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Customer Loyalty: A Case Study Involving the Three Indian Airlines Indigo, SpiceJet, and AirIndia

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Abstract

India's aviation industry is largely untapped with huge growth opportunities. The three largest domestic airlines by market share in India are IndiGo, SpiceJet, and Air India. Some travellers have grown disillusioned with traditional loyalty programs, citing a focus on high-value business travellers with no attention to the less-frequent, leisure flyer. So, this research aims at how airlines should be rethinking customer loyalty. The objective of this research is to explore the nature of consumer loyalty and its major determinants for the three airlines in India-Indigo, SpiceJet, and Air India, and to identify the differences concerning attitude, habit, satisfaction, loyalty, and augmented service (Service, safety, comfort, luggage allowance and bonus) amongst the three airlines. The primary data was collected through a structured questionnaire from 600 travellers at leading airports in India. The findings of the research showed that the age and occupation of the respondents suggest a significant variance among the three airlines. The augmented service factors (attitude, habit, loyalty, safety and bonus) of the respondents suggest a significant variance among the three airlines. Conclusion, implications of the study, and suggestions for future researchers are also included in the research.

Keywords: Customer Loyalty, Augmented Service, Attitude, Habit, Satisfaction, Loyalty, Service, Safety, and Comfort.

Introduction

In India, there were over 400 airports and airstrips. Passenger traffic amounted to over 115 million at airports across India in the financial year 2021. According to the International Air Transport Association (IATA) India has become the third-largest national aviation market in the world and it is expected to overtake China and the United States as the world's third-largest air passenger market in the next ten years, by 2030.

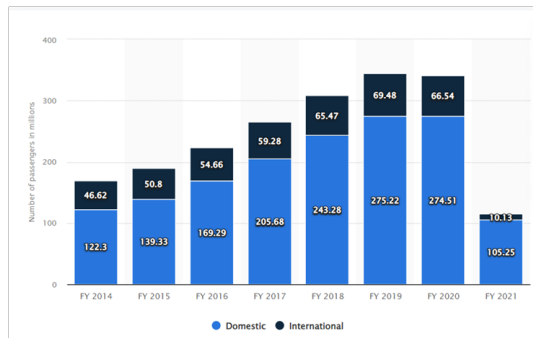


Figure 1 Number of Passengers travelled in domestic and International airports in India

The three major domestic airlines with largest market share in India are IndiGo, SpiceJet, and Air India.

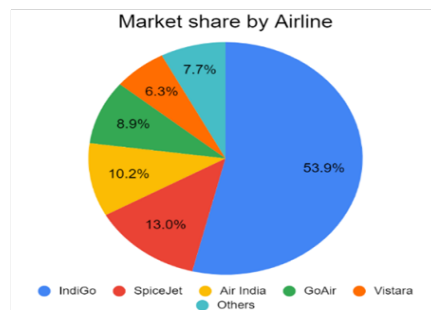


Figure 2 Market share by airline in India

Problem Definition

The Indian aviation industry has not been used much with great growth opportunities. Industry stakeholders should engage with and work with policy makers to make sound and informed decisions that can improve the Indian aviation industry in India. With a focus on customer loyalty, India will achieve its vision of being the third largest airline market. The research questions for this study are as follows:

- How are the customer profiles of the three airlines different?
- How does satisfaction differ between the three airlines?
- How does customer loyalty differ from the three airlines?
- How do the augmented services like service, security, luxury, freight grant, and bonus differ from the three airlines?

Review of Literature

Kumar et al. (2011) found that customer relationships play a critical role in creating customer loyalty. Zhaohua, Yaobin, Kwok, and Jinlong (2010) explain that customer satisfaction is considered an important decision for the re-purchase and customer loyalty. Nambisan and Sawhney (2007) explain that there are many important factors between consumer behaviours that influence the level of trust, which consumers display in the airline. Aydin and Özer (2005) stated that service quality also improves customer tendency to repurchase, buy more, buy other services, price sensitivity and tell other customers about their interests. Loyalty programs can offer customers a wide range of “solid” items (e.g. discounts, coupons or discounts for pre-purchase or savings) and “soft” (e.g.

special invitations, special “after-hours” purchasing benefits), thus becoming regular customers. increase their purchases and become store attorneys; recommending the store to family, friends and acquaintances (Gable et al.; 2008).

Chitty, Ward, and Chau (2007) factor out that the behavioural element of loyalty describes routine behaviour. Habit is described as “a repetitively achieved, strong behaviour which is not actively deliberated upon on the time of the act” (Beatty and Kahle, 1988). Hallowell (1996) observed that customer satisfaction influence customer loyalty. Safety has constantly been a critical detail to the commercial enterprise fulfilment of the passenger airline industry. Although deadly air accidents are extremely rare compared to other shipping modes, the rapid increase in the number of business aviation flights has ended in aviation’s increasing exposure to risk (Chang and Yeh, 2004). Comfort performs an increasingly more vital position in plane tickets. Checked luggage describes gadgets of luggage brought to an airline for transportation in the maintain of an aircraft of a passenger airline. In airways, there may be an effective unbundling of offerings including the luggage allowance (Buttona and Isonb, 2008).

Research Objective

The objectives of this research are as follows.

- To explore the nature of customer loyalty and its major determinants for the three airlines in India-Indigo, SpiceJet, and Air India.
- To identify the differences concerning attitude, habit, satisfaction, loyalty and augmented services among the three airlines.

Research Methodology

In this study a quantitative approach was used and the study is descriptive. Customer loyalty to airlines has been identified as a dependent variable and Service, Security, Comfort, Habit, luggage/baggage charge and Promotion have been identified as independent variations.

a. Measurement and Scaling

The conceptualization and improvement of the questionnaire have been based totally on the existing literature. A normal 5-point Likert scale were used to measure the constructs. The survey instrument was refined during a pilot study to ensure the internal consistency of the measuring instrument, with the involvement of 60 respondents.

The questionnaire contained 31 gadgets in total. The first part of the tool contained 5 questions about the demographics of the respondents including, age, gender training, and profession. The second part of the questionnaire contained seven questions about characteristics of the respondents and the third part of the questionnaire included 19 gadgets, which contained questions associated with attitude, addiction, pride, loyalty and elements (Service, safety, comfort, luggage allowance and bonus) and brand loyalty.

The questionnaires have been administered by personal delivery. A convenience sampling technique was followed to accumulate the primary records and it took one month for the complete collection of information. The individuals targeted for the gathering of facts for this studies were customers of Indigo, Spice Jet, and Air India in India.

During four-week, 627 respondents finished the survey. A total of 627 responses have been recorded. Twenty-seven responses were discarded because of duplicate submissions or incompleteness, a net sample of 600 (size is determined primarily based on the sample standard deviation) usable questionnaires was used in this study.

b. Tools Used

For data analysis, a statistical package for social sciences (SPSS) version 20 was used. Statistical tests were applied to check the reliability (skewness and Kurtosis Test) and normality (Cronbach’s Test) of the data and ANOVA, chi-square test, and percentage analysis were conducted to see the impact of independent variables over the dependent variable.

Analysis and Discussion

Demographic Profiles

As far as the profile of the respondents age are concerned 33.33% of respondents’ age is between 41 and 50 and 23.2% of respondents between the ages of 21 and 30.. This indicates that the researcher selected experienced passengers of the appropriate age for this study. As per Table 1, of the total sample size approximately 43.8% of graduates responded with 32.7% of post graduates responded. This shows that most of the respondents are completed their higher education. As per Table 1, approximately 67.3% of respondents are male and 32.7 percent of respondents are female. Table 1 shows that 32% of respondents ‘annual revenue is between INR 5, 00,001 and INR 10,00,000 and 32% of respondents’ annual revenue is between INR 10,00,001 and INR 15,00,000 rupees.

Table 1 Profile of the respondents

Factors	No of respondents	Percentage (%)
Age of the Respondents		
Less than 20 years	69	11.5
Between 21 to 30	139	23.2
Between 31 to 40	138	23.0
Between 41 to 50	200	33.3
Greater than 51	54	9.0
Total	600	100.0
Educational Qualification		
Upto Higher secondary/Diploma	99	16.5
Graduates	263	43.8
post Graduates	196	32.7
Doctorates	11	1.8
Others	31	5.2
Total	600	100.0
Gender of the respondents		
Male	404	67.3
Female	196	32.7
Total	600	100.0
Income level of the Family		
up to 5,00,000	76	12.7
Between 5,00,001 and 10,00,000	192	32.0
between 10,00,001 and 15,00,000	187	31.2
between 15,00,001 and 20,00,000	57	9.5
Greater than 20,00,001	88	14.7
Total	600	100.0

Customer Characteristics

Table 2 shows the cross-tabulation of Indian Airlines and the respondents' Purpose of Travel. 200 customers are selected from the Indigo, Spice Jet, and Air India services. 242 respondents avail airline travel as a visitor/tourist, 180 respondents avail airline service for the Business purpose. 86 respondents from Indigo avail service as tourist/visitor and 78 respondents from spice jet and Air India avail service as visitor/tourist respectively.

Table 2 Cross-tabulation of Indian Airline and the respondents' Purpose of Travel

What is the airline you are going to travel with? (Several answers possible)	What is your purpose of travel?				Total
	Visitor/ Tourist	Business	Visiting friends/ relatives	Others	
Indigo	86	60	36	18	200
Spice Jet	78	51	28	43	200
Air India	78	69	38	15	200
Total	242	180	102	76	600

Hypothesis

- **H₀-Null Hypothesis:** There is no association between Indian Airline and the respondents Purpose of the Travel.
- **H₁-Alternate Hypothesis:** There is an association between Indian Airline and the respondents Purpose of the Travel.

Level of Significance

The level of significance is fixed as 5% and therefore the confidence level is 95%.

Table 3 Chi Square Test Result

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.534 ^a	6	.001
Likelihood Ratio	22.405	6	.001
Linear-by-Linear Association	.037	1	.847
N of Valid Cases	600		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 25.33.

Table 3 presents the results of the chi-square test regarding the Indian Airline and the respondents' Purpose of Travel. The value of chi-square is .001 which is less than 0.05 so, we accept H1 and conclude that there is an relationship between Indian Airlines and the respondents' Purpose of Travel.

Customer Loyalty**Table 4 Descriptive Statistics**

	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
I will fly with this Airline company in future	2.98	1.246	1.552	.023	.100	-.886	.199
I intend to keep flying this Airline company	2.88	1.172	1.374	.116	.100	-.810	.199
I would recommend this Airline company to my friends and colleges.	2.76	1.114	1.242	.386	.100	-.540	.199
I am willing to pay a higher price for this airline company	2.80	1.218	1.484	.066	.100	-.962	.199
I consider myself as a loyal customer to this airline Company	2.75	1.176	1.382	.077	.100	-.880	.199

Table 4 shows the descriptive statistics of respondent’s responses about Customer Loyalty based on the three airline services. The highest agreement is observed from the customers is for the statements ‘I will fly with this Airline company in future’ with the mean value of 2.98 and the lowest agreement is observed from the respondents for the statement “I consider myself as a loyal customer to this airline Company” with a mean value of 2.75. It is inferred from table 4 that the distribution of variables using the benchmark ± 2.0 values of Skewness and kurtosis. Based on the value reported for Skewness and Kurtosis were lying between the specified benchmark values of the above variables. Hence it is inferred that the distribution is significant. The data distribution achieved normality.

Table 5 Indian Airline Vs Customer Loyalty

Airline	Mean Score	Standard Deviation
Indigo	3.179	0.9660
Spice Jet	2.564	0.9736
Air India	2.753	0.8522
Grand Total	2.832	

Table 5 shows that the highest score belongs to Indigo and the lowest belongs to Spice Jet. Air India’s score is in the middle. Thus, Indigo indicated ‘agree’ in terms of loyalty. The Cronbach’s Alpha for the scale was .872, and the ratings of the three items were averaged to form an overall

loyalty score for each traveller. One-way ANOVA shows that the difference concerning loyalty among the three airlines was significant.

Table 6 How Often do you Fly with the Airline

Airline	Mean Score	Standard Deviation	Variance
Air India	3.17	1.279	1.636
Indigo	3.47	1.276	1.627
Spice Jet	3.39	1.185	1.404

In Table 6, Indigo's mean value is the highest, which is the best; whereas Air India's mean value is the lowest. Spice Jet's score is in the middle. These scores clarify that Indigo was perceived as a 'good' airline; whereas Spice Jet and Air India were ranked as 'average' in terms of attitude towards the airline. This explains that travellers rated Air India low rating in terms of attitude, it needs to be improved. Standard deviations were found not to be high.

Customer Satisfaction

Table 7 Descriptive Statistics for the Responses of Customer Satisfaction based on Airline Services in India

	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
I am satisfied with the experience that the airline company has provided.	3.24	1.127	1.269	-.489	.100	-.558	.199
This airline lived up to my general expectation of it	3.36	1.161	1.347	-.431	.100	-.601	.199
This company represents the ideal I have of a perfect airline.	3.62	1.110	1.232	-.965	.100	.358	.199
The airline's services give me a feeling of trust.	3.44	1.159	1.342	-.728	.100	-.256	.199

The table 7 shows the descriptive statistics of respondent's responses about Customer Satisfaction based on the three airline services. The highest agreement is observed from the customers is for the statements 'This company represents the ideal I have of a perfect airline.' with the mean value of 3.62 and the lowest agreement is observed from the respondents for the statement "I am satisfied with the experience that the airline company has provided" with a mean value of 3.24. It is inferred from table 7 that the distribution of variables using the benchmark ± 2.0 values of Skewness and kurtosis. Based on the value reported for Skewness and Kurtosis were lying between the specified benchmark values of the above variables. Hence it is inferred that the distribution is significant. The data distribution achieved normality.

Table 8 Mean Customer Satisfaction Rating of the Airline Services

Airline	Mean Score	Standard Deviation	Variance
Indigo	3.5863	.70515	.497
Air India	3.4313	.80822	.653
Spice Jet	3.2275	1.03403	1.069

In Table 6, Indigo’s mean value is the highest, which is the best; whereas Spice Jet’s mean value is the lowest. Air India’s score is in the middle. These scores clarify that Indigo was perceived as a ‘good’ airline; whereas Spice Jet and Air India were ranked as ‘above average’ in terms of customer satisfaction towards the airline. This explains that travellers rated Spice Jet low rating in terms of customer satisfaction, which needs to be improved.

Table 9 Augmented Services with Respect to Indigo, Air India, and Spice Jet

Airline	Indigo	Air India	Spice Jet
Safety	3.16	3.11	2.93
Comfort	2.96	2.89	2.44
Luggage allowance	3.25	3.11	3.23
Bonus	3.11	3.20	2.95

It is evident from Table 9 that it is an analysis of means among the three airlines with respect to augmented services like Safety, Comfort, Luggage allowance, and Bonus.

Conclusion

In conclusion, the purpose of this study is to emphasize the importance of customer loyalty and to demonstrate the impact of various factors on customer loyalty in the Indigo, Air India, and Spice Jet airlines. The benefits of loyalty programs have been recognized as important aspects of customer loyalty in the aviation industry. Therefore, airlines should offer good services to suit customer needs and make reliable plans to increase profits.

Implications of the Research

This research is a useful contribution to airlines for retaining the travellers. It will assist airlines in assessing the type of customer loyalty. It is a very useful contribution to understand the meaning and significance of attitude, practice, satisfaction, honesty and loyalty towards airlines.

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