

ABSTRACT

The airline companies are still difficult to provide a schedule every hour, causing the company is less reliable. Frequency of delay for a particular flight schedules often happens, indicated that air transport services is not fully credible. Provision of facilities for passengers in making reservations and ticket transaction is not fully fit the desire of passengers, which causes air transport service has not been responsible.

*Lion Air which established since early 2000, claimed as a pioneer of aviation companies at very affordable rates to various circles of society with the slogan: **We Make People Fly**, today is not free from various problems above, whereas on the other hand this company has an advantage over other airlines including their ability to provide point to point flights every hour compared to other airlines.*

On the other hand, the number of frequencies and Lion Air's fleet is currently the highest among other airlines, total of 64 fleets that operate, which are spread in the region and the Southeast Asian archipelago.

So it is interesting to study in a research activity with the topic of analysis of service quality in an effort to increase passenger loyalty and competitive advantage of Lion Air, using descriptive survey research method and explanatory survey. Type of investigation is causality. Observations were carried out in a certain time.

Results revealed that, the magnitude of the effect of variable quality services on competitive advantage amounted to 55.3% and 44.7% are influenced by other factors that do not fit into this research. While the magnitude of the effect of service quality to loyalty amounted to 48.3% and 51.7% are influenced by other factors that do not fit into this research. Then the influence of the competitive advantage of brand loyalty is at 29.4% and 70.6% are influenced by other factors that do not fit into this research.

The conclusions are: (i) Customer loyalty program is influenced by tangibility, reliability and responsiveness. (ii) Common use check-in, ATM payment and web payment simplify the operational process. (iii) Service quality affects the competitive advantage which is a relatively affordable rates and a solid amount of frequency, ease of customers to choose their flight schedules as needed

The recommendations are: (i) Improving service quality indicators, consisting of tangibles, empathy, reliability, responsiveness and assurance. (ii) Providing value added services to customers with affordable product bundling of hotel vouchers and flight tickets. (iii) Maximizing frequent travelers' product