STUDY OF AIRASIA; WORLD’S BEST LOW-COST AIRLINE

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ABSTRACT

With the tag-line “now everyone can fly”, AirAsia already won the Skytrax World’s best low-cost airline award in 2009, 2010 and 2011. It has the world’s lowest operating costs at $0.035/seat-kilometer in 2010. It is also the first airline in the region to implement fully ticketless air travel system. This study is trying to find out how AirAsia becomes the best in the world. The writer will analyze strategies implemented by this Malaysian airline company to be the best in low cost category. The method used to obtain and analyze data as well as the findings are well documented in this study. The study applies from data collection and latter writer makes analysis and conclusion of factors contributed in making AirAsia winning the Skytrax award and becoming the best airline in the world. The reason for the success of AirAsia is quite simple; maintain the highest quality product, embracing technology to reduce cost and enhance service excellence levels to get customer satisfaction while still maintain keeping the cost low consistently. The concept of LCC is based on the idea that people would fly a lot more often if it were more affordable. LCC airline’s main mission like AirAsia is to make air travel the most simple, convenient and inexpensive. Therefore, efficiency is the key factor to achieve this mission, just like what AirAsia already performed.

Keywords: customer satisfaction, service excellence, efficiency.

1. INTRODUCTION

1.1. Background

In past years, tourism is only for rich people, because the cost to do travelling was expensive. For example, the transportation, people have to buy an expensive airline ticket to do travelling. Not only the transportation, but also the accommodation was also expensive. To be able to experience or adopt travelling or tourism as a lifestyle, people need to have disposable income, example for disposable income is money to spend on non-essentials; time off from work or other responsibilities; leisure time tourism infrastructure, such as transport and accommodation; and legal clearance to travel.

Regarding transportation, the Southeast Asian aviation industry has grown rapidly in recent years, driven in large part by economic growth in the region. From 1985-2000, passenger activity within this region grew at an average rate of 7.5%, one the highest rates in the world and growth is expected to continued. Low cost carrier (LCC) activity in Southeast Asia is only begin to grow, albeit very rapidly. Various factor including rising per capita incomes and the advent of broadly available low air fares, provide opportunities for rapid growth and market share gain for the region’s low-cost carriers.

1.2. The Aviation Industry

The rapid air passenger growth that low cost carriers generate has encouraged some governments and airport operators to liberalize bilateral aviation agreements and to develop new airport capacity to accommodate the increase demand. Countries in South and Southeast Asia are beginning to broadly liberalize the international bilateral agreements that can regulate items such as the precise number and type of carriers that can operate, the number of total seats that can be provided, and the level of air fares that can be charged. As an example of recent liberalization, Thailand and China adopted an “open skies” agreement that allows nearly unrestricted operations between the two countries. Travel restrictions are also being relaxed, with China, in particular