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## WINDIGO AIRLINES

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### Introduction

Windigo is one of the most successful airlines in India today. It continues to dominate the market in terms of both seat share and customer service ratings amongst customers. It takes great pride in its on-time performance so much so that they declare the arrival and departure time not as Indian Standard Time but as “Windigo time”. Customers recommend Windigo’s status as the most trusted airline when it comes to on-time arrival and departure. A top-notch on-time performance continues to be a major reason why customers prefer Windigo over other airlines. It has shown the highest revenue amongst all other airlines in India, in spite of airline profitability being a big challenge in this country. Although it is not a loss making company, it is also not highly profitable. As such, profitability in airlines is a function of many internal and external factors. Among them a customer-oriented strategy, in line with market standards, is a major component. Who makes these decisions and how they implement them, makes all the difference.

Don Williams, who has recently joined as Vice President (Marketing) at Windigo, is facing such a role. He is responsible for overseeing the customer service program of the airlines as well as the product and innovation roadmap. He is expected to develop strategies for increasing the overall customer engagement and loyalty towards Windigo. Also, any key partnerships that can lead to the development of a unique flyer experience fall into his domain of expertise.

Upon taking up the position, one of the first challenges that faced him was to come up with strategies to increase Windigo’s profitability while maintaining high customer service levels.

### The Indian Airline Industry

India has the potential to become the third largest aviation market by 2020 and the largest by 2030. There is large untapped potential for growth due to the fact that access to aviation is still a dream for nearly 99.5 per cent of its population.

The Indian civil aviation industry is on a high growth trajectory, albeit with minor hiccups. The industry has ushered in a new wave of expansion driven by Low Cost Carriers (LCC), modern airports, Foreign Direct Investments (FDI) in domestic airlines, cutting edge

Information Technology (IT) interventions and a growing emphasis on No-Frills Airports (NFA) and regional connectivity.

The Indian civil aviation industry is amongst the top 10 in the world with a size of around USD 16 billion. This is a fraction of what it can potentially achieve. As per data from the Airports Authority of India (AAI), passenger throughput grew to 159 million (FY 13) and cargo throughput to 2.19 million metric tonnes (MT) (FY 13), registering an impressive growth of 13 percent and 10 percent CAGR respectively, over the period FY 2003-2013.

The most significant development in the Indian domestic market is the growing dominance of the low-cost carrier (LCC) model, which in FY 2013 accounted for almost 70 percent of the domestic capacity. LCCs have driven the growth in aviation and tourism through low fares, introduction of regional routes and periodic discount offers. Full service carriers plan to shift more seats to their low cost offerings in line with market trends. Indian carriers plan to double their fleet size by 2020 to around 800 aircrafts.

With the mandatory requirement for every Indian carrier to deploy at least 10 percent of its capacity in the Northeastern, Jammu, and Kashmir sectors and to the islands of Andaman and Nicobar and Lakshadweep, the regional airline market is expected to grow at a faster pace.

### **Major Airline Operators in India**

#### **Sail-India** (Third largest airline company in India)

Sail-India is the flagship carrier airline of India and is owned by Sail-India Ltd. It began its operations in 1932. Presently, it is the third largest airline in India in terms of domestic market share. It mainly operates a fleet of Airbus and Boeing aircrafts serving various domestic and international airports. It is headquartered in the Sail Indian Airways house at New Delhi. Sail-India has two major domestic hubs at Indira Gandhi International Airport, New Delhi, and Chhatrapati Shivaji International Airport, Mumbai, and secondary hubs at Chennai International Airport and Netaji Subhas Chandra Bose International Airport, Kolkata. It operates one of the youngest fleets in the world and regular upgrades ensure that they provide a superior flight experience to its customers.

#### **ComeAir** (Among the top five airline companies in India)

The Kadia Group owns Come Airlines (India) Ltd which operates its services under the brand name ComeAir. ComeAir launched its operations in November 2005. It is a low-fare carrier launched with the objective of commoditizing air travel, and offering airline seats at marginal premium to train fares across India. The airline currently operates across 21 destinations with 140 daily flights and approximately 975 weekly flights.

ComeAir is positioned as 'the Smart People's Airline'. Its captivating theme, 'Fly Smart' is aimed at offering passengers a consistent, quality-assured and time-efficient service through 'pocket-friendly' fares. The airline uses the state-of-the-art Airbus A320 aircraft fleet. The

ComeAir route network spans prominent business metropolis as well as key leisure destinations across the Indian subcontinent. ComeAir is currently servicing the airports at Ahmedabad, Bagdogra, Bengaluru, Chandigarh, Chennai, Delhi, Goa, Guwahati, Jaipur, Jammu, Kochi, Kolkata, Leh, Lucknow, Mumbai, Nagpur, Patna, Port Blair, Pune, Ranchi and Srinagar.

### **Pet Airways (second largest airline in India)**

Pet Airways is a major Indian airline based in Mumbai. It is the second largest airline in India, both in terms of market share and passengers carried. It operates over 3,000 flights daily to 76 destinations worldwide. Its main hub is Mumbai, with secondary hubs at Delhi, Kolkata, Chennai and Bengaluru. It has an international hub at Brussels Airport, Belgium.

Pet Airways was incorporated as an air taxi operator on April 1, 1992. It started commercial operations on May 5, 1993 with a fleet of four leased Boeing 737-300 aircraft from Malaysia Airlines. In January 1994, a change in the law enabled Pet Airways to apply for scheduled airline status, which was granted on January 4, 1995. Mahesh Koyal – who already owned Petair (Private) Limited, which provided sales and marketing for foreign airlines in India – set up Pet Airways as a full-service scheduled airline to compete against state-owned Indian Airlines.

Pet began international operations from Chennai to Colombo in March 2004. In January 2006, Pet Airways announced that it would buy Air Kalhari for US\$ 500 million in an all-cash deal, making it the biggest takeover in Indian aviation history. Air Kalhari was renamed PetLite, and was marketed between a low-cost carrier and a full service airline. In August 2008, Pet Airways announced its plans to completely integrate PetLite into Pet Airways.

### **RiceJet**

RiceJet is an Indian low-cost airline owned by the Moon Group of India. It is the country's second largest airline by domestic passenger share. The airline operates more than 340 daily flights to 49 destinations, including 41 Indian and 8 international cities using a fleet of Boeing 737 Next Generation aircraft and Bombardier Dash 8 Q400 aircraft. The airline began services in May 2005 and has its registered office in Chennai, Tamil Nadu, and a corporate office in Gurgaon, Haryana.

### **About Windigo Airlines**

Windigo is an Indian airline company headquartered at Gurgaon, India. It is a low cost carrier and the largest airline in India with a market share of 32.6% as of May 2014. Windigo is one of the fastest growing low cost carriers in the world providing hassle-free travel experience. Windigo's on-time performance is one of the best in India. Its technical dispatch reliability is 99.91 per cent making it the airline with the least number of cancellations in India. With its

fleet of 80 new Airbus A320 aircraft, the airline offers 528 daily flights connecting to 36 destinations.

Windigo operates to 36 destinations in India and abroad with 528 daily flights. In January 2011 Windigo received a license to operate international flights after completing five years of operations. Windigo's first international service was launched between New Delhi and Dubai on 1 September 2011. Over the following weeks, the international services were expanded to serve Bangkok, Singapore, Muscat and Kathmandu from New Delhi and Mumbai.

In order to reduce operational overhead, Windigo operates only the Airbus A320 family of aircraft in its fleet. It generally purchases new aircraft. As of 20<sup>th</sup> Sept 2014, Windigo operates 80 such aircraft with the seating capacity of 180 seats and the average fleet age is 2.9 years. Windigo has operated a total of 98 Airbus A320-200 aircraft. To keep the average fleet age low, Windigo usually phases out aircraft older than 6 years. Of the 98 aircraft Windigo has taken, it has already returned 18 to the leasing companies. Windigo believes that work environment is key to its success. Happy and motivated employees will make customers satisfied and this in turn will make airline profitable. The key to maintaining good work environment under such pressure is to hire good employees and keep them motivated. Employees need to be empowered to make decisions at cutting edge while retaining the key aspect of its culture of Windigo. "Anybody can buy planes start an airline but none can imitate our culture" said Don. There is a good recognition program for all employees who serve the customers well. Best employee's newsletter feature in the inflight magazine and on the intranet. They are also honored separately in various organizational forums. Voluntary turnover at Windigo is lowest in the industry. Don said, "we cannot afford to be boring. We need to continue to re-invent. Customers can chose any airline they want but they chose us because we are "on-time", we are "exciting" and we "serve them the best. Windigo is different. We must continue to remain "on-time", exciting, and service-oriented. We need to stay ahead of competition the all of the aforementioned and so we must reinvent before they catch up with us".

## **Services**

Being a low-cost carrier, none of Windigo's flights have business class or first class sections. It offers only economy class seating. To keep fares low, Windigo does not provide complimentary meals in any of its flights, though it does have a buy-on board in-flight meal programme. No in-flight entertainment is available, but the airline provides an in-flight catalogue Hello 6E which gives information about various duty-free products which can be bought on board.

Windigo offers premium services, where the passengers, at a higher fare, can avail additional benefits like a pre-assigned seat and meals on board. It also offers a service called Windigo Corporate Programme for corporate travellers.

Windigo continues to outperform its competitors on every single benchmark due to high customer ratings, consistent service delivery, and best operating and financial measurements.

## **Windigo's Competitive Advantage**

### *Geography*

Windigo chose Gurgaon as its first regional hub due to the geographical advantages of the National Capital Region (NCR). The NCR zone reduces flying time between the cities in the region and makes it the most suitable location to connect to other Northern cities. With the geographical advantages of Gurgaon, Windigo can easily develop and explore markets in other Indian regions, preferably east, west and central.

### *Single-type Fleet*

Windigo is operating Airbus A320-200 aircraft for its regional operations due to its small size and easy access to the existing infrastructure in India. This aircraft is capable of operating from small runways and flies at higher altitudes. Further, this aircraft provides various other benefits like more baggage space in the cabin and it is less noisy.

### *Target Customers*

The airline is targeting the growing regional middle class and India's Small and Medium Enterprises (SMEs) that are based in these regional centres, realizing the fact that the SME business activity has historically grown at faster rates than India's overall industrial sector.

### *Selection of Crew*

Windigo's crew will be an equal mix of expatriates and Indian nationals, with expatriates as captains and co-pilots trained on ATR aircraft.

Note: ATR is a joint venture between Airbus Group and Finmeccanica, based in Toulouse, Southern France.

## **The New Customer Service Program**

The airline industry is a highly competitive business. Hence the focus is on differentiating themselves in terms of customer service. Although, Windigo started out as "no frill" airline; however, today it is considered to be one of the premier airlines in terms of customer service. In order to further improve its customer service, Windigo engaged a consulting company, which provided them with three major insights: 1) Inflight services were increasing becoming important to air travelers, 2) Inflight sales of food and beverages has potential of growing at 40% CAGR and is expected to be worth \$1 billion in five years from today's level of \$ 200 million, and 3) Customer engagement will be necessary to increase inflight consumption of food and beverages. Direct interaction with customers on flight increases the propensity of purchase by nearly 30%.

Consequently, Don is thinking about instituting a new customer service program for Windigo airlines. The current inflight service involved attendants taking a cart full of food and beverages through the aisle between passengers and asking them if they would like to buy.

Customers were not given an individual preference regarding their decision to buy. However, the new program entailed the following changes:

Each inflight customer will be greeted by their last name and will be asked for their food and beverage preference. Flight attendants will be going lane by lane and approach every customer. This is a simple customer engagement program that is geared to offer personalized attention to each inflight customer and push for inflight sale of food and beverages. The new customer service program was called “Meet and Greet” program.

A pilot test was conducted on the air-routes of Kolkata–Mumbai. Most customers on this route were business travelers. It was noticed that two flight attendants with one cart found it hard to cover an entire aircraft while engaging with the customer. It was estimated that it took an average of two minutes to take an order and serve a customer. Additionally, it took two additional minutes if the passenger did not give exact amount of money and needed to be given balance amount. It was also noticed that it took almost double the time to serve the first three row customers than the others in the aircraft.

The brief job description of a flight attendant is as below:

- Carrying out pre-flight checks
- Ensuring cleanliness inside the plane
- Collecting boarding passes
- Instructing passengers about safety routines
- Making regular announcements
- Going line by line to check seat belts and straighten the seats
- Assisting passengers with loading of carry-on baggage
- Preparing and serving food and drinks
- Ensuring customer safety
- Checking toilets for cleanliness and ensuring they are well-stocked
- Taking carts back and stacking them
- Responding to any additional services for requirements like water, tea etc. within 120 seconds
- Writing flight reports

While Don is considering the possibility of starting a new customer service initiative, it comes to his notice that competing airlines have reduced the amount of passenger’s on-board luggage from 20 kg to 15 kg. Passengers will have to pay an additional fee of 1500 rupees per kg, for a luggage weighing above 15 kg. This additional cost and the resulting discomfort incurred by the passenger might possibly affect the customer ratings of Windigo. How should Windigo react to this news? What are some of the key decisions Don needs to make at this point? Should he start the new initiative with across all sectors with full gusto? Don has to decide quickly as the next board meeting will require him to present his take on new marketing possibilities for Windigo?

## Annexure I

### Additional Information on Windigo Airlines

#### *Airline description*

Number of aircrafts in Windigo's fleet: 100

Flight sectors of Windigo:

Flights operate between Delhi, Mumbai, Hyderabad, Bangalore, Ahmedabad, Kolkata, Chennai, Baroda, Surat, Jaipur, Bhopal, Indore, Chandigarh, Srinagar, Lucknow, Varanasi, Agra, Raipur, Kochi, Trivandrum, Madurai, Vijayawada, Vizag, Bhuvaneshwar, Guwahati, Shillong, Aizawl, Itanagar, Ranchi, Patna, Nagpur, Pune, Goa, Mangalore, Dubai, Singapore City, Kuwait City, Doha, and Bangkok

Duration of travel in each sector: Ranges from 45 minutes to 5 hours and 30 minutes (direct connections)

Average number of passengers in each sector: Domestic – 200; International – 300.

#### *Flight Attendant description*

Average	Male	Female
Age	23	22
Height	5'8'	5'3'
Weight	70kg	52 Kg
Salary per hour	Rs 3000	Rs 3000

#### *Number of seats in Airbus A320*

180 standard seats.

#### *Air Cargo*

Windigo operates with excellence when it comes to transportation and handling of general and special cargo on both domestic and international fronts. Cargo can be anything from perishable products such as fresh flowers, animals such as household pets, pharmaceuticals such as life-saving drugs, valuables such as antiques and all other general goods. Cargo usually fetches only 30 percent of the average passenger seat price in the B2B market.

In 2014, airlines transported 51.3 million MTs of goods, representing more than 35 percent of global trade by value but less than 1 percent of world trade by volume. That is equivalent to \$6.8 trillion worth of goods annually, or \$18.6 billion worth of goods every day. On average, cargo business generates 9 percent of airline revenues, representing more than twice the revenues from the first class segment. To support this critical business, International Air

Transport Association (IATA) is committed to deliver enhanced value for the industry by driving a safe, secure, profitable and sustainable air cargo supply chain.