

# Air deccan operation strategy

Business



The entry of Air Deccan into the Indian civil aviation sector heralds a new era in air travel & points to several important changes that are likely to happen in the competitive landscape. Air Deccan's basic strategy is to make air travel accessible to every Indian by pricing their services at 30-40 percent of regular airline services. Translating this overall strategy into operations calls for making unique choices in several operational elements. At a broader level, this resulted in unique methods adopted for procuring aircraft, maintenance, ticketing ; amp; in-flight services ; amp; flight ; amp; schedule management policies.

This constitutes the operations management process. At the most fundamental level, operations strategy at Air Deccan is characterized by four features: more flying hours per aircraft, cutting out all frills, elimination of inter-airline arrangements for baggage ; amp; a new distribution model. Targeting for such a strategy means the service delivery system, including the type of aircraft used, needs to be carefully selected. Air Deccan uses airbuses on heavy traffic routes ; amp; smaller aircraft for lower traffic routes. This choice ; amp; other unconventional approaches to maintenance have enabled Air Deccan to save on cost considerably.

Other operational design choices in the service delivery system include elimination of in-flight food, business class ; amp; lounges at airport. There are no refunds, ; amp; compensation or accommodation facilities for missing a flight. These choices made in the design of the service delivery system are consistent with the operation strategy. The ticketing service ; amp; distribution is very unique to Air Deccan ; amp; is tandem with the operations strategy. Conventionally 90 percent of ticketing is done through <https://assignbuster.com/air-deccan-operation-strategy/>

travel agents ; amp; the agent gets a commission of 7-10 percent. The other operational complexity include lock up of funds, multiple booking in flights by travel agents, highly fluctuating occupancy levels ; amp; high cost of administrating such a system.

Furthermore, the printing ; amp; distribution cost of tickets are also enormous. In addition, more cost is incurred in using proprietary reservation system. Air Deccan has made choices that are different from the traditional model. The ticket distribution ; amp; cash collection model of Air Deccan factors several local conditions ; amp; operation strategy requirement. Air Deccan has developed its own Computerized Reservation System (CRS), has a call centre that can book tickets 24 hours, makes use of local phone numbers as opposed to costly nationwide toll free numbers ; amp; uses multiple modes of cash collection ; amp; ticket delivery. They pioneered the concept of e-ticketing in the country, which greatly cut the cost in distribution.

They have also used internet technology ; amp; VSAT technology to cut cost in flight yield management ; amp; ticketing. In order to drive down cost, Air Deccan has also made some decisions in operational aspects. The hub ; amp; spoke model results in delays because of which Air Deccan has adopted point-to-point flying. This means each customer has a contract for one flight only. Inter-airline arrangements results in added cost ; amp; delay ; amp; eventually result in few flying hours.

On the contrary, Air Deccan has more flying hours by eliminating these aspects of operating the aircraft. The other aspect of Air Deccan operation is

to outsource facilities in all airports. For example, at the Hubli airport, one Air Deccan flight per day means one hour of work at the airport. If Air Deccan invests in facilities, it results in poor utilization ; amp; high cost. By outsourcing the airport operations in several such airports, Air Deccan cuts cost incurred on account of poor utilization ; amp; also generates local employment. It is evident that Air Deccan’s choice of various operational elements is guided by the overall strategy of providing affordable travel.

It is estimated that 30 percent of travellers in every Air Deccan flight are first time travellers in India. This confirms that the operations strategy has been able to deliver what the corporate strategy intended.