The Role of Customer Engagement in Mediating the Influence of Brand Experience and Customer Satisfaction on the Customer Loyalty of Full-Service Airline in Indonesia

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Abstract

The Corona Virus Disease-19 (COVID-19) pandemic, which is currently engulfing the entire world, has significantly reduced the number of air travel passengers worldwide. However, the decline in air travel passengers on domestic routes in Indonesia occurred in 2019, one year before the COVID-19 pandemic heavily decline the aviation industry worldwide. The decline in passengers in 2019 can be taken as a signal of weakening demand in the aviation industry in Indonesia. This research was conducted on 233 respondents from the airline "X" as one of the full-service in Indonesia, which has also been affected by the decline in passengers since 2019. The strategy to increase customer retention during the COVID-19 pandemic and the post-pandemic period is an important thing to study, considering that the existing literature on airline customer loyalty has never been carried out under the conditions of the COVID-19 pandemic. Therefore, this study examines customer satisfaction, customer engagement, and brand experience as a combination of antecedent constructs of customer loyalty based on the perception of Indonesian passengers traveling with full-service airlines. The research found that brand experience has no positive and significant influence on customer loyalty. Meanwhile, customer satisfaction and customer engagement positively and significantly influence customer loyalty. This research also found the role of customer engagement to fully mediate the relationship between brand experience and customer loyalty of airline "X". In contrast, customer engagement can partially mediate the indirect influence of customer satisfaction on customer loyalty.

Introduction

Between 2008 and 2018, the development of the Indonesian airline industry is swift. Based on Air Transportation Statistics 2018, Badan Pusat Statistik Republik Indonesia (2019), air transportation passengers on domestic routes increased rapidly by 163% from 2008. However, there was a decrease in scheduled air transportation passengers on domestic routes in 2019. Based on Air Transportation Statistics 2019, Badan Pusat Statistik Republik Indonesia (2020), data on the number of passengers for scheduled air transportation for domestic routes in 2019, the number of passengers for
expected air transportation for domestic routes decreased to around 76.1 million passengers, or down 19.75% from the previous year.

The fact of the decline in the number of air passengers on domestic routes in 2019, of course, can be taken as a signal of weakening demand in the aviation industry in Indonesia, even before entering the Corona Virus Disease - 19 (COVID-19) pandemic, which began to hit the whole world in early 2020. This COVID-19 pandemic impacted the aviation industry more significantly than earlier pandemics, such as the Ebola pandemic, the MERS pandemic, and the H5N1 bird flu pandemic. IATA (2020) states that 91% of countries worldwide closed their borders to most foreign nationals in April 2020. Like most governments worldwide, the Indonesian government has also implemented regulations prohibiting foreign nationals from entering their territory and restricting their activities and activities—community mobility to reduce the transmission of COVID-19.

From the COVID-19 impact analysis report on the world economy by several top-tier management consultants such as McKinsey&Co, Boston Consulting Group, and Deloitte Consulting, we can conclude that the aviation industry was one of the industries hardest hit by the COVID-19 pandemic. -19. COVID-19 pandemic hugely affects the travel restrictions enforced by each country to prevent the massive spread of COVID-19 caused by travel and human movement through transportation. Based on the International Civil Aviation Organization (ICAO) research, the international civil aviation agency formed by the United Nations (UN), in total, decreased air traffic passenger traffic worldwide by 59%. (ICAO, 2020). In Indonesia, in particular, the decline in passenger traffic was also felt by all airlines throughout 2020. Indonesia Central Bureau of Statistics released in February 2021 that from January to December 2020, the total of domestic route passengers fell by 57.76% compared to the total of domestic route passengers in 2019.

In this study, the author will focus on the Full-service Airline "X" which controls the aviation market share in Indonesia by 20% (CAPA, Center for Aviation, 2018). The national airline of Indonesia, founded in 1949, has been the market leader in the aviation industry in Indonesia, before being replaced by the LCC airline, Lion Air Group, since 2009. In the face of competition in the aviation industry in Indonesia, which currently has 70% of its market share controlled by several LCC airlines. The "X" airline must continue to innovate and focus on developing the company on the advantages it currently has, on maintaining the existing market share and being able to return the number of passengers and the company's income stream during this COVID-19 pandemic and then the period after the pandemic is over. In 2020, the number of passengers on the domestic route of airline "X" decreased by 70.5% compared to the number of domestic route passengers in 2019. Meanwhile, the number of passengers on the international route decreased by 81.8% compared to the number on the international route in 2019.
Before conducting further research, preliminary interview research was undertaken to determine people's interest in air travel during the COVID-19 pandemic, airline preferences, reasons to fly using the airline, and questions related to customer satisfaction, travel experience, and engagement with airlines. The author conducted interviews with 30 airline customers, and 26 respondents had travelled during the application of the Antigen swab-test certificate requirements with negative results 48 hours before the flight. Of the 26 respondents, 20 respondents said they always chose to fly using the "X" airline. The 20 respondents were then asked why they decided to fly with airline "X". The author did not limit the reasons given, so there could be more than one answer.

From preliminary interviews with the respondents using airline “X”, we can see that most respondents are users of airline "X" and remain loyal to travel during the COVID-19 pandemic with airline "X". Although only in the form of preliminary interviews with a small number of respondents, it can also be seen that public awareness regarding the implementation of health protocols carried out by airlines, and the consistently excellent service carried out by airline "X", are the main reasons people remain loyal to flying using airline "X".

According to Kotler and Keller (2016), it is easier to maintain selling from existing passengers than new passengers; this theory support that the old customers are more loyal than new ones. In short, airlines need to retain their current buyers. Thus, they are not choosing other aviation companies (N. Calisir, Basak, & F. Calisir, 2016). Thereby, customer loyalty is a vital force that has to be pursued by airline companies because it is related to the repurchase intention of passengers (Akamavi, Mohamed, Pellmann, & Yu. 2015). This customer loyalty will help aviation companies acquire higher profit returns than usual. Therefore, choosing the right policies and strategies in order to increase passenger loyalty is essential for a competitive yet rapidly changing business environment (Vlachos and Lin, 2014).

According to Pansari and Kumar (2017), companies should nurture positive relationships to secure the loyalty and satisfaction of customers. Several prior research has shown that customer loyalty is influenced by customer satisfaction (Han and Hyun, 2018; Meesala & Paul, 2018; Kamran-Disfani et al., 2017; Murali et al., 2016; Vera & Trujillo, 2013; Howat & Assaker, 2013; Wu, Yeh, & Hsiao, 2011). Nevertheless, those studies have also shown that customer satisfaction is not the only factor in creating good customer loyalty. Service quality as an antecedent for customer loyalty is one of the commonly used constructs in this case. However, in this research on Full-Service Airline "X", the service quality variable, which has often been discussed as an antecedent closely related to customer satisfaction, will not be addressed as a particular variable. Firstly, based on the fact that the international aviation world has recognized the service quality of the "X" airline. Secondly, it is based on the awarding of "X" as an Airline with a 5 Star rating since 2014 and the granting of the Best Cabin
Crew in the world for five consecutive years, 2014 – 2018, by the independent global aviation rating agency SKYTRAX. Of course, the "X" airline's service quality is unquestionable on this basis. In addition, recent research during the pandemic conducted by Song & Choi (2020), has also mentioned that passenger experience with the application of health protocols on flights is one of the essential variables in passengers' desire to return to air travel, compared to service quality variables.

Recently, customer management has entered a new engagement stage (Pansari and Kumar 2017). In addition, current customer engagement has a positive, clear, and direct relationship with company performance (Mittal et al., 2017). The ongoing COVID-19 pandemic has forced airlines to provide higher quality services to the passengers, including a distinctive brand experience, and forced companies to apply health protocols during flights. Brand experience plays an important part in evolving brand loyalty to achieve business sustainability nowadays. According to Ong, Lee & Ramayah 2018, customers may encounter new exciting brand experiences through sensation, affection, behavior, and intelligence.

Based on previous studies, besides the role of customer satisfaction towards customer loyalty, there are some discussions about the part of customer engagement variable in building customer loyalty (Pansari & Kumar, 2017; Thakur, 2016; Hapsari et al., 2015; Kumar et al., 2013), and brand experience's role in creating customer loyalty (Hussein, 2018; Ong et al., 2018; Merrilees, 2016; Sahin, Zehir, & Kitapci, 2011; Brakus, Schmitt, & Zarantonello, 2009). There are not many studies of the airlines' industry that discuss the relationship between customer loyalty with marketing variables, brand experience, and customer engagement. These two variables have been widely discussed as factors that affect customer loyalty in other industries. Furthermore, the newest literature discusses customer satisfaction's influence, brand experience, and customer engagement under normal conditions before the COVID-19 pandemic. From the pre-research interview's result conducted by the author, customer satisfaction, brand experience, and customer engagement are understandable and relevant to be used as variables on customer loyalty's study of airline "X" during the COVID-19 pandemic.

The strategy to promote customer retention during and after the COVID-19 pandemic plays an essential role in the study, considering that the existing literature on airline customer loyalty has never been reviewed during the COVID-19 pandemic situation. Therefore, this study intends to examine customer satisfaction, customer engagement, and brand experience as a combination of antecedent constructs of customer loyalty based on Indonesian passengers' perception of traveling with full-service airlines. Furthermore, customer engagement as the mediating effect on other variables will encourage a deeper understanding of customer engagement's role in increasing passenger loyalty.
Literature Review

Expectation Disconfirmation Theory (EDT)

The expectancy disconfirmation theory assessed satisfaction factor is determined by the product or service's performance, and in consumers compare product performance with their initial expectations process (Van Ryzin, 2013). Classification of the disconfirmation scale is positive disconfirmation, negative disconfirmation, and zero confirmation (Oliver, 2010). Positive disconfirmation is classified when customers obtain the quality of the product or service above their expectations, and therefore their customer satisfaction will be high. Otherwise, negative disconfirmation happens when customers' obtain the quality of the product or service does not meet their expectations, customer satisfaction will have a low score. Zero Disconfirmation, or Zero Confirmation Point, is the midpoint between positive and negative disconfirmation when service performance meets customer expectations.

Customer Satisfaction

Expectancy–Disconfirmation Theory (EDT) is the theory that is considered the most important and has been widely accepted to explain further customer satisfaction. Customer satisfaction is a consumer's assessment of the perceived performance of a service or product towards customer expectations (Kotler and Keller, 2016; Schiffman et al., 2010). Oliver (2014) considers customer satisfaction a variable to evaluate a service or product and the level of pleasure obtained from consumption-related realization.

Brand Experience

In their book, Pine and Gilmore (1998), "The Experience Economy," state that it is essential to provide an unforgettable experience to consumers as services become increasingly commoditized. Another study conducted by Schmitt (1999) describes the shift from traditional marketing, which came from the industrial era to experiential marketing. Brand experience is subjective, internal consumer responses (sensations, feelings, and cognition), and behavioral responses evoked by brand-related stimuli that are part of a brand's design and identity (packaging, communications, and environments) (Brakus et al., 2009).

Customer Engagement

Customer engagement is a priority topic and describes the concept as customer behavioral manifestation toward a firm or brand beyond the purchase (Verhoef et al., 2003). Customer engagement behavior is recognized as having an essential role in achieving competitive advantage because customer engagement can be a way to retain, retain, and maintain customers by involving customers in providing referrals.
or taking part in the new products development (Van Doorn et al., 2010; Brodie et al., 2009). Enginkaya et al. (2014) identify customer engagement as an emotional connection between the customers and its business, focusing on customer interaction and value.

**Customer Loyalty**

Most early studies on loyalty defined loyalty as a behavioral manifestation of behavioral loyalty (behavioral loyalty), including re-patronization or repurchase of services or products (Tellis, 1988; Jacoby & Kyner, 1973). Other research defined customer loyalty in various ways. However, it can be categorized as a behavioral approach, an attitude approach, and a combination of attitude and behavior. Behavioral loyalty focuses on repeat purchases, which implies that customers regularly buy services or products from the same company. Meanwhile, attitude loyalty is an approach that uses attitude data to express sentimental or psychological loyalty (Vlachos and Lin, 2014).

**Hypothesis Development and Conceptual Model**

The conceptual framework of this study is presented in the following figure.

![Conceptual Framework](image)

**Figure 1. Conceptual Framework**

The study in the airline industry conducted by Prentice, Wang, & Loureiro (2019) revealed that brand experience and brand love have a positive and significant influence on customer engagement. Another study from Hepola, Karjuloto, & Hintikka (2017), also found a significant direct influence of Brand experience on customer-brand engagement on customers of a tableware brand in Finland. Mohd-
Ramly and Omar, 2017, in their research also mention the positive influence of customer experience on customer engagement in a study of department store customers in Malaysia. Based on the discussed studies, the hypothesis is formulated as follows:

H1: Brand experience has a positive and significant influence on customer engagement

The study in the Malaysian restaurant industry conducted by Ong et al. (2018) stated that brand experience has a significant and positive influence on customer loyalty. This statement is also in line with research conducted by Hussein (2018) on casual dining restaurant customers in Indonesia, brand experience and customer satisfaction, and brand of origin have a positive and significant influence on customer loyalty. Other empirical research from Sahin et al. (2011) on various car brand’s customers in Turkey found that brand experience, customer satisfaction, and brand trust have a positive and significant influence on brand loyalty. Meanwhile, research by Brakus et al. (2009) explained that brand experience positively affects Customer Lifetime Value so that they become loyal to a brand or product. Based on the discussed findings, the following hypothesis is formulated:

H2: Brand experience has a positive and significant influence on customer loyalty

Satisfied customers tend to have prolonged interactions with service organizations, resulting in more engaged customers (Flynn, 2012; Van Doorn et al., 2010). Furthermore, once customers discover that the company can satisfy their needs, they may experience increased pride and confidence in the brand, believe in its integrity, and become passionate about it. Such feelings are a psychological aspect of customer engagement (Brodie et al., 2013). A conceptual study by Pansari and Kumar (2017) explains that customer engagement is formed from customer satisfaction and customer emotions. Furthermore, the empirical research on airline customers in Indonesia conducted by Hapsari et al. (2015) also found a positive and significant effect of customer satisfaction on customer engagement. In addition, there is also a study on retail banking industry customers in Spain by Monferrer, Moliner, and Estrada (2019), which found the main antecedents of customer engagement are customer satisfaction, self-brand connection, and emotions. They also conclude that customer satisfaction is the most important variable in generating engagement and loyalty. Based on this discussion, the hypothesis is as follows:

H3: Customer satisfaction has a positive and significant influence on customer engagement

Many previous empirical studies have explained that customer satisfaction is a variable that significantly and positively affects customer loyalty (Hussein, 2018; Han...
and Hyun, 2018; Kamran-Disfani et al., 2017; Meesala and Paul, 2018; Murali et al., 2016; Vera and Trujillo, 2013; Howat & Assaker, 2013; Wu, Yeh, & Hsiao, 2011; Sahin et al., 2011). Meesala and Paul (2018) stated that one of the driving factors for customer loyalty is customer satisfaction. When customers are satisfied with service quality, customers will be loyal to the product or service. However, two studies on airlines from Dotulong, Andajani, & Rahayu (2021) and Calisir et al. (2016) found that customer satisfaction had no significant effect on customer loyalty. The differences that the authors found in the study with the object of this airline indicate the need to know the relationship between customer satisfaction and customer loyalty in this study. Based on these discussions, the hypothesis is formulated as follows:

H4: Customer satisfaction has a positive and significant influence on customer loyalty

Previous studies by Al-Dmour et al. (2019), Hapsari et al. (2017), Thakur (2016), Hapsari et al. (2015), and Brodie et al. (2013) have proven in their study that customer engagement has a significant effect on customer loyalty. Align with this study, the research conducted by Hapsari et al. (2017, 2015) researched airline customers in Indonesia. At the same time, research from Al-Dmour et al. (2019), Thakur (2016), and Brodie et al. (2013) researched smartphone application users and the digital community. Based on these discussions, the following hypothesis is formulated:

H5: Customer engagement has a positive and significant influence on customer loyalty

Brand experience has been widely proven as an antecedent to customer loyalty, as in the empirical research of Hussein (2018), Ong et al. (2018), Sahin et al. (2011), and Brakus et al. (2009). In a conceptual study by Pansari & Kumar (2017), it is stated that the emotions generated in the customer experience during service delivery are considered as antecedents of customer engagement. Ahn and Back (2018) confirm that customer brand experience is a positive and significant antecedent of customer engagement. With empirical evidence of a direct influence between brand experience on customer loyalty and a direct influence between brand experience on customer engagement, there is also the potential for customer engagement to have a mediating role in the relationship between brand experience and customer loyalty. Thus, the following hypothesis can be formulated:

H6: Customer engagement mediates the influence of brand experience on customer loyalty

In previous studies, customer satisfaction is a variable that is very often mentioned as an antecedent of customer loyalty, as in Hussein, 2018; Han and Hyun, 2018; Kamran-Disfani et al., 2017; Meesala and Paul, 2018; Murali et al., 2016; Vera and
Trujillo, 2013; Howat & Assaker, 2013; Wu et al., 2011; Sahin et al., 2011. These studies also show that customer loyalty is significantly positively influenced by other variables besides customer satisfaction, either directly or indirectly. Then, there is also some empirical evidence that customer engagement plays a mediating role in the relationship between customer satisfaction and customer loyalty (Thakur, 2016; Hapsari et al., 2015; Brodie et al., 2013; Calder et al., 2013; Flynn, 2012; Brodie et al., 2011; Van Doorn et al., 2010). Thus, the following hypothesis is formulated:

H7: Customer engagement mediates the influence of customer satisfaction on customer loyalty

Method

This research is a quantitative associative study which discusses the relationship between the variables of brand experience ($X_1$), customer satisfaction ($X_2$), customer engagement ($Y_1$), and customer loyalty ($Y_2$). The sample was determined using the non-probability sampling technique with the purposive sampling approach. The study was conducted on online questionnaire form to 233 sample passengers of Airline “X”, that had flown domestic routes at least once in the last 9 months. These sample passengers already experienced health protocol implementation along during COVID-19 Pandemic. The analysis technique is Structural Equation Model (SEM), with the analytical tool used being SmartPLS 3.0.

In this study, the brand experience for airline “X” was defined by the dimensions of the study of Brakus et al. (2009) namely sensory, affective, behavioral, and intellectual experiences provided by airline “X” while providing services to customers. In its service, of course, the "X" airline offers many service options with interesting experiences for customers, both during flight, and offers simulation services to feel part of flight personnel, both air crews, maintenance crews, and catering crews. The indicators used to measure brand experience in this study are based on the research of Ong et al. (2018) and Prentice et al. (2019), with adjustments to its use on airline customers.

In this research conducted during the COVID-19 pandemic, customer satisfaction is defined by the dimensions “Conformance of Service Performance with Customer Expectations and Aviation Health Protocols” and “Customer Satisfaction with Services and Implementation of Protocols in all flight services”. The measurement of the independent variable of customer satisfaction uses 5 indicators developed based on study by Brodie et al. (2009), Hapsari et al. (2017), Abror et al. (2019), with the addition of aspects of implementing health protocols, which are a requirement for airlines to be able to continue operating during the COVID-19 pandemic. The implementation of health protocols is very important for consumer perceptions to continue to use airlines. (Song & Choi, 2020).

In this study, the customer engagement expected by airline "X" is the emotional, cognitive, and behavioral involvement of customers with the airline in the form of
enthusiasm, attention, ownership, interaction, and customer participation. This study adopted the research of So et al. (2012), which conceptualizes customer engagement as a variable consisting of five dimensions, namely, enthusiasm, attention, absorption, interaction, and identification.

In explaining customer loyalty, this research refers to the study of Ong et al., 2018 using three dimensions to measure loyalty, Willingness to pay more (WPM), which is the attitude of customers who state that they are willing to pay more to feel the services/products of a brand. Word of mouth (WOM), are words that are spread by customers, from word of mouth to customers regarding services from airlines. Repurchase intention (RI) or repurchase intention, is a representation of behavioral loyalty to services that have been received by customers. Specifically, WOM and WPM are categorized in attitudinal loyalty, while RI is categorized in behavioral loyalty.

**Result and Discussion**

**Characteristics of Respondents**

The sample criteria in this study are respondents who have been passengers of airline "X" with domestic routes at least once in the last 9 (nine) months, with a minimum age of 18 years, and a minimum education of high school, so that they are representative enough to be accountable for their opinions on flight experience with Airline "X" during the implementation of the COVID-19 health protocol. The characteristics of respondents in this study were divided into several categories, gender, age, occupation, latest education level, monthly income, main purpose of travel, and airline’s frequent flyer membership. Survey data from 233 respondents who have used airline "X" at least once in the last 9 (nine) months shows that there is almost a balance between male and female respondents, with the dominant respondents having an age range of 26-35 years, having a minimum education of Diploma or Bachelor's Degree, having an employee job. Civil Servant or State-Owned Enterprise employee, has a middle to upper income range (greater than IDR 5 millions), travels for the purpose of business trips or office services, and has become a member of airline “X” frequent flyer program.

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable</th>
<th>Composite Reliability</th>
<th>Cronbach’s Alpha</th>
<th>R- Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brand experience (X₁)</td>
<td>0,909</td>
<td>0,862</td>
<td>--</td>
</tr>
<tr>
<td>2</td>
<td>Customer satisfaction (X₂)</td>
<td>0,926</td>
<td>0,911</td>
<td>--</td>
</tr>
<tr>
<td>3</td>
<td>Customer engagement (Y₁)</td>
<td>0,952</td>
<td>0,921</td>
<td>0,627</td>
</tr>
<tr>
<td>4</td>
<td>Customer loyalty (Y₂)</td>
<td>0,904</td>
<td>0,872</td>
<td>0,622</td>
</tr>
</tbody>
</table>
From table 1, the research data analysis results showing the composite reliability value of each variable is > 0.70, so that the questionnaire response data is reliable. Cronbach’s alpha value is > 0.70. Then all variables have met the minimum standards set. The r-square value of the customer engagement variable is 0.627. So exogenous variables can explain the effect on customer engagement by 62.7%, and variables explain the remaining 37.8% in other studies. The r-square value of the customer loyalty variable is 0.622, so the exogenous variable can explain its effect on customer loyalty by 62.2%, and variables explain the remaining 38.8% in other studies.

Besides R-Square, Q-Square predictive relevance measures how well the model’s observed values are generated and the estimated parameters. The value of Q2 > 0 indicates the model has predictive relevance. The magnitude of Q2 has a value with a range of 0< Q2 < 1. The closer Q2 value to 1 means that the model is getting better. The Q-Square predictive relevance calculation can be seen in equation (1).

\[
Q^2 = 1 - (1 - (R_1)^2) (1 - (R_2)^2)
\]

\[
= 1 - (1 - 0.627) (1 - 0.622) = 0.859
\]

The result of the q-square predictive relevance is 0.859. This result means the research model has a predictive relevance value that can explain the research by 85.9%, the remaining 14.1% explain in other studies.

**Path Coefficients**

The significance of the support for the hypothesis can be detected by comparing the T-statistical values and the T-table. The hypothesis is accepted if the T-statistic value is greater than the T-table value. The T-table value at the 95% or 0.05 confidence level is 1.972. So, if the T-statistic value is more significant than 1.972, the hypothesis is accepted.

**Table 2. Test Results of the Direct Influence between Variables**

<table>
<thead>
<tr>
<th>Relationship between Variable</th>
<th>Original Sample</th>
<th>T-Statistics</th>
<th>P-Value</th>
<th>Remarks &amp; Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Experience (X₁) → Customer Engagement (Y₁)</td>
<td>0.683</td>
<td>15.964</td>
<td>0.000</td>
<td>Significant ; H1 accepted</td>
</tr>
<tr>
<td>Relationship between Variable</td>
<td>Original Sample</td>
<td>T-Statistics</td>
<td>P-Value</td>
<td>Remarks &amp; Result</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----------------</td>
<td>-------------</td>
<td>--------</td>
<td>------------------</td>
</tr>
<tr>
<td>Brand Experience ($X_1$) $\rightarrow$ Customer Loyalty ($Y_2$)</td>
<td>0.049</td>
<td>0.717</td>
<td>0.473</td>
<td>Not Significant; H2 rejected</td>
</tr>
<tr>
<td>Customer Satisfaction ($X_2$) $\rightarrow$ Customer Engagement ($Y_1$)</td>
<td>0.155</td>
<td>3.082</td>
<td>0.002</td>
<td>Significant; H3 accepted</td>
</tr>
<tr>
<td>Customer Satisfaction ($X_2$) $\rightarrow$ Customer Loyalty ($Y_2$)</td>
<td>0.260</td>
<td>4.183</td>
<td>0.000</td>
<td>Significant; H4 accepted</td>
</tr>
<tr>
<td>Brand Experience ($Y_1$) $\rightarrow$ Customer Loyalty ($Y_2$)</td>
<td>0.564</td>
<td>8.067</td>
<td>0.000</td>
<td>Significant; H5 accepted</td>
</tr>
</tbody>
</table>

Source: Computed Primary Data Output SmartPLS 3, 2021

The direct influences and total influences in the inner model are examined by assessing the t-statistics and the p-value. If the t-statistics value $\geq$ t-table value (1.972) or p-value $< 0.05$, it can be concluded that the influence of an exogenous variable to an endogenous variable is positive and significant. Based on Table 2, the relationship between brand experience and customer engagement has a t-statistics value of 15.964 $\geq$ t-table value (1.972) and a p-value of 0.000 < 0.05. Thus, H1 is accepted. The relationship between brand experience and customer loyalty has a t-statistics value of 0.0717 $\leq$ t-table value (1.972) and a p-value of 0.000 > 0.05. Thus, H2 is rejected. The relationship between customer satisfaction and customer engagement has a t-statistics value of 3.082 $\geq$ t-table value (1.972) and a p-value of 0.000 < 0.05. Thus, H3 is accepted. The relationship between customer satisfaction and customer loyalty has a t-statistics value of 4.183 $\geq$ t-table value (1.972) and has a p-value of 0.000 < 0.05. This indicates that H4 is accepted. The relationship between customer engagement and customer loyalty has a t-statistics value of 8.067 $\geq$ t-table value (1.972) and a p-value of 0.009 < 0.05. This indicates that H5 is accepted.

**Indirect Effects**

The indirect effect can be explained as a relationship between the independent and dependent variables because a mediation variable connects the two variables. The size support significance for the hypothesis can be detected by comparing the T-statistical values with the T-table. The hypothesis is accepted if the T-statistic value is greater than the T-table value. The T-table value at the 95% or 0.05 confidence level is 1.96. So, if the T-statistic value is >1.972, the hypothesis is accepted.

From Table 3, we can see that customer engagement can fully mediate the influence of brand experience on customer loyalty. Thus, H6 is accepted.
engagement can also partially mediate the influence of customer satisfaction on customer loyalty, which means that H7 is accepted.

Table 3. Test Results of the Indirect Influence between Variables

<table>
<thead>
<tr>
<th>Relationship between Variable</th>
<th>Direct Influence T-Statistics</th>
<th>Direct Influence P-Value</th>
<th>Indirect Influence T-Statistics</th>
<th>Direct Influence P-Value</th>
<th>Remarks &amp; Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Experience (X₁) → Customer Engagement (Y₁) → Customer Loyalty (Y₂)</td>
<td>0.717 (Non Sig.)</td>
<td>0.473 (Non Sig.)</td>
<td>6.773 (Sig.)</td>
<td>0.000 (Sig.)</td>
<td>Full Mediation ; H6 accepted</td>
</tr>
<tr>
<td>Customer Satisfaction (X₂) → Customer Engagement (Y₁) → Customer Loyalty (Y₂)</td>
<td>4.183 (Sig.)</td>
<td>0.000 (Sig.)</td>
<td>2.976 (Sig.)</td>
<td>0.003 (Sig.)</td>
<td>Partial Mediation; H7 accepted</td>
</tr>
</tbody>
</table>

Source: Computed Primary Data Output SmartPLS 3, 2021

The Influence of Brand Experience on Customer Engagement

The results of research data processing prove that brand experience has a positive and significant effect on customer engagement. We can interpret the results of this study, the more and better the Brand experience provided by the airline "X", the higher the level of engagement of passengers of airline "X". The results of this study support several previous studies, such as the study of airline users in Europe by Prentice et al. (2019). The results of this study also support several previous studies conducted outside the aviation industry, such as research conducted by Hepola et al. (2017) and Mohd-Ramly & Omar (2017).

The Influence of Brand Experience on Customer Loyalty

The results of research data processing show that Brand experience has no positive and significant effect on customer loyalty. From this result, we can interpret that the better or lower the Brand experience provided by the airline "X" will not influence the loyalty of passengers of airline "X". The results of this study are very contrary to several previous studies, such as research from Ong et al. (2018) on restaurants in Malaysia, Hussein (2018) on Casual Dining restaurants in Indonesia,
and Sahin et al. (2011) on Turkish customers against various car brands. All those researchers found that brand experience had a significant positive effect on customer loyalty. In addition, research by Brakus et al. (2009) on customers of various leading brands found that brand experience influences customer lifetime value. Of course, this can be interpreted that research conducted on airlines in Indonesia during this pandemic has different conditions from other researches. A good brand experience is not enough to make customers loyal to an airline.

The Influence of Customer Satisfaction on Customer Engagement

The results of research data processing show that customer satisfaction has a positive and significant influence on customer engagement. From this result, we can interpret that the higher the level of customer satisfaction for airline "X", the higher the level of customer engagement for airline "X". The results of this study also support previous research from Monferrer et al. (2019), Hapsari et al. (2017), Brodie et al. (2013), Flynn (2012), and Van Doorn et al. (2010), who found that customer satisfaction had a positive and significant effect on engaged customers. Satisfied customers tend to have prolonged interactions with service organizations, resulting in more engaged customers (Flynn, 2012; Van Doorn et al., 2010).

The Influence of Customer Satisfaction on Customer Loyalty

The results of research data processing show that customer satisfaction has a positive and significant influence on customer loyalty. This study also supports previous research from Hussein (2018), which found the influence of customer satisfaction on customer loyalty in the casual dining restaurant industry in Indonesia. In addition, there is also research from Han and Hyun (2018) on the restaurant industry in South Korea; Kamran-Disfani et al. (2017) on the retail shop industry in Spain, Meesala and Paul (2018), in a study of 40 private hospitals in India, Murali et al. (2016) on after-sales service customers of household goods, Vera and Trujillo (2013), on banking customers in Mexico, Howat & Assaker (2013) on outdoor water sports centres in Australia, Wu, et al. (2011), on customers of retail stores in Australia, and research by Sahin et al. (2011), on customers of various car brands in Turkey. It can be seen from the many studies that have proven that customer satisfaction has a positive and significant direct effect on customer loyalty; this shows that customer loyalty cannot occur without customer satisfaction.

The Influence of Customer Engagement on Customer Loyalty

The results of research data processing show that customer engagement has a positive and significant influence on customer loyalty. This study also supports previous empirical research on airline customers in Indonesia by Hapsari et al. (2017, 2015), proving in their study that airline customer engagement has a positive and
significant influence on airline customer loyalty. The results of this study also support previous studies with the object of research on internet service customers and mobile phone applications, such as in the study of Al-Dmour et al. (2019) conducted on mobile banking application customers in Jordan, then research conducted by Thakur (2016) on mobile shopping and travel planning application users, and Brodie et al. (2013) on online virtual communities.

The Role of Customer Engagement in Mediating The Influence of Brand Experience on Customer Loyalty

Previously, this study found that brand experience did not have a positive and significant direct influence on customer loyalty, which means a good brand experience does not guarantee customer loyalty for airline "X". The results of the indirect influence research data processing show that customer engagement can fully, positively and significantly mediate the indirect relationship of brand experience to customer loyalty. Only through customer engagement, the brand experience variable will indirectly influence customer loyalty. We can also interpret that good or bad brand experience causes high and low customer engagement and ultimately causes high and low customer loyalty. The results of this study are in line with the conceptual study of Pansari and Kumar (2017), which states that customers make purchases from companies, which create experiences. Positive or negative experiences will influence customer satisfaction with the company and the emotions they have towards the company. Customers who show positive emotions, including enthusiasm, which is a dimension of customer engagement, will become ambassadors for airline products and services, including Word of Mouth, one of the dimensions of customer loyalty.

The Role of Customer Engagement in Mediating The Influence of Customer Satisfaction on Customer Loyalty

After previously this study found that customer satisfaction had a positive and significant effect on customer loyalty for airline "X", this study also found that customer engagement had a significant partial mediating effect on the relationship between customer satisfaction and customer loyalty for airline "X". The results of this study can also be interpreted that although the increase in customer satisfaction has been able to influence the increase in passenger loyalty, the indirect relationship of customer satisfaction to customer loyalty through customer engagement will also increase passenger loyalty for the better. In the context of research on airline "X" customers during the COVID-19 pandemic, it can be seen the importance of the role of customer engagement, both in its direct influence on customer loyalty. Customer engagement is also an essential mediating variable for customer satisfaction and customer loyalty. In its strategic marketing steps during the COVID-19 pandemic, Airline "X" must continue to pay attention to marketing initiative programs that can

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increase customer engagement. To continuously improve customer satisfaction, which leads to increased customer loyalty.

**Conclusion**

This research found that brand experience of Airline “X” has no positive and significant effect on Airline “X” customer loyalty. Meanwhile, customer satisfaction and customer engagement of Airline “X” have a positive and significant influence on customer loyalty. Furthermore, customer engagement can fully mediate the relationship between brand experience and airline customer loyalty "X", while customer engagement can partially mediate the relationship between customer satisfaction and loyalty.

This research's theoretical implications enrich references regarding research on customer behaviour, the role of brand experience variables, customer satisfaction and customer engagement in increasing airline customer loyalty in Indonesia under the conditions of the COVID-19 pandemic. This study produces several findings that strengthen previous research on relationship marketing and customer behaviour. However, this study also found that brand experience did not significantly and positively affect customer loyalty, which is different from previous studies.

For the Airline management, especially Airline "X" management, this research provides information such as customer satisfaction and customer engagement are strong reasons to repurchase airlines "X" and passengers who engage with the brand experience will have loyalty to the "X" airline. In its implementation to current customers, airline management needs to manage and utilize customer data to analyze the needs and expectations of the latest customers, especially during the COVID-19 pandemic and predict customer behaviour in the post-COVID-19 pandemic. Data management can be improved primarily through loyalty program membership data to explore customer interests, expectations, and needs. With some of the findings in this study, airline management can get input to create service and facility programs that can provide the experience of travelling both on the ground and in the air by involving customers. It will create a solid emotional bond with the airline.

**Limitation and Further Research**

One of the limitations of this study is that data collection was carried out during the COVID-19 pandemic in September 2021. There were restrictions on visits and the application of strict health protocols. The number of flight passengers, especially international routes, decreased drastically so that the sample was only focused on passengers on domestic routes. Of course, the model obtained cannot match the demographic comparison when conditions are expected. A further limitation in this study is that this study uses respondents with the criteria of having travelled domestic
routes using the airline "X" in the last nine months, namely the period December 2020 - September 2021. It was decided to increase the population of suitable respondents to complete the questionnaire. Of course, by targeting respondents with a reasonably long period in the past, the memory possessed by respondents regarding their experience of flying using airline "X" may have been slightly reduced.

The theme of customer loyalty research with its antecedent variables on airlines will continue to grow, the impact of the COVID-19 pandemic, changes in lifestyle, and community needs in facing the new normal era after the pandemic continue dynamically. Empirical research conducted in the future can certainly use other customer loyalty antecedent variables and other variables as mediating variables to enrich the customer loyalty literature during the COVID-19 pandemic and after the COVID-19 pandemic.

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