

## **The effect of service quality and price on satisfaction and loyalty of customer of commercial flight service industry**

### **ABSTRACT**

This research looks into the influence of the service quality and price on customer's satisfaction and loyalty of commercial airline service industry. The objective of this research is to test and analyse the effect of service quality and price toward customer's satisfaction and loyalty. This research used primary data through a survey of 310 respondents. The respondents were passengers, who have been travelling by plane two times from January to March, 2012. The Structural Equation Moing (SEM) was used to analyze the data, using AMOS (Analysis of Moment Structure) version 7.0 software. The result of this research has shown that service quality influences insignificantly toward customer's satisfaction with a positive relationship and price influences insignificantly toward customer's satisfaction with a negative relationship, service quality influences insignificantly toward customer's loyalty with a negative relationship and price influences significantly toward customer's loyalty with a negative relationship. Customer satisfaction gives significant positive impact on customer loyalty. This implies that when customers feel satisfied then certainly they will also have a loyalty to the flight services industry. This research also recommended that the aviation services industries to maintain a consistent quality of service and continue to set the right price and fair, then the customers will certainly feel satisfied and be followed by loyalty to always use the services of the airline industry.

**Keyword:** Service quality; Price; Customer satisfaction; Customer loyalty