



CUSTOMER SATISFACTION LEVEL IN NO-FRILLS AIRLINES: BATTLE BETWEEN INDIGO AND SPICEJET



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ABSTRACT

*The growth of the “low-cost” or “no-frills” airline sector has been one of the most significant factors in driving the overall growth of the Indian air traffic over the last decade. No-frills airlines or Low cost airlines control 56 % of the aviation market. They have completely changed the way people travel because of the narrowing gap between a railway ticket and airline ticket fare. This paper attempts to study the customer satisfaction levels in no-frills airlines with special reference to Indigo and SpiceJet airlines. Indigo currently has a 37 % market share & is the country’s largest carrier whereas SpiceJet holds about 9.4-% market share. Both of them are marquee names in the Indian aviation sector but do customers perceive them differently on the service quality? This study attempts to investigate that through a comparison of customer satisfaction based on service quality as perceived by Indian travellers & determine the factors responsible for their current satisfaction level. For this purpose, descriptive research design was used and primary data was collected using a questionnaire. The sampling method used in this study is **Non-probability sampling -convenience sampling** due to huge size of target population. The sample consisted of 309 respondents from Delhi and NCR who had travelled either in Indigo or SpiceJet or both.*

KEYWORDS:-No-frills airlines, Low cost carriers, perceptual mapping, services quality, customer satisfaction.

INTRODUCTION

India stands a spectacular chance of turning into the third biggest aviation market by 2020 and also the biggest by 2030. There is still a large scope of growth in the industry as access to aviation is still a dream for majority of Indian population. The industry is on a high growth trajectory with a new wave of expansion driven by the no-frills airlines or low cost carriers.

No-Frills airlines refer to the low cost carriers in which prices are considerably reduced by removing the non-essential features/ services. The non-essential features include in-flight meals, travel representatives,

transfer to airports, entertainment, luxury comforts such as seat-back video screens, reclining seats and other such facilities. Lot of airlines in order to increase their revenues, charge passengers for check-in luggage, front seat, paid meals, providing wheel chair facility for handicaps, etc. These no-frills airlines currently control 56% of the market and 70% of capacity .

The no-frills airline model came into existence when the US Congress in the year 1978 passed the Deregulation Act, which allowed the entry of new companies in the aviation industry and provided them with freedom to choose their own routes and set their



own fares. The cost of airlines is majorly dependent on external factors such as fuel cost, maintenance cost and ownership cost which cannot be avoided by any airlines. Thus, in order to cut cost, no-frill airlines attempts to reduce certain above stated services provided to the customer.

In India, the concept of no-frills airlines came into picture in the year 2003 with the arrival of Air Deccan. The success achieved by Air Deccan opened the gate for the entry of other no-frill airline companies such as Indigo, SpiceJet, Go Air and many more.

INDIGO AND SPICEJET

Indigo is an Indian no-frill airline company with its headquarter in Gurgaon, India. It is the fastest growing and largest airline in India with the market share of 36.1%. It presently operates a fleet of 91 aircrafts that belongs to A320 family. In order to reduce overheads, it generally purchases new aircrafts and the average fleet age of its Airbus aircraft as of now is 2.9 years. What separates Indigo from other airlines is that they are obsessive about details. This is quite evident from their "No Red Tape" strategy used at the check-in counters and boarding queues in which they attempt to differentiate themselves from others by using blue tapes which is the precise shade of Indigo. In 2014, Indigo was regarded as best low cost airline in India and Central Asia. Indigo can be regarded as a no-frill airline as:

- ♦ It does not provide business class or first class but only economy class.
- ♦ It does not provide complimentary in-flight meals in any of its airlines. On the other hand, in order to increase revenues, it offers buy-on-board meal facility.
- ♦ No in-flight entertainment is provided to the customers.
- ♦ It also offers various products catalogued in Hello 6E magazine for customers to purchase duty free goods in the sky.
- ♦ It provides a service called IndiGo Corporate Programme for corporate travellers.

SpiceJet is an Indian no-frill airline company with its headquarter in Gurgaon, India. It is the fourth largest Indian airline company with regard to the share of domestic passengers. The airline operates more than 230 daily flights to 49 destinations which include 41 Indian as well as 8 international cities using a fleet of Boeing 737 Next Generation and Bombardier Dash 8 Q400 aircraft.

NEED FOR THE STUDY

In India's current aviation market structure, Low-cost carriers currently control 56% of the market and 70% of capacity. But IndiGo, with 37% of this share, is the sole reason for the gain. The market share of other no-frills airlines being Jet Airways with 25%, Air India with 18%, SpiceJet with 9.4% and GoAir with 8.8%. India's airlines sell about 2 million seats every week. Past studies indicate that at some point of time Indigo & Spice Jet were perceived to be similar on service quality then how did this huge gap between the market of Indigo & Spice Jet come about? What led to Indigo becoming the market leader & made SpiceJet slip to the fourth position? Thus it is imperative to analyze what factors are responsible for spinning the growth wheel for Indigo. This study by determining the satisfaction level of Indian consumers in the no-frills airlines- Indigo and SpiceJet throws light for this growing disparity in their market shares.

LITERATURE REVIEW

Mitra, D 2010, conducted a comparative study between the Indian Public & Private airlines with respect to their passenger service. In her study she wanted to identify the most important factors in passenger service both in public and private airlines, compare and contrast the services of both the airlines and suggests adequate measures to improve their passenger services. The significant factors are identified with the help of factor analysis. Her study suggests that availability, luggage handling, staff assistance, responsiveness, assurance/support and cleanliness are the most problematic area in public airlines, whereas sensitivity, reliability, responsiveness, easy ticketing & catering service are the most important factors in case of private airlines. Also, the young generation does not perceive the services of public airlines satisfactory while the aged passengers are not that dissatisfied due to nostalgic feelings associated with the airlines. The same is just the reverse in case of private airlines. She suggested that there is a need for a complete overhaul in the way the public airlines are conducting their services and need to come out of the age old conventional systems.

Agarwal, Dey, 2010 conducted a survey on customer satisfaction level on six domestic airlines, Go Air, Jet Airways, Kingfisher Airlines, Indigo, Spice Jet, Air India. Through the literature review they found that the whole flying experience of a traveller is the sum of three phases namely, pre flight, in-flight and post flight. They identified six variables to determine customer satisfaction level, which were booking ease, check-in process, staff at the ticketing counter, regular announcements regarding flight details at airport, time performance of flights, in-flight experience,

baggage handling and value for money. They used one-way ANOVA test to check whether passengers perceived any significant difference between the airlines for the identified six variables. They found that the six airlines are perceived to be significantly different for the six factors. Perceptual mapping indicated that Spice Jet & Indigo are perceived to be similar, Jet Airways & Kingfisher Airlines was perceived to be similar but on the superior side whereas Go Air & Air India was perceived to be similar on the inferior side.

Kachaner N, LindgardtZ, Michael D, 2011 did a study on innovating low cost business models. According to them low cost business models share a strong coherence between the value proposition and the asset bases, organisations and brands that support them- and this coherence helps them achieve strong operational efficiency. They suggested that all these low cost innovative models had some common characteristics-their focus on target segments, product offering, value chain, revenue model, cost model and the organisation itself.

Archana R, Subha M V, 2012 did a study on service quality & passenger satisfaction on Indian Airlines. They wanted to find out the satisfaction level of passengers on three dimensions of service quality instrument:- in-flight service, in-flight digital services & back office operations. Their findings reveal that these three dimensions are positively related to the service quality. Cuisines provided and the seat comfort/ safety are the most important in the in-flight service quality, Personal entertainment was the most important dimension in the in-flight digital services dimension & online ticket booking is the most important in the back office service dimension.

OBJECTIVES OF THE STUDY

1. To understand the demographic profile of Indigo and SpiceJet airlines travellers.
2. To identify the influencing service quality factors affecting customer's choice of airlines.
3. To compare the satisfaction level of travellers of Indigo and SpiceJet.

RESEARCH METHODOLOGY

The research design used in this study was descriptive research design. The primary data for this study was quantitative in nature. It involved designing a questionnaire to obtain the clear picture of the the services provided by Indigo and SpiceJet and its effect on customer satisfaction. The secondary data for this study has been collected from wide variety of sources and was used to substantiate and complement the findings of the primary data. The sampling method used in this study is a **Non-probability sampling** because specific samples have been selected in a non-random manner as per the convenience level. Within Non-Probability sampling, **convenience sampling** is used due to huge size of target population.

The sample consists of 309 respondents who had travelled either in Indigo or SpiceJet or both.

DATA ANALYSIS AND RESULTS

The **first objective** of the study was to **understand the demographic profile of Indigo and SpiceJet airlines travellers**. Here, chi square test was used to analyse the association of demographic profile(age, gender, purpose of travelling) of the respondents and their choice of airlines.

For gender:-

Ho: Choice of airlines is independent of Gender.

H1: Choice of airlines is dependent on Gender.

Crosstab

Count

		Airline		Total
		Indigo	SpiceJet	
Gender	Male	87	127	214
	Female	44	51	95
Total		131	178	309

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.864 ^a	1	.353
Continuity Correction ^b	.647	1	.421
Likelihood Ratio	.860	1	.354
Fisher's Exact Test			
Linear-by-Linear Association	.861	1	.354
N of Valid Cases	309		

For Age:

Ho: Choice of airlines is independent of Age.

H1: Choice of airlines is dependent on Age

Crosstab

Count

		Airline		Total
		Indigo	SpiceJet	
Age	Below 20	11	21	32
	20-30	96	126	222
	30-40	18	17	35
	Above 40	6	14	20
Total		131	178	309

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.336 ^a	3	.343
Likelihood Ratio	3.388	3	.336
Linear-by-Linear Association	.017	1	.896
N of Valid Cases	309		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 8.48.

For Purpose of Travelling:-

Ho: Choice of airlines is independent of purpose of travelling.

H1: Choice of airlines is dependent on purpose of travelling.

Crosstab

Count		Airline		Total
		Indigo	SpiceJet	
Purpose	Business	68	41	109
	Vacation	36	84	120
	Visit friends or relatives	24	50	74
	Others	3	3	6
Total		131	178	309

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	28.535 ^a	3	.000
Likelihood Ratio	28.662	3	.000
Linear-by-Linear Association	15.866	1	.000
N of Valid Cases	309		

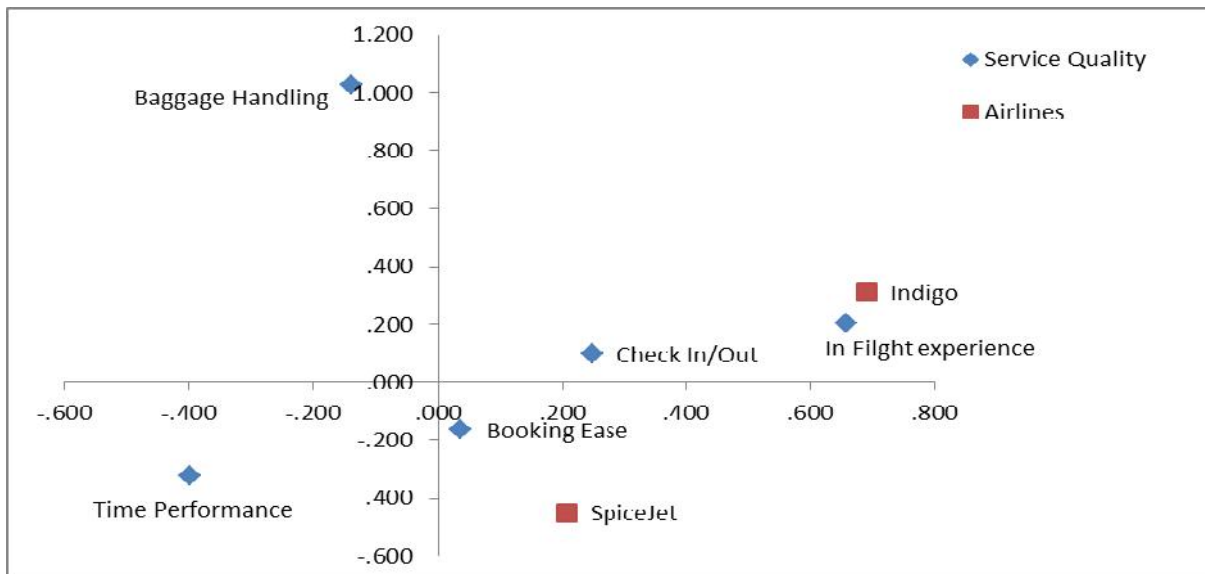
a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is 2.54.

Result of first objective:-

Since the p-value is greater than 0.05 for both the gender and age variables, we accepted the null hypothesis, and say that **Choice of airline is independent of Age and Gender**. However, since the p-value is less than 0.05, we rejected the null hypothesis, and say that **purpose of travelling and choice of airlines are related** and from cross tabulation table, it

is evident that for business and visiting friends or relatives, Indigo is the customer's choice whereas for vacations, SpiceJet is the customer's choice.

The **second objective** of the study was to **identify the influencing service quality factors affecting customer's choice of airlines**. Here, perceptual mapping was used to identify the influencing factors affecting customer's choice of airlines.



Result of second objective:-

Indigo and SpiceJet have their unique position on the map. Dimension 1 is a combination of time performance, check in/out and In-flight experience. Dimension 2 is a combination of Baggage Handling and booking ease. **SpiceJet is strong in dimension 2**

(Baggage Handling and booking ease) whereas **Indigo is strong in dimension 1 (time performance, check in/out and In-flight experience).**

The **third objective** of the study was to **compare the satisfaction level of travellers of Indigo and SpiceJet.**

Here, count method was used.

Satisfaction * Airline Crosstabulation

Count		Airline		Total
		Indigo	SpiceJet	
Satisfaction	Worst	9	17	26
	Bad	26	50	76
	neutral	31	57	88
	Good	38	39	77
	excellent	27	15	42
Total		131	178	309

Result of third objective:-

From the count table, it is quite evident that **Indigo customer’s are more satisfied as compared to that of SpiceJet.**

CONCLUSIONS

The study clearly revealed that there is a significant difference in the perception of the customers of Indigo and SpiceJet. Firstly, the research shows that the choice of airlines is dependent on the purpose of travelling. This means that customer switch between the two airlines on the basis of the purpose of travelling. Indigo is found to be more suitable for business travel and/or for visiting friends or relatives while SpiceJet was found to be the suitable choice of vacationers. Secondly, the research shows that there is a significant difference in the service quality of both airlines. It was found that Indigo provides better in-flight experience and check-in/out services. Also time performance of Indigo is better as compared to SpiceJet which can be accounted as the reason for it being the choice of business travellers. Thirdly, the research shows that the satisfaction level of the customers of Indigo is higher as compared to SpiceJet that may be the result of the quality of service provided by the Indigo airlines which justifies it being regarded as best low cost airline in India and Central Asia in 2014

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