

A
PROJECT REPORT ON
AVIATION INDUSTRY IN INDIA

SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR
MASTER OF BUSINESS ADMINISTRATION (MBA)

TO
**DEPARTMENT OF BUSINESS & INDUSTRIAL MANAGEMENT,
VNSGU**

DIV-B (MARKETING)

BY

ANIL PANDIT

RONIK PASSWALA

ABHAY PATEL

ACHAL PATEL

SHARAD KAUL

UNDER THE GUIDANCE OF

DR.RENUKA GARG



DEPARTMENT OF BUSINESS & INDUSTRIAL MANAGEMENT

VNSGU, SURAT.

CHAPTER-1 INDUSTRY PROFILE

Indian aviation sector has witnessed a remarkable growth story in the last decade with robust growth in passenger and cargo traffic, huge jump in the number of aircrafts operating in the country, an impressive increase in the non-scheduled operators, surge in investment in the airport infrastructure, rapid rise in the number of operational airports, modernization and augmentation of capacities at various metro and non-metro airports and much more.

Rapidly expanding air transport network and opening up of the airport infrastructure to private sector participation have fuelled the growth of the air traffic in the country. India is likely to be the fastest growing aviation market in the world in the next 20 years. Indian airport system is poised to handle 336 million domestic and 85 million international passengers by 2020, from the current level of 121 million domestic and 41 million international passengers, making India the third largest aviation market. According to International Air Transport Association's (IATA) Airline Industry Forecast 2012-2016, India's domestic air travel market would be among the top five globally, experiencing the second highest growth rate at CAGR of 13.1%.

The second phase of growth in Indian aviation is expected to come from Tier-II and Tier-III cities. The non-metro airports presently account for only about 30% of the total air traffic, which is expected to rise to 45% in the next few years, representing vast untapped future market potential. With smaller cities set to lead the air traffic growth in the country, the government is planning to build nearly 200 low-cost airports in the next 20 years to meet the demand for air travel.

With metro routes now being highly competitive and well served, airlines are looking for new market opportunities beyond metros. In an endeavour to strengthen the air connectivity domestically, Government has taken significant measures for providing affordable air connectivity to remote and interior areas of the country - the North Eastern Region and Tier-II & III cities of India. Apart from the development of low-frill airports and modification of Route Dispersal Guidelines, Government is in the process of formulation of a policy for the promotion of regional and remote-area connectivity, incentivizing Indian airlines to operate on these routes, by code-sharing and seat-credit mechanism.

Furthermore, Government is planning to construct 15 additional airports in the country under the Greenfield Airport Policy, by identifying the most suitable low cost viable model for development of small airports. These airports are expected to improve connectivity with underserved and unserved regions of India. Moreover, Airports Authority of India plans to invest INR 1500 crore in the development of non-metro airports during the 12th plan.

In pursuit of stimulating the air connectivity, India is planning to invest over US\$ 120 billion in the development of airport infrastructure (construction of new airports, expansion and modernization of existing airports) & development of low cost airports to keep the tariff at its minimal at smaller airports; improvement in connecting infrastructure(road, metro, sea, link etc.); development of world class Air Navigation Services (ANS) infrastructure; enhancing the present operations of helicopters to improve connectivity of remote/smaller places with bigger cities; modernizing security & surveillance at airports; and skill augmentation through a vibrant, world class aviation education & training mechanism.

The Indian civil aviation industry is on a high growth trajectory. India has a vision of becoming the third largest aviation market by 2020 and is expected to be the largest by 2030.

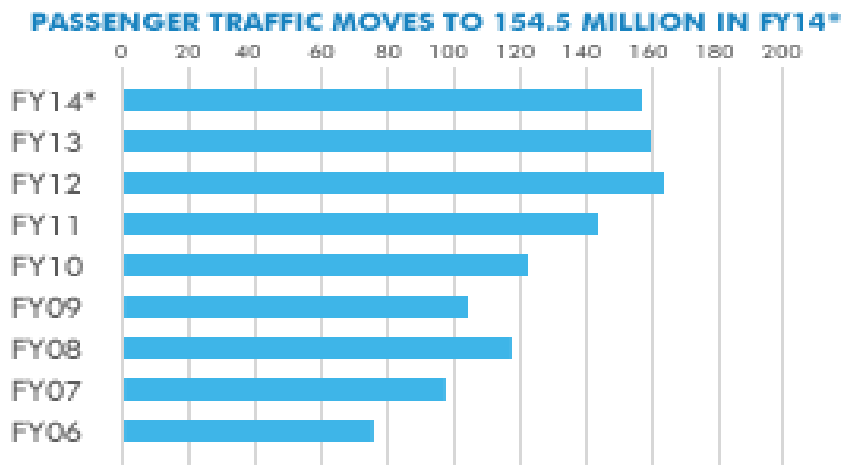
The civil aviation industry in India has ushered in a new era of expansion driven by factors such as low-cost carriers (LCC), modern airports, foreign direct investments (FDI) in domestic airlines, cutting edge information technology (IT) interventions and a growing emphasis on regional connectivity. Simply going by the market size, the Indian civil aviation industry is amongst the top 10 in the world with a size of around US\$ 16 billion.

Market size

- Total domestic passengers carried by the scheduled domestic airlines between January and May 2013 were 25.998 million, as against 25.808 million during the corresponding period of previous year thereby registering a growth of 0.74 per cent, revealed the statistics from Directorate General of Civil Aviation (DGCA).
- No-frill carrier IndiGo lead in terms of market share with 29.7 per cent of the pie, followed by Jet Airways-Jet Lite combine at 25.3 per cent, Air India Domestic at 19.2 per cent, Spice Jet at 17.5 per cent, and Go Air at 8.3 per cent for the month of July 2013.

Passenger traffic in India

Total passenger traffic stood at a 154.5 million in FY14.



MARKET SHARE-

Percent of Market Share



Top 10 Largest Airlines in India

1. Jet Airways

The Jet Airways is the largest airline in India with a market share of 24 percent. It was established on 1st April, 1992 and started operations on 5th May, 1993. Chhatrapati Shivaji International Airport, Mumbai is the main hub of Jet Airways. The revenue of Jet Airways is US\$2.6 billion and profit US\$ -220 million as of 2012. It is also one of the largest employers in the airline sector in India with more than 13900 employees. The fleet size of Jet Airways is 100 aircraft and ordered another 86 new fleet to expand the network.



2. Kingfisher Airlines

The Kingfisher Airlines is the second largest airline in India with a fleet size of 64 and ordered another 77 aircraft. It was founded in 2003 by Vijay Mallya's group company Kingfisher and they have ceased operation on October, 2012 and licence revoked in February, 2013. Their parent company is "United Breweries Group" and headquartered at The Qube, Mumbai in Maharashtra.



3. The National Aviation Company of India (NACIL)

NACIL is the aviation company of India, which operates India's oldest airlines i.e. Indian Airlines, Air India and Air India Express with a market share of less than 20 percent. Due to the recent financial crisis of the company, they got a bailout package from the Government of India to continue their operations. They serve in the key cities/metro cities of India such as Mumbai, Hyderabad, Pune, Kolkata, Chennai and others.

4. Air India

Air India is one of the oldest airline companies in India with presence in all the major as well as small cities of India. It was founded in July, 1930 as the Tata Airlines and started operations on 15th October, 1932. The airline was founded by one of the great industrialists JRD Tata. They serves major, short as well as medium level destinations in India and across the world.



5. Air India Express

Air India Express is another Government of India enterprise under the subsidiary of Air India which is based in Mumbai, Maharashtra. It was founded in May, 2004 and started operations on 29th April, 2005. The Air India Express fleet size is 20 aircraft and serves in more than 29 destinations. The Air India Express was started to compete with other low-cost airlines in the country.



6. IndiGo

IndiGo is one of the fastest growing private airlines in India. IndiGo has a market share of more than 15 percent and ranked at #6 position. The IndiGo Airlines is wholly owned by the InterGlobe Enterprises and serves in major destinations of India such as Kolkata, Chennai, Mumbai, Bangalore (Bengaluru) and New Delhi. The fleet size IndiGo Airlines is more than 22 aircraft, which served more than 5 million passengers.



7. SpiceJet

SpiceJet is another budget airline company in India with a market share of less than 20 percent. It was founded in 1993 as ModiLuft and started operations on 5th May, 1993. The SpiceJet Airlines serves in key cities of India such as Pune, Chennai, Ahmedabad, Goa and so on. Previously, it was owned by the NRI group and recently it was acquired by the media king Kalanithi Maran.



8. GoAir

GoAir is the one of the most popular budget airlines in India. GoAir is owned by the Bombay Dyeing and Britannia Industries. It was founded in 2005 and started operations in November, 2005. The fleet size of the GoAir is 19 aircraft and serves in more than 20 destinations. The GoAir is headquartered in Worli, Mumbai, Maharashtra with the slogan of “Fly Smart”.



9. Paramount Airways

The Paramount Airways another key player in the domestic aviation market in India. They become the first key player in 2005 to use Brazilian Embraer aircraft. It was founded in October, 2005 and started operations in August, 2010. The Paramount Airways serve in the major cities of India such as Coimbatore, Chennai, Kochi, Madurai, Bangalore and Thiruvananthapuram.

Updated: The Paramount Airways ceased its operations in August, 2010.



10. MDLR Airlines

MDLR is an unknown name at the national level in India. They have very much less market share in the country but they are growing at the good rate. It was founded in 2007 and started operations in 2009. The Indira Gandhi International Airport is the primary hub of the MDLR Airlines. They have three 70 seater aircraft and provides regular flights to Ranchi, Kolkata, Chandigarh, Dehradun, Delhi and Dharmasala.

Updated: The MDLR Airlines suspended its operations from 5th November, 2009.



CHAPTER-2 COMPANY PROFILE

INTRODUCTION:

Jet Airways, which commenced operations on May 5, 1993, has within a short span of 17 years established its position as a market leader. It's one of the fastest growing airlines in the world, and now it's all set to change the way you fly - for the better!

The airline has had the distinction of being repeatedly adjudged India's 'Best Domestic Airline' and has won several national and international awards.

Jet Airways flies to 65 domestic and 20 international destinations span the length and breadth of India and beyond, including New York (both JFK and Newark), Toronto, Brussels, London (Heathrow), Hong Kong, Singapore, Kuala Lumpur, Colombo, Bangkok, Kathmandu, Dhaka, Kuwait, Bahrain, Muscat, Doha, Riyadh, Jeddah, Abu Dhabi and Dubai. Jet Airways is the most preferred domestic airline in India. It is the automatic first choice carrier for the travelling public and sets standards, which other competing airlines will seek to match. Jet Airways will achieve this pre-eminent position by offering a high quality of service and reliable, comfortable and efficient operations. Jet Airways will achieve these objectives whilst simultaneously ensuring consistent profitability, achieving healthy, long-term returns for the investors and providing its employees with an environment for excellence and growth.

Since the acquisition of Air Sahara (renamed as Jet Lite) in April 2007, Jet Lite is a wholly owned subsidiary of the company. Jet Lite currently operates a fleet size of 24 aircrafts flying to 31 destinations within India & operating around 127 flights daily. It also flies to Colombo & Kathmandu.

Naresh Goyal (60), the founder Chairman of Jet Airways, has over 38 years of experience in the Civil Aviation industry. He is the recipient of several national and international awards.

In 1991, as part of the ongoing diversification programme of his business activities, Mr. Naresh Goyal took advantage of the opening of the Indian economy and the enunciation of the Open Skies Policy by the Government of India to set up Jet Airways for the operation of scheduled air services on domestic sectors in India. Jet Airways commenced commercial operations on May 05, 1993.

In these 17 years, Jet Airways has emerged as one of India's largest private domestic airlines, and has been acclaimed by frequent travellers as the most preferred carrier offering the highest quality of comfort, courtesy, standards of ground and in-flight services and reliability of

operations. Jet Airways currently operates a fleet of 10 - Boeing 777-300 ERs, 48 New and Next-Generation Boeing 737s, 12 Airbus A330-200 aircraft and 14 ATR72-500s turbo-prop aircraft.

The airline has also been conferred with several national and international awards instituted by leading organisations including the Market Development Award for 2001 of Air Transport World (ATW) of USA. Jet Airways has also won the 'Service Excellence Award' hosted by Global Managers at Mumbai.

Jet Airways with the acquisition of JetLite, today has a combined fleet strength of 107 aircraft and offers customers a schedule of over 444 flights daily.

The former Prime Minister, Dr. Manmohan Singh presented the first NDTV Profit Business Award 2006 to Jet Airways, which was received by the Chairman, Naresh Goyal at a glittering function at Taj Palace Hotel on July 28, 2006. The award, in the aviation category, is to salute the men and women who fuel India's journey to the forefront of the World Economy.

Chairman, Naresh Goyal was accorded the prestigious TATA AIG - Lifetime Achievement Award at the Abacus-TAFI Awards ceremony organized during the TAFI (Travel Agents' Federation of India) International Travel Convention 2007, on Saturday 8th September, 2007 at the Sutera Harbour Resort in Kota Kinabalu, Malaysia.

Chairman, Naresh Goyal, was conferred with "Travel Entrepreneur of the Year" award at the 19th annual TTG (Travel Trade Gazette) Travel Awards. The awards were presented at a glittering ceremony and gala dinner on Thursday 25th October, 2007 at the Sofitel Centara Grand, Bangkok.

SUBSIDIARIES:

➤ JetLite

JetLite was a wholly owned subsidiary of Jet Airways. It was established as Sahara Airlines on 20 September 1991 and began operations on 3 December 1993 with two Boeing 737-200 aircraft. Initially services were primarily concentrated in the northern sectors of India, keeping Delhi as its base, and then operations were extended to cover all the country. Sahara Airlines was rebranded as Air Sahara on 2 October 2000. On 12 April 2007 Jet Airways took over Air Sahara and on 16 April 2007 Air Sahara was renamed as JetLite. JetLite operated a fleet of mixed owned-leased Boeing 737 Next Generation aircraft and Bombardier CRJ-

200ER. JetLite ceased operations on 25 March 2012 after merger with Jet Konnect. The Bombardier jets were phased out but the Boeings remained in service and operated for JetKonnect. JetLite offered a buy on board service called JetCafé, offering food for purchase.

➤ **JetKonnect**

JetKonnect, formerly Jet Airways Konnect, is the low-cost brand of Jet Airways. It was launched on 8 May 2009. It operates a fleet of Boeing 737 Next Generation aircraft. The rationale for launching Jet Konnect was to close down loss-making routes and divert the planes to more profitable routes with higher passenger load factors. Jet already ran a low-cost airline named JetLite. According to Jet Airways, the decision to launch a low-cost brand instead of expanding the existing JetLite was taken to avoid the regulatory delays associated with moving excess aircraft and assets from Jet Airways to JetLite, which have separate operating codes. Jet Konnect offers a no frills flight where meals and other refreshments have to be purchased on board. To identify if the flight is a full service or Konnect the flight numbers for Konnect are in the series 9W 2000-2999. Jet Airways merged the JetLite brand into Jet Konnect on 25 March 2012. Jet Airways offers eight business class seats in Konnect to cash in on Kingfisher Airlines' woes. In December 2012, Jet Airways placed an order for 5 ATR 72-600 aircraft to "enhance regional connectivity." The first aircraft was delivered the same month, leased from GECAS and was operated for JetKonnect.

Codeshare

As Jet Airways, expands its wings over international skies, they are also actively entering into codeshare relationships with various international airlines to enable their passengers to fly to more destinations than ever before on Jet Airways marketed flights.

A Codeshare is an arrangement between two airlines (Airline A & Airline B) whereby Airline A will market and sell the flights of Airline B as though they were the flights of Airline A and / or vice versa. This arrangement allows us to provide you with a greater choice of destinations with seamless connections.

They make it easy for you to identify a codeshare flight by including a note which specifies the name of the operating carrier right below the flight details.

In October 2008, Jet Airways and rival Kingfisher Airlines announced an alliance which primarily includes an agreement on code-sharing on both domestic and international flights, joint fuel management to reduce expenses, common ground handling, joint utilization of crew and sharing of similar frequent flier programs.

Jet Airways has codeshare agreements with the following airlines (as of June '13):

- Air Canada
- Air France
- All Nippon Airways
- Alitalia
- American Airlines
- Brussels Airlines
- Etihad Airways
- Kenya Airways
- KLM
- Virgin Atlantic
- Malaysia Airlines
- South African Airways
- Qantas
- United Airlines

SERVICES:

The Airbus A330-200 aircraft have two classes: Première and Economy. The Boeing 777-300ER aircraft has three classes of service: First, Première (Business), and Economy. Being a Full Service Airline, meals are served on all classes of travel.



First Class on board the Boeing 777-300ER

- **First Class**

First class is available on all Boeing 777-300ER aircraft. All seats convert to a fully flat bed, similar to Singapore Airlines first class seat but much smaller. It was the second airline in the world to have private suites. All seats in First have a 23-inch widescreen LCD monitor with audio-video on-demand systems (AVOD), BOSE noise cancelling headphones, in seat power supply, and USB ports etc. Jet Airways is the first Indian airline to offer fully enclosed suites on its aircraft; each suite has a closable door, making for a private compartment.



Première on board the Boeing 777-300ER

- **Première**

Première (Business Class) on the Airbus A330-200 and Boeing 777-300ER international fleet has a fully flat bed with AVOD entertainment. Seats are configured in a herringbone pattern (1-2-1 on the Boeing 777-300ER, and 1-1-1 on the Airbus A330-200), with each seat offering direct access to the aisle. Première seats on the A330-200s leased from ILFC are configured differently in a 2-2-2 non-herringbone pattern. Each Première Seat has a 15.4-inch flat screen LCD TV with AVOD. USB ports and in-seat laptop power are provided. All seats are standard recliner business-class seats with a few newer aircraft with electronic recline and massager.



JetScreen IFE in Economy class on board a Boeing 737-800

○ **Economy Class**

Economy class on Jet's A330-200/777-300ER aircraft has 32-inch seat pitch. Seats on the A330-200/777-300ER have a "hammock-style" net footrest. The cabin is configured in 2-4-2 abreast on the Airbus A330-200, and was recently changed to 3-4-3 on the Boeing 777-300ER from 3-3-3 to increase revenue. Each Economy seat on the A330-200/777-300ER has a personal 10.6-inch touch screen LCD TV with AVOD.

All three classes feature Mood lighting on the Airbus A330-200 and Boeing 777-300ER, with light schemes corresponding to the time of day and flight position.

○ **International Short Haul & Domestic**

Boeing 737 Next Generation aircraft are configured in Première and Economy Classes. The ATR 72-500 have Economy class configuration only. The Première features 40-inch extra-wide seats with a personal Widescreen LCD attached to each seat. The Première cabin is configured in a 2-2 abreast pattern. Jet Airways Economy class on its Boeing 737 Next Generation features 30-inch seat pitch with personal Widescreen LCD behind each seat. Jet Airways was the World's first airline to introduce in-flight entertainment systems on the Boeing 737 aircraft. The Economy class cabin is configured in a 3-3 abreast pattern on the Boeing 737 Next Generation and 2-2 abreast pattern on the ATR 72-500.

○ **In-Flight Entertainment**

Jet Airways' Panasonic eFX IFE system on board the Boeing 737-700/800 and Panasonic eX2 IFE system on board the Airbus A330-200/Boeing 777-300ER, called "JetScreen", offers audio video on-demand programming (passengers can start, stop, rewind, and fast-forward as desired). It has over 100 movies, 80 TV programmes, 11 audio channels and a CD library of

125 titles. The system operates via individual touchscreen monitors at each seat, and is available in all classes. In late 2012, Jet introduced a feature on their Airbus A330-300, called eXport. eXport allows passengers to plug-in their personal Apple devices such as iPods, iPads and iPhones through an eXport socket located immediately below the video screen. This would allow passengers to access their own media during the flight.

- **Airport Lounges**

Jet Airways Lounges are offered to First and Première Class passengers, along with JetPrivilege Platinum & Gold card members. The international lounge at Brussels has showers, business centre, entertainment facilities and children's play areas.



CLOSEST COMPETITORS:

5.1 INDIGO

IndiGo is India's largest airline with a market share of 29.7 per cent as of July 2013 as well as the country's largest low fare carrier. IndiGo is the fastest growing low cost carrier in the world. IndiGo has a simple philosophy: offer fares that are always low, flights that are on time, and a courteous, hassle-free travel experience. IndiGo's On Time Performance is one of the best in India. IndiGo's Technical Dispatch Reliability is 99.91% making it the airline with the least number of cancellations in India. With its fleet of 70 new Airbus A320 aircraft, the airline offers 447 daily flights connecting 34 destinations - Agartala, Ahmedabad, Bangkok, Bengaluru, Bhubaneswar, Coimbatore, Chandigarh, Chennai, Delhi, Dibrugarh, Dubai, Goa, Guwahati, Hyderabad, Imphal, Indore, Jaipur, Jammu, Kathmandu, Kochi, Kolkata, Lucknow, Mumbai, Muscat, Nagpur, Patna, Pune, Raipur, Ranchi, Singapore, Srinagar, Trivandrum, Vadodara, and Vishakhapatnam.

5.3 AIR INDIA

Air India is the flag carrier airline of India. It is part of the government owned Air India Limited (AIL). The airline operates a fleet of Airbus and Boeing aircraft serving Asia, the United States, Europe and now Australia. Its corporate office is located at the Indian Airlines House, in the parliament street of New Delhi. Air India has two major domestic hubs at Indira Gandhi International Airport and Chhatrapati Shivaji International Airport.

In 2013, Air India has come to third spot. Following its merger with Indian Airlines, Air India has faced multiple problems, including escalating financial losses. In October 2011, talks between the airline and Star Alliance have resumed. In April 2012, the Indian government granted another bailout package to Air India, including ₹ 300 billion (US\$4.6 billion) of subsidies. In order to raise funds for reconstruction,

Air India remains as a state-owned company through Air India Limited. However, government ownership of the airline has subsequently led to multiple problems, such as mounting financial

losses, shrinking market share, over-staffing, and escalating labour disputes. Historically, there have been attempts to re-privatize Air India to turn it around, but in 2001 Singapore Airlines pulled out of the bidding process. Since then there has been a change in Government, and the new Government's policy is to not privatize Air India. Furthermore, it is also believed that mismanagement and corruption have impacted Air India's financial performance.

MARKETING STRATEGIES:

Product & Services Offering

Jet Airways offers various types of products and services to its customer and it will also depend upon the types of customers. Products and services offered by Jet Airways are as follows:-

- **Jet Privilege**

Jet Privilege, members enjoy a truly rewarding experience with unique privileges across five membership tiers: Blue, Blue Plus, Silver, Gold and the exclusive Platinum. Jet Privilege members can expect to earn more miles, enjoy more benefits, quicker tier upgrades and easier tier renewal, easier redemption and more. Jet Privilege has won Freddie Awards considered the 'Oscars' of frequent flyer programmes across the world, winning 'Program of the Year' at the Freddie Awards 2006, 2007 and 2012 among other awards.

- **Check-in Option**

Travellers may now check in for their flight from 48 hours to 2 hours prior to the scheduled departure time. Jet Airways offers you numerous check-in options to choose from. Save time by checking in online or on your mobile phone or simply visit the airport and check-in using our new age Kiosk machines and avoid long queues at the check-in counter. Other check-in options are also easily available. Read more to avail of a check-in option most convenient to you.

- **Airport Lounge**

Jet Airways offers Lounge facilities to its Jet Privilege Platinum and Gold Members. In these lounge feel relax and have eatables.

- **Special Assistance**

Jet Airways understands that some of our guests have special needs. It is our constant effort to meet these needs to the best of our ability. This section will give you a glimpse

into some of the special requirements that we cater to so that all of our guests can travel in comfort. Infant and Child Care. Expectant Mothers, Unaccompanied Minors, Guests with Disabilities, Medical Case, Extra Seat and Traveling with Pets

- **Jet Mobile**

Jet Mobile is a real-time and fully automated service designed to provide our guests with instant information on their mobile phone. With the Jet Mobile service you can access information such as flight status, schedules, set alerts or automatically receive flight delay messages. Now, you can also request for your JetPrivilege account details or search for the lowest fares on our flights.

- **Google Now**

Get everything you need to know before you go. Jet Airways has now integrated Google Now for all flights booked on jetairways.com. This smart app provides you with convenient and relevant travel updates just when you need them. Google Now is compatible on iPhone, iPad and Android devices with Jelly Bean version 4.1 or higher. Guests using iPhone or iPad will be required to download the Google Search App to access Google Now.

- **Jet Kids**

Jet Kids is our special programme for the younger patrons, children between the age of 2 to 12 years of Jet Airways. Jet Kids was launched in the year 1999 keeping in mind that "how long the kid would be amused by clouds". It became an instant success with kids. July 1, 2003 marked the launch of the new Jet Kids programme with more excitement and offers. Our endeavour has always been to add value through various promotions, interactions, tie-ups and sponsorships.

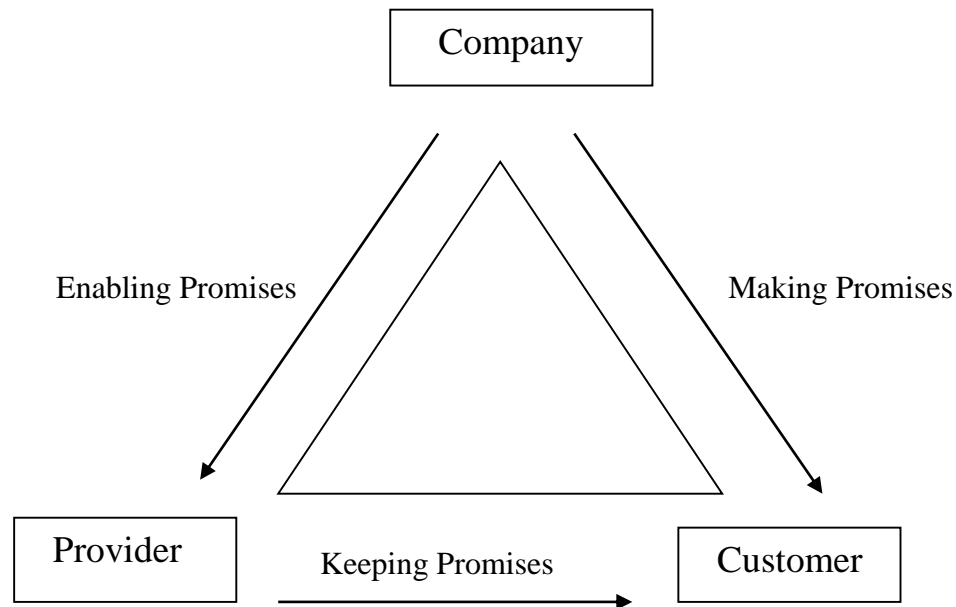
Marketing Mix:

The marketing mix of Jet Airways is as follows:

- **Product**
 - Aviation services
 - Airport Lounge
 - Jet Privilege
 - Jet Kids
 - And many more
- **Place**
 - All locations
 - Some locations are covered by code share.
- **Price**
 - Range start from Rs 2,700
 - Only minor changes in pricing policy due to increase in fuel price i.e. ATF (Aviation Turbine Fuel) or Liquefied Hydrogen Gas.
- **Promotion**
 - Through movie i.e. Nayak & Gajini
- **People**
 - “People are hired for what they know but fired for how they behave”
 - Motivation and personal skills
- **Physical Evidence**
 - Cuisine & In-flight entertainment facilities
 - Kiosks – check-in counters
 - Jet boutique – in flight fashion apparel Jet kids – in flight kids programme
 - Jet mall – in flight shopping
- **Process**
 - Self-service to table service
 - Complaints and feedback
 - Response time

THE SERVICE MARKETING TRIANGLE

One can better understand the workings of airlines by looking at its marketing triangle.



ENABLING PROMISES MAKING PROMISES KEEPING PROMISES

There are three entities in the entire transaction:

- Customer:

He is the person who wishes to satisfy his need i.e. of transportation from one destination to another.

- Company:

This is both the dreamer and the offered. It is the various airlines, which offer its aviation services to satisfy the customers demand for transportation from one destination to another.

For e.g.: The Indian airlines

- Provider:

These are finally the people who interact with the customers. They are the ones who carry out the final transaction. The customers actually come in contact with the service provider and not the company. For e.g.: The Airhostess and the crew. The interaction between these

Three parties

While providing the service takes place in the following manner:

- The company is established with the basic objective of providing the specific transport service. Thus the airline industry with players like Indian airlines, jet airways, Sahara airways etc came into being

- The air service provider that is the company communicates with the customer and makes him aware of the services. It makes promises to the customer through advertising through various medias. For e.g.: the TV ad of Indian airlines advertising its new sleep in seats.

- The customer who gathers knowledge about the service approaches the company for availing his service in order to satisfy his need. This interface of the customer with the company is through the customer's interaction with the providers of the company. The company enables its promises to the customers through setting up facilities to deliver the promises that is by setting up ticket and enquiry counters. The outcome of the "to be transaction" is determined by the interaction between the provider and the customer. Hence the company aims at offering its providers with the required infrastructure and training to optimize the quality of the transaction. For e.g.: Yearly employee training programs and performance appraisals done by Sahara airlines.

INFLIGHT CUSTOMER EXPERIENCE



THE PROMOTION MIX:

The formulation of an ideal promotion mix is essential to inform sense and persuade the users. The business managers, business executives, politicians, cineartists, high spending tourists, business houses using expensive inputs and trading the same, the Department of Posts, domestic and international tourists are some of the users of the air services. The users appear to be more conscious, aware of their rights and in a majority of the cases are found sophisticated. However, majority of the users are sophisticated and therefore the promotional efforts are required to be more creative. The professionals engaged in the air services bear the responsibility of blending the different components of promotion in such a way that the task of increasing the business is simplified. Since a number of airways and airlines have been facing problem of financial crunch, it is pertinent that they make possible an optimal use of the different components of promotion. The various components of promotion used in the airlines industry are:

As any other service, the air transportation service needs creative advertisements to promote their business. This is the first component of the promotion mix, which is based on professional

excellence of the advertising agencies. In view of the rising cost of inputs and increasing the impact of worldwide economic depression on the air transportation, there is a need to make the advertisement budget optimistic vis-a-vis optimal. This is essential to regulate the multi-dimensional expenses found of unproductive nature and instrumental in making the service expensive. The telecast media and the print media are found important while promoting the air business. While advertising through the telecast media, budgetary constraints and budgetary provisions should be considered. Also the quality and nature of target market and level of expectations should be kept in mind. The advertising professional need to make the advertisement slogans, campaigns, message proactive to the generation of business. The airlines have also to make it sure that whatever the strategic decisions they make to promote the business are in a position to establish an edge over the promotional measures of the competitors. They are also required to assign due weight age to the efforts made for the projection of a positive image. The Indian Airlines as well as Air India have been facing the image problem but the advertisement may be efficacious in transmitting the facts and removing the image problem. It is essential that while advertising one has to keep in mind the image of the country, the natural scenes, the tourist attractions, rich cultural heritage or so which would energize the process of motivating the tourists. It is said that both the domestic as well as international flights have been facing the problem of poor occupancy ratio and therefore nothing concrete or positive can be said about the products and service offerings or multi-dimensional attractions/ benefits given by them. While advertising, it is impact generating that we select an opportune moment of flight, an attractive scene of take-off, high attractiveness of personnel in general and the air hostess in particular, the landscape of an attractive tourist center, wild life sanctuaries, lake, park and so on. The air transportation services can also use the broadcast media.

Publicity:

Publicity is a process of persuasive communication for which no payment is made. Strengthening public relations activities is found essential to promote the business airlines or airways. The Public Relations Officer, Receptionists, Travel Agents, Travel Guides, Media people are some of the sensitive points of publicizing the business. The most important point in this is the co-operation of media. The marketing professionals should have an idea of magazines, newspapers preferred by the prospects or users and they develop rapport with the correspondents concerned. The Airlines need to recruit efficient personnel for that very purpose

that should have professional excellence no doubt but in addition they are also required to have the potentials of attracting the users, prospects. For e.g.: Indian Airlines helped the cancer patients and took them for a for a small outing as a part of their public relation campaign. Similarly, Sahara linked up with Close-up by taking Hrithik Roshan. Here for Close-up it is a promotional strategy while for Sahara a publicity that an airline is linking up with FMCG by using an entity.

Sales promotion

A component of promotion adopted for a particular period to touch the target and withdraw the measures when the time is over is known as sales promotion. The tool based on incentives is found instrumental in sensitizing the users. The travel agents contribute a lot to the promotion of air transport business and therefore we need to think in their favor on a priority basis. The tour operators also contribute to the process and therefore need to think in their favor. The front-line staff in the offices of the airways and the receptionists working there also play the same role. This makes it significant that they are given some incentives which are in the form of holiday trip to a particular place, concessional services to their children or spouse also. Also offering them with innovative gifts, which have not been offered by their competitors, can be given. The nature and type of incentives would depend on the contributions of providers. If they make immense contributions, the incentives would be in good quality and volume. There are incentives given called the promotional incentives on the basis of the frequency of using the services. For e.g.: Through Jet Airways, return ticket passengers on metro flights (both economy and business) can avail a discount at all Taj and ITC hotels in South India. Also Sahara has a crazy assortment of gifts being handed out (it's 'Take Offer'). Braun Mixer grinders, CTVs, cameras, handy cams, mobile phones and even free holiday packages are up for grabs as a part of their sales promotion campaign.

Word of mouth promotion

This happens to be an important constituent of promotion mix in which the promoters act as a hidden sales force. The air transport organization depends on this type of promotion if they feel that the quality of services offered by them is of world class. In the Indian perspective, the Indian Airlines, Air India, Sahara India, Jet Airways and others may use this component of promotion if they realize that providers have not been distorting the quality of services promised.

Telemarketing

Telemarketing is playing an important role in promoting the business. The telemarketers can serve multi-dimensional purposes. They can play an outstanding role of informing, sensing and persuading the users even without making a big investment. A telephonic instrument and a well-trained telemarketer are found essential. The queries and questions of the users/prospects can satisfactorily be answered and misunderstanding, confusion and communication gap can be removed if telemarketers are professionally sound. The booking counters, then queries, the reception counters, the users' complaints and grievances cell, the announcers are found playing an incremental role in promoting the air business. For this the telemarketer must have high communicative ability, attractive personality and micro phonic sound.

THE PRICE MIX:

Pricing decisions play a decisive role in managing the business of air transportation. The increasing operational costs, the mounting competition, the falling occupancy ratio, the imbalances in demand and supply, the increasing pressure of inflation are some of the important factors influencing the strategic decisions for setting fare and freight rates in the air transport business. The Ministry of Tourism and Civil Aviation, the Indian Airlines Corporation, the National Airports Authority, the International Airports Authority of India, the Air India Corporation is the bodies directly or indirectly influencing the process of making the pricing decisions. The main problems to make the pricing decisions competitive because it is found that even the private air transport organizations are involved in the process too. It is seen that the following are the features in price i.e.: 1. Flexibility; 2. Price Level; 3. Differentiation; 4. Discounts and Allowances. While price is tactical, it has localized implementation, it is temporary in nature and therefore price is flexible. The below is an article from the Business Standard issue of 1st October-02 which shows how fares have lessened and what are the additional benefits which are being provided to the customers.

IA takes fare war to Jet's turf... extends sops to peak season

Domestic carriers have been successful in increasing their load factors, following an increase in takers for airline schemes that offer passengers huge discounts (nearly 50 percent in certain sectors). Though the bottom lines of airlines have improved, this phase will last only till the end of the lean season. (October) in most cases. There had been a decline in passenger load

post-11 September, but these schemes have been able to retain loads. With all major domestic airlines – Indian Airlines (I-A), Jet Airways and Sahara- announcing various schemes to lure passengers, it would not just lead to displacement of passengers from each other's airlines but also encourage those traveling by rail or road to travel by air. More good news for air travelers. Indian Airlines (IA) has announced a revised apex fare scheme with effect from November 1 to March 31 2003 thereby extending the early bird scheme to the peak season. Under the new scheme covering 53 destinations, the advance booking period has been reduced from 21 days to 15 days. Cancellation and refund rules have also been relaxed and the passengers cannot change their reservation plans or get refund at least 15 days prior to the date of travel after paying a minimal charge of Rs.100 per ticket.

The new fares, to be effective from November 1 of this year see a Rs.520 or 13.25 percent drop on the Delhi-Mumbai sector. The new IA fare of Rs. 3,400 is 6 percent lower than a Delhi – Mumbai Jet Airways ticket cost Rs.3,620. The gap between an AC first class Rajdhani ticket and an IA economy ticket on the Delhi-Mumbai route had widened with the rail fare 19 percent costlier at Rs.4,180. The AC-II tier Rajdhani ticket at Rs.2,045 is, however nearly 30 percent cheaper. Till now, the airline has been offering around 12-13 per cent of the total economy class seats under the apex fares scheme, the officials of IA added. Around 2,500 seats a day was being offered under the scheme out of 2000 economy class seats in 50 destinations where the scheme is valid. "We have managed to convert the first class train traffic and create a new segment altogether. While the seat factors increase to 65-70 per cent during the peak season, the additional traffic would only contribute towards a higher seat factor without much effort," IA officials said. The airline has been flexible on the availability of seats under this category and based on its analysis of the demand-supply, traffic profile of the route and cost benefit analysis, it has been varying the number of seats offered under the scheme. During the lean season (August-October), it has often offered close to 3,000 seats of the available 20,000 seats a day in the economy class. All categories and routes taken together, IA has a capacity of around 34,000 seats a day. The airline's revenue from business traffic is around 80 per cent, while that from leisure traffic accounts for 20 per cent. Jet Airways has also decided to cut the number of seats offered under the Apex scheme. The airlines have slashed the number of seats offered per flight under the scheme from 15 per cent to 10 per cent. Senior Jet officials said the airline would offer 40 per cent lesser seats daily across its network, than what was offered during the August-September period. The airline was offering approximately 3,000-4,000 seats on its Apex scheme during the last two months. The other seven sectors on which IA announced

a fare cut include Mumbai-Bangalore(now Rs.2,700 from Rs.2,480), Kolkata – Guwahati (Rs.2000 from 2205),Mumbai – Kochi (Rs.3200 from Rs.3250), Delhi –Bangalore(Rs.4,500 fromRs.5,055).Delhi-Kochi(now Rs.6530) and Delhi- Trivandrum (now Rs.6.555).On an Airbus A-300s IA offers 25 seats out of 212 economy class seats available, while on Airbus A-320s and Boeing 737s it offers 15 seats out of 126 and 119 seats available.

THE PLACE MIX:

This dimension of marketing mix focuses on processing of services and selecting the location points for airways and airlines offices keeping in view the comforts and conveniences of the end users. By the processing of services, our emphasis is on the involvement of channels, front line-staff, travel agency offices; offices of the tour operators or so from where service flow and reach the ultimate users.

If in course of the journey, you are supposed to change the aircrafts and the duration of stay is long, it is the responsibility of the airport authorities and concerned airway and airlines to make available. Another dimension of place mix is related to location and management of the offices of the airways, travel agents, tour operates, transport operators or so.

1. The main thing in the selection of a place is easy accessibility. The place is required to be safe, well connected with all-weather proof roads where all the required infrastructural facilities are to be available.
2. The technology-driven booking system is to be ensured.
3. The water and sanitation facilities for the users and comfortable seating arrangements need due care of the travel agents or airways offices. The lighting, ventilation facilities need to be made available.
4. The interior decoration, furnishing, plantation need aesthetic sense so that the users from a positive opinion regarding the airways services.
5. The positioning of posters of airways and airlines which look attractive and draw the attention of the users attending the offices for chartered flights, packaged tour need due care.

6. It is in this context that we find management of place an important component of the marketing mix.

In view of the above, it is right to mention that air transportation business is linked with a number of allied services offered by a number of agencies and organizations. If we don't find cohesion and coordination the promised services would hardly reach to the end users.

THE PEOPLE MIX:

What Airlines Look For?

One of the most common questions before an interview, and even afterwards (especially for candidates who have been unsuccessful) is "Just exactly what are they looking for?" This section aims to address that question before moving on to the selection process (which is how airlines go about getting what they look for!). In truth, there is no definitive answer because airlines all have their own unique requirements, and choose their employees accordingly. However, here at least is an insight into how cabin crew recruitment is gauged and managed. In making a decision about the employment of cabin crew, all airlines consider three prime elements: Eligibility - Suitability - Specific Requirements. Put together, these three elements form a 'person specification', which interviewers use to determine if a candidate is right or not.

1) Eligibility

These are facts that can be determined either by physical or by documentary evidence. Eligibility checks are likely to include: Does the candidate have a passport? Does the passport allow the candidate to fly to all the countries the airline operates to? Has the candidate residential status or permit to work in the country he/she will be operating from? Is the candidate fit and healthy (has he/she passed the airline medical check)? Has the candidate passed the airline's 'in house' isometric / numeracy / literacy / general knowledge tests? Has the candidate provided adequate references? Can the candidate swim? (This last one for 'ditching' drills - not the hotel pool!). An airline may have additional eligibility tests depending upon its own specific requirements. These may include: Does the candidate meet the required age profile? Does the candidate meet the required height/weight profile? Has the candidate attained required educational (or other) qualifications? Is there documentary evidence to support the qualifications the candidate claims to have? Has the candidate acquired adequate

experience in a customer service or public contact role? Can the candidate speak a second language? To what level of proficiency can the second language be spoken? Not all airlines are the same, so in order to avoid disappointment candidates are recommended to investigate eligibility criteria carefully before applying for a job.

2) Suitability

This is clearly more difficult to assess than eligibility, because instead of facts it involves identifying the right personal qualities. These have been covered in the section 'The Role of Cabin Crew', and airline managers will be looking for people who can best fulfill that role. To summarize, the minimum requirement is for reliable, presentable individuals, who can provide a service in a friendly way, interact well with people, work as part of a team, and cope with difficult or emergency situations. Airlines will also be looking for people whose performance will not be adversely affected by the disadvantages of the job (see 'disadvantages' in previous section), and will readily accept direction/training.

CHAPTER-3 RESEARCH METHODOLOGY

➤ OBJECTIVE:

Primary Objective

- To study the customer satisfaction level for the various services provided by Jet Airways.
- To find out the effectiveness of the services provided by Jet Airways in respect of other airlines like Air India, IndiGo etc.

Secondary Objective

- To find the preferences of customers of airlines.

➤ SOURCES OF DATA

Primary Data:

Primary data has been gathered by a comparative questionnaire based on the services such as reservation on tickets, delay of flight and behaviour of the staff, baggage and handling and about the meal provided in the aircrafts.

Secondary Data:

Secondary data has been gathered by the help of various books, magazines and websites.

➤ **RESEARCH DESIGN**

The Research design which is used in this project is of **Exploratory**.

➤ **SAMPLE DESIGN**

A proper questionnaire has been prepared based on various issues related to customer satisfaction. This questionnaire have been filled by customers, who have their own experiences with various airlines. The size of sample is taken as 30. On the basis of these questionnaire, evaluation and further recommendations are given.

QUESTIONNAIRE

I am making project on Jet Airways kindly help me by filling the questionnaire.

Q.1. How often do you travel by air in a year?

| | | | |
|------|-------|--------|------------------|
| Once | Twice | Thrice | More Than Thrice |
|------|-------|--------|------------------|

Q.2. What is your main purpose for travel?

| | | | |
|---------------|-----------|-------------|--------------------------------|
| Business Trip | Vacations | Short Break | Visit With Friends & Relatives |
|---------------|-----------|-------------|--------------------------------|

Q.3. Please states the importance of the following elements to you which leads to your satisfaction and loyalty for an airline.

| | Least Important | Less Important | Neutral | Important | Most Important |
|--|-----------------|----------------|---------|-----------|----------------|
| Reliability (Service) | | | | | |
| Assurance (Knowledge, Skills and courtesy) | | | | | |
| Empathy (Individual attention to a customer) | | | | | |
| Responsiveness (Provide promptly service to passenger) | | | | | |
| Quality of Service (In Flight) | | | | | |
| Quality of Food and Beverages (Meals on Board) | | | | | |
| Punctuality of Flight and Ground Services | | | | | |
| Ticket Flexibility | | | | | |

| | | | | | |
|--------------------------------|--|--|--|--|--|
| Air Fare Price (Reasonable) | | | | | |
| Flight Interior | | | | | |
| Onboard Entertainment Services | | | | | |
| Loyalty Programs | | | | | |
| Flight Safety | | | | | |

Q.3. If you want return ticket in same airlines, then why you do so?

| | |
|--------------------------------|--|
| In-Flight and Ground Services | |
| Airfare`s Price | |
| Flight Safety | |
| Onboard Entertainment Services | |
| Loyalty Programme | |
| Ticket Flexibility | |

Q.4. If the sir fare is higher than others; would you choose the airlines still because of impressed services provided?

| | | | |
|--------------------------|-----|--------------------------|----|
| <input type="checkbox"/> | Yes | <input type="checkbox"/> | No |
|--------------------------|-----|--------------------------|----|

Q.5. Your favourite airlines?

| | |
|--|--|
| Air India (Air India + Air India Express) | |
| Go Air | |
| Indigo | |
| Jet Airways (Jet Airways + Jet Lite + Jet Konnect) | |
| Spicejet | |
| Others | |

Q.6. Gender

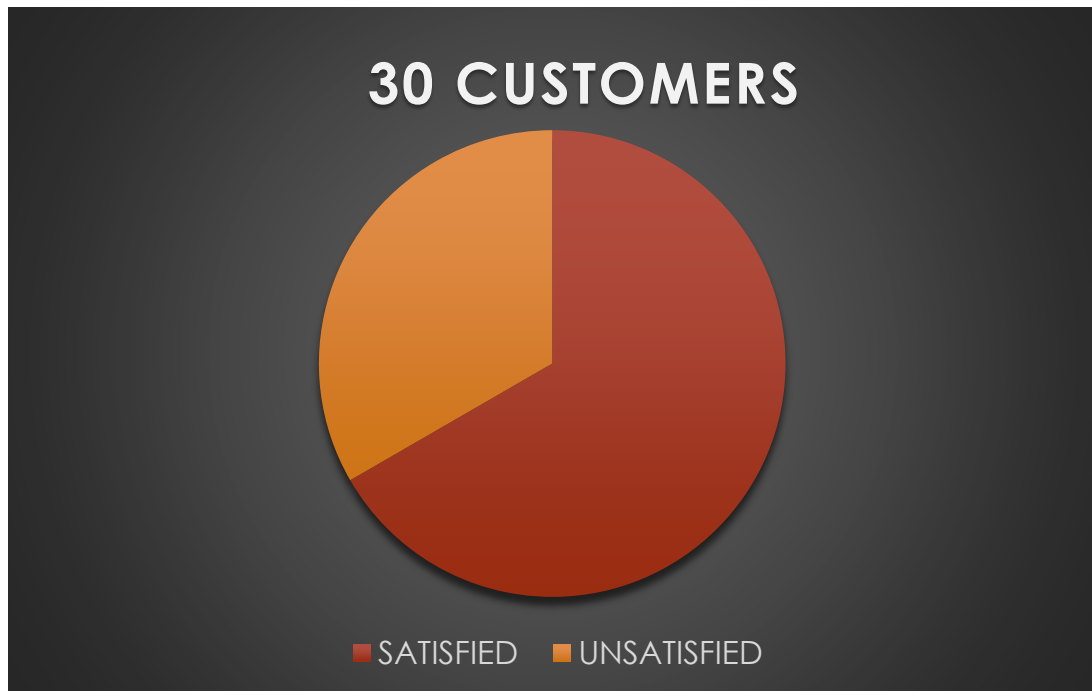
| | | | |
|--------------------------|------|--------------------------|--------|
| <input type="checkbox"/> | Male | <input type="checkbox"/> | Female |
|--------------------------|------|--------------------------|--------|

Q.7. Age

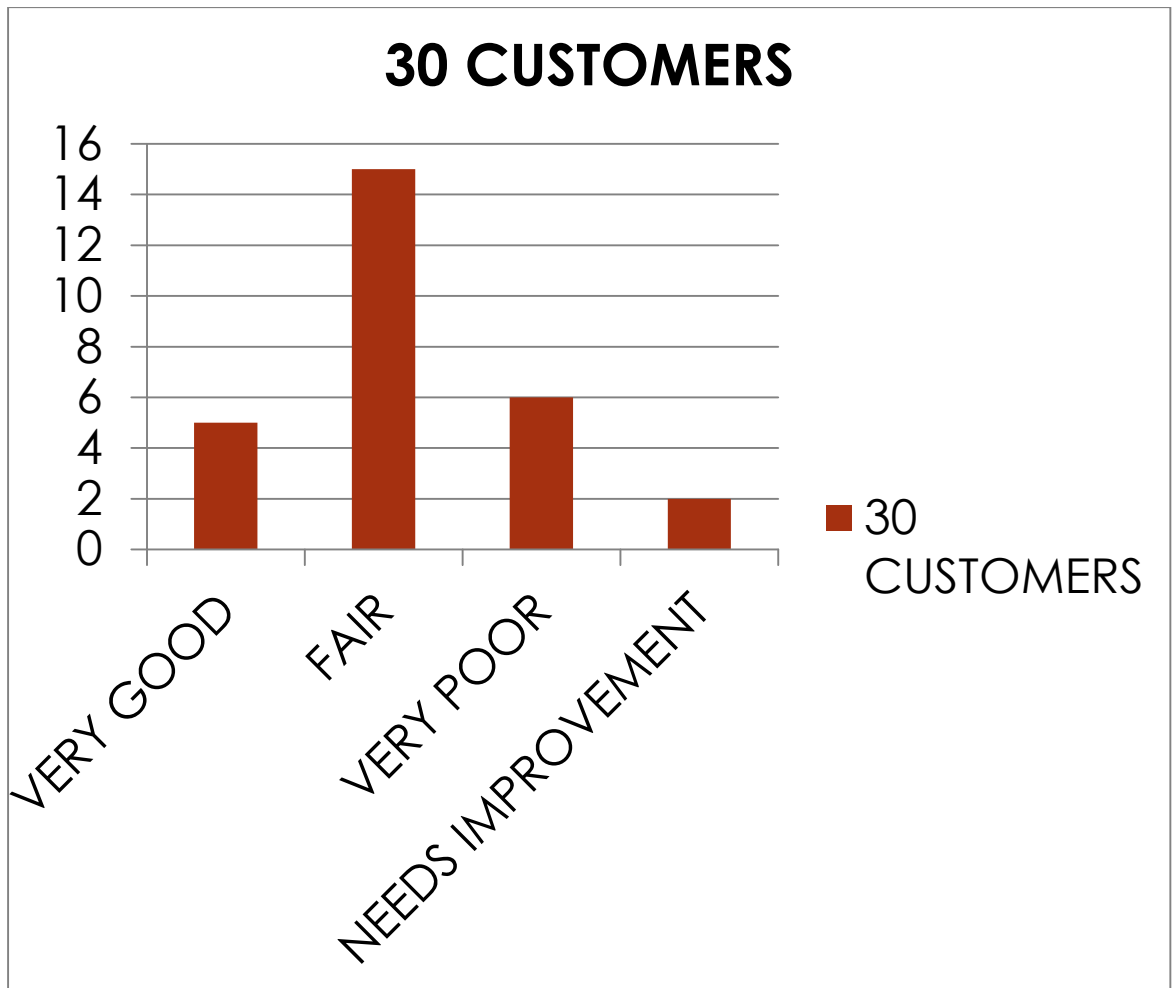
Q.8. Name

ANALYSIS

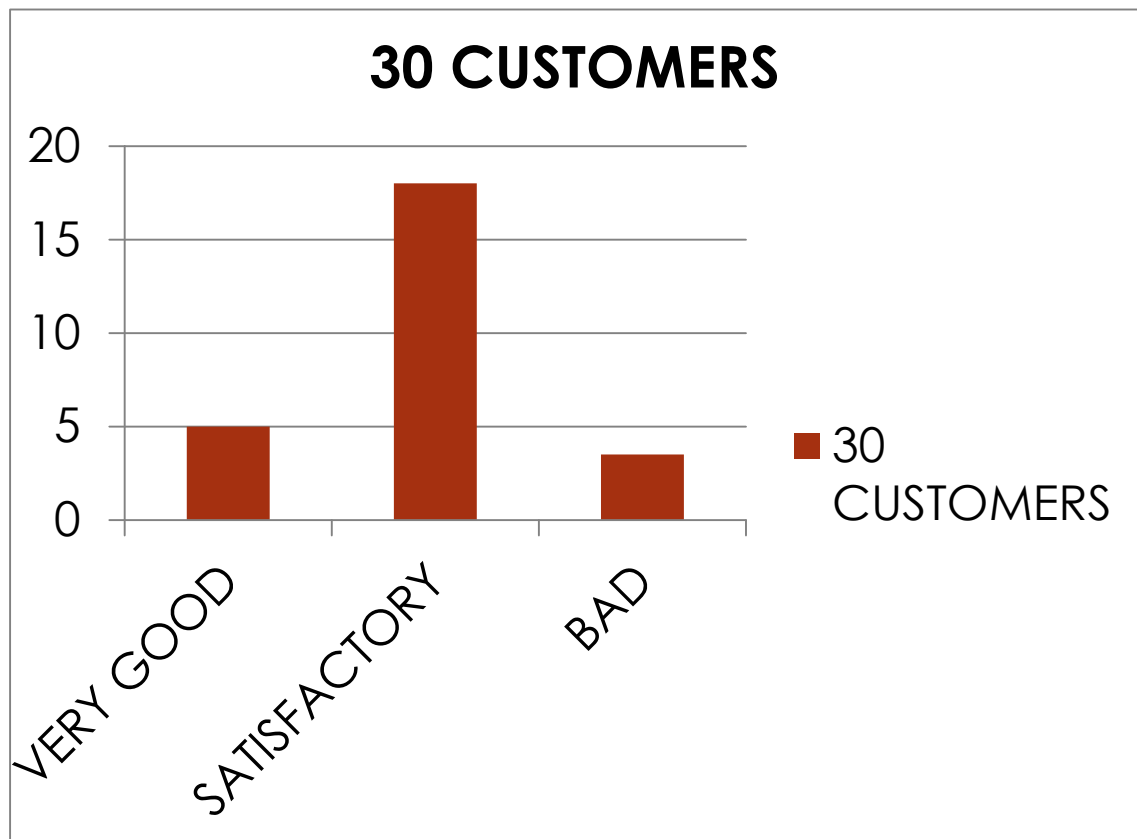
1) Overall satisfaction of customers:



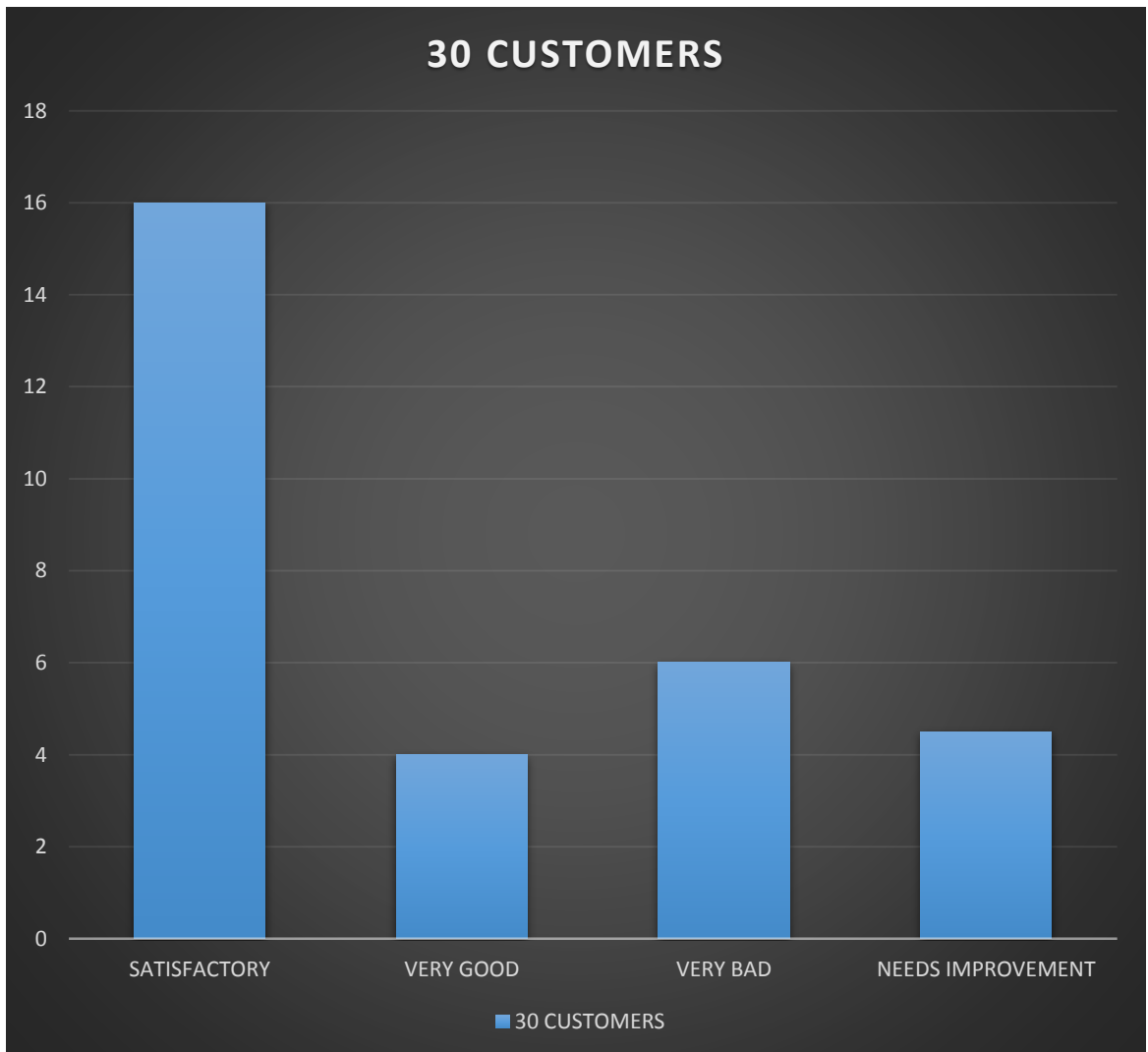
2) Overall service provided by jet airways:



3) Quality of in-flight meal:



4) Overall services of jet airways:



FINDINGS AND RECOMMENDATIONS

➤ FINDINGS:

Jet airways more customers oriented and it try to satisfy their customer with better services. So following things considered:

- (a) For frequent fliers proper data is made and priority is given to them by providing Jet Privilege.
- (b) Online Web, SMS and Kiosk Check-in is Available.
- (c) On Ground Services and In Flight Services provide are to global standards.
- (d) Jet Airways and other Airlines too, have reservation procedure made it easier by booking online through their websites.

➤ RECOMMENDATIONS:

- Reduce fuel sales tax. The long-term benefits in terms of higher economic activity and employment generation would more than compensate for the notional loss of tax revenue in the short run
- Entertainment facility for domestic airlines should be improved like providing Music

SWOT ANALYSIS

1. Strength

- Strong presence & good name in the Indian Aviation market.
- Taking the plane on lease rather than purchasing.
- Readymade distribution network.
- Innovation in services.
- Experience exceeding 20 years.
- Large fleet size.
- Among top 3 in India

2. Weakness

- Salaries was not high as compared to other airlines so difficulty to retain employees.
- Financial not sound as compared to others airlines.
- Loosing domestic market share.
- Weak brand promotion.
- Need improvement in in-flight services.
- Old fleet average age 4.78 years.

3. Opportunity

- Untapped air cargo market.
- Scope in global services and tourism.
- Increasing salaries of employees.

4. Threats

- Ongoing economic weakness.
- Rapid increase in fuel prices.
- Strong competitors.
- Overseas market competition.
- Regulations

CONCLUSION

Indian aviation market is poised to become the third largest across the globe by 2020, according to industry estimates. The sector is expected to handle 336 million domestic and 85 million international passengers with projected investment to the tune of US\$ 120 billion. Indian Aviation Industry that currently accounts for 1.5 per cent of the GDP, has been instrumental in the overall economic development of the country, said Mr Ajit Singh the Minister for Civil Aviation. He further stated that given the huge gap between potential and current air travel penetration in India, the prospects and possibilities of growth of Indian aviation market are enormous. Establish an Air Cargo Promotion Board (ACPB) to address the significant challenges in the air cargo sector and make India an air cargo hub for the region. Establish a world-class National Aviation University and promote private sector investments in training academies to produce highly-skilled human resources.

BIBLIOGRAPHY

<http://www.researchandmarkets.com/reports/449298>

http://www.researchandmarkets.com/reportinfo.asp?report_id=595592

<http://www.centreforaviation.com/news/2009/06/11/mei-perspective/page1>

<http://www.thehindubusinessline.com/nic/157/index2.htm>

<http://myiris.com/shares/company/financial.php?icode=JETAIRPR#ratio>

<http://www.iloveindia.com/economy-of-india/aviation-industry.html>

<http://www.moneycontrol.com/financials/jetairways/balance-sheet/JA01>

<http://www.jetairways.com/EN/IN/InvestorRelations/InvestorFactSheet0910.aspx>