

The rise and fall of kingfisher airlines

[Environment](#), [Air](#)



Kingfisher is a major airline based in Mumbai, India. It is the fifth Indian airline that provides the largest passenger airline in which international and domestic flights are provided to the customers with very flexible fares. Kingfisher is one of the largest airlines in India and it was established in 2003. It is owned by the Bengaluru based United Breweries Group. Basically the commercial operations are started in 9 May 2005 with the fleet of four new Airbus A320-200s operating flight from Mumbai to Delhi. Then the next international operations are started on 3 September 2008 by connecting from Bengaluru to London.

The Kingfisher airline has been facing financial issues for many years. Kingfisher airlines have the second largest share in the air travel market till December 2011. However due to the astringent financial crisis faced by the Kingfisher's airline, it has now the fifth largest market share currently and only above Go Air Airlines.

Kingfisher Airlines is one of the only seven airlines that are awarded 5-star rating by Skytrax along with Cathay Pacific, Qatar Airways, Asiana Airlines, Malaysia Airlines, Singapore Airlines, and Hainan Airlines. Kingfisher operates 250 daily flights including domestic and international services. Kingfisher Airlines carry more than 1 million passengers which help the Kingfisher Airlines to make the highest market share among all other airlines in India in May 2009. Kingfisher also holds the Skytrax award for one of the India's best airline of the year 2011.

Background: Main issue of the downfall of the Kingfisher Airline.

All things are going in a very good manner and kingfisher is at its peak but in 2005 the airline faced many problems in the operations, the Airlines then reported as in loss. But the situation become worst when the new airlines called Air Deccan is adopted by the Kingfisher airline in 2007.

Due the collaboration with the new airline the Kingfisher suffered a loss of over Rs. 1, 000 Crore continuously for 3 years. In the Starting of 2012, the staff of Kingfisher airline is going on strikes and it also faced a very big loss of over Rs. 7, 000 Crore with half of the money is bankrupted. In this tough situation the faces mainly faced financial problem and to overcome the situation the airline went for loans, so that they can cover it. But the heavy interest and debt, in November 2010, the company adopted a way to decrease the burden the airline adopted debt restructuring on those total 18 leading lenders, those have landed total Rs. 8, 000 crores, they agree to cut the interest the rates and convert part of loan into equity. As per the contract the lenders have to convert the debt into shares which is converted into equity. Due to this company able to cut down the average interest to 11% and save Rs. 500 Crore every year in the interest cost.

The use of the strategy Debt restructuring also didn't help the airline a lot; no doubt by using this it reduced the interest charges by Rs. 500 crores every year, but due to the high increase in cost and many other factors the company started faced problems of liquidity. Due to no funds available the company also faced these types of problems like delayed salary there are over 6, 000 workers which are working in the company and after the

financial crisis company have delayed salaries of the staff that will affect the workers a lot because they are working like the same and we can say they are working more than normal but these type of problems decrease the workers morale and dissatisfaction factor also arises. Due to the non-availability of the funds they are also many things that will effect like due fuel, Service tax, Air craft lease rental due and many more.

Current Situation: Problem still continues

Kingfisher airlines started to cast down into fresh crisis. Many flights are cancelled and many aircrafts are grounded. The company shut down many important international operations and closed the booking of the tickets. Kingfishers have many aircraft and only few were operating and presently very less airplanes are operating and this dropped highly in market share. Main leading State bank of India also not giving more loans to the company unless they pay the previous amount. Now a day it is very hard situation for kingfisher airlines in recent months.

The service of airline provided by Vijay Mallya is not glamorous as it was previous times because many flights are cancelled when customers are waiting to departure and this will underestimate a lot to customer. The management is main issue here in the Kingfisher airlines they need some expert CEO's that help to check the activities every day but Vijay Mallya is the only one that control the whole company this may be the biggest cause of downfall of the kingfisher airlines. In big organizations lots of discussion and suggestions are needed that help to make any decision easily.

This causes which disturbs the relation between the employees and Vijay Mallya because there must be some time given to each and every employee so that they feel motivated and feel their suggestions or any need of help are given by the company, this help them to stay satisfied and they work with their full effort. Vijay Mallya always kept saying that the reason behind downfall of company is that the rising fuel pricing and other factors contributed the downfall of the company. But there are other factors also.

Some other reasons that also contribute to the downfall of the kingfisher airline:

Sociological:

Now a days traveling by plane is not a big issue because there are lot of airlines from which we can select any one according to our financial status. Every flight has its own way of treating passengers because in today's world going one place to another is not a big deal all matters how was our journey what are the experience and how comfortable are you in the whole journey.

As being a 5 star airline they provide good service to the passengers but the prices are also very high only the high profile or above the economic level people adopt Kingfisher airline. Due to the luxurious level of treatment they are willing to pay more than other airlines charge. But they have to be economical so every economic person can also have the experience this type of luxurious treatment this also help them to gather more and more customers.

Technological:

In today's world technology plays a great role in any type of the company. Kingfisher airlines don't provide a TV screen on the back of the seat, so that every passenger has its own personal TV. Now people use technology they want to do the whole work with the help of internet and do all the work while sitting in their home. This also attracts customers to do all the booking while relaxing in their home and they don't need to stand in the long queues on the ticket counters.

Economical:

Now a days economic issues is a major concern because people are now check not only the luxurious treatment they also check whether it is worth going or not. There a lot of bank credit options that are available in the case of travelling this are also the reason that affects the sales of the aviation industries.

In India there are lot of factors that affect the organisation like the inflation, interest rates and recession. There are government policies that effect the organisation a lot. There are lot things which have to consider while planning the economic factors because that depend a lot on the success of the organisation.

Ecological:

Nature also effect the aviation industry a lot because the climate affects a lot on the aviation industry weather should be stable in the time of the flights because if the climate is not good they are delayed and this disturb the customers a lot.

Passengers who pay so many amounts to get good service and comfortable journey in between if something happen this disturbs a lot. If something happen like delay in the flights airline have to provide facility and accommodation for the customers this costs a lot to the airlines but they have to do for the passengers to calm them down and this help them to understand the problem and they don't take any chances to lose the customers because if the customer have any bad experience they might not go next time with the same flight because they are many others options available to them. In India weather is stable for most of the time and passengers are not use to these type of situation so aviation industry must be prepared if any thing happens.

Political:

In India in every 5 years government changes and also it is a democratic country. Kingfishers have great benefit of this because the owner of kingfisher Vijay Mallya have good political network which helps to their airline. No doubt, the political network is great but this not always help because all have to follow the government policies and rules.

Legal:

Rising Fuel pricing is also the main issue in India. The aviation industries have to pay large amount of money for fuel. To overcome this problem aviation industry increase of decrease the level of services to the passengers which help them to cover it up.

Ethical:

Indians are very ethical people they always think before buying anything they always check which thing is good for them and also gives some benefits to them. Like in India there a lot stationary products which are collaborated with some non-profit institute or any other institute which gives some amount when someone buy it, majority of people willing to buy that product because they help the needy people. In past Kingfisher gives value for the money that is why people are willing to give more money after all kingfisher airline is the 5 star rated airlines.

Analysis:

No doubt kingfisher airlines are one of the successful airlines in India. But there are lot pros and cons there which lead them to downfall of the successful airline.

Pros:

Kingfisher is one of the luxurious flights in India.

Kingfisher is a well-known brand and the financial status of the organization is very good.

The connections between the political and the owner of the Kingfisher airlines are very strong.

Kingfisher has a strong relationship with parent United Breweries Group which supports them a lot.

The customer service is very healthy. Kingfisher provide very luxurious journey to the passengers.

The staff is highly trained and very professional with customers.

Cons:

The management practices are very poor and the organization structure is not formed properly.

Kingfisher airline is not producing the expected returns from they are spending.

Sales are getting lower and lower due to cancellation and delayed flights which customers don't like it.

Due to the 5 star brand of the company it is spending more than normally which is very hard to recover the money.

Things need some changes:

There are lots of things which are needed to be change which help the kingfisher airlines to recover. Aviation industry is now days are very popular and competition is getting tough and tough. To successfully run the aviation industry there are many things which have to keep in the mind while successfully run the business. In Kingfisher only the owner Vijay Mallya is having the direct control on the business and due this there is problems occur.

In kingfisher there is huge network and there are many employee works there and to satisfy the needs of the employee only one person cannot keep

it. There must be some professionally and fully trained CEO must be hired to control whatever is the situation. Vijay Mallya also taken wrong step while cutting the salary of the employees and even the salaries are delayed for many months and according to the Herzberg's Motivator-Hygiene Model the customers are Dissatisfied because they are not getting the salary on time.

In the recession period of Kingfisher airlines they also misbehaved with some customers due to the frustration and this will lose their customers. In this period the Kingfisher airlines introduced a new airline called Kingfisher red to cover some expenses because it is comparatively low cost.

Once there is an incident occurs passengers booked the ticket for Kingfisher Airlines and when they come to the flight they realize that this is not Kingfisher fisher this is Kingfisher red and when the passenger asked for that then they asked that there is technical issue in the website it was not distinguishing the two airlines differently but this is not a valid reason because as I said earlier that the technology plays a great role in today's world people are now days very techno used and they know which flight they are booking. The main question is that why the kingfisher is running a cheap airline after all Kingfisher is one of the top brand 5 star airline this reduces the reputation of the airline and also misbehaving with customers also give wrong impact on them so to handle this Kingfisher airlines must be have some arrangement to handle this type of stuff. To do so experience staff is required and if any conflicts occur then handle them with care so that no passenger get upset and feel biased everyone should be treated same.

Competition also have a major issue because while competing with other Aviation airlines they have to consider so many expects that will affect the Kingfisher airlines because other airlines provide more facility and there low cost of the fare attracts the customers, But Kingfisher Airlines have to do some strategies so that they can keep their customers. Competition is not only with Aviation industry in India majority of people will go for the low cost carriers in India. Railways are also competitors because now Indian Railways are safe mode to travel and they cost very less as compared to airline. So to plan according to the budget of the airlines and equally economical to the people, trained CEO's are required to do the job done well.

Owner of Kingfisher airlines Vijay Mallya also done one more thing that they only targeted the passengers that are willing to pay more than normal. They only need luxurious treatment, this is a good but in the time period of 2005 to 2008 is very easily earned money period for Kingfisher and Vijay Mallya also make so much profit then he invested money on others places like Cricket, Alcohol and many more. Due to the easy money Mallya expanded a lot their empire that is very difficult to handle and this is one of the reason which makes the Kingfisher into trouble.

Kingfisher Airlines have to take following step to make things good:

With lot of increase in loss of Kingfisher airlines and overdue of tax, fuel suppliers and airports and only few of the flights are working. If they want to again successfully run the business then promoters need to invest some money first then the Kingfisher airlines firstly clear the due of fuel and

overdue of the tax with this money and then they should step up the ladder of success.

The morale of the employees should be considered first because they are the very important to the Kingfisher airline especially the staff and pilots they should never be dissatisfied. So Kingfisher airlines should must clear all the due of the salary of the employees because due to unpaid they have to suffer and their families also suffer with them. They can't afford to lose quality pilots and if this will continue it may be happen that the plant should shut down in future.

Aircrafts used in the Kingfishers used now is very less and due to the mismanagement of the staff and between the owner leads them to failure because as I discussed earlier Mallya always have the direct control of the business and may be some factors that are left which are not considered by Mallya that affects a lot to the Organization. The perception of the Owner may be somehow wrong that is why the organization structure should be clear and should be made by various talented minds that help to success of the airlines.

Conclusion

Kingfisher is one of the leading and successful airlines in India. The reason behind the downfall of the airline is mentioned above and there are many other factors which also the reason behind the downfall of the Kingfisher airline. The organizational structure is mainly the major concern in the Kingfisher airlines. In starting the kingfisher is at its peak at that time period is the best time to expand the business but due to the huge benefits the staff

and pilots and the expenses is also become more and more and to successfully manage it many talented person are required, no doubt they have experienced staff and luxurious treatment they give to the passengers but to organize the whole staff and the airline only Vijay Mallya is having the direct control on it and this occurs misunderstanding.

When the business is having great profit then we must have to more alert because when this happen the other competitors always try to get trouble so we can't make profits. Like the other competitors of kingfisher is giving more facility and the cost of other airlines are also less than it is difficult to manage for Kingfisher airlines because they are the very luxurious and the cost of the flights are also high because due to the brand name they have to treat the passengers like they are treated previously and this is very difficult to handle but this can be handled by professionals so that the passengers not feel and change but this strategy gives benefits to the airline and various strategies are required to do it. Some of them are mentioned above but the organization behavior plays a great role to manage the people in the organization. This helps the staff and employee and higher status persons and owner to successfully run the business and maintain a healthy relation between them.