

# Marketing strategies of kingfisher airlines in india tourism essay

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



This report features the marketing strategies of Kingfisher Airlines in India. The report starts with the analysis of internal and external factors that affect the environment around the aviation industry and how they have an impact on Kingfisher Airlines. As the product under consideration is actually a service industry, 7 Ps of the company have been discussed at length. Moving on, the report discusses the segmentation, targeting and positioning strategies used by the company in detail. On the basis of analysis done, recommendations have been given that might help the company in achieving their objectives and serving their target market more efficiently.

## **2. Company Background**

According to UB Group.(2010) The united brewery (UB) Group is one of the India's largest conglomerates, which has annual sales over US\$ 400 million with market capitalisation of over US\$ 5 billion. The group has assorted interests in Brewing, real estate, Engineering, Bio technology, Information technology and Aviation. Dr. Vijay Mallaya is the chairman of the group. Kingfisher airline is a private airline owned by Dr. Vijay Mallaya. It started operations in May 9, 2005 with fleet of 4 leased airbase A 320 aircrafts. It provides full facilities to its passenger. With its merger with Air Deccan, the airline nowcaters to all the segments of aviation industry from low to premium.

### **3. The Environment**

#### **3.1 Macro Environment**

##### **Political Factors:**

Government of India ended the monopoly of Air India and Indian airlines by announcing of its ' open skies policy'. Now the private operators are allowed to offer air transport services. Foreign equity up to 25% is allowed. Non Resident Indian(NRI) investments would be allowed up to 100% for domestic passenger transport. In spite of this no foreign airlines could either directly or indirectly hold equity in domestic airline company.

The Government gave freedom to operate non-profit, traveller charter and cargo flights to any destinations. Indian citizens are also allowed to travel on these flights. Fuel prices and high fuel taxes are constantly increasing so the cost will ultimately be placed on the passengers. Safety regulations which also effect aviation industry such as regular flight inspection, recording of flight recorder. Ministry of Civil Aviation, Government of India.(2000)

##### **Economic Factors**

Indian Aviation industry depends on the development of its internal market. This can be determined by economic growth of more than 7% Print. (2009, August 6). High fuel costs have definitely worsened the Indian aviation industry. Fuel tax which is charged by most of the states in India is 28%. Indian airlines are growing too fast and too big making over capacity a big issue. There are issues which have overwhelmed the various airlines throughout the world such as High fuel cost, declining passenger numbers and cut throat cost wars but all these have limited influence in India.

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Regardless of low airport infrastructure in India, there are more than 25 international airlines operating from India. Richardson, B. (2010, January 24)

### **Socio-Culture Factors**

Around two third of the current population of India consists of young people below 35 belonging to service class. The people belonging to this age group have high disposable income and are potential market targets for consumer and luxury goods. Naukri Hub 1.(2009) Also in country like India, family structure is of great importance, there is a hierarchical system in which all the major household decisions are taken by the elders and earning members of the family. Thus while introducing any product, marketers aim for target audience of that product and decision maker of their family simultaneously. Naukri Hub 2.(2009)

### **Technological Factors:**

Advances in technology will influence the market in various ways. These days there have been many developments in IT systems and internet which is being used for aircraft maintenance. There have been changes in trends like more customers booking the tickets online. Due to the advancement in technology, the Electronic Data Interchange (EDI) has been proposed in cargo terminals, which will link all the stake holders for quick transaction and recent information about the cargo. In many national based carrier services the revenue Yield management system would be increasingly used for adaptable tariffs and to make most of the revenue. The introduction of web check-in service has eased the boarding process in flights. Ministry of Civil Aviation, Government of India.(2000)

## **3. 2 Micro Environment**

### **Company**

The main goal of kingfisher airline is to provide steady, safe, value based and enjoyable travel experience to all of its passengers Fly Kingfisher 1.(2010). It is the only airline in India which has been awarded with five stars Airline rating by Skytrax. Fly Kingfisher 5.(2010) It has a 19% market share in Indian aviation industry.

### **Customers**

Customer trend is a fragmentary issue which is required to be considered in order to be successful in the market. Company survives on the basis of fulfilling the customer's needs, wants and offer them good benefits to attract more customers. Kingfisher airline fares are standard as compared to jet airways or Air India. They launched kingfisher Red to attract the budget flyers.

### **Supplier**

Airline needs a consistent supply of fuel, maintenance, food and beverages. Kingfisher airline has a contract with Sky Gourmet for providing catering services, which is a leading airline caterer in India. The Gate group has acquired 74% interest in Sky Gourmet, which will strengthen the capabilities of the company. Gate group is a leader in providing on board services to the organisations which provides services to people on move. So this will ultimately give the benefit to kingfisher airline. Newswire, P.(2010, November 11)

## **Competitor**

With 19% market share Kingfisher airline faces an intense competition from Jet Airways and Air India which are the two fastest growing airlines in India. Jet Airways and Air India are competing with Kingfisher on premium Executive class of the country with each having market share 26.2% and 17.7% respectively. Director General of Civil Aviation 1,(2010) They provide outstanding services and continuous innovations. Jet airways have acquired Air Sahara, in order to compete strongly in the low cost carrier market. Air Transport World.(2007)

Kingfisher airline also competes with other Low cost carriers (LCC) such as Spice Jet, Go Air, Jet Lite, and Indigo Air on short haul routes. These airlines have made record profit by providing cheap tickets to passengers and have captured strong market shares in Indian aviation industry.

## **4. Organisational Marketing Mix**

### **Product/services**

Kingfisher airline provides three exclusive classes of services to its customers-kingfisher First, kingfisher Class and kingfisher Red. Kingfisher class is highly respected in economy which targets fashionable and ready-to-save middle class passengers. Kingfisher Red is low fare service of kingfisher airlines which mainly targets developing middle class people which are primarily price cognizant. Kingfisher first and kingfisher class both are also available on international journey. Other services included are: Tejas.(2009) Travel insurance in relationship with ICICI Lombard General Insurance.

Offer In-flight entertainment to its passengers.

Cargo services

Lounge and private space

Special care facility

3 course Gourmet cuisine

## **Branding Strategies of kingfisher Airlines**

Kingfisher airlines have adopted Umbrella branding strategy and have broken new ground in the idea of bringing luxury, glamour and lifestyle to the skies. Kingfisher airlines sell the idea of lifestyle through its sensational airhostesses and use red colour, which is the colour of liveliness.

They have been trained to provide hospitality in such a way that gives every passenger a feel like Guest. Kingfisher airlines concept of ' Flying with Good Times' reflects that they are providing a world class services to its Guest.

Kingfisher airlines have aggressively advertised itself by becoming channel partner for NDTV ' Good Times', which is the India's first lifestyle channel in order to gives its brand a distinct identity. It has also started co branding initiative with American Express corporate card, Airtel, Goa tourism and Malaysian Tourism. It has drafted an agreement with Deepika Padukone as company's new brand ambassador. Tejas.(2009)

## **Feedback system**

Kingfisher airline maintain a proper feedback system and provide the facility of direct email to its chairman if anyone is not satisfied with the services.

Company has activated its account on Twitter so that the customer can receive instant updates from Kingfisher airlines; this account has been opened to get feedback from Guests. Campaign India Team.(2009)

## **New Product Development by Kingfisher airlines:**

Kingfisher airlines offer variety of product developments like: Kingfisher Red launched Frequent Flyer Programme (Little Wings) for young flyers from ages 3 to 12 this would permit young flyer to receive miles when they fly

On August, 2010-Kingfisher airlines launched daily direct flights on the Delhi-Ludhiana-Delhi Route. On, 1 october, 2010-Kingfisher airlines inaugurated services from Bangalore to Mysore.

On, 10 october, 2010-Kingfisher airlines announced its first SMS-based ticketing service ' Flybuysms' across all mobile networks in collaboration with wireless transactions company Pay Mate.

On, 17April, 2010-Kingfisher airlines launch services from Mumbai and New Delhi to Bangkok.

They are operating with 22 additional Domestic flights in 2010 for winter schedule from major cities. Kingfisher airlines also provides facility of In-Flight -Entertainment. Fly Kingfisher 2.(2010)



## **Price**

Kingfisher airline follows differential pricing strategy which is also called dynamic pricing strategy and competes against major airlines in India such as Air India, Jet airways. Newman<sup>2</sup>, N. (2010). It is a premium airline and charge premium price for its business and economy class and provides high quality of services due to the change in consumer's tendency and emerging of new low cost airlines.

Kingfisher Red is a low fare section which adopts low fare pricing with full services. The pricing strategy of aviation industry is dynamic and mainly based on the behaviour of crude oil prices, Dollar rates and competition. Fuel prices today accounts for 45 percent of airlines total operating cost. Dr Vijaymallya stated that kingfisher Red is budget airline not a low cost carrier and fares were above those of LCC but lower than the economy class of competitors. ICMR.(2006)

## **Place**

Kingfisher airline connects all important sectors of business in addition to leisure destinations and provide economical airlines tickets to Delhi, Mumbai, Hyderabad, Goa, Chennai, Bangalore and other important cities. It provides services over 80 destinations including Domestic as well as international, more than daily 390 departures with 66 aircraft. Bhasin, H. (2010, June 28) they recently proclaim inaugurate of its domestic operations from " Terminal 3" of the Indira Gandhi International Airport, from 14th November 2010, New Delhi. Services from new terminal will provide smooth process and flawless

services among all international as well as domestic connections. Fly Kingfisher 3.(2010)

## **Promotions**

Kingfisher airline use heavy promotion campaign and spends lots of money in promotions; the team of kingfisher airline demonstrated that airline as ‘The New Flying Experience’ and use both techniques push and pull promotion strategies as follows:

### **Pull Promotion strategy**

Kingfisher airlines use advertisement hoardings at airports which represents the fashionable interior of the ‘Funliners’, and express the youthful, joy filled and world-class image.

They organize various fashion shows, celebrity golf matches, New Year parties in order to build its kingfisher brand.

The UB group publish their monthly magazine which is called “Pegasus” which provides information regarding kingfisher airlines. Bhasin, H. (2010, June 28)

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### **Push Promotion strategy**

Kingfisher airline provides special discounts for all individual serving in the India Armed forces, the union government, state government, and employees of all public sector units in country.

It was the official airline partner of the DLF Indian premier league (IPL) in season 2009.

Special discounts in kingfisher hotels mainly for kingfisher airliner traveller.

They provides group travel discount for group of 8 or more travelling in kingfisher class or group of 6 or more travelling in kingfisher first class for common purpose. Fly Kingfisher 4.(2010)

## **People**

Kingfisher airline is service industry which has two kinds of clients: External clients (passengers) and internal customers (employees). Kingfisher airlines uses the word “ GUEST” for its external client, Dr Vijay mallya has clear instruction to his crew that take care of every guest in the same manner as they have guest in his ownhome. Every crew has been provided a thorough training programme so that they can provide the services as per passenger’s expectations. Bhasin, H. (2010, June 28)

## **Process**

Customer can book their air ticket either online through kingfisher airlines website or through a Roving agent web check- in.

Customer can book ticket at nearest local kingfisher airline office

Kingfisher airlines also provides service of home delivery of ticket on demand

Fly by SMS service called king mobile was launched in 2005, in order to inform its passengers regarding flight updates, schedule and flight statuses through instant mobile alert. Bhasin, H. (2010, June 28)

## **Physical Evidence**

Kingfisher Airlines provides varieties of unique services to its passenger such as personal valet at the airport in order to help in luggage handling and boarding, Exclusive lounges and private space together with refreshments and music at the airport. In flight Entertainment facility, Passengers have choice of three Gourmet cuisines. Passengers can feel more comfortable with sleeper seats with extendable footrests. It also provides free food in kingfisher Red airline. Yatra Online Private Limited.(2010)

C: UserssahilDesktopsegmentation22. jpg

C: UserssahilDesktopsegmentation 222. jpg

(Refer to appendix 1, Naukri Hub 1.(2009), and Naukri Hub 2.(2009) for segmentation)

**Customised**

**Marketing**

**Focused**

**Marketing**

**Differentiated**

**Marketing**

**Target Marketing**

**Strategy**

**Undifferentiated**

**Marketing6. Types of Targeting Strategies**

**Targeting Strategy of Kingfisher Airline**

Kingfisher airline follows Differentiated Targeting Strategy. It mainly targets three types of customers in India on the basis of this provides three Elite classes such as:

Kingfisher First: a business class service which mainly concentrates on business class people who are willing to spend for first class services.

Kingfisher Class: is highly respected in economy which targets fashionable and ready-to-save middle class passengers.

Kingfisher Red: is low fare service of kingfisher airlines which mainly targets developing-middle class people which are primarily price cognizant.

Newman1, N. (2010)

## **Kingfisher Red (Budget Flyer)**

## **Kingfisher Class (Leisure Traveller)**

## **Kingfisher First (Business Traveller)**

## **Kingfisher Airline**

Differentiated strategy

## **7. Positioning Strategy of Kingfisher**

In terms of positioning strategy, Kingfisher airline positioned them self premium airline. Dr. Vijay Mallaya has clearly stated that Kingfisher Red will not be positioned as Low cost carrier (LCC), as passengers consider the attributes of a LCC as low quality of services. He believes that people in India pay for quality and services. This budget airline positioning is not a LCC but lower than the economy class of their competitors such as Indian airlines, Jet airways. It also provides the facility of multiple fare option and auction of its tickets on all travel routes. ICMR.(2006), Newman1, N. (2010)

## **Perceptual Maps**

High Services offered

Kingfisher Airline Kingfisher Red

Jet airways Air Indigo

Air India

Price of Ticket

High Low

Spice jet

Go Air

Low

Low

## 8. Recommendation

Kingfisher airline should improve its performance on important constraint such as punctuality. As per the research conduct by director general of civil aviation (DGCA) kingfisher has highest flight cancellation rate in 2010. Below figures shows the rate: Director General of Civil Aviation 2, 2010)

I: cancellation. jpg

I: reasons of cancellation. jpg

Above diagram explains the reason for cancellations. Based on this, it can be deduced that Kingfisher Airlines still lacks in providing world class service as promised by them. Director General of Civil Aviation 2, 2010)

Kingfisher airlines market share is still low as compared to Jet airways, as per the data revealed by DGCA. It may be due to the higher fare as compared to other low cost carrier such as spice jet, Air indigo, NACIL (I). Director General of Civil Aviation 1,(2010)

I: Untitled. jpg

Kingfisher airline should think about applying promotional campaign in mass media, in order to inform people more about Kingfisher Red and Kingfisher services. Also they should reconsider their budget flyer strategy as Low Cost Carriers like Spicejet and Indigo are far ahead in terms of market share.