

ABSTRACT

Lion air is one of the airlines implementing the largest Low-Cost Carrier (LCC) in Indonesia. Based on the data it has the highest market share in Indonesia and has a record of 43% in 2013. It was noted that Lion Air decreased in market share in the last five years by 37% in 2017.

The purpose of this study is to identify the factors that make passengers loyal to Lion Air by investigating the impact of service quality and safety perception on customer satisfaction and how satisfaction and Loyalty Program subsequently influence customer loyalty. This study using online survey questionnaire with a total of 27 items, the survey generated 400 respondents. Data analysis was conducted using the SmartPLS 3.2.8 software generating outer and inner model testing.

Based on the respondents' assessment result, the most significant factors that influence airline loyalty of Lion Air is the Customer Satisfaction variable with 52% then followed by customer satisfaction with 52%.

Furthermore, from the result, the researcher suggests the companies to improve their facilities and other service so that users can feel comfortable while using the airplane.

Keywords: Customer Loyalty, Customer Satisfaction, Service Quality, Loyalty Program (FFP), Lion Air.