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Empirical Study on Decision Making Behavior of Consumer in the Aviation Industry

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Abstract

Aviation industry in India has been witnessing a tremendous transformation from the rigidly controlled government ownership of airlines. India is free today to invite private participation in the airline industry. The successful tie-up of Tata's and Singapore Airlines resulted in the birth of an international airline in India named Air Vistara which created a competitive atmosphere (more like motivation) among airlines. Added to this a new dimension of the government policy of 100% privatizing Air India added another interesting twist to the airline industry. The problem of near misses in the sky due to engine trouble for certain types of aircrafts increases the pressure on performance by the airlines. The escalation in the price of tickets and reduced comforts on account of "economy in air" has made the customer choosy. Under such turbulent environment attracting new customers and also retaining existing customers are of utmost importance for airlines to remain profitable and stay afloat. This article deals with the various factors that mould the behavior of an air traveller to choose an airline and to become its customer.

The behavior of the air traveler is usually based on the following factors:

1. Price,
2. On board freebies like food, beverages, paper etc ,
3. Baggage Allowances ,Comfort in seating – legroom,
4. Punctuality of airline, On Time Performance, and connectivity to various destination ,
5. In-flight entertainment ,
6. Check inconvenience like web check-in, baggage drops, lounge facilities etc,
7. Check out facilities – landing base, baggage retrieval, pick up and drop facilities ,
8. Convenient hours of flight schedule - Time of departure and arrival both at boarding point and destination,
9. Availability of promotional programs like frequent flyers, a million miles club etc.
10. The reputation of airlines and its safety record is a key factor, though normally taken for granted, sub consciously influences the behavior.

Keywords - Consumer Decision making, Service Quality, Airline Industry.

1. Introduction

The Aviation sector in India is going through a turbulent transformation; the advances in technology, information and communication have simplified the accessibility and booking process. The success of airlines lies in understanding and having an insight of changing needs of customers which influence the behavioral decision-making process of distinct sections of customers. The main aim of this paper is to probe how passengers prefer to get information, and sources from which they obtain and what are the distribution channels they use for bookings, and evaluation of diverse product aspects.

Most of the passengers go for only sublime pricing which means a price that satisfies a customer in almost every aspect, so the airlines keep cutting down their costs to attract more people. And not to forget about the hefty and strict tax payment schedule of the government. Through all these when they finally get some traction, the work doesn't end there, it continues on how an airline satisfies a passenger on board also. By that it means from ticketing, check-ins, baggage insurance, delays, lounges, on carrier, check outs, carrier details, Scheduling, Punctuality, Baggage capacity, Customer Service, Ease of booking tickets,

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Rescheduling and refund policy, Quality of food available in-flight, In-flight entertainment, Premium services like priority boarding, Ground handling services, Seating and general in-flight cleanliness and the way each airlines service differs. Considering a very few percentage of people travel by air, there is tremendous scope for airlines in the future.

2. Literature Review

1. Nowadays everyone uses airlines and in a few years it will become like it's just another mode of transport. This signifies that there is a great future ahead but many airlines are shutting down their operations. History tells us that budget airlines emerged in order to satisfy the consumers. What is a budget airline? It is a contemporary business model which competes only on price. And to compete on the price factor, airlines get in the concept of cost-cutting to provide the lowest fares by minimizing operating costs. Southwest airlines were the only airlines which came up with the idea of budget airlines by using only one aircraft model of Boeing *737*. Customers are mostly attracted by these low fares, and if a service is rendered to customer's liking they don't mind paying extra for such services. The success of an airline depends on analyzing the changing needs of customers on their decision making, under various parameters like taste, preferences, age, income, behavior etc. Some of the major challenges faced in the aviation industry include environmental restrictions, Airport congestion, peak hour peak capacities, layover cost, and safety. Swan and Trawick *(1980)* examined the influence of perceived performance on disconfirmation and satisfaction. By exploring concepts of customer satisfaction and brand loyalty, airlines better position themselves to rise above the competition.

2. Consumers in aviation sector can be categorized into two: business and leisure travelers. According to the author Robert wilfing, "from the past observation, we find that timelines of the airlines are blindly affecting the purchase decisions of the business travelers" *(2012)*. The need for reasonable pricing (cheap) air fares can also be linked to the fact that in many cases holidays are taken with the whole family and therefore ticket prices will be multiplied and even small price differences might become relevant *(shaw, 2011)*. While choosing a particular airline, people consider lot of significant factors such as ease of online booking, leg room, on – board luggage, boarding and clearance time. By comparing these factors affecting the consumer behavior of airlines, we find that, airlines can follow and utilize these strategies to design the effective customer retention strategies and thus increase their profitability too. Alaska airlines were the first airline to introduce online and internet check-ins.

3. Rathmell also argued that there is a general understanding for airline products but that there was no clear description defining services *(1966)*. The author 'stowe shoemaker' explains the various important dimensions when evaluating different brands – core services, emotions, ASQ [aviation service quality] advertising, interpersonal service. Improving a layout of airline website intrusive of user experience will build competitive advantage by improving and satisfying the customer's experience. Heuristic evaluation and usability testing methods are evaluated through the website's user interface.

3. Research Methodology

3.1 Method

Z – Test Research methodology

Questionnaire was the instrument of this research. *87* sample respondents were selected from the age group of *20- 35*. The *z* test is a statistical test method that to use simple statistics contain a normal distribution. Statistical testing is a procedure to make an inference of unknown population parameters. The *z* test is mostly used to test hypotheses about (a) The mean of a population on the basis of one sample, (b) the proportion of successes in a population on the basis on a single sample, (c) the distinguish between the means of two populations on the basis samples from each population, or (d) the distinguish between the proportions of successes in two populations on the basis of samples from each population. From my questionnaire respondents, I have taken two random variables- X and Y, capital letters such as *X* and *Y* are used to represent random variables and the corresponding lowercase letters such as *x* and y are used. Here the X and Y represent the age group and class of traveling.

Hypothesis Test

The z-test is also called a hypothesis test in which the z- test statistics is following a Normal distribution. The z-test is best used when the sample is greater-than-*30* samples because, it comes under

the central limit theorem (CL), as the samples size gets increases, the samples are considered to be followed by normally distributed. When testing a z-test, the null (H_0) and alternative hypotheses (H_1), alpha and z- score should be stated. Next step, we calculated the test statistic, and the results and conclusion are stated.

	Age Group	DC 1
Mean	24.56321839	0.689655172
Known Variance	101.9	0.21652
Observations	87	87
Hypothesized Mean Difference	0	
Z	22.03580229	
P(Z<=z) one-tail	0	
z Critical one-tail	1.644853627	
P(Z<=z) two-tail	0	
z Critical two-tail	1.959963985	

Ho (Null Hypothesis) = There was no difference to travel in first class or second class
H1 (Alternative hypothesis) = There was a significance difference in traveling in first class or second class
According to the case 1 the calculated value *(22.03580)* is more then the critical value *(1.959963985)* so we reject the null hypothesis it means most of the people want to travel in economic class

The Z-test is a one type of hypothesis test. Hypothesis testing is one of a way for us to figure out, if the final results from a hypothesis test are acceptable (valid) or repeatable. For example, if some researcher said that they have found a new drug to cures cancer, we want to be sure, it is probably true. The hypothesis test will tell us, if it's probably true, or probably not true. A Z- test is used when your data follows and it is approximately normally distributed.
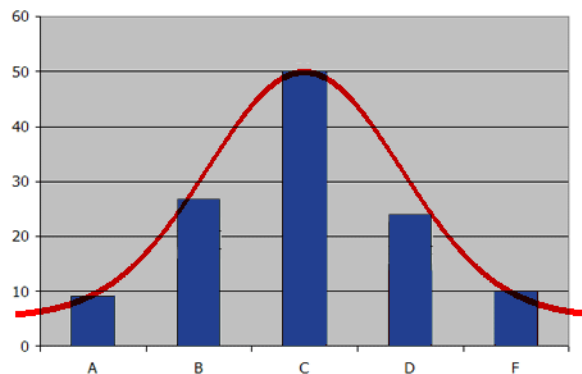
4. Conclusion

The main fundamental initiative of this paper is the consumer's lack of awareness and the existence of the knowledge gap that influences the consumer's buying behavior when making purchase decisions about air travel and therefore the issue of sustainability within the aviation industry and to find out which influencing factors for customers choice of an airline are controllable by airlines. We have considered a lot of factors, that why a customer is choosing a particular airline. We have surveyed the age group of *20-35*. The findings of the survey are as young people are not preferring to travel in business class because the cost of traveling in business class is higher than the economic class, the young consumers are utilizing more services and benefits from the economic class. Young people are thinking that they can utilize more in economic class than the business class. In order to retain the existing customers and engage the new

ones, airlines should mainly focus on service quality and provide good connectivity routes, on-time performance and shorten the time of on -boarding till the off-board of travel and main safety measures.

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