i>
	<i>Traveled several times during my stay in Jakarta. Flights are not on time ever. You have to alert yourself to gate changes. No water was served. Air-conditioning does not work till take off. The wait between boarding and take-off can be as much as an hour to an hour and a half. So, till then, sweat it out. Bad leg space. Overall terrible experience.</i>
	<i>Filthy airplane, delays, and no whatsoever interaction with the crew besides welcome and goodbye. Horrible check-in (disorganized), after boarding a delay without any explanation, with people sporadically walking in (even after take-off</i>

	time was well beyond), no one to be seen during the 1,5 hr flight (not to buy some water, not to mention proactively offering something). To top it the disgraceful luggage collection at Soekarno Hatta Airport takes ages and truly is something they should be ashamed of. A day before the flight, Lion rescheduled to an hour later. They were loaded into the plane 20 min late. Sat in a full plane without aircon, doors closed, no oxygen for 30 minutes. Everyone was hot, sweating, and furious. There was no announcement from the pilot or crew.
Terminal Tangibles	Filthy airplane, delays, and no whatsoever interaction with the crew besides welcome and goodbye. Horrible check-in (disorganized), after boarding a delay without any explanation, with people sporadically walking in (even after take-off time was well beyond), no one to be seen during the 1,5 hr flight (not to buy some water, not to mention proactively offering something). To top it the disgraceful luggage collection at Soekarno Hatta Airport takes ages and truly is something they should be ashamed of. This airline has the worst customer service and ticketing system. The flight ticket you buy could change whenever and however this trashy airline wants. Don't bother to call customer service because you need to wait at least an hour, just to hear that they are sorry and cannot do anything bla bla bla. Super not recommended.
Personnel Services	Unbelievably bad service. Felt totally humiliated. This airline has the worst customer service and ticketing system. The flight ticket you buy could change whenever and however this trashy airline wants. Don't bother to call customer service because you need to wait at least an hour, just to hear that they are sorry and cannot do anything bla bla bla. Super not recommended.
Empathy	Bagasi Lion Air Rusak, Tidak Bisa Diklaim Has bad flight management. A little bit delays. Expensive baggage price. Everything is and will always be delayed. The worst part, they do not communicate with the passenger. For all you know, the plane won't come, or the flight

	<i>already left from another gate. They don't know either.</i>
	<i>Traveled several times during my stay in Jakarta. Flights are not on time ever. You have to alert yourself to gate changes. No water was served. Air-conditioning does not work till take off. The wait between boarding and take-off can be as much as an hour to an hour and a half. So, till then, sweat it out. Bad leg space. Overall terrible experience.</i>
	<i>Filthy airplane, delays, and no whatsoever interaction with the crew besides welcome and goodbye. Horrible check-in (disorganized), after boarding a delay without any explanation, with people sporadically walking in (even after take-off time was well beyond), no one to be seen during the 1,5 hr flight (not to buy some water, not to mention proactively offering something). To top it the disgraceful luggage collection at Soekarno Hatta Airport takes ages and truly is something they should be ashamed of.</i>
	<i>Lion air is the poorest ran airline I have ever seen. They did a terrible job updating passengers on the plane status and did not keep anyone in the loop about how late it would be delayed. I had to check flightaware.com Fly Air Asia and avoid this terrible airline at all costs</i>
	<i>The worst airline I have ever seen. The flight is delayed for 3 hours. Service is so slow. The gates keep changing.</i>
	<i>Unbelievably bad A few times I flew with this airline, it always disappointed me. Long-time never thinks about flying anymore with the name of LION AIR. And now, when I tried to convince myself to try to fly with them again. And it's happened again. DELAY... LOL. and today is 6 February 2022. And they never change. So, if you think about flying on time, then Lion air is not the answer.</i>
	<i>A day before the flight, Lion rescheduled to an hour later. They were loaded into the plane 20 min late. Sat in a full plane without aircon, doors closed, no oxygen for 30 minutes. Everyone was hot, sweating, and furious. There was no announcement from the pilot or crew.</i>
	<i>Lion Air, Mohon Jangan Reschedule Sesuka Hati!</i>
Airline Image	<i>Proses Refund yang Lama dari Lion Air dan Traveloka.</i>

	<i>Refund Tiket Pesawat Lion Air Karena Reaktif, Namun Tidak Ada Kejelasan dan Sudah Lewat Jangka Waktu yang Diinfokan.</i>
	<i>Many problems await if you book your flight with Lion Air.</i>
	<i>Very bad refund policy.</i>
	<i>Go with anyone else but Lion Air.</i>
	<i>Manages to constantly disappoint.</i>
	<i>Very bad refund policy.</i>
	<i>Poor and not really acceptable.</i>
	<i>Terrible experience!</i>
	<i>By far the worst airline.</i>
	<i>My flight was rescheduled by the airline without any confirmation. Bad services, bad time management, overall is bad, just stay away from this airline.</i>

Source: Processed by Author

Based on Table 1.4, it can be seen that the reviews given by Lion Air consumers relating to Airline Tangibles, Terminal Tangibles, Personnel Services, Empathy, and Airline Image are the five dimensions that have numerous complaints and disappointments from Lion Air passengers. Airline Tangibles is a dimension that contains the interior of aircraft used by airlines, the cleanliness of the plane's toilets, the cleanliness of the plane's seats, and the quality of air-conditioning in the planes. Complaints given by consumers on this dimension can be concluded that the cleanliness of the plane is very poor, and the quality of the air-conditioning is inadequate.

Terminal Tangibles is a dimension used to determine the effectiveness of the check-in process, luggage drop-off, and the employee's uniform. Complaints given by consumers on this dimension can be concluded that the check-in process of Lion Air is still inconvenient. Personnel service is a dimension used to determine employees' attitudes, behavior, and skills and how they interact with customers. Complaints given by consumers on this dimension can be concluded that the airline's staff are not aware of their duties. Hence, consumers feel they are not served and appropriately treated by the airline staff and flight attendants of Lion Air.

The next dimension that obtains bad reviews is Empathy. Empathy is how airlines provide trouble-free services to their customers, such as careful baggage handling, clearly communicated compensation schemes, or punctuality in case of any loss or hazards. Complaints given by consumers on this dimension can be concluded that Lion Air's departure and arrival schedules are still not on time, and Lion Air's luggage handling has not met consumer expectations.

The last dimension that received bad reviews was Airline Image. Airline image includes promotional offers, value for money, or the overall perception of the airline's image. Complaints given by consumers on this dimension can be concluded that consumers experience bad experiences and are not happy and satisfied with their decision to choose Lion Air as a service provider. Appropriate measurement instruments are required to assess customers' perceptions of the quality of airline services in Indonesia. The SERVQUAL model created by Parasuraman et al. (1988) is the most extensively used service quality model and is still widely used as a reference in management research. SERVQUAL is a method used to measure service quality based on customers' perceptions and expectations of a company's services. However, along with the development of science, specifically in certain service industries, SERVQUAL can be developed further to describe the quality of service more precisely. Ekiz et al. (2006) modified the SERVQUAL model specifically for the aviation industry, known as the AIRQUAL model. In this study, the author preferred to use the AIRQUAL model because it is more specifically designed for the aviation industry and is expected to provide optimal results in terms of service quality.

Furthermore, The AIRQUAL model will be used to perform a gap analysis of the existing service attributes, which have been categorized into five dimensions, Airline Tangibles, Terminal Tangibles, Personnel Services, Empathy, and Airline Image. The Importance-Performance Analysis (IPA) method is the next step to assessing the gap between customers' expectations with perceived services. The IPA method is being used to map the four quadrants of customers' perceptions of Lion Air's service quality. Based on the description above, the author is interested

in doing research on this problem with the topic of Analyzing Airline Service Quality Using the AIRQUAL Model and Importance-Performance Analysis.

1.3. Problem Identification

Airlines should not only offer lower prices but moreover provide the best quality service possible to please their customers. Customer satisfaction is the key focus for a service company in determining strategies to win the competition; therefore, excellent and gratifying customer service is the main aim for airlines. Unfortunately, one of Indonesia's top airlines, Lion Air, known for its low prices and ability to serve flights to distant areas of the country, needs to improve and enhance the quality of its service to its customers.

This study identified that Lion Air's service is still inadequate, and its performance needs to be improved. The number of complaints evidences this via Media Konsumen website, Skytrax Ratings and Trip Advisor, as is explained in the above discussion in sub-chapter 1.2, addressed to their customer service. Several complaints and comments have been posted about this airline's lousy service. Of course, Lion Air must be aware of this to assess the quality of its services and avoid a negative impact on the company.

Given the nature of the relationship between airlines and their passengers, the applicable service standards for customer satisfaction must be overhauled. Using the AIRQUAL Model and Importance-Performance Analysis, this study will assist in identifying grey areas that negatively impact customer satisfaction and implement appropriate responses to ensure customer satisfaction.

1.4. Research Questions

1. How do consumers expect from Lion Air's airline service quality in Jakarta, Indonesia?
2. How do consumers perceive from Lion Air's airline service quality in Jakarta, Indonesia?
3. What dimension has the largest gap between Importance the and Performance of passenger perception of airline service quality?
4. What is the worst service attribute of Lion Air amongst airline service quality?

1.5. Research Objectives

1. To find out consumer's expectations of Lion Air's service quality in Jakarta, Indonesia.
2. To find out consumer's perceptions of Lion Air's airline service quality in Jakarta, Indonesia.
3. To find out the largest gap between the Importance and Performance of passenger perception of airline service quality.
4. To find out the worst service attribute of Lion Air amongst airline service quality.

1.6. Significant of Research

1.6.1. Theoretical Aspects

The findings of this research are hopefully able to develop, apply, and provide valuable information to readers in the field of marketing management, particularly in the area of Service Quality Management, that has been acquired through lectures and applies to the reality that occurs in the fields.

1.6.2. Practical Aspects

Hopefully, this research will help the Company develop a better strategy for managing the Company, providing a quality service based on customer perceptions, and showcasing how both can compete in a healthy manner.

1.7. Research Writing Systematics

The structure of this research is aimed to include a general overview of the research that will be conducted. It is presented into five chapters, the first of which has previously been discussed above, and the remaining chapters are as follows:

CHAPTER I INTRODUCTION

In Chapter I, there is a general overview that is concise and clear to illustrate the research's contents. The contents of this chapter include General Overview of Research Objects, Research Background, Problem Statement, Research Objectives, Significant of Research, and Research Writing Systematics.

CHAPTER II LITERATURE REVIEW

In Chapter II, there are hypotheses ranging from general to specific, as well as previous research and a research framework that concludes with a hypothesis that supports this research.

CHAPTER III RESEARCH METHODOLOGY

Chapter III contains a description of research methods, types of research, stages of research, data sources research, and data analysis process.

CHAPTER IV RESEARCH RESULTS AND DISCUSSION

In chapter IV, the author describes the results acquired by processing data that has been analyzed using the previously determined approach. The research and discussion findings are analyzed and presented in distinct subtitles in accordance with the formulation of the issues and research objectives. The results of the research and discussion are systematically described in accordance with the formulation of problems and research objectives and presented in separate subtitles.

CHAPTER IV CONCLUSION AND SUGGESTION

Chapter V contains the study's conclusion, an analysis that can be implemented as practical guidance for the Company, and recommendations for further research.