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A Study on Consumer Awareness and Perception Towards Services of Low-Cost Carriers in Chennai



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ABSTRACT

The Civil Aviation Ministry, Government of India reported that the Indian Civil Aviation Industry has grown to become the 3rd largest in the world in terms of domestic traffic and was expected to eventually become the 3rd largest in terms of overall traffic before the pandemic hit. The growth of the Indian civil aviation sector can be contributed to determinants such as open sky policy through promotion of 100% Foreign Direct Investment in the scheduled air transport services adopted by the Government of India, drift in the private investment towards airport infrastructure, economic growth accompanied by the increase in the disposable personal income of middle income class, rise in the low cost carriers to provide affordable services for the domestic passengers and the resilient demand requirements of foreign tourists. The present study aims to identify the consumer perception about the services provided by selected low-cost carriers such as IndiGo, Spice Jet, Air India, Go First, and Air Asia. The service quality factors such as Implementation of Touch less Technologies, Adoption of Inflight Social Distancing, and Maintenance of Cleanliness procedures were identified. Further, cost effectiveness factors such as Appropriate pricing methods, Awareness on Hidden Costs, and Refund Policy were measured.

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1.0 INTRODUCTION

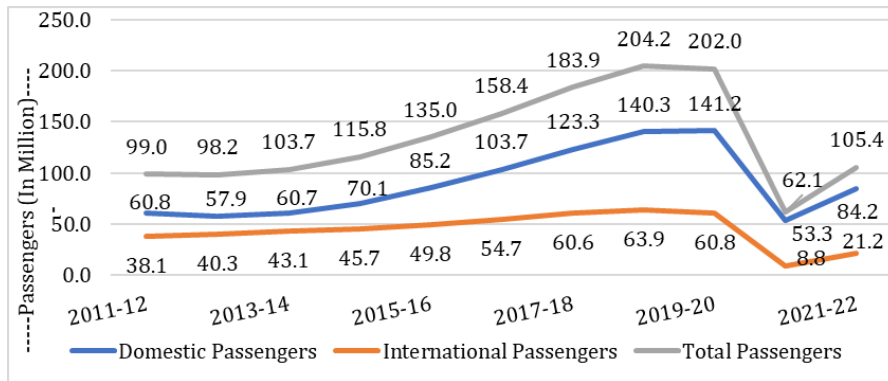
The Civil Aviation Industry in India has been resilient post pandemic and has shown a remarkable progress to combat the shocks of intense lockdown adopted by several economies. The Indian aviation industry can be categorized into the following segments: (i) Scheduled air transportation services encompassing both domestic and international airlines, (ii) Unscheduled air transportation services, which encompass charter operators and air taxi operators, and (iii) Air cargo services, which involve the transportation of goods and mail by air. According to the Annual Handbook on civil aviation statistics 2021-22, the Air-passenger traffic both domestic and international witnessed a positive growth in the year 2021-22 in comparison to the previous year. It

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was observed that there has been 69.6 % annual growth in the travel of passengers both domestic and international. In terms of figures, the total passengers for the year 2021-22 was 105.4 million compared as 62.1 million during the year 2020-21. Additionally, Chart 1 presents a visual depiction of the passenger traffic handled by scheduled carriers over the past ten years. It illustrates that domestic passenger numbers experienced a consistent annual growth rate of 3.3% from 2011-12 to 2021-22. In contrast, international passenger traffic declined at a rate of -5.7% annually during this same timeframe.

Chart 1

Passenger Traffic Carried by Scheduled Carriers Over Last Ten Years

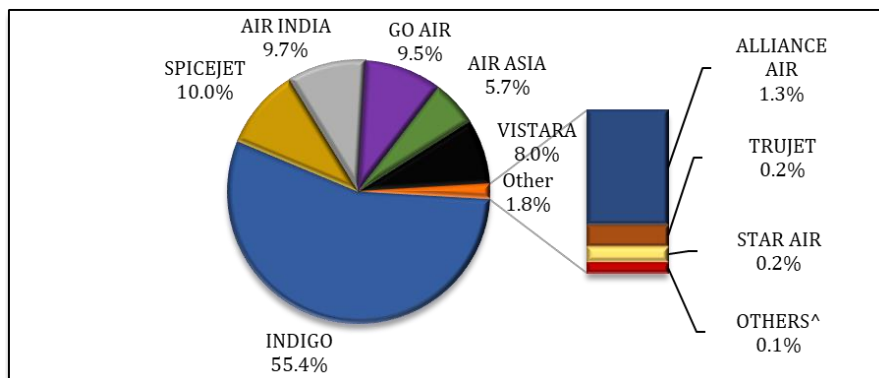


Source: Annual Handbook on Civil Aviation Statistics 2021-22

The cumulative growth of the air passenger traffic domestically can be attributed to multiple factors such as the open sky policy of the Government of India through promotion of 100% Foreign Direct Investment in the scheduled air transport services, drift in the private investment towards airport infrastructure, economic growth accompanied by the increase in the disposable personal income of middle income class, rise in the low cost carriers to provide affordable services for the domestic passengers and increase in the inflow of foreign tourists. In addition to this promotion of regional connectivity through the implementation of Government scheme such as UDAN (Ude Desh ka Aam Nagrik) has driven the demand for the Low Cost Carriers in India Bawa (2011). A low-cost carrier, often referred to as a budget airline, is an airline that offers reduced fares by excluding many of the standard services included in the ticket price, leading to lower costs for passengers but fewer amenities. These airlines may impose additional charges for services like meals, priority boarding, seat selection, and baggage to compensate for the reduced ticket prices.

Chart 2

Domestic Market Share (%) in terms of Passengers Carried (2021-22)



Source: Annual Handbook on Civil Aviation Statistics 2021-22

Chart 2 explains the percentage domestic market share in terms of passengers carried by the various airlines. The chart depicts that Indigo had the highest market share (55.4 %) in terms of passenger carried, followed by Spice Jet (10 percent), Air India (9.7 percent), Go Air (9.5 percent), Vistara (8 percent), Air Asia (5.7 percent) and other carriers (1.8 percent). Thus, based on the market share, five airline which offer low cost carriers along with full service carriers such as Indigo, Spice Jet, Air India, GoFirst and Air Asia India has been selected to understand the consumer perception.

1.1 Statement of the Problem

The primary objective of this research is to investigate how the COVID-19 crisis has influenced the Indian Aviation Industry. The extended lockdown as a response to the COVID-19 pandemic has had a significant impact on both the global and Indian economies, posing substantial challenges to various industries. Among these, the Civil Aviation Industry stands out as one of the most severely affected sectors. Unlike some other industries that have managed to make gradual recoveries, the civil aviation sector faces the risk of complete collapse unless it receives government assistance. Therefore, it is important to study the various strategies and measures taken by the government to revive the industry. Besides that, it is essential to know the changes in the consumer's perception on Low Cost Carriers, since they were key contributors towards the robust growth of the Indian Aviation Industry

1.2 Review of Literature

The Airline Industry has been dynamic and has grown by leaps and bounds until the unexpected and vigorous spread of the COVID-19 pandemic. Air Transport is an integral part to the economic development of the country, the survival and recovery of this industry has to be governed to ensure its sustainability. In this section, the researcher aims to review studies which highlight on one hand the impact of COVID-19 on the airline carriers and on other hand the factors determining the consumer perception about Low Cost Carriers (LCC's)

In a study conducted by [Kalić et al., \(2022\)](#), they evaluated the worldwide consequences of the COVID-19 pandemic on the aviation sector. The research paper highlighted that the global aviation industry suffered a significant blow due to the pandemic, prompting all involved parties to implement various mitigation strategies. Airline carriers had to reorganize their flight routes and pivot toward cargo operations, while some operators addressed the situation by downsizing their workforce. Passengers, on the other hand, were compelled to adjust to the new travel regulations. [Agarwal \(2020\)](#), in an analysis of how the lockdown and COVID-19 crisis affected Indian airlines, outlined that the key to the airlines' sustainability and survival lies in efficiently using their resources by combining cargo and passenger traffic. This approach became crucial as regulatory authorities introduced social distancing measures that posed a significant risk to the economic viability of airline companies. To tackle the challenges posed by COVID-19, the airline industry must consider pooling their resources and embracing a cooperative approach rather than competing with each other.

To understand the consumer perception about Low Cost Carriers, a study conducted by [Hassan and Salem \(2021\)](#) aimed to investigate the impact of service quality on consumer satisfaction and loyalty and perceived airline image. The study identified that service quality parameters such as Reliability, Empathy, Tangibility, Assurance and Responsiveness has a positive influence on consumer satisfaction, loyalty and Airline Image. Further the responsiveness parameter measured by factors such as use of airline website and complaint handling was an important dimension of service quality which predicted all the dependant variables such as consumer satisfaction, Loyalty and Airline

image. *Dike et al., (2023)* evaluated the airline industry passenger expectation and satisfaction based on online reviews. The paper used Expectation Confirmation Theory (ECT) and SERVQUAL Framework to measure the same. The study identified that factors such as consumer service, delays and baggage management affected the perceived service performance. While factors like Empathy and Reliability have significant impact on perceived passenger satisfaction. Thus, understanding the importance of service quality for an LCC, the researcher intends to ascertain consumer awareness and perception on service quality parameters such as appropriate ticketing strategy, implementation of touch less technologies, adoption of inflight social distancing, satisfaction with cleanliness procedure etc.,

1.3 Objectives of the Study

- To review the challenges faced by Airline Industry due to COVID-19.
- To identify the consumer's perception on the services offered by the Low-Cost Carriers.
- To measure consumer awareness of the benefits offered by Low-Cost Carriers.

2.0 RESEARCH METHODOLOGY

To study the consumer perception on the services offered by Low Cost Carriers a sample of 50 respondents who have travelled in the Low Cost Carriers such as IndiGo, Spice Jet, Air India, Go First, and Air Asia were selected. The study was conducted during the period January- February 2023. The responses were collected through questionnaire circulated online. Data analysis was done using the SPSS Software.

3.0 RESULTS AND DISCUSSION

The primary objective of this study is to understand the consumers perception on the Low Cost Carriers, which plays a significant role in transforming the travel experience of the middle income households. This study aims to identify the benefits that the consumers are enjoying and ascertain the issues faced by them. Thus, a structured questionnaire was framed to identify, the demographic, socio-economic status of the consumers and the perception of the consumers about the services offered by the low cost carriers under various heads measured using Likert scale.

Table 1

Demographic Profile of the Respondents

Demographic Variables	Frequency	Percentage
Age Group		
20-30	37	74.00
30-40	3	6.00
40-50	10	20.00
Gender		
Male	39	67.00
Female	11	33.00
Educational Qualification		
Higher Secondary	5	10.00
Diploma / UG Degree	32	64.00
PG Degree	13	26.00

Occupation		
Student	26	52.00
Employed	11	22.00
Entrepreneur	10	20.00
Home Maker	3	6.00
Annual Income		
Below 2 Lakhs	23	46.00
2 - 5 Lakhs	14	28.00
5- 10 Lakhs	13	26.00

Source: Primary Data

The demographic profile of the respondents explained in Table 1 shows that majority of the respondents (74 percent) are in the age group 20-30 years. The respondents are mostly male (67 percent). The educational qualifications of the respondents depict that majority of the respondents (64 percent) are either diploma or UG degree holders. The distribution of the respondents by occupation shows that majority (52 percent) of them are students and finally the annual family income of the respondents shows that majority of the respondents (46 percent) belong to the annual income bracket of less the 2 lakhs.

Table 2

Respondent's Perception on the Appropriate Ticket Pricing adopted in the Low-Cost Carriers

Airlines	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
IndiGo	13	16	17	4	-
SpiceJet	3	18	20	8	1
Air India	5	12	24	8	1
GoFirst	2	13	25	7	3
AirAsia India	4	15	24	6	1

Source: Primary Data

From Table 2, it is observed that majority of the consumers (13) strongly agree that Indigo adopts appropriate pricing method when compared to other LCC's, while 18 respondents agree that Spice Jet adopts appropriate pricing method. Further it is understood that on an average majority of the respondents are neutral about the Ticket pricing methodology adopted by the LCC's. Thus, it can be concluded that the respondents are not much keen in comparing the pricing strategies adopted by the LCC's in general but take decisions to choose the airline service as per their requirement and price at a particular point of time.

Table 3

Respondent's Perception on the Implementation of Touch-Less Technologies at Airports among Low-Cost Carriers

Airlines	Extremely Effective	Very Effective	Moderately Effective	Slightly Effective	Not At All Effective
IndiGo	15	19	13	2	1
SpiceJet	3	28	14	5	Nil
Air India	5	22	19	4	2
GoFirst	3	18	21	7	1
AirAsia India	3	18	20	7	2

Source: Primary Data

Table 3 shows the respondents' perception on the effective implementation of touchless technologies in airports among low-cost carriers. It is observed that majority of the respondents (15) perceive that the touch less technologies adopted by IndiGo are extremely effective, while 28 respondents believe that Spice Jet provides very effective touchless technologies. Thus, it can be concluded that majority of the respondents have chosen SpiceJet as the airline to have effective implementation of touch-less technologies. since it has good infrared sensors, contactless self - services devices and biometrics check-in. Thus, it was identified that these facilities had a greater influence on the consumer preference towards Airlines services post pandemic.

Table 4

Respondent's Perception on Adoption of Inflight Social Distancing Measures among Low-Cost Carriers

Airlines	Excellent	Good	Moderate	Fair	Poor
IndiGo	14	14	16	0	6
SpiceJet	5	20	16	2	7
Air India	5	14	..25	1	5
GoFirst	5	11	22	6	6
AirAsia India	3	11	22	4	7

Source: Primary Data

It is observed from Table 4 that majority of the respondents (14) perceive that Indigo has excellent Inflight Social Distancing Measures such as temporary block of middle seats, while 20 respondents believe that the Inflight Social Distancing measure adopted by Spice Jet are good. Further from the table it is observed that most of the respondents observe the Inflight Social Distancing Measures are moderately adopted by the consumers.

Table 5

Respondent's Level of Satisfaction with Cleanliness Procedures adopted by the Low-Cost Carrier

Airlines	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied
IndiGo	20	14	15	1	Nil
SpiceJet	9	21	18	2	Nil
Air India	10	14	24	2	Nil
GoFirst	6	20	19	5	Nil
AirAsia India	10	16	22	1	1

Source: Primary Data

Table 5 shows the number of respondents by their level of satisfaction with the cleanliness procedures adopted by the low-cost carriers. From the table it is observed that majority of the respondents (20) are Highly satisfied with the cleanliness procedures adopted by IndiGo, while 21 respondents are satisfied that the cleanliness procedures adopted by Spice Jet. Followed by 24 respondents who are neutral about the cleanliness procedures adopted by Air India. Thus, from the table it can be concluded that the consumers are either, Highly Satisfied or Satisfied or Neutral about the cleanliness procedures of LCC's, but very few respondents are either dissatisfied or highly dissatisfied.

Table 6

Respondent's Level of Awareness on Hidden Cost such as Taxes, Insurance and Extra Baggage Costs in the Low-Cost Carriers

Airlines	Extremely Aware	Slightly Aware	Moderately Aware	Slightly unaware	Extremely unaware
IndiGo	10	17	11	5	7
SpiceJet	9	19	13	6	3
Air India	7	21	11	8	3
GoFirst	10	17	15	5	3
AirAsia India	10	17	15	4	4

Source: Primary Data

Table 6 shows the respondents' level of awareness of the hidden fees such as taxes, insurance and extra baggage costs in the low-cost carriers. It is observed from the table that 10 respondents are extremely aware of the hidden fees offered by IndiGo, GoFirst and Air Asia. While 21 respondents are slightly aware about Air India Hidden Fees. Thus, from the table it can be concluded that majority of the respondents are aware to a greater extent of the Hidden Costs in the LCC's.

Table 7

Respondent's Level of Awareness on No Refunds Policy in the Low-Cost Carriers

Airlines	Extremely Aware	Slightly Aware	Moderately Aware	Slightly Unaware	Extremely Unaware
IndiGo	8	17	13	7	5
SpiceJet	6	22	12	7	3
Air India	10	15	15	6	4
GoFirst	8	18	15	6	3
Air Asia	10	15	13	9	3

Source: Primary Data

Table 7 shows the respondent's level of awareness of the no-refund policy in low-cost carriers. Majority of the respondents (10) are extremely aware that Air India Express and AirAsia India Airlines have made proper awareness of the no refund policy. These Airlines have effective and convenient no-refund policies and are mentioned while booking the tickets. Similarly, in case of Spice Jet (22 respondents), Go First (18 respondents) and IndiGo (17 respondents) are slightly aware of the no refund policy. Thus, from the table is observed that most of the respondents are moderately aware about the refund policy.

4.0 SUGGESTIONS AND POLICY RECOMMENDATIONS

From the study it has been understood that IndiGo Airlines can create more awareness of their 'no refund policy', hence more transparency should be maintained by the Airline regarding their policies to create proper awareness among the consumers to increase their demand and it was found that among the selected Low Cost Carriers, effective implementation of touchless technologies has been adopted by SpiceJet, Hence, it is suggested that all the low-Cost Carriers in the industry must have effective implementation of touchless – technologies, especially after COVID -19 to increase the safety of passengers and to maintain hygiene at airports. Further, it is recommended that the Low-Cost Carriers should have consistent and fair pricing of tickets to increase the demand among the

middle-income air passengers. More cleanliness procedures and sanitization methods must be followed in airports as well as on flights to maintain hygiene and increase the safety of the passengers.

5.0 CONCLUSION

Although the COVID-19 risks remain, human psychology can play a role in distorting and influencing various aspects of an epidemic, potentially leading to increased anxiety among individuals who were once comfortable with flying. This anxiety related to air travel might discourage people from either considering air travel altogether or limit their willingness to fly. The absence of effective social distancing measures can be viewed as a significant obstacle to ensuring passenger well-being during flights. Consequently, there is a need for collaborative endeavours on the demand side to instil confidence, gain the trust of end-users, and support the aviation industry's interconnected supply chains.

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