

Marketing strategy of kingfisher airlines

Environment, Air



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The case deliberates the marketing strategy of Kingfisher Airlines which launched its domestic commercial operations in May 2005. Kingfisher airlines were put forwarded by United Breweries Group and tagged as a budget carrier that came up with a single class known as ‘ Kingfisher Class’. KFA productively influenced the vivacious image of its Kingfisher Beer brand and entitled its airlines as ‘ Funliners’ and highlights the pleasant experience. In the domestic air market, KFA managed its position and its market share. It also had plans to carry out on international routes. The competition started building up in the Indian aviation market by low airlines like Air Deccan, GoAir, SpiceJet and Jet Airways. As KFA is a not a profit making organisation and in order to survive in the market, it adapted its ‘ single class’ path and planned to offer a business class service and low budget service – ‘ Kingfisher First’ and ‘ Kingfisher Red’. The case reveals Kingfisher Airlines marketing capabilities, marketing strategies, its wider environment and its survival as the stylish and the fittest King.

Key words:

Aviation Industry, Kingfisher Airlines, Marketing, Air Deccan, United Breweries Group, Jet airways, Brand Positioning and Extension,

Aviation Industry:

As outlined by Mc Kinsey Quarterly (2005), the world's second largest commercial aircraft market is the Indian Aircraft market. The origin of civil aviation in India goes back to December 1912 when the first domestic air route was opened between Delhi and Karachi by Indian State Air Services (in partnership with Imperial Airways of the United Kingdom). Initially in 1950's, major airlines in country were amalgamated into either Indian Airlines or Air India but in the later half by the good value of the Air Corporations Act 1953, this continued for the long period. In 1991, the Indian Government brought in the Open Skies Policy after which the Indian skies were full of opportunities for the private airlines. " The Indian airline industry has boomed by 400 percent in a very short period of about 6. 5 years" (Mr. Praful Patel, Union Civil Aviation Minister) (www. ibef. org).

Kingfisher – Flying the Good Times:

Kingfisher Airlines is an airline based in Bangalore, India. Kingfisher Airlines (KFA), a wholly owned auxiliary of United Breweries Holding Limited of the UB group promoted by Dr. Vijay Mallya, who took up its first aircraft- an A320 from airbus on April 25, 2005 at a special service in Toulouse, France. (www. icmrindia. org). On May 7th 2005, Kingfisher became the first and only Indian Airline to initiate its operations with all new aircrafts like Airbus A320, A319-100 and ATR-72. The success of KFA is carried by an important lesson: ' Do

your homework', Mallya and his working party knew that the upcoming would be tough and rough when the decision to come into the aviation industry was taken in 2004. At the launch of the airline Dr Vijay Mallya said " We are committed to achieving our ambition of making Kingfisher Airlines India's largest private airline both in capacity and market share by 2010". (www. theubgroup. com). It is a major airline which operates 400 flights in a day and has a network to 37 destinations with plans for both domestic as well as international services with 2 different fleets known as Kingfisher First and Kingfisher Class (www. theubgroup. com). . Though Kingfisher is named as ' class-in-itself airline', it does not discriminate between the first and economy class. Kingfisher will not be divided into any segments but will have only one class, and that is Kingfisher Class. (Mallya, 2005).

KFA came up with a new aircraft called A320 where the cockpit was a paperless environment. It is known as ' Kingfisher Funliners', as the staff wished to provide its customers fun filled experience on board. It is an only Indian private airline to have introduced in-cabin entertainment system with personal video screen for each seat which includes 16 live audio and 5 video channels with personalised headset offering various attractive services which is one of the unique products being provided to the Indian consumers. It has got a stylish red interiors, uniformly dressed cabin crews and cabin staff. These fleets are highly priced compared to that of its main competitor Jet Airways. KFA presently holds the status of India's largest airline in order to meet customer requirements by providing world class amenities. KFA is one of the top most airlines to have a five star rating from Skytrax, the world's leading independent research and quality evaluation body for airliners and

won several prestigious awards (www. bookrags. com). It carried more than one million passengers which are recorded as the highest market share among airlines in India in 2009. In civil aviation industry, Kingfisher Airlines has carved a position for itself and has proved to be a stiff competitor for other domestic airlines in India.

KFA placed itself as a budget carrier and not as a low cost carrier. The company offers considerate schemes like providing costs lower than economy class travel with full service and slightly more than the ' bus services' type low cost competition. The Kingfisher brand image and goodwill will be reflected by the type of service provided to its customers. Within the six months of its establishment, it managed to cover around six percent of its market share, which gradually rose to 7. 6 percent in 2006 and it peaked to 19. 1 percent in 2010. In relation to other airlines, Kingfisher stands at the second position as Jet Airways is positioned of holding 26. 2 percent market share, whereas Air India with 17. 1 percent, Indigo with 17. 3 percent and SpiceJet with 13. 3 percent (www. hindustantimes. com). KFA won the ' Best New Airline of the Year 2005' award in the Asia Pacific and Middle East region from the Centre for Asia Pacific Aviation and on receiving this prestigious award Mallya said, " Kingfisher Airlines has grown at a scorching pace and we intend to continue to delight and pamper our guests and offer them unparalleled levels of service, comfort, and convenience to ensure that they keep flying the good times!". Kingfisher has ordered 5 Airbus A380 the largest airliner in the world, 30 more A320, 20 ATR 72-500, a deal worth \$ billion making one of its biggest strength in the Indian aviation industry. With 8 international destinations, Kingfisher Airlines has grown remarkably and

has set towering standards in terms of products and services with a dream to persistently deliver worthy, safe and enjoyable experience to all its patrons.

It was also voted as the 3rd most successful brand launch in the Business Standard annual Brand Derby in the year 2005. After being awarded by Skytrax for 'Service Excellence for a New Airline' in the year 2006, the competition in the Indian skies was building up. Due to Open Sky Policy, low cost carriers like Spice Jet and GoAir came into the market after the launch of Kingfisher Airlines and they started cutting down on fares. By these airlines, even the key players like Jet Airways, Jet Airways (India) Ltd., looked to merge their market positions. Jet Airways declared that it would get hold off Air Sahara for US \$500million in January 2006. This acquirement of Sahara would make Jet Airways largest airline with an almost 45% market share and was also likely to expand over Sahara's 22 parking bays spread from corner to corner. The amalgamation of these brought down their air fares to compete against Kingfisher, Spice Jet, GoAir and Air Deccan. In order to survive in cut-throat competition, KFA acquired Air Deccan for Rs. 550 crore in year 2007. The confluence of Kingfisher and Air Deccan proved to be a best fit in the market but these players are a study in contrast as Kingfisher is for classes and Air Deccan is known for masses. Kingfisher is known to lavish its customers with its best of services and provide comfort whereas Deccan would even want its customers to pay even for the water. After the unification with the Kingfisher airlines, the budget airline was branded as Kingfisher Red. Just like its forerunner Air Deccan, Kingfisher Red also carried on the practice of offering cheap air tickets to its guests. Kingfisher Red called has value for money; covers around 58 domestic destinations where

the guests are served free meals and drinking water bottles. The tariffs of kingfisher red are very real, when a guest considers its complete service. The Kingfisher Red marketed its low fares with as low as Indian railways with a comfortable journey. The brand of kingfisher also provided its world class facilities of goods and services to its new airlines. With India being the world's one of the most populated area and largest and successful democracy, Kingfisher Red playing an important role in Indian aviation industry in which destinations and schedules not mattering much because of its cheap pricing strategy, making the guests travel to any domestic destinations at any point of time suiting the travel need.

As stated by Kevin Lane Keller (2008), because of certain strategies and favourable publicity or word of mouth brand becomes known for providing extraordinary customer services. But in the case of Kingfisher airlines, its owner Dr. Mallya himself is a brand image for the company. His flamboyant image and style itself creates a reputation and value makes an impact on the minds of the customers. Kingfisher promoted itself through wide range of media and making its presence in upmarket stores like Shopper's Stop and Westside. It also carved its brand image globally through largely esteemed watched sports like Formula 1 team- Force One India, Indian Premier League- Royal Challengers Bangalore, Kingfisher Polo team. KFA offers quality service to its guests with a personal valet to assist in baggage handling and boarding, refreshment lounges, sleeper seats with stretchable footrests and three types of various connoisseur foods. Kingfisher airlines also offer personal therapeutic massage seat tagging it has 'Live Life King Size'. KFA also offers special fares for all workforces of armed officials, union and state

government in the country. Kingfisher Airlines partners with leading international airlines, credit cards, luxury and business hotels, telecommunication companies, financial institutions, lifestyle brands and insurance companies in the form of King club. Recently awarded the best program of the year by the Middle East and Asia/Oceania region by the Frequent Traveller Awards, King Club- 'The Everyday Flyer Programme' proposes its members to an incomparable level of earning and to redeem benefits. It is programme which is more engaging and pleasing that offers the members to enjoy a wide range of elite rights and benefits in 4 tiers of membership levels such has King Platinum, King Gold, King Silver and King Red. The different benefits of King club member are free allowance to excessive of baggage, duty free in-flight shopping, priority board-in and check-in, excess to lounges, etc. Kingfisher airlines pledge for good times and larger than life brand image have facilitated them to fly higher. The airline addresses its customers as 'Guests' instead of passengers. KFA came up with a fascinating marketing line "Fly the good times" and it replicated in the experience the airline offered to its 'Guests'.

Kingfisher airlines face a tough competition from Jet Airways (India) as well as from the international airlines. It's been long since Jet Airways is in the market; Jet has excellent influencing skills and capability to leverage relations within the government. Jet has built a professional organisation and has a mammoth pool of reliable customers and employees. Kingfisher airline being a new entrant in the market is yet to build a strong groundwork and has not been able to sustain the attrition of employees. Due to fatigue, stressful job and bad human resource policies many cabin crew and air

hostesses have quit in KFA which is the biggest threat for the airlines. Kingfisher Airlines is still no a profit making organization, has been facing heavy financial losses because of hike in fuel prices, technical issues and economic slowdown. Because of rise in fuel prices, it has made the KFA to increase the prices of domestic tickets slightly. Among its major aircraft, 12 Airbus 320 were grounded due to engine problems making the airlines suffer a loss. The airline industry was also affected by the prices of Aviation Turban Fuel (ATF) and by the over-crowded airports like Mumbai and Delhi. In such a blood thirsty environment, Kingfisher aspired of becoming largest private carrier of India by 2010. Media draws that Kingfisher formulated a plan to launch a low cost carrier called ‘ Kingfisher Express’ to beat up the LCC agreement. In order to meeting the environmental pressures, Kingfisher Airlines has ordered 5 new Airbus A380 known as a “ green giant”, which are fuel efficient and are lower noises. It will also bring in the passenger comfort.

Questions:

Evaluate the situation analysis of Kingfisher Airlines.

In order to lead with the situation analysis of the Kingfisher Airlines the SWOT and PEST analysis is applied. According to Piercy and Giles (2007), SWOT analysis is the realistic and the most common tool for strategic planning. With the help of SWOT analysis, company’s strategic position, company’s strengths and weaknesses, opportunities and threats can be evaluated easily and this analysis also links to market segmentation (Abel and Hammond, 1979). With the intention of getting familiar to general environment, PEST analysis is the efficient tool. It helps the organization to

find the trends and helps to find the way into the cut - throat competitive environment (Henry, 2008). The biggest strength of Kingfisher Airlines is the fact that it provides quality services to its customers and it holds a strong brand image and reputation in minds of customers. In addition to this, it is the first airline to have so many new fleets of airbuses. Besides these, it believes in quality standards and innovation. The company provides unique services to its customers and believes in maintaining quality standards by innovation

On the contrary, Kingfisher Airlines is yet not called as a profit making organization. It faces a tough competition from the competitors such as Jet Airways, Air India, Indigo and SpiceJet. It also lacks service delivery to metros and international routes. It also faces the high attrition due to stressful job and unpleasant human resource policies.

The fact that the Kingfisher Airlines is a largest Indian private carrier enables of expanding tourism industry widely and can emerged into international market. The biggest threat for the organisation is to manage the market share and survive in the market from its key competitors. In addition to this, it also faces the hike in the fuel prices and amounts in increasing the price of domestic tickets marginally.

Analysing the general environment, political factors states that due to open sky policy not only Kingfisher, but many other airlines rushed into the aviation industry. According to new (FDI) course of action, Kingfisher Airlines also surpassed the FDI ceiling of 49 percent. Looking at economical factors, KFA has significantly contributed to an Indian economy. It has to also deal

with the issues of high rise of fuel prices. The social factors discusses about that the airlines have helped in developing of cities which leads to better services and airports and even holds the status symbol to its travel and unique services provided to its passengers. Evaluating technological aspects, airline industry has boomed up by the growth of air ticketing and e-commerce. It is also developing green field airports with private sector, for example Airport Corporation limited in Bangalore. The satellite based navigation system has also exploded many private carriers and the rush in the industry has increased.

We can conclude saying that because of aggressive competition Kingfisher Airlines need to put on more efforts in order to be tagged as ' Survival of the Fittest'.

2). To what extend the branding of Kingfisher is successful?

According to Randall, Branding is the primary strategic process that includes the parts of the firm in its delivery.

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