

Airline Marketing Strategy with Low Cost Carrier Concept in Improving Company Competitiveness

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Abstract

This study investigates the influence of marketing strategies under the Low Cost Carrier model on the competitiveness of PT Lion Mentari Airlines, one of Indonesia's leading budget airlines. As air travel becomes increasingly accessible, LCCs have emerged as key players in providing affordable and efficient transportation. This research adopts a qualitative descriptive approach to examine how four marketing variables pricing strategy, route accessibility, service simplification, and promotion strategy contribute to Lion Air's competitive positioning in the domestic aviation industry. Data were collected through interviews, observations, and documentation involving marketing and operational personnel. The findings indicate that dynamic pricing, regional route expansion, simplified in flight services, and digital promotions collectively strengthen brand visibility, customer loyalty, and operational efficiency. These strategies allow Lion Air to serve broader market segments while maintaining profitability in a highly competitive environment. The study concludes that the integration of cost efficient marketing approaches under the LCC framework significantly enhances organizational competitiveness and sustainability. Implications of this study highlight the importance of strategic alignment between service design and market expectations in maintaining a resilient LCC business model.

Keywords: Low Cost Carrier, Marketing Strategy, Pricing, Route Accessibility, Service Simplification.

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1. Introduction

The Indonesian aviation industry has undergone significant transformation over the past two decades, marked by rapid growth in air travel demand and the emergence of Low Cost Carrier (LCC) business models. LCCs have revolutionized air transport by offering affordable fares, simplified services, and streamlined operational structures. These airlines prioritize cost efficiency, minimize in flight amenities, and often utilize secondary airports to lower expenses. The accessibility of air travel has increased substantially, allowing consumers from various economic backgrounds to fly more frequently. The LCC model challenges the traditional airline paradigm by shifting focus from premium services to value based offerings, emphasizing functional transportation over luxurious travel experiences [1].

PT Lion Mentari Airlines, widely known as Lion Air, has positioned itself as a major player within Indonesia's LCC segment. The company has adopted a variety of strategies to sustain low operational costs and expand market share. These include point to point route structures, high aircraft utilization, lean staffing, and digitalization of services such as e-ticketing and mobile check-ins. Lion Air's commitment to maintaining affordable pricing while serving underserved domestic routes has enabled the airline to penetrate regional markets, contributing to a democratization of air travel. Its strategic use of technology and simplified logistics provides a competitive edge in an industry where

margins are thin and customer expectations continue to evolve [3].

Despite the operational advantages of the LCC model, competition in the Indonesian aviation sector has intensified. LCCs must navigate fluctuating fuel prices, changing government regulations, and rising consumer demands for quality and reliability. Marketing strategies play a crucial role in maintaining brand differentiation and customer loyalty. Lion Air, like other LCCs, must continuously adapt its promotional, pricing, and service strategies to retain its competitive advantage. Understanding the influence of marketing elements on customer perception and decision making is essential for evaluating the long term sustainability of LCCs, especially as consumer preferences shift toward convenience, digital engagement, and value for money experiences [2].

This study aims to analyze the marketing strategy employed by PT Lion Mentari Airlines as an LCC in improving its competitive position in Indonesia's aviation market. Specifically, the research explores how Lion Air utilizes pricing strategy, route accessibility, service simplification, and promotional efforts to attract and retain customers. The study also examines how these marketing strategies influence public perception, customer loyalty, and the airline's ability to sustain growth amid intense competition. By evaluating Lion Air's approach, this research contributes to a broader understanding of how LCCs can align strategic marketing with operational efficiency to thrive in competitive and evolving transportation markets [4].

Pricing strategy is a fundamental element in the competitive positioning of Low Cost Carriers (LCCs), as it directly influences customer decision making in a highly elastic market. Unlike full service airlines, LCCs adopt a cost leadership approach by minimizing service offerings and operational expenditures, allowing them to offer significantly lower fares. According to Kotler and Keller, pricing acts not only as a revenue generator but also as a communication tool, signaling value and affordability to consumers. The pricing strategy of LCCs typically includes dynamic pricing models, seat based price differentiation, and unbundled pricing where customers pay only for the services they use, such as baggage allowance, meals, or seat selection. This structure provides flexibility for both the airline and the passenger, making air travel more inclusive and accessible to a wider demographic [5].

Several empirical studies affirm the strategic role of pricing in shaping customer preferences for LCCs. For instance, research by Forgas, Moliner, Sánchez, and Palau, found that perceived price fairness significantly affects customer satisfaction and loyalty in low cost air travel. Additionally, consumers in emerging markets are more responsive to price reductions and promotional fares, as documented by Bieger and Wittmer, especially when alternative transportation is expensive or time consuming. In Indonesia, where price sensitivity among domestic travelers is relatively high, competitive ticket pricing becomes a key differentiator. Lion Air's pricing policy emphasizes affordability, enabling it to dominate regional routes and sustain volume based profitability. This strategy, however, must be balanced with cost control and revenue management to ensure long term sustainability [6].

Route accessibility refers to the ability of an airline to offer frequent, affordable, and geographically diverse flights that enable broader consumer segments to access air travel. For Low Cost Carriers (LCCs), route design is a key strategic factor that supports the point to point operational model, which prioritizes short haul, direct routes over complex hub and spoke systems commonly used by full service carriers. According to Dobruszkes, LCCs play a vital role in enhancing regional connectivity, particularly in countries with archipelagic geography like Indonesia, where air travel often becomes the only viable option for reaching distant regions. By using secondary airports with lower landing fees and less congestion, LCCs not only reduce costs but also unlock new passenger demand in underserved areas [7].

PT Lion Mentari Airlines (Lion Air) exemplifies this approach by deliberately expanding its operations beyond major urban centers to include tier two and tier three cities. This strategy allows the airline to tap into unserved or underutilized routes, stimulating new demand while avoiding direct competition with dominant full service carriers on flagship routes. Research by Alamdari and Fagan, highlights that LCC route flexibility and frequency increase airline attractiveness, particularly for price sensitive and time

conscious travelers. Moreover, expanding route accessibility enhances the airline's presence across diverse socio economic regions, positioning it not merely as a low fare alternative but as a primary mobility provider in domestic air transport [8].

Empirical evidence also suggests that improved route access positively correlates with brand loyalty and customer retention, especially in regions with limited ground transportation infrastructure. Consumers tend to value consistent and frequent flight availability, even when service quality is basic, as long as it is reliable and affordable. In this context, Lion Air's expansion into regional markets contributes to market penetration and stimulates economic integration through increased mobility. This geographic and demographic reach, supported by high aircraft utilization and strategic scheduling, creates competitive advantages that reinforce both the operational viability and brand positioning of the airline in Indonesia's dynamic aviation sector [9].

Service simplification is a defining characteristic of the Low Cost Carrier (LCC) model, designed to reduce operational complexity and cut costs without compromising essential safety and punctuality standards. Instead of offering comprehensive in flight services, LCCs emphasize a "no frills" model eliminating business class, free meals, in flight entertainment, and premium lounge access. As noted by Mason and Morrison, this model enables faster turnaround times, higher aircraft utilization, and fewer personnel requirements, contributing significantly to cost efficiency. For many LCC passengers, simplicity in service translates to speed, affordability, and convenience, rather than discomfort, provided that core service elements such as safety and timeliness are maintained [10].

Lion Air has adopted this approach by providing standardized seating configurations, optional add ons, and simplified check-in procedures. Passengers who value budget over luxury are given the choice to pay only for services they deem necessary. According to Kim and Lee, customers of LCCs are generally willing to forgo traditional amenities in exchange for lower fares, particularly when flying short haul routes. This aligns with consumer behavior in developing countries where discretionary income is limited, and air travel is often perceived as a functional necessity rather than a leisure experience. As a result, service simplification supports market segmentation by appealing to the cost conscious traveler without alienating mainstream customer expectations [11].

Moreover, simplified service systems reduce internal errors and improve process consistency, which in turn contributes to customer satisfaction. Research by Lu and Wang, finds that perceived efficiency achieved through streamlined service touchpoints can positively influence consumer trust in the airline. Lion Air's ability to offer dependable flights with minimal but consistent service features contributes to its brand reputation as a reliable low cost provider. In a

competitive and price driven market, simplicity in service becomes not only a cost reduction tool but also a form of strategic differentiation, reinforcing the company's position within the LCC segment [12].

Promotion strategy is essential for establishing brand visibility, communicating value propositions, and driving customer engagement, especially in highly competitive sectors like the airline industry. For Low Cost Carriers (LCCs), promotional activities often compensate for limited service features by emphasizing affordability, reliability, and accessibility. According to Belch and Belch, promotion includes all communication tools used to inform, persuade, and remind consumers about a brand's offerings. LCCs frequently use digital marketing, flash sales, email campaigns, and mobile app alerts to reach customers rapidly and cost effectively. These techniques are particularly useful in stimulating short term bookings and optimizing load factors on underbooked routes [13].

Lion Air has successfully leveraged multi channel promotion strategies, combining traditional media with real time digital platforms. The airline actively engages customers through social media, travel booking apps, and online advertising, targeting various market segments with tailored messages. Research by Chen and Xie, highlights that personalized promotions, especially those using dynamic pricing algorithms, increase conversion rates by aligning customer expectations with perceived value. Lion Air's use of real time notifications for flash sales and limited time discounts creates a sense of urgency that motivates immediate booking decisions. This promotional agility enhances brand competitiveness and enables the airline to respond quickly to market changes and seasonal demand fluctuations [14].

Promotions also serve a broader function in reinforcing brand equity and customer loyalty. While LCCs are not typically associated with emotional branding, consistent messaging that emphasizes affordability, convenience, and network coverage can foster consumer trust and brand familiarity. A study by Tsaur, Chang, and Yen, found that clear, honest, and repetitive promotional communication improves brand recall and reduces perceived risk especially important in markets where customers may equate low prices with low quality. In the case of Lion Air, promotional consistency across platforms and alignment with service delivery help build a loyal customer base, even in the absence of loyalty programs or premium services. Thus, promotion strategy becomes a key pillar in sustaining competitiveness within the low cost aviation segment [15].

Based on the theoretical insights and empirical studies discussed in the previous sections, it is evident that the competitiveness of Low Cost Carriers (LCCs) such as PT Lion Mentari Airlines is influenced by multiple interrelated marketing strategies. Pricing strategy plays a central role in the LCC model, as competitive and transparent pricing structures are proven to attract cost

sensitive customers and enhance market penetration. Research has shown that pricing significantly affects customer perception and purchasing decisions, particularly in emerging markets where affordability is a dominant factor. Therefore, it is hypothesized that pricing strategy has a positive and significant effect on the competitiveness of PT Lion Mentari Airlines [16].

In addition to price, route accessibility is equally critical in determining a carrier's reach and market relevance. The ability to provide affordable and frequent access to various destinations, especially underserved regions, contributes to an airline's expansion and differentiation. Prior studies indicate that broader route coverage increases customer satisfaction and loyalty, which in turn improves overall competitiveness. Thus, this study hypothesizes that route accessibility has a positive and significant effect on the competitiveness of the airline.

Service simplification, a hallmark of the LCC model, also plays a pivotal role in cost reduction and customer satisfaction. Simplified services when implemented consistently and reliably help streamline operations while maintaining essential customer value. Empirical evidence suggests that passengers of low cost airlines are generally willing to accept minimal in flight services in exchange for punctuality and low fares. Based on this understanding, it is hypothesized that service simplification positively and significantly influences the airline's competitive advantage.

Promotion strategy is essential for maintaining visibility in a competitive market, especially through digital media and time sensitive offers. Studies confirm that strategic promotion enhances brand recall, stimulates short term bookings, and strengthens customer engagement. For LCCs like Lion Air, promotional efforts must align with operational capabilities and customer expectations. Accordingly, it is hypothesized that promotion strategy also has a positive and significant impact on the company's competitiveness. Together, these hypotheses provide a comprehensive framework for analyzing how LCC marketing strategies contribute to sustainable competitive positioning in Indonesia's aviation industry [17].

2. Research Method

This study employs a qualitative descriptive approach to explore the influence of marketing strategies on the competitiveness of Low Cost Carrier (LCC) airlines, focusing specifically on PT Lion Mentari Airlines. The qualitative method is deemed appropriate for capturing the in depth understanding, subjective perspectives, and contextual factors that influence how marketing decisions are made and perceived within the organization. A descriptive design allows for the systematic examination of phenomena related to pricing, route accessibility, service simplification, and promotion strategies, and how these elements collectively support competitive positioning in Indonesia's aviation market [18].

The research was conducted at Lion Air's operational site in Banyuwangi, selected due to its strategic relevance as a regional base and its role in executing LCC strategies at the operational level. Data were collected using a combination of in depth interviews, direct observations, and document analysis. Interviews were conducted with key personnel, including marketing managers, operations staff, and frontline employees who possess direct insight into the formulation and implementation of marketing initiatives. Observational data were gathered through site visits to understand how service delivery and customer interaction align with the LCC model in practice. Additionally, internal reports, promotional materials, and relevant documentation were analyzed to complement the primary data sources.

To ensure the credibility and trustworthiness of the findings, data triangulation was applied by comparing results across different sources and collection methods. The analytical framework adopted in this study follows the Miles and Huberman model, which involves four iterative steps: data collection, data condensation, data display, and conclusion drawing. Through this model, the researcher was able to identify recurring themes, relationships, and strategic patterns that reflect the role of marketing in enhancing company competitiveness. The findings are presented narratively to provide rich, contextually grounded insights into the strategic operations of Lion Air within the LCC framework [19].

3. Result and Discussion

The results of this study reveal that the marketing strategies implemented by PT Lion Mentari Airlines as a Low Cost Carrier (LCC) significantly contribute to enhancing its competitiveness in the Indonesian aviation industry. Through qualitative analysis of interviews and supporting documentation, the research identifies four key strategic areas pricing, route accessibility, service simplification, and promotion that shape the airline's market position and operational sustainability. Informants from Lion Air emphasized that the pricing strategy is the most powerful driver of passenger volume, especially on domestic routes where price sensitivity is high. Dynamic pricing models and unbundled fare structures allow the airline to adjust prices based on demand, competition, and capacity, thus ensuring operational efficiency and financial viability.

In terms of route accessibility, Lion Air's network strategy prioritizes underserved and regional destinations, enabling broader market coverage while reducing direct competition with full service carriers. The company's use of secondary airports also contributes to lower operating costs and improved on time performance. This accessibility strategy not only enhances geographic reach but also strengthens brand presence in areas with limited transportation alternatives. The data suggest that this approach has been instrumental in cultivating customer loyalty among travelers in peripheral regions who view the

airline as an essential mobility provider rather than a luxury option.

Service simplification is also shown to play a critical role in maintaining operational consistency and cost control. The airline adopts a no frills service model, eliminating non essential in flight offerings while maintaining punctuality and safety standards. Respondents noted that the simplification of services such as check-in procedures, seat configuration, and onboard offerings aligns with customer expectations for short haul, budget travel. Although some customers expressed dissatisfaction with the lack of in flight amenities, overall satisfaction remains high due to the value for money perception. This reflects earlier findings in the literature that service reliability, rather than richness, is the key expectation among LCC customers.

The promotional strategy of Lion Air relies heavily on digital engagement and limited time offers to stimulate demand and fill seats quickly. Flash sales via social media platforms and mobile applications were cited as effective in generating immediate responses from price sensitive segments. Moreover, the consistency of promotional messaging that emphasizes affordability and extensive route networks reinforces the company's positioning in the minds of consumers. Informants stated that integrated digital marketing not only improves visibility but also reduces customer acquisition costs. These findings support existing research that indicates the effectiveness of targeted, technology driven promotion in the LCC sector [20].

Collectively, the results indicate that the combination of strategic pricing, accessible route planning, simplified service delivery, and digital promotion strengthens Lion Air's competitive edge. The synergy between these elements allows the airline to operate at lower costs while meeting the essential needs of its target market. The study further suggests that these strategies are not applied in isolation but are interlinked through a broader organizational commitment to the LCC model. While the approach presents certain operational challenges particularly regarding customer expectations and regulatory compliance Lion Air's ability to adapt its marketing strategy to shifting market dynamics has been central to its sustained success.

4. Conclusion

This study concludes that the implementation of integrated marketing strategies significantly enhances the competitiveness of PT Lion Mentari Airlines as a Low Cost Carrier (LCC) in Indonesia's dynamic aviation market. The findings reveal that pricing strategy plays a pivotal role in attracting and retaining cost sensitive customers by offering flexible, transparent, and affordable fare structures. Route accessibility contributes to broader market penetration and brand loyalty by serving underserved regions and utilizing cost effective secondary airports. Additionally, service simplification enables operational efficiency

while maintaining essential service standards, meeting the expectations of budget conscious travelers.

Promotional strategies, particularly through digital platforms and time limited offers, effectively support customer engagement and brand visibility, ensuring sustained demand in competitive conditions. The synergy of these four strategies price, accessibility, simplification, and promotion demonstrates how the LCC model can be optimized to balance affordability with performance. The qualitative insights also highlight that these strategies are most effective when implemented consistently and aligned with organizational capabilities and market dynamics.

Ultimately, the study affirms that the success of Lion Air's LCC model lies not merely in reducing costs but in strategically managing customer value and operational scope. As the aviation industry continues to evolve amid economic, technological, and regulatory changes, the ability to adapt and refine these core marketing strategies will be essential for maintaining long term competitiveness. Future research is recommended to incorporate quantitative methods to validate the strength and significance of each variable across broader samples and different LCC operators in Southeast Asia.

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