



Strategic analysis of indigo airline

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ABSTRACT :

This Exploration paper uncovers the inner and outer elements, which added to the fantastic progress of Indigo aircrafts. The reason for our review was to direct an examination on the 'Example of overcoming adversity of Indigo Aircrafts.' and to concentrate on the elements, which are liable for its prosperity. The example size chose was 200 respondents from Pune. Separated Arbitrary Examining was finished to choose the respondents from the upper working class who favor flying every now and again in Minimal expense Transporters. The essential information was gathered through a poll, which was sent to respondents in Google doc design. The optional information was gathered from different examination papers, diaries, papers and the web. The consequences of the review showed that the administrations gave by Indigo aircrafts its deal and leaseback exchanges assisted Indigo with procuring higher benefits than its rivals. Aside from these, Indigo's Dependability to be on time with speedy turnarounds of under 30 minutes between flights has helped Indigo for situating itself with best network between urban communities. The advantage of such a review is an undertaking to survey the Example of overcoming adversity of Indigo Carriers and contrast it and different contenders who neglected to endure benefits in the flying business.

OBJECTIVE OF THE STUDY

- To understand the factors that contributed towards the grand success of the
- Indigo airlines.
- To compare the performance of Indigo airlines with its competitors and derive lessons to be learnt.

INTRODUCTION:

Flight has forever been a prickly industry, one as is said just half jokingly that makes tycoons out of very rich people, however Indian flying has stood apart as famously ruthless inferable from high expenses and exorbitant air terminal charges. The year to Walk 2013 likewise turned out to be the most terrible lately because of a precarious expansion in fuel costs and debilitating rupee. In the midst of this multitude of disturbance's Indigo arose as India's biggest carrier by travelers conveyed, revealing a benefit of Rs 787 crore in the 2013 monetary year. It staggered numerous in a way surprising for a profit broadcast. During the year, Kingfisher Aircrafts shut shop and IndiGo's rivals made misfortunes of more than \$1 billion. In any case, IndiGo arose unaffected from the destruction. The most recent numbers, uncovered by IndiGo polished the aircraft's standing as the solitary Indian transporter to flourish in a grieved industry. IndiGo was set up in mid 2006 by Rakesh Gangwal and Rahul Bhatia of InterGlobe Endeavors, with InterGlobe as the parent organization holding 51.12 percent of the stake while Rakesh Gangwal's Caelum Speculations, a Virginia, and US-based Organization hold 48%. Many reasons are focused on for the achievement however there are a few maneuvers that IndiGo has played perfectly. One of the main purposes behind IndiGo's prosperity is its sharp spotlight on time execution, perfect, flawless airplane, and great help. IndiGo started life as a minimal expense transporter and has remained there solidly, adhering to its plan of action even in the most terrible financial emergencies, a move that has paid off splendidly. Paid-for on-board dinners, a solitary flying class without any ornaments administration, high airplane usage, and ideal utilization of room (150 seats to the 190 that a full passage carrier conveys) are only a portion of the expense control techniques that IndiGo purposes. IndiGo is a minimal expense carrier settled at Gurugram, Haryana, India. It is the biggest carrier in India by travelers' conveyed and armada size, with a 39.8% piece of the pie as of January 2017. It is also the largest individual Asian low-cost carrier in terms of jet fleet size and passengers carried, and the eighth largest carrier in Asia with over 41 million passengers carried in 2016. The airline operates to 46 destinations both domestic and international. It has its primary hub at Indira Gandhi International Airport, Delhi IndiGo became one of the fastest growing low cost carriers in the world and was the largest profitable airline in India. The success of IndiGo has been attributed to its unique business model which reduces costs. The airline operates a single type of aircraft (Airbus A320) in similar seating configuration which simplifies crew training and maintenance. The airline strikes bulk deals with Airbus reducing unit costs. The airline targets a quick turn-around time of 20 minutes to get the aircraft ready for the next flight, ensuring planes fly about 12 hours every day. Since inception in August 2006, IndiGo has grown from a carrier with one plane to a fleet of 135 aircraft today. A single aircraft type, high operational reliability and an award winning service make us one of the most reliable airlines in the world. We currently operate flights connecting to 46 destinations — 39 domestic and 7 international. IndiGo was founded in 2006 as a private company by Rahul Bhatia of InterGlobe Enterprises and Rakesh Gangwal, a United States-based NRI. InterGlobe had a 51.12% stake in IndiGo and 47.88% was held by Gangwal's Virginia-based company Caelum Investments. IndiGo placed a firm order for 100 Airbus A320-200 aircraft in June 2005 with plans to begin operations in mid 2006. IndiGo is not only the most efficient low fare operator domestically but is also comparable with global low cost airlines and constantly enhancing engagement with passengers to augment their travel experience. From multichannel direct sales (including online flight booking, call centers and airport counters),

to online flight status checking, an exclusive IndiGo app for Android, IndiGo has transformed air travel in India. Today, they are India's most preferred airline. At IndiGo, low fares come with high quality.

FACTS AND FIGURES

1. 1.9 consecutive years of profitable operations
2. Market share of 41.4% as of April, 2017
3. Fleet of 139 aircraft including 22 new generation A320neos.
4. "Great Place to Work in India" 10 years in a row.

VISION AND MISSION OF INDIGO AIRLINES

IndiGo airlines has the mission to provide quality and reliable air travel facilities to the young, price conscious & first time travelers. Adding to its mission to be the best in the industry the airline has a long term vision as well. They aim to be India's largest and fastest growing airline through Affordable prices, On Time Performance and Hassle free travel experience. A vision statement must answer the basic questions, "What I want to achieve in future?" with the foundation being laid from now gaining insights from the past. The components of a good vision statement must include the way the company defines their customers (Either directly or indirectly), defines the need of the customers, defines the product or service offering & lastly has a perceived value that is covertly defined.

IndiGo Airlines also has a well defined Vision Statement that addresses all the basic components of a good vision statement. They know that their customers are the " Middle Class Consumers" , they know that they " Want to become India's largest airline" , they meet the demands through their well defined 3 Pillars of , "Affordable prices, On Time Performance and Hassle free travel experience".

A mission statement must answer the question, "How should I achieve the future?" with the research and scope well defined and established.

The components of a mission statement vary from company to company and each organization has their own unique approach to carry their agenda forward to achieve and establish the vision.

A good mission statement must have (all or some) the below points:

- Customers
- Product or Service
- Market
- Technology
- Concern for Survival
- Philosophy
- Self Concept
- Concern for Public Image
- Concern for Employees

In the case of IndiGo, they can improve the mission statement. They have addressed all key aspects like their customer segment, market, service and concept. But what it fails to establish is the concern for their employees and embark on their philosophy. Though they are the market leaders today with close to 42% market share, they can think of reshaping the mission & strive to achieve more. But nevertheless, they have well crafted Mission & Vision that has made them India's best LCC (Low Cost Carrier) and they have been successful in keeping their airlines flying high since its inception a decade ago.

RESULTS AND INTERPRETATION

Table-I: Most Impmtant Factor for Choosing Indigo Airlines

	Res onse	11=40	Percentage
		12	
	On board seme	8	
3	Fli211t's unctuali	10	
4	Ba °a °e handling	10	

Discussion: From Table-I data shows that consumers choose Indigo mainly because of the Competitive prices (30%) followed by the Flight punctuality of the Indigo Airlines. The above results are in agreement with Diggins Colin who in 2010 also found that although low-cost airline passengers have a highly favorable perception of low-cost airlines, they are highly price sensitive and would readily switch to a full-service carrier as it offers a lower fare.

Table-2: Ranking given to LCC based on Select Factors (All figures are in Percentages)

Airline	Ranking	1	2	3	4	5
Indigo	Protnotions Offered	o	15	20	40	

Indi20	Seed Of Semce Offered	0	0	15	50	35
Indigo	Flight Punctualtv	o	o		30	
Indigo	Flight CancellationB The Airlines		15	15	30	40
Spice jet	Promotions Offered	o	10	45	35	10
Spice jet	Seed OfSemce C)tkred	O	15		30	10
Spice jet	Flight Punctuali	o	40	40	10	15
Spice jet	Flight Cancellation BV The Airlines					
Jet lite	Promotions Offered			40	20	20
Jet lite	Seed Of Service Offered	15	o	30	20	35
Jet lite	Flight Punctuali	0	20	15	45	20
Jet lite	Fli2ht Cancellation B The				30	35
Air Asia	Promotions Offered				20	40
Air Asia	Seed Of Service Offered	0	15			20
Air Asia	Fliolt Punctuality	20	15	25		
Air Asia	Flight Cancellation Airlines			30		10

Discussion: The above data from Table-2 fulfills the second objective of study, which was "To compare the performance of Indigo airlines with its competitors and derive lessons to be learnt."

Table-3: Rating Given by the Respondents to the Features of Indigo Airlines (All Figures Are In Percentages)

	Features	1	2	3	4	5
	Connectivity of Indi20 Airlines to various cities	0%	0%			
2	Online booking of Indi20 Airlines	0%	0%		45%	
3	Frequency of flights in Indigo Airlines to a particular destination	0%	0%			
4	Customer care services on set of our relies	0%	0%		50%	
5	Flight cabin crew behavior	0%	0%			
6	In-flight food service	0%			45%	

Discussion: From the data in Table 3, it is seen that 55 percent of the respondents favor the most Connectivity of Indigo Airlines to various cities and 25 percent of the respondents favor the least Frequency of flights in Indigo Airlines to a particular destination which fulfills the first objective which was "To understand the factors that contributed towards the grand success of the Indigo airlines."

Table-4: Different Operating Models Used by following LCC Affecting their Profit Margin

	Response	n=10	Percentage
1	Air Asia (Single fleet i.e. Airbus A320)	1	10%
2	Jet lite (mixed model. leased Boeing 737s)	2	20%
3	Indigo sale-and. leaseback model	4	
4	Spice jet lean operating model	3	

Discussion: From the data in Table 4 and Figure 4, the null hypothesis of hypothesis I which states that "All the low cost carriers have the same operating model and generate similar profits" is rejected. Hence, the alternate hypothesis, which states, "All low cost carriers have different operating models and generate different profits" is accepted.

CONCLUSION AND RECOMMENDATIONS

The objective of research was to determine the factors contributing towards Success of Indigo Airlines. It was found that most of the passengers are more price conscious than quality conscious. The combination of operational performance and financial engineering has amplified Indigo's valuation. Based on the parameters of cost, punctuality, baggage handling, queries handling, Speed of Service Offered and Less Cancellation by The Airlines, passengers perceive Indigo as the best Low cost Airline. However, throughout the research it was seen that Spice jet is in close competition with the leading carrier Indigo with other Airlines following. This is in agreement with Diggins Colin who also found that although low-cost airline passengers have a highly favorable perception of low-cost airlines, they are highly price sensitive and would readily switch to a fullservice carrier as it offers a lower fare. In conjunction with above research finding, frequency of flights in Indigo Airlines to a particular destination were the least due to which passengers were not able to travel from Indigo. However, in terms of least waiting time to check in, passengers chose Indi Go as most effective as compared to other airlines and this finding is in agreement with Sugantha Lakshmi whose study reveals that the basic factors that can attract more people are effective operations, efficient service and the brand name. The second objective of the research was to compare the performance of Indigo

airlines with its competitors and derive lessons to be learnt. It was found that Indigo uses six-year sale and leaseback agreements, so the airline is constantly replacing its aircraft. This prevents the need for overall checks and major repairs. Indigo's on time performance, with providing consistently low fares and Courteous and Hassle free travel are the reasons for its immense success. It focused on inorganic expansion by adding a plane every six weeks with turnaround time of less than 30 minutes. Hence, it can be concluded that Indigo has the leanest workforce with the staff trained in every aspect of customer experience at their fly learning and development Center. Employees are recognized as Individuals in Indigo Airlines with majority of implementation of suggestions given by them to Indigo Airlines.

This is beneficial to both employees as well as Indigo.