

# **Customer Satisfaction with No-Frill Airlines: A Case Study of Chandigarh**

**Dr. Aneet**<sup>1</sup>

<sup>1</sup>Director, Gian Jyoti Institute of Management and Technology, Mohali,

Email: aneet@gjimt.com

**Dr. Sneha Sharma**<sup>2</sup>

<sup>2</sup>Associate Professor, Gian Jyoti Institute of Management and Technology, Mohali

Email: 28snehasharma@gmail.com

## **ABSTRACT**

*The growth of low cost airlines has played a significant role in the aviation sector of India. It has completely changed the way people travel both domestically as well as internationally. Low cost airlines control 56 % of the aviation market. The narrowing gap between a railway ticket and airline ticket fare has also affected this sector to a huge extent. This paper attempts to study the customer satisfaction levels in no-frills airlines with special reference to Go Air, Indigo and SpiceJet. It analyses and compares the low cost airlines w.r.t to boarding and check-in services, in-flight services and after flight service of low cost airlines. The results highlighted that the satisfaction of customers with general service were positive. The customers were happy with the services like the flights are on time, airline informs in advance during delays, regular announcements are made, accommodation is provided if there is a very long delay and Take-off and landing experience is smooth.*

## **KEYWORDS**

No frill airlines, customer satisfaction, aviation industry, LCC

## **INTRODUCTION**

India's civil aviation industry is on a high-growth trajectory. A country's transportation sector plays an integral role in the growth and development of an economy. According to the —Indian Aerospace Industry Analysis Report, in terms of passenger traffic, India aims to become the third-largest aviation market by 2020 and the largest by 2030. The entry of LCC or 'no-frill' model into the airline market changed the landscape of competition in the market significantly and air travel became gradually more affordable resulting in rapid growth in passenger traffic. India is the ninth-largest civil aviation market in the world, with a market size of around US\$ 16

billion. India is expected to become the third largest aviation market by 2020. During January-August 2016, domestic air passenger traffic rose 23.14 per cent to 64.47 million from 52.36 million during the same period in 2015. Indian domestic air traffic is expected to cross 100 million passengers by FY2017, compared to 81 million passengers in 2015, as per Centre for Asia Pacific Aviation (CAPA). India is among the five fastest-growing aviation markets globally with 275 million new passengers. Currently, India maintains bilateral Air Service Agreements (ASAs) with 108 countries. While 72 foreign airlines fly in and out of India, four private domestic carriers – Jet Air, IndiGo, SpiceJet and Kingfisher – fly to 35 destinations in 25 countries. Air India, the national carrier maintains a number of international routes: seven destinations in North America, nine destinations in Europe, 12 destinations in the Gulf, two destinations in the Middle East, two destinations in Africa, and 13 destinations in West and East Asia. The current study focuses on understanding the satisfaction level of respondents towards low cost airlines with specific reference to tri-city region.

#### **REVIEW OF LITERATURE:**

Service quality can be defined as a consumer's overall impression of the relative efficiency of the organization and its services. Gourdin (1988) categorized airline service quality into three parts, the first one was safety followed by timelines and thirdly price. Food and beverage, timely luggage transport, seat comfort, the check in process, and in-flight service dimensions were considered as the critical ones for measuring the airline service quality (Elliott and Roach, 1993; Haynes, 1994). Quality in airline service is difficult to describe and measure due to its heterogeneity, intangibility, and inseparability, and only the customer can truly define service quality in the airline industry (Chang and Keller, 2002). On-board comfort, airline employees, reliability of service, convenience of service, handling of abnormal conditions were taken as critical service quality dimensions (Chang and Yeh, 2002). Employees, facilities, customization, flight patterns, assurance, reliability, responsiveness were reported as the dimensions of service quality (Gilbert and Wong, 2003). Employees, tangibles, responsiveness, reliability and assurance, flight patterns, availability, image, and empathy are important dimensions of airline service quality (Pakdil and Aydın, 2007); Tiernan et al. 2008). Surovitskikh and Lubbe (2008) classified airline service quality in terms of three items: consistency of service, reliability of service, and augmented products. Chen et al (2011) in their study indicated that in-flight service quality is a multi-criteria concept based on customer perceptions. When evaluating the impact of an airline firm's in-flight service quality activities, the overall enhancement in structural and

infra-structural and its effect on the organization must be considered. Chen & ‘Sunny’ Hu (2012) in their study found that service quality has positive impacts on relational benefit and customer loyalty in the airline industry. Relational benefit directly influences customer loyalty. They also concluded that service quality would also affect customer's loyalty through customer relational benefits.

LCC achieves savings by selling tickets directly to customers (often through Internet and call centre ticket sales) and therefore by-passing travel agents distribution channels, re-engineered business processes and negotiation to gain reductions in airport charges (Doganis, 2001; Calder, 2002; Lawton, 2002). Travelers travelling with low cost airlines give exclusive importance to low fares (Connell and Williams, 2005; Lim and Mohayidin, 2005). In another study conducted in South Africa investigated the factors that may influence business travelers in their selection of full-service airlines or low-cost carriers. They concluded that the influence of company size, loyalty programmes, in-flight service and airport lounge facilities appear be important along with variables such as price and flight frequency (Hunter, 2006; Fourie and Lubbe ,2006). Fageda et al (2011) in their research had found that network carriers can use two alternative strategies to compete with low-cost carriers. They can establish a low-cost subsidiary or try to reduce costs using the main brand. Degirmenci et al (2012) in their study found that ground handling, employees, in-flight services, e-commerce, image and empathy were important factors in customer satisfaction. Bhatnagar and Mittal (2015) in their study highlighted that a customer's purpose of traveling influences his choice of airline. Hsu et al. (2016) in their study had reported that the services perceived in LCCs have a significantly positive effect on the image of the destination. Deeppa et al. (2017) indicated that a gap exists between perception and expectation of customers. The customers' expectations about the services of low cost carriers remained high with the timely information and announcement to be made in case of flight delay. The preflight services, departures of flight from airport, to be done on time, proper meal preferences and compensations if encountered with long delay were all given high importance.

## **RESEARCH METHODOLOGY**

The study involves survey method for data collection. The period of study was from April 2017 to June 2017. The sampling method was purposive sampling. The sampling unit was the users of low cost airlines above 18 years of age. Spice Jet, Go Air and Indigo airlines were the three low cost airlines operating from Chandigarh. Only those respondents were chosen who had flown at least once in a low cost airline being serviced from Chandigarh. The data was collected by using

a structured questionnaire and the questionnaire consisted of both demographic variables and service components. The questionnaires were self-administered. A total of 100 responses were collected with a response rate of 80 percent.

The objectives of the study were:

1. To analyze the satisfaction of customers towards low cost airlines in Chandigarh with respect to
  - boarding and check-in services,
  - in- flight services and
  - after flight service of low cost airlines.
2. To analyze the impact of gender on satisfaction towards airfare and loyalty programs provided by low cost airlines.

The hypotheses to be tested in the study were:

*H<sub>01</sub>: There is no significant gender difference in customer satisfaction towards the air fare of low cost airlines.*

*H<sub>02</sub>: There is no significant gender difference in customer satisfaction towards the loyalty/mileage programs of low cost airlines.*

## ANALYSIS AND DISCUSSION

Demographic Analysis: This section discusses the results of the data analysis. The demographic profile of the 80 respondents is summarized in table 1.

The table describes the demographic factors. From the Table 1 it can be concluded that majority of the respondents were male (53.75 percent). More than 50 percent of the customers were of the age group 20-40 years. The educational qualification reflected that greater number of respondents were graduates (46.25 percent) followed by post-graduates (27.5 percent). The annual income of the customers reflects that 38.75 percent were from the monthly income group of Rs.25001– Rs.50, 000 followed by 31.25 percent from the group with Rs.50001– Rs.75, 000.

**Table 1: Demographic Profile**

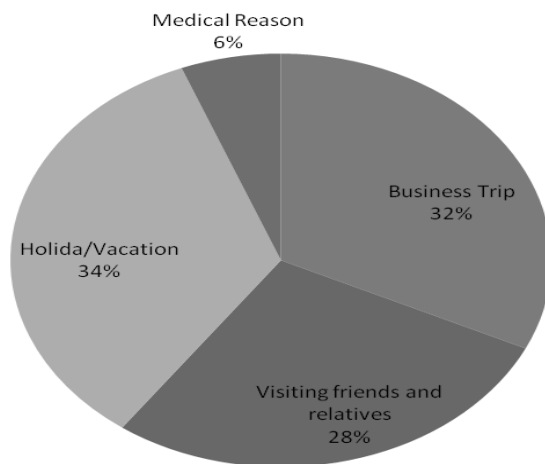
<b>Descriptive Statistics</b>	<b>No of Respondents</b>	<b>Percentage</b>
<b>Gender</b>		
Male	43	53.75
Female	37	46.25

<b>Age</b>		
20-40	42	52.5
40-50	32	40
Above 50	6	7.5
<b>Educational Qualification</b>		
Higher Secondary	5	6.25
Diploma	10	12.5
Graduates	37	46.25
Post Graduates	28	35
<b>Monthly Income</b>		
Less than Rs 25,000	21	26.25
Rs 25,001-50,000	31	38.75
Rs 50,001-75,000	25	31.25
Above Rs 75,001	3	3.75

**BEHAVIOURAL ANALYSIS**

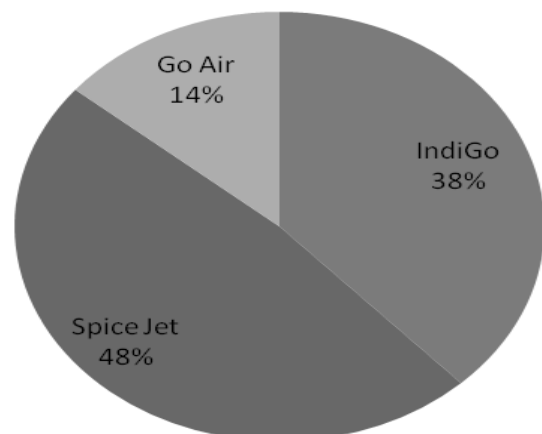
The behavioral analysis of respondents was done on two questions, one pertaining to their purpose of travelling via low cost airlines and the second one based on the low cost airline used by them. Figure 1 below shows that 34% of respondents used low cost airlines for vacation purposes followed by 32% who used it during their business trips. Around 28% used it for travelling to their friends/relatives and 6% preferred low cost due to medical reason. The usage of various low cost airlines used by the respondents is shown in Figure 2. 48% of respondents preferred Spice Jet followed by 38% who preferred travelling through IndiGo. Go Air had 14% share.

**Purpose of travelling via low cost airlines**



**Figure 1: Purpose of travelling via low cost airlines**

**Low cost airlines traveled by respondents**



**Figure 2: Low cost airlines traveled by respondents**

## ANALYSIS OF SATISFACTION LEVEL WITH SERVICES PROVIDED BY LOW COST AIRLINES

The major objective of the study was to analyze the satisfaction level of customer with respect to boarding and check in services, in- flight services and after flight service.

### 1. General Services

The general services of low cost airlines were analysed on a likert scale and the mean scores are reported in Table 2. The results highlight that the passengers for low cost airlines reported that the flights were on time. The respondents also gave a high mean score to the airlines that they informed in case of any delay through SMS or Call. The airlines were also delivering good service with respect to regular announcements being made about the flight delay.

**Table 2: Satisfaction level with general services provided by low cost airlines**

Services of low cost airlines	Mean
The flights are on-time	4.2
The airline informs you in advance if there is delay (through sms or call)	4.1
If the flight is delayed, regular announcements are made	4.3
The airline provides accommodation if there is a very long delay	3.2
Take off and landing experience is jerky	3.7

The low cost airlines do not always provide accommodation in case of a long delay thus most of the passengers provided a neutral view. The passengers felt that the takeoff and landing experience of low cost airlines is jerky and the airlines must improve this service in order to enhance satisfaction.

2. **Customer satisfaction towards boarding and check-in services:** The customer satisfaction w.r.t boarding and check in services of low cost airlines were analysed on a likert scale and the mean scores are reported in Table 3. The results highlight that the passengers for low cost airlines were satisfied with the check in services and waiting time for flight and services provided during boarding the plane.

However the boarding system was not reported with high mean scores showing a little less satisfaction on this front.

**Table 3: Satisfaction level with services provided by low cost airlines**

Boarding and check-in services low cost airlines	Mean
Check in services	4.3
Waiting time	4.2
Boarding system efficiency	3.7
Assistance during boarding	4.2

3. **Customer satisfaction towards in- flight services:** The customer satisfaction w.r.t in flight services provided by low cost airlines were analyzed on a likert scale and the mean scores are reported in Table 4. The results highlight that the passengers for low cost airlines were satisfied with the cabin service by employees and staff friendliness. However the low cost airlines didn't perform well on the service of providing quality food when demanded.

**Table 4: Satisfaction level with in- flight services provided by low cost airlines**

In- flight services of low cost airlines	Mean
Cabin service by employees	4.5
Friendliness of staff	4.4
Seating Comfort	4.1
Cleanliness of cabin	3.9
Provides quality food when demanded	3.1

4. **Customer satisfaction towards after flight service:** The customer satisfaction w.r.t after flight services provided by low cost airlines were analyzed on a likert scale and the mean scores are reported in Table 5.

**Table 5: Satisfaction level with after flight service provided by low cost airlines**

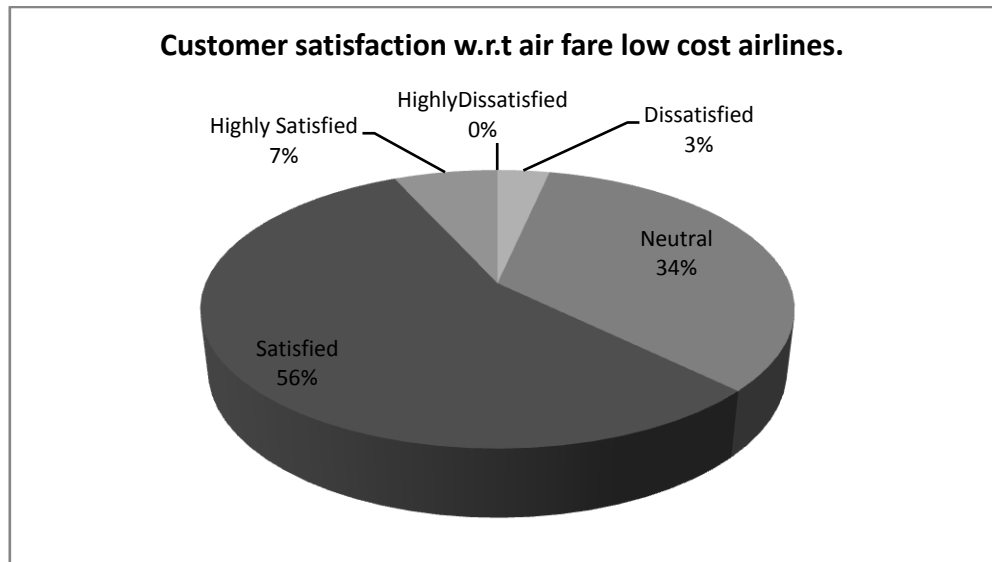
After flight service low cost airlines	Mean
Value for money (Quality/Price)	4.4
Baggage Delivery time	4.3
Compensation for lost baggage	3.1

The results show that customer gave a positive satisfaction level towards the value provided by low cost airlines in terms of quality provided for the price charged. The baggage delivery time

was also rated satisfactorily by respondents. However in case of lost baggage the compensation provided by low cost airlines was not rated satisfactorily by respondents.

**5. Satisfaction of respondent’s w.r.t air fare of low cost airlines**

56% customers were satisfied with the air fares of low- cost airlines and 7% were highly satisfied. The popularity of low- cost air travel is because of its affordable air- fares. Dissatisfaction here would have meant that no- frills airlines are not able to deliver on their unique selling proposition of inexpensive air travel. Only 3% travelers were observed to be dissatisfied with the fares.



**Figure 3: Customer’s satisfaction level with air fares of low cost airlines**

**HYPOTHESIS TESTING**

The study also tested the impact of gender on customer satisfaction towards the air fares of low cost airlines.

**Table 6: Satisfaction towards airfare and gender- Independent Samples t-Test**

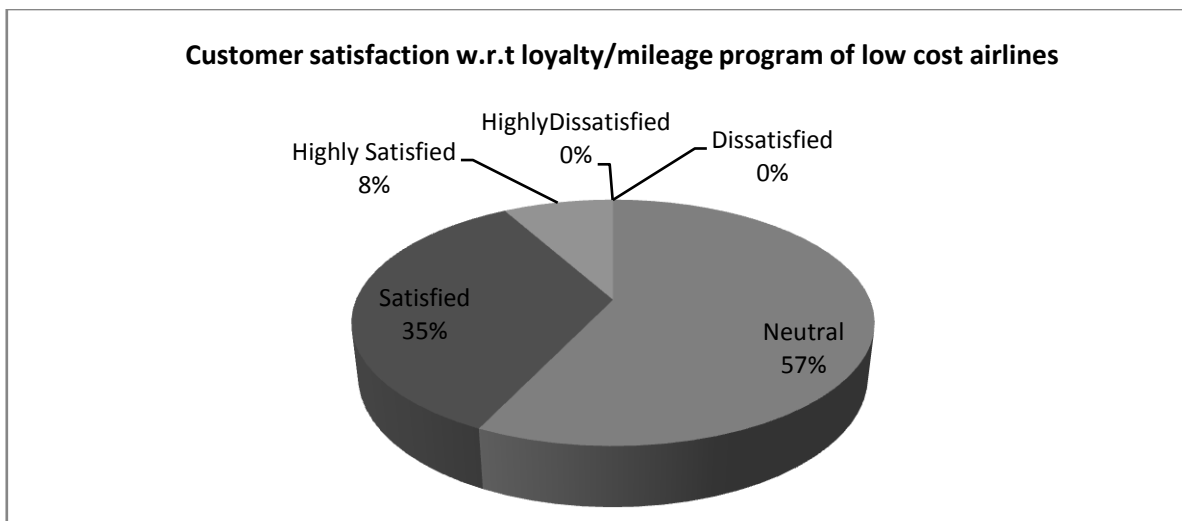
		Levene's Test for Equality of Variances		t-test for equality of Means				
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Customer's satisfaction level with air fares of low cost airlines	Equal variances assumed	15.198	.000	.169	78	<b>.866</b>	.02577	.15207
	Equal variances not assumed			.163	54.241	<b>.871</b>	.02577	.15834



An Independent Samples t- test was conducted to test the impact of gender on satisfaction towards airfare. Table 6 presents the results of Independent Samples t- test for satisfaction towards airfare of low cost airlines with respect to gender. As shown in Table 6, there is no significant gender difference in satisfaction towards airfare of low cost airlines as  $p > 0.05$  [ $t = .169$ ,  $df = 78$ ,  $p = .871$ ]. Thus, the null hypothesis is accepted. Men and women do not have different satisfaction levels towards airfares.

**6. Satisfaction of respondent’s w.r.t loyalty and mileage program of low cost airlines**

No cases were observed where travelers are dissatisfied with the mileage/ frequent flyers programs. A high of 57% were indifferent to such travel offers. 38% were satisfied with the loyalty programs.



**Figure 4: Customer satisfaction level with loyalty/ mileage program of low cost airlines**

**HYPOTHESIS TESTING**

The study also tested the impact of gender on customer satisfaction level with loyalty/ mileage program of low cost airlines. An Independent Samples t- test was conducted to test the impact of gender on customer satisfaction level with loyalty/ mileage program of low cost airlines.

Table 7 presents the results of Independent Samples t- test. As shown in Table 7, there is no significant gender difference in customer satisfaction level with loyalty/ mileage program of low cost airlines as  $p > 0.05$  [ $t = .169$ ,  $df = 78$ ,  $p = .871$ ]. Thus, the null hypothesis is accepted. Men and women do not have different satisfaction levels towards loyalty/ mileage program of low cost airlines.

**Table 7: Customer satisfaction level with loyalty/ mileage program of low cost airlines vs gender- Independent Samples t-Test**

		Levene's Test for Equality of Variances		t-test for equality of Means				
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Customer satisfaction level with loyalty/ mileage program of low cost airlines	Equal variances assumed	52.378	.000	.350	26	.729	.10769	.30793
	Equal variances not assumed			.367	20.578	.718	.10769	.29381

## CONCLUSION AND RECOMMENDATIONS

The current exploratory study was done with the objective of understanding the customer's satisfaction level and feelings towards the services provided by low cost airline services with specific reference to Chandigarh Airport. The study was conducted on an unbiased sample with 54 % males and 46% females. The satisfaction of customers with general service showed a positive feedback towards the statements like flights are on time, airline informs in advance during delays, regular announcements are made, accommodation is provided if there is a very long delay and Take-off and landing experience is smooth. The findings of customer satisfaction w.r.t Boarding and Check- in services by low cost airlines also gave positive results. The respondents were satisfied by the various boarding and check in services provided by the low cost airlines like Check in services, Waiting time, Boarding system efficiency and Assistance during boarding. The in-flight services provided by low cost airlines also were mostly satisfying the expectations of customers. Cabin service by employees, Friendliness of staff, Seating Comfort, Cleanliness of cabin and providing quality food when demanded were all rated above neutral by the respondents giving a positive outlook to the research. The importance of in-flight service has been an important contributor towards customer satisfaction. Myungsook and Yonghwi (2009) in their study also reported that in-flight in-service quality has an impact on airline customer satisfaction. The satisfaction of people towards after-flight services was also analyzed. Customers were satisfied with their Value for money (Quality/Price) and Baggage Delivery time provided by low cost airlines. The Compensation for lost baggage was not seen as a major problem faced by the travelers of low cost airlines. The findings are in line with study of Fourie and Lubbe (2006) who concluded that influence of company size, loyalty programmes, in-flight service and airport lounge facilities appear be important along with variables such as price and flight frequency. The

studies of Lim and Mohayidin (2005) and Connell and Williams, (2005) also stressed on the importance of airfare in low cost airlines. The satisfaction with respect to air fare of the low cost airlines was also tested for gender as demographic variable.. On the basis of gender no difference in satisfaction levels towards airfares was detected. The loyalty and mileage programmes were cited in literature as important determinants of customer satisfaction. The results of this study show that there is no gender difference in satisfaction towards loyalty/ mileage programs offered by low cost airlines. The study suggests that the airlines must work on a few in-flight and after flight services like baggage system delivery and delivery of quality food inside the planes. As these were the services that the customers were not satisfied. They play a very crucial role in developing overall positive perception towards the air travel. The study establishes the need to strategize in formulating a robust and adequate compensation policy applicable in case of delay. A future study on a comparative analysis amongst low cost airlines can be undertaken in order to have a more clear approach.

## REFERENCES

1. Bhatnagar, S., & Mittal, R. (2015). Customer satisfaction level in no frill airlines: Battle between Indigo and Spice jet . *EPRA International Journal of Economic and Business Review*, 3(6), 156-161.
2. Calder. S., No Frills The Truth behind the Low-cost Revolution in the Skies, Virgin Books, London (2002)
3. Chang, Y. and Keller, M. R. (2002). "A survey analysis of service quality for domestic airlines", *European Journal of Operational Research*, Vol. 139, pp. 166-177.
4. Chang, Y. H., & Yeh, C. H. (2002). A survey analysis of service quality for domestic airlines. *European Journal of Operational Research*, 139(1), 166-177.
5. Chen, Y. H., Tseng, M. L., & Lin, R. J. (2011). Evaluating the customer perceptions on in-flight service quality. *African Journal of Business Management*, 5(7), 2854-2864.
6. Chen, P. T., & Hu, H. H. S. (2012). The mediating role of relational benefit between service quality and customer loyalty in airline industry. *Total Quality Management & Business Excellence*, (ahead-of-print), 1-12.
7. Connell, J. F., & Williams, G. (2005). Passengers' perceptions of low cost airlines and full service carriers: A case study involving Ryanair, Aer Lingus, Air Asia and Malaysia Airlines. *Journal of Air Transport Management*, 11(4), 259-272.

8. Deeppa, K., Ganapathi, R., & Dwivedi, P. (2017). Services of low cost Carriers in India: The Customer's Perspective. *Indian Journal of Science and Technology*, 8(1).
9. Degirmenci, P , Kirmaz, C. , B., Tunali, D., & Yuksel, H. (2007). Lower respiratory tract complications during nasal provocation: nonspecific stimulant or specific allergen?. *Annals of Allergy, Asthma & Immunology*, 98(6), 524-532.
10. Doganis, R. (2001). Consultancy advice on aviation issues for Department of the Taoiseach. *Department of the Taoiseach, Dublin*.
11. Elliott, K. M., & Roach, D. W. (1993). Service quality in the airline industry: are carriers getting an unbiased evaluation from consumers?. *Journal of Professional Services Marketing*, 9(2), 71-82.
12. Fageda, X., Jiménez, J. L., & Perdiguerro, J. (2011). Price rivalry in airline markets: a study of a successful strategy of a network carrier against a low-cost carrier. *Journal of Transport Geography*, 19(4), 658-669.
13. Fourie, C., & Lubbe, B. (2006). Determinants of selection of full-service airlines and low-cost carriers—A note on business travellers in South Africa. *Journal of Air Transport Management*, 12(2), 98-102.
14. Gilbert, D., & Wong, R. K. (2003). Passenger expectations and airline services: a Hong Kong based study. *Tourism Management*, 24(5), 519-532
15. Gourdin KN (1988) Bringing quality back to commercial travel. *Transport J* 27: 23–29.
16. Haynes, R. & Truitt, L. J., (1994). Evaluating service quality and productivity in the regional airline industry. *Transportation Journal*, 33(4), 21-32.
17. Hsu, C. J., Yen, J. R., Chang, Y. C., & Woon, H. K. (2016). How do the services of low cost carriers affect passengers' behavioral intentions to revisit a destination?. *Journal of Air Transport Management*, 52, 111-116.
18. Hunter, L. (2006). Low Cost Airlines:: Business Model and Employment Relations. *European Management Journal*, 24(5), 315-321.
19. Lawton, T. C. (2002). *Cleared for take-off: structure and strategy in the low fare airline business*. Ashgate Publishing Ltd..
20. Lim, S. P., & Mohayidin, M. G. B. (2011), The Sustainability of Low Cost Airlines in Malaysia, *World Review of Business Research*, Vol.1, No.4, Pp.44-52
21. Pakdil, F., & Aydın, Ö. (2007). Expectations and perceptions in airline services: An analysis using weighted SERVQUAL scores. *Journal of Air Transport Management*, 13(4), 229-237.

22. Surovitskikh, S., & Lubbe, B. (2008). Positioning of selected Middle Eastern airlines in the South African business and leisure travel environment. *Journal of Air Transport Management*, 14(2), 75-81.
23. Tiernan, S., Rhoades, D. L., & Waguespack Jr, B. (2008). Airline service quality: Exploratory analysis of consumer perceptions and operational performance in the USA and EU. *Managing Service Quality*, 18(3), 212-224.
24. Annual Report 2011-12, Ministry of Civil Aviation, Government of India Tourism Satellite Account for India, Ministry of Tourism, Govt.of India/NCAER,2006
25. Indian Tourism Statistics 2009, Govt. of India, Ministry of Tourism “The Economic Impact of Civil Aviation on the US Economy” FAA, Air Transport Organisation, December, 2009 Ministry of Civil Aviation (Strategy Plan 2010-15)
26. Economic Benefits from Air Transport in the UK, Oxford Economics, 2011
27. The contribution of the Aviation industry to the UK economy, Oxford Economic Forecasting, 1999 Economic Contribution of Civil Aviation -Ripples of Prosperity, ICAO