

Parameters Identification for 3 Leading Airlines: A Review Paper

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Abstract

India's aviation business is on a high-growth trajectory, India aims to be the third largest aviation market by 2020 and the largest by 2030. Airline Industry is growing very fast at domestic as well as International level. In the presence scenario, the consumer gives more value to time rather than money. An airline is a company that provides air transport services for traveling passengers and freight. It is easy and comfortable for professionals, business person, self-employee to prefer airways for travelling short and long distance. It saves their time. Due to this a large number of Airlines industries came into the market and had created competition amongst them.

Selecting the three airlines based on their market share. The outlook, services, price and security of any airline industry make impact on selection of airlines by the customer. In this paper, an attempt has been made to identify the important parameters desired by the customer at the time of airline selection. A framework is also proposed on the basis of parameters identified after discussing with the experts and shortlisted from literature review. Further, service can be divided into ground and in-flight services. The short listing of the parameter is discussed in this paper.

Keywords: Airline industry, customer, Airline Indigo and Jet Airways.

I. Introduction

The world's first airline was DELAG (Deutsche Luftschiffahrts-Aktiengesellschaft), founded on November 16, 1909 with government assistance, and operated airships manufactured by the Zeppelin Corporation at headquarter Frankfurt. In the present era, the companies have changed their business strategies tremendously because of environmental changes. The customer is the real king as they agree, so focusing on customers as the main parameter for all their businesses; they are more focus on market rather than product. In the market oriented approach, the competition has increased between the companies, where each company has to work-out a strong up-dated competitive strategy, for staying in their business (Lindbom and Jonson, 1992). Moreover, a key driver of this change is the initiation of Customer Relationship Management (CRM) which is reinforced by information and communication technologies (ICT) (Ryals and Knox, 2001).

By using ICT, businesses are trying to get closer to the customer or consumer so that they can create long-term relationships to know their customer better in terms of traveling habits. Firms are accepting CRM as a major element of business strategy, because technological applications permit a exact subdivision, profiling and pursuing of customers and reasonable pressures require a customer-centric culture (Gurau, Ranchhod, and Hackney, 2003). The main objectives of airline services are to attract and keep customers satisfied and trustworthy (Gustafsson et al, 1999). The main focus of the company is to attain and sustain the customer who is regularly using their services (Park and Kim, 2003). The main environmental issue for any airlines industry is recognition of competitors and up-to-date with business processes. As we know in the whole world everything has a lifecycle, similarly Airline customers have also a lifecycle which is called "Airline Customer lifecycle. Its starts from Booking and end at the check-out point. The lifecycle starts from booking, after booking done customers moves for check in. Than customers move for security check and after that board the respective flight.

When they reach on their respective destination they claim for their baggage and cycle ends with check out.

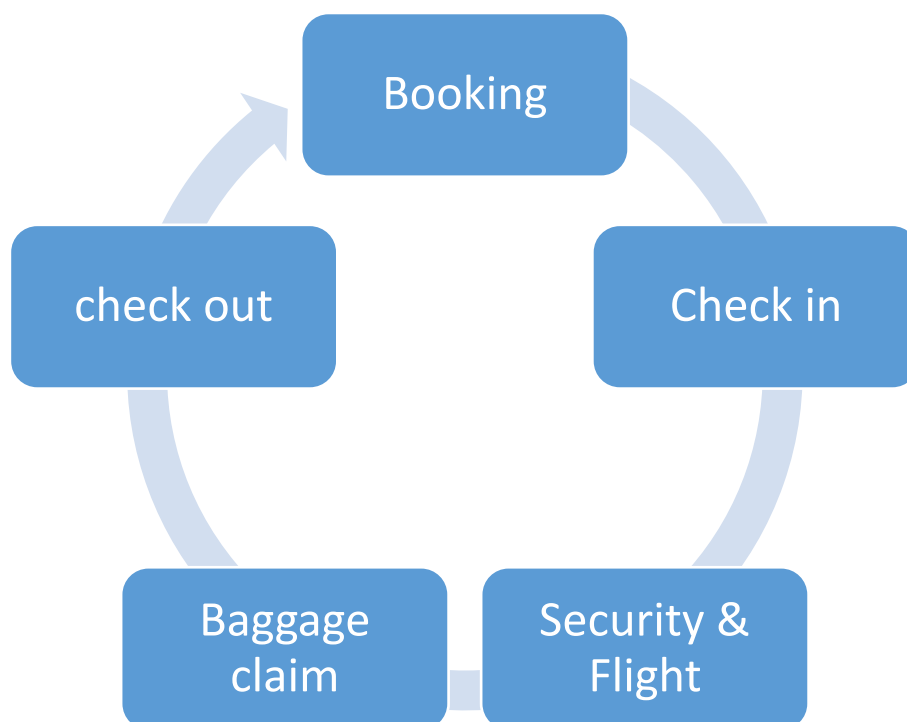


Figure- 1 (Airline customer lifecycle)

II. Literature Review

India's aviation business is on a high-growth trajectory, India aims to be the third largest aviation market by 2020 and the largest by 2030. Airline Industry is growing very fast at domestic as well as International level. In the presence scenario, the consumer gives more value to time rather than money. An airline is a company that provides air transport services for traveling passengers and freight. It is easy and comfortable for professionals, business person, self-employee to prefer airways for travelling short and long distance. It saves their time. Due to this a large number of Airlines industries came into the market and had created competition amongst them. Airlines vary in size, from small domestic airlines to full-service international airlines. Airline services can be categorized as being intercontinental, domestic, regional, or international, and may be operated as scheduled services or charters. The largest airline currently is American Airlines Group.

India was also one of the first countries to embrace civil aviation. One of the first West Asian airline companies was Air India. JRD Tata launches India's first scheduled airline in 1932 Tata Airlines a division of Tata Sons Ltd.(now Tata Group), by piloting the first flight himself from Karachi to Mumbai via Ahmedabad on a single-engine. In its first year of operation. Tata Airlines flies 160,000 miles, carries 155 passengers and 10.71 tonnes of miles. In 1945 India's second domestic airline, Deccan Airways, is founded Seventy-one per cent is owned by the Nizam of Hyderabad, 29 per cent by Tata Sons. Deccan Airways is the first of a bunch of new airlines to serve domestically in India. It flies in the Hyderabad region, using a fleet of 12 DC-3s.

The first services began in July 1946. Tata Airlines changes its name to Air India in 1946. . In 1947, Air India signs an agreement with the government of India to operate international services under a new company called Air India International Ltd. Established as a joint sector company with a capital of Rs 2 crore and a fleet of three Lockheed constellation aircraft. The new name is inaugurated on March 8, 1948. Three months later on June 8, Air India International inaugurated its international services with a weekly flight from Bomabay to

London via Cairo and Geneva. The airline is nationalized in 1953. After that many Airline Industry launched in India and provide service at domestic level as well as international level.

Three Airline Industries are

1. Air India -- *Air India originated in 1932 by J R D Tata named “TaTa Airlines” and in 1946 it became “Air India”.* It is the flag carrier airline of India and the third-largest airline in India in terms of passengers carried, after IndiGo and Jet Airways with a market share of 15.4%. Air India has its main hub at Indira Gandhi International Airport, New Delhi and a secondary hub at Chhatrapati Shivaji International Airport, Mumbai. It became the 27th member of Star Alliance on July 11 2014. Air India also operates flights to domestic and Asian destinations through its subsidiaries Air India Regional and Air India Express. Air India uses the Airbus A320 family and Boeing 787 aircraft for selected domestic routes while long distance services use the Boeing 777-300ER, 747 and 787 aircraft. Air India's mascot is *the Maharajah* (Emperor) and the logo consists of a flying swan with the wheel of Konark inside it. Its slogan is ‘*Air India.....Truly Indian*’.

2. IndiGo -- IndiGo was founded as a private company in 2006 by Rahul Bhatia of InterGlobe Enterprises and Rakesh Gangwal, a United States-based NRI. . It took delivery of its first aircraft in July 2006 and started operations a month later in August 2006. As of July 2010 it is the largest airline in India in terms of passengers carried with a 39.8% market share. The Logo of the indigo is twenty round dots arranged in the shape of an aircraft. The airline uses a two tone blue livery on a white background with the belly of the aircraft painted in Indigo with the logo in white. The tagline of the airline has “*on-time*” focusing on punctuality.

3. Jet Airways -- In April 1 1992 Jet Airways was originated as a limited liability company. It started operations as an air taxi operator on May 5 1993 with a fleet of four leased Boeing 737-300 aircraft. As of February 2016, it is the second largest airline in India after IndiGo with a 21.2% passenger market share. It runs over 300 flights daily to 68 destinations worldwide. . After the government’s announcement in September 2012 that foreign airlines could take a stake of up to 49% in Indian carriers the Etihad Airways bought 24% of stake of Jet airways for US\$379 million on 24 April 2013. On 1 December 2014, Jet Konnect was fully merged with Jet Airways, making it the third full service airline in India besides Air India and Vistara. In December 2015, Jet Airways announced the closure of its European scissors at Brussels Airport by March 2016 and opening of new hub at Amsterdam Schiphol Airport effective 27 March 2016. Jet Airways introduced its first international destination Colombo on March 2004 with flights connecting to Chennai.

The details of the airline studied in the literature review are discussed in table 1:

Table 1 (The more details about the given three airlines industry)

Particulars	Air India	IndiGo	Jet Airways
Founded	15 th oct. 1932	April 2006	1 st April 1992
Headquarter	Delhi, India	Gurgaon, India	Mumbai, India
Market Share	15.4%	39.8%	21.2%
Current CEO	Ashwani Lohani	Rahul Bhatia	Amit Agrawal
Primary Hubs	Indira Gandhi International Airport, Delhi	Indira Gandhi International Airport, Delhi	Chhatrapati Shivaji International Airport, Mumbai
Secondary Hubs	Chhatrapati Shivaji International Airport, Mumbai	Chennai international Airport, Rajiv Gandhi International Airport, Hyderabad etc.	Abu Dhabi International Airport, Amsterdam Airport Schiphol, etc
Destinations	85	41	68
Fleet Size	107	119	116
Company Slogan	<i>Air India Truly Indian</i>	<i>On-time</i>	<i>The Joy of Flying</i>
No. of employees	25,285 (Aug. 2016)	12,362(till 2015)	13,945 (till 2014)
Revenue(US \$) (FY 2015-16)	16 million	2.1 billion	3.2 billion
Net income (US \$ in million) (FY 2015-16)	390	190	310
Web Source	www.airindia.in	Book.goindigo.in	www.jetairways.com

The customers influence by industry through satisfaction. If customer is aware about the latest update, he/she will be happy by the services of any industry. The core strategy is to sustain company growth by providing admirable customer service and also maintain international standards. Thus Airlines companies implement innovative method to hold existing customers and also to attract new customers. Therefore Airways management required analyzing and understanding what customer wants and what are their expectations? The company analyse its processes and examine whether they are able to fulfil the customers' expectations.

III. Identification of Parameters

This research will attempt to discuss about three top Indian Airlines i.e. Jet Airways, Indigo and Air India involved in national and international travel. The Research focus will be on these three Indian airlines and compared their customer satisfaction on the certain parameters. In this study, 50 parameters are shortlisted from vast literature review and reduce it to 25 after discussing with experts of same area. These experts are the customer frequently using the airline services Further, the parameters are classified into four categories based on the inputs received from experts. The four broader categories in perspective of

customer for any airline industry is *outlook, services, price and security*. Under these four main customer satisfaction parameter service, there are also some sub category as ground and inflight price.

Outlook is a visual appearance based on the expectation for the future. It includes 5 parameters appearance of website, Easy to use, Clarity of information, Navigation and Query handle.

Service is an action of helping or doing work for someone. A type of economic activity that is intangible is not stored and does not result in ownership. A service is consumed at the point of sale. Services are one of the two key components of economics, the other being goods. It has two sub categories Ground service, Inflight services. The further parameters of Ground service are Schedule, Punctuality, and Baggage handler, Check in/Checkout time, Staff friendliness, Staff awareness regarding information. Also, Inflight parameters are Entertainment, Catering, Internet connectivity, Seat comfort, Shopping, Crew behavior.

Security is a business operations, where the Personal information of user to be protected and not be shared further. Also safety constraints of the airlines are very important for the users. Safety and Privacy are the parameters considered under security category.

Price or Cost is an important category. Ticket, Extra baggage cost, Food price, Support cost are the parameters for price. The details are discussed in the table 2.

Table 2 – Synthetic view of predominantly ergonomic evaluations

S.No	Category	Features	Definition	References
	Outlook		Visual Appearance	
1		Appearance of website	How website looks.	Park and Gretzel (2007)
2		Ease of Use	Simple and comfortable to use	Study conducted in Nigeria(2010)
3		Clarity of information	Appropriate information provided to user should be clear	Study conducted in Nigeria(2010)
4		Navigation	Correct direction to user to browse	Study conducted in Nigeria(2010)
5		Query handling	Relevant information to seek individual	M Upadhaya (2012)
	Service-Ground			

6		Schedule	It means timetable of flight takeoff timing, landing timing, or any stoppage during travelling.	Gour C. Saha and Theingi
7		Punctuality	Flights run as per the schedule or not?	Munusamy, Chelliah and Pandian (2011)
8		Baggage handler,	Handling process of luggage	Munusamy, Chelliah and Pandian (2011)
9		Check in/Checkout time,	Time taken during check in or check out	ARCHANA and SUBHA (2012)
10		Staff friendliness	Ground staff behavior with passengers are friendly	Munusamy, Chelliah and Pandian (2011)
11		Staff awareness regarding information.	Is ground staff known all information regarding flights, and also other information.	Study by "BREAKTHROUGH MANAGEMENT GROUP INTERNATIONAL"
	Service-Inflight			
12		Entertainment	The tools which is available in flight to entertain the passengers.	Munusamy, Chelliah and Pandian (2011)
13		Catering	Lunch, meal and snakes serve in the flight.	Munusamy, Chelliah and Pandian (2011)
14		Internet connectivity,	Internet is available in the flight for passengers.	ARCHANA and SUBHA (2012)
15		Seat comfort	Seats in the flight are comfortable for	ARCHANA and SUBHA (2012)

			passengers.	
16		Shopping	The small-small shop in the flight for the passengers to purchase according to their choice.	ARCHANA and SUBHA (2012)
17		Crew behavior	The behavior of crew member in the flight, like how he/she handle any situation.	Study by "BREAKTHROUGH MANAGEMENT GROUP INTERNATIONAL"
18	Security			
19		Safety	The tools which used for passengers in any emergency situation.	ARCHANA and SUBHA (2012)
20		Privacy	The data of the passengers stored in a proper way.	Report conducted in Nigeria(2010)
21	Price			
22		Ticket	Price of ticket as per customers travelling places.	Gour C. Saha, Theingi
23		Extra baggage cost	The cost of carrying extra baggage in the travelling.	(NBRI, 2009)
24		Food price	The charges of food taken from the passengers except food including in the ticket.	(NBRI, 2009)
25		Support cost	The charges applicable in case taking any type support by passengers.	(NBRI, 2009)

Customer satisfaction is one of the important objectives of marketing activity linking the process of purchasing and consumption with post purchase phenomena. Satisfying customers is an important element in marketing concept (Kotler & Armstrong, 2004) as it affects future consumer purchase behaviour, profitability and shareholder value. The importance of customer satisfaction is derived from the generally accepted philosophy that for a business to be successful and profitable, it must satisfy customers several studies have concluded that it costs more to gain a new customer than it does to retain an existing one.

IV. Proposed Model

Customer satisfaction in any business is very important. It is also important an airline operation has most important. There is a big competition among the airlines industry, so customer satisfaction plays an important role to manage customer's loyalty towards their airlines. Most airlines began to offer various incentives, such as the frequent flyer programmers, in an effort to build and maintain the loyalty of customers. Since customer satisfaction has been considered to be based on the customer's experience on a particular service encounter, (Cronin & Taylor, 1992) it is in line with the fact that service quality is a determinant of customer satisfaction, because service quality comes from outcome of the services from service providers in organizations. To achieve a high level of customer satisfaction, most researchers suggest that a high level of service quality should be delivered by the service provider as service quality is normally considered an antecedent of customer satisfaction Although it is stated that other factors such as price and booking source etc. can affect customer satisfaction, perceived service quality is a component of customer satisfaction (Zeithaml et al. 2006).

Generally, the lower the perceived price and sacrifice, the more satisfaction with the perceived price and the overall transaction is created (Zeithaml, 1988). Oliver (1997) noted that consumers usually judged price and service quality by the concept of "equity", then generated their satisfaction or dissatisfaction level, therefore, a lower monetary price or perceived price does not guarantee higher satisfaction. Airline punctuality and safety are important concerns for the flying public. According to a US Department of Transportation (2011) study, about 25% of all flights in the US were delayed in the first two months of 2011. Safety has always been a critical facet of quality management, but that operations management needs to focus more on safety issues. Punctuality is one of the main parameters that affect the customer's satisfaction. Customers prefer Airline for travelling rather than other mode of transportation only because of time savings. Their expectation towards the airlines service is time saving. Totally satisfied the customers and from next time this airlines company became the first choice and also they recommend this to theirs colleges and friends. Punctuality as well as safety is also one of the parameter to satisfy the airlines customers.

One of the UK research shows that till now many of the people especially women not want to travel by Airways due to safety issues. If any airlines company flies more than 100 flights in a months and the accident ratio is very high means out of 100 flights 5 met with accidents than their customers not want to travel by that company. So, Punctuality and safety both are the one of the important parameters of customer's satisfaction. Now a days before booking any flight the customers must go through the customers review towards the company. So, if your airways have safety issues and also delays case than they will not interested to booking in that airlines. It is now common for the travelers to shift between multiple devices in the course of planning a trip or any professional tour. Now all things came in own hand. We can book our flights from anywhere even from toilet. This also gives opportunity to compare the airlines company before booking. We can see the fares of different airlines company, no. of flights available for the particular route, time taken by the flight to reach on destination etc. After seeing all this we made our decision which one better for himself. There are various app which directly help in the booking process.

On the basis of above Airline customer lifecycle, this research identify the four main parameter for customer are identified in broader categories. Under the four broader categories and 25 parameters there are also in broader categories and sub categories which is describe in the proposed model as described in Figure 2.

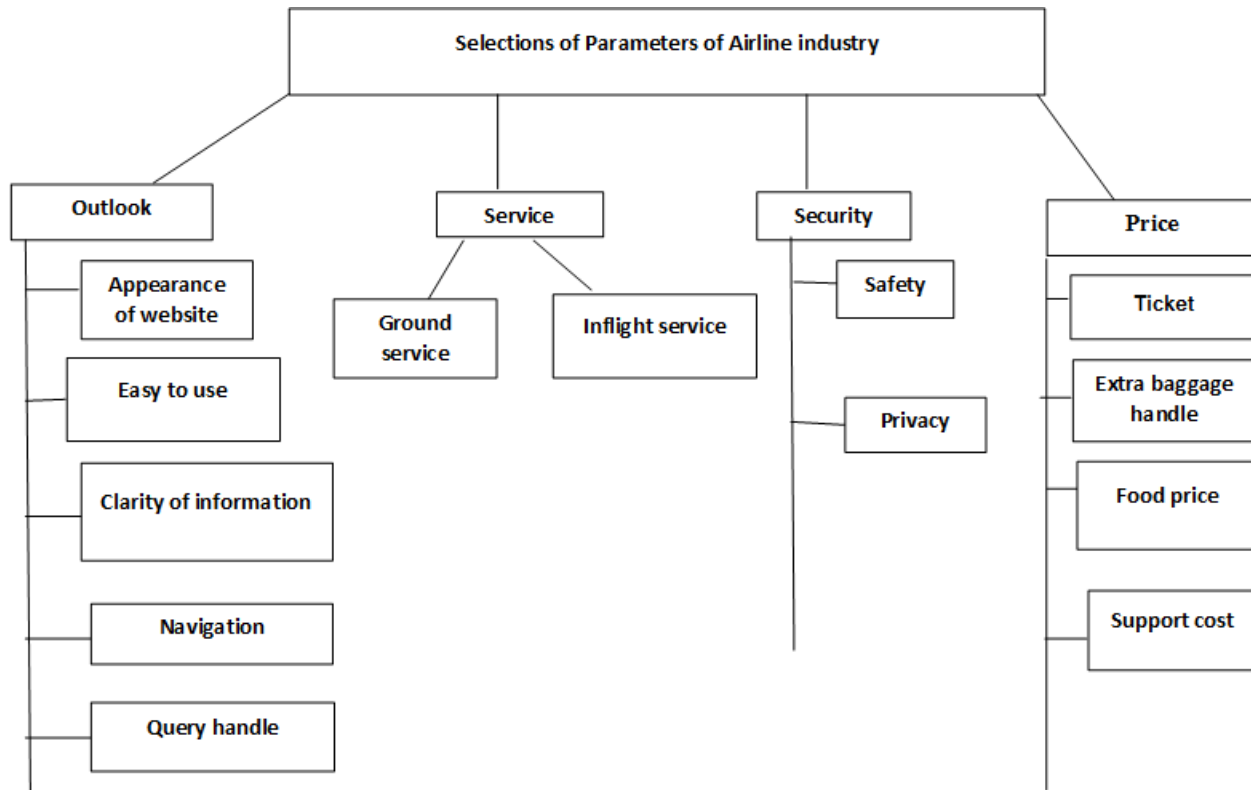


Figure 2: Customer satisfaction parameter in Airline Industry

According to the above figure in airline service is divided in two parts, i.e ground service and in-flight service. Under the ground service, the service is involved all the activities before the departure of flight from airport and landing of the respective destination or under the in-flight service involved all the activities in flight in the air. The given below describe in details in figure 3

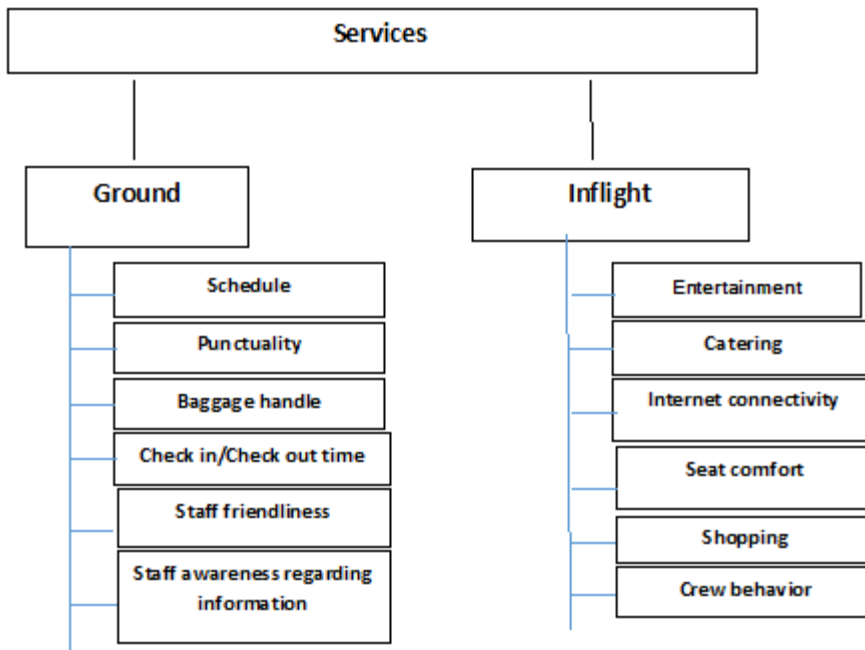


Fig. 3(sub parameters under service)

V. Conclusion

This study will be useful to researchers and practitioner involved with the management of Airline industry, customers who are availing the services of airlines. This study helps the Airlines management to focus more on that parameter which is mostly preferred by the customers for selecting the airlines for their travelling. It also help the customers to know which airlines company is best according to their preference and also stand at the best position to fulfill satisfaction parameter.

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