

Analysis of Consumer Behaviour in Ryanair

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Abstract: In light of the emergence of low-cost carriers, this study centers on a thorough examination of Ryanair's customer behaviour, aiming to comprehend consumer inclinations and variables that impact ticket purchases in the fiercely competitive aviation sector. This study thoroughly examines the literature in order to provide a thorough examination of Ryanair's operational model. Prioritise studying Ryanair's pricing strategy and the predominant influence of price on consumer decision-making. The study delves into the significance of cognitive bias and anchoring effect in the process of decision-making, elucidating the ways in which these psychological elements impact the way in which customers perceive Ryanair. Regarding the harmony between cost and quality of service, this study exposes Ryanair's difficulties in the low-cost market and suggests solutions. The study's findings highlight how important staff relationships, brand perception, and service quality are to Ryanair's standing in the eyes of customers in the price market. These results offer significant new information about developing market strategies for airlines and associated businesses.

Keywords: Ryanair, Consumer behaviour, Budget airline, The consumer's decision – making process

1. Introduction

The burgeoning growth of tourism has propelled airlines' expansion alongside the tourism sector, and the proliferation of low-cost carriers has impacted consumer preferences and behaviour. Given that consumers take price into account, a lot of them will prioritise a product's or service's price [1]. Many customers are prepared to forgo their personal comfort during travel in favour of low-cost carriers, which implies that they are more inclined to cut back on their transportation expenses. Additionally, the cognitive bias of customers will influence their decisions. Low-cost airlines' drastically lowered fares have an anchoring effect on consumers' perceptions and decisions, leading them to believe that these are extremely good bargains. This study will examine customer behaviour related to this phenomena, including the reasons for their propensity to select low-cost carriers and the variables influencing their decision. The following paper will evaluate the decision-making process that customers utilise when selecting an airline, using Ryanair as a case study.

2. Overview of Ryanair

Ryanair, an Irish-based budget airline, has established itself as one of the world's largest and most renowned low-cost carriers. It operates various subsidiaries, including Ryanair UK, Buzz, Lauda, and

Malta Air, serving over 240 destinations across more than 40 countries. Renowned for its competitive ticket prices in Europe, Ryanair proudly positions itself as Europe's cleanest and most environmentally sustainable airline group. The recent acquisition of 210 new Boeing 737-8200 'Gamechanger' aircraft worth \$22 billion has resulted in a notable increase of 4% in passenger traffic while achieving a remarkable reduction of 16% in fuel consumption and a significant decrease of 40% in noise emissions [2]. As of September 2023, Ryanair continues to witness growing customer numbers, with an impressive satisfaction rate reaching up to 95%. This success story exemplifies the effective implementation of a low-cost strategy by striking a delicate balance between service quality and price. Furthermore, it highlights the influential role played by brand image and customer satisfaction, along with the strategic utilization of cognitive bias and its anchoring effect on consumer purchasing decisions. However, this analysis will also delve into the challenges that lie ahead for Ryanair.

3. The consumer's decision-making process

In the aviation industry, there is a wide selection of excellent and diverse airlines for consumers to choose from. Despite Ryanair not offering the same level of high-quality services and facilities as other established airlines, many consumers still opt to purchase tickets with this airline. They are even willing to sacrifice certain factors that contribute to journey comfort in favour of Ryanair's cost-effective tickets.

3.1. Problem recognition and information search

Problem identification plays a pivotal role in consumers' decision-making process, often arising from their travel needs which may include tourism, business trips, or other purposes. Once the need for air travel is acknowledged, consumers face the task of selecting the most suitable airline. At this stage, priority lies in identifying the destination and departure time in order to find an appropriate flight.

To meet their demand for airline tickets, consumers frequently utilize the Internet for extensive information searches. During this process, they pay attention not only to routes and flight times but also factors such as ticket prices and baggage allowances among others. Airlines strive to capture consumer attention through various marketing strategies including advertising and highlighting special services. These marketing campaigns disseminate substantial amounts of information via online platforms to assist consumers in evaluating options and making informed choices.

During this stage of information search, consumers also conduct detailed evaluations on Ryanair and its offered services. By providing clear flight schedules along with comprehensive service listings, Ryanair furnishes consumers with sufficient information enabling them to thoroughly assess whether or not the airline meets their needs and expectations. This transparency, coupled with the disclosed information, aids consumers in forming rational perspectives on Ryanair during their decision-making.

3.2. Evaluation of alternatives and purchase decision

Consumers conduct a comprehensive assessment of the information available to them, taking into account the choice between low-cost airlines and traditional carriers. They consider various factors, such as the company's reputation, baggage allowance, in-flight dining, and entertainment options, with price being a key determinant in their decision-making process. Ryanair has effectively catered to consumers' diverse needs by offering affordable airfares along with differentiated services. Additional services like extra luggage requirements and advanced seat bookings are considered influential factors in consumer choices, while transparent pricing systems hold particular significance for them.

After consolidating these assessments, budget-conscious consumers who prioritize cost over in-flight amenities make informed ticket purchases based on gathered information and individual preferences. For such consumers, it is advisable to directly purchase Ryanair tickets from their official website to avoid travel agency fees. While seeking cost-effectiveness, every consumer expects high-quality services and products. This highlights the importance of transparent pricing structures as well as differentiated service offerings that align with consumer expectations.

3.3. Post-purchase behaviour

Following their experience with Ryanair, consumers will assess their satisfaction throughout the entire flight or after its completion. If passengers are content with Ryanair's service and flight arrangements, they are more likely to consider becoming repeat customers and recommend the airline to others. Such positive word-of-mouth communication aids in cultivating a favourable image of Ryanair and attracting potential passengers. Conversely, if consumers encounter unsatisfactory situations during their journey, they may explore alternative airline options that better align with their expectations.

Additionally, they may choose to express their discontent on Ryanair's official website by offering criticism or suggestions for future enhancements. This feedback is invaluable to Ryanair as it enables them to identify and address potential issues while improving service quality in order to retain existing customers and attract new ones. Therefore, consumer post-purchase behaviour plays a critical role in shaping an airline's reputation and business development.

4. Influencing factors of consumer behaviour

In the decision-making process of consumers, many factors will affect the final purchase and choice of consumers [3], such as their own cognitive bias, consumer price sensitivity, and consumer perception of Ryanair.

4.1. Cognitive Bias

Customer decision-making is frequently impacted by consumer cognitive bias, including Due to anchoring bias, customers are prone to base their assessment of a fair ticket price on prior experiences with legacy airlines when searching for flights from Gatwick Airport to Ireland. Given that consumers take price into account, a lot of them will prioritise a product's or service's price [1]. As a result, Ryanair's low ticket prices will draw customers, who don't even give a damn about the catering or entertainment options. Ryanair's drastically lowered pricing acts as an anchor, influencing the assessment and choice of customers.

4.2. Perception of value

When choosing a traditional airline to travel, customers place a high value on comfort, convenience of transfer, reasonable flight schedules, and consistency of service. Ryanair's low ticket prices, straightforward in-flight amenities, and uncomplicated service will all have an impact on the company's reputation and level of trust. On the other hand, travellers who select low-cost airlines nearly exclusively consider the cost of the tickets [4]. Connell J.F. and Williams G.'s research also indicates that a lot of young people are drawn to low-cost airlines. Since 24% of Ryanair's passengers are younger than 24, it's possible that their financial situation prevents them from affording the tickets sold by other airlines. Thus, majority of them go with low-cost carriers. The company claims that by charging customers for extra services, they enable them to select the ones that best suit their needs,

including advance seat reservations, baggage handling, in-flight meals, and reliable on-time service [5].

Although some customers may see ancillary service fees as extra expenses, others may see them as optional add-ons. Because of this flexibility, customers can customise their travel experience to fit their own interests, which affects how they view value in general. Passengers are also better able to comprehend that they are paying for fundamental transport services thanks to this clear and straightforward pricing display, which also helps customers avoid future charges. By purchasing more fuel-efficient aircraft and utilising cutting-edge technology, Ryanair can reduce costs and its environmental impact by strategically planning routes and optimising fuel consumption. This will improve the airline's reputation and encourage more customers to purchase tickets.

Additionally, customers' perceptions of value are improved by Ryanair's vast network, which reaches several locations and minor airports [6]. Passengers can conveniently travel to different areas with the airline's point-to-point service concept, typically without requiring a connecting trip.

In general, Ryanair's cheap tickets, flexible service, and wide route network all influence how much customers value the airline, leading to their continued preference for it among many options.

4.3. Price Sensitive

As Ryanair adopts a low-cost operational model, they position themselves as a budget-friendly and highly convenient airline [7], enabling them to offer the most competitive ticket prices in the industry. The affordability of the product, coupled with its availability, often leads consumers to make impulsive purchases, regardless of their immediate need for it. This has become a prevalent motivating factor behind purchasing low-cost airline tickets, with customers seeking to take advantage of discounted fares even if they hadn't initially planned on traveling [8].

Under CEO Michael O'Leary's leadership, the company has successfully implemented and executed its low-cost strategy. By prioritizing providing a basic transportation experience at the lowest possible price point, Ryanair eliminates certain amenities and services such as entertainment and dining that would incur additional charges. Furthermore, Ryanair exclusively operates Boeing 737 aircraft which helps streamline maintenance processes while reducing operational complexity and expenses. Through investments in fuel-efficient planes and leveraging advanced technology, Ryanair optimizes fuel consumption and strategically plans routes resulting in cost reductions as well as minimizing environmental impact. To avoid paying commissions to intermediary websites or travel agencies, Ryanair directly sells air tickets through its website. The company remains focused on maintaining simplicity while minimizing costs [9-10], aligning with Michael Porter's principles. Concentrating on offering affordable air travel alone provides Ryanair with a competitive advantage [11], attracting budget-conscious customers and ensuring sustained profitability within the fiercely competitive aviation industry.

5. Challenge

As a low-cost airline, Ryanair has different service level compared with traditional airlines. While the airline's cost-cutting strategy has succeeded in providing affordable air travel options, it has also led to customer dissatisfaction.

5.1. Service issue and low customer satisfaction

Customers frequently complain about Ryanair, including flight delays, cancellations and poor handling of baggage. Dissatisfaction with the flight experience is mainly reflected in the poor seat comfort and lack of amenities, which have been the focus of repeated complaints by passengers [12]. In addition, there was a lack of timely information updates during flight disruptions. This includes

deficiencies in handling and resolving passenger issues, resulting in passengers feeling helpless in the face of uncertain situations. According to a BBC report in 2019, Ryanair's customer satisfaction score was only 45%, and it ranked at the bottom of Which for the sixth year in a row, with many respondents choosing words such as "greedy," "sneaky," and "arrogant" to describe the airline. Ryanair's brand image is not positive in consumer psychology.

5.2. Employee Strike

In 2019, the company's UK pilots initiated a 48-hour strike due to concerns over pay and working conditions, resulting in numerous flight cancellations or delays and causing dissatisfaction among passengers. However, affected passengers have not yet received compensation [13]. Nevertheless, the airline reported that on the first day of the strike, 97 percent of its flights operated normally. The British Airline Pilots Association union is planning another 48-hour strike in early September to coincide with the conclusion of summer holidays.

Enhancing Ryanair's reputation in the aviation industry, improving customer satisfaction, and rebuilding trust with passengers are crucial for addressing these consumer service issues. Firstly, ensuring safety by investing in appropriate upgrades to onboard facilities and enhancing overall service quality through prompt responsiveness and addressing consumer inquiries can be prioritized. Regarding employee strikes, emphasizing employee training, job satisfaction, and fair working conditions can foster a positive work environment while potentially reducing labour disputes. Effective communication between companies and employees regarding salary or benefits is essential for treating employees fairly and minimizing strike occurrences.

6. Conclusion

Based on the aforementioned research, Ryanair has effectively attracted price-sensitive consumers, particularly young individuals with limited budgets, through its low-cost operations. However, it is important to note that consumers' cognitive bias and the anchoring effect also significantly influence their purchase decisions, leading them to perceive choosing Ryanair as a favourable option. While price remains a primary consideration for consumers, Ryanair still faces challenges in terms of service quality. Meeting consumer expectations regarding comfort and service necessitates finding a balance between the low-price strategy and maintaining high-quality services. Addressing service-related issues, enhancing employee satisfaction at work, improving brand image, and ensuring customer satisfaction are crucial factors for attracting more customers. In general, Ryanair must continuously strive for service optimization while simultaneously focusing on improving brand image and managing employee relationships in order to enhance competitiveness within the highly competitive aviation industry and ensure that consumers can enjoy excellent airline services without compromising their price sensitivity. Nevertheless, this research is limited by insufficient data availability and perspectives from both employees and consumers; thus further investigation is required to deepen our understanding of consumer decision-making processes and provide additional research directions.

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