PAN AFRICA CHRISTIAN UNIVERSITY

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DEPARTMENT OF LEADERSHIP

COURSE CODE

MAL 604

COURSE TITLE

MISSION, MARKETING AND QUALITY

DURATION 3 HOURS

SECTION 1: COMPULSORY

Read the case study below and answer the question that follows:

Case study

Question One

India's one of the most highly profiled airlines- Kingfisher, has turned into shambles whereas in the market scenario, other competitors of the Kingfisher are flying high. During the year 2012, Global aviation industry was going through a challenging phase due to ground breaking fuel price hike for the last 4 years, tumultuous financial markets and economic slowdown. Vijay Mallya's dream venture, Kingfisher Airlines – widely known as The King of Good Times – witnessed its worst phase. Kingfisher initially launched as the all-economy, with single-class layout aircraft with high quality eatables and entertainment systems. Vijay Mallya's jovial nature, knew well enough how to live the life of a king, and focused only on this thought that each air traveler would expect their travel similar to a king's journey in the Kingfisher Airlines. A year later after the airline was set up, the focus shifted to the high luxury class. The airline could not hold stability with changing time and ideas of its models and expecting random expansion. The misguided government policies made entire Indian domestic aviation suffer from a serious market failure, and thus the ministers were needed to step in quickly to fix it. Kingfisher, the debilitated airline asked for life support from the government and banking sector and focused to manage much of the business funds with outside money.

Since 2005, as the airline initiated operations, the business is proclaiming the losses. In India, a large number of aircrafts were added by most of the upcoming airlines since 2006 and they deployed them mostly on metro sectors which resulted into baneful price war among all the airlines. Even today, almost every airline in India is suffering operating losses. But after the company acquired Air Deccan in the year 2007, the situation became even more dreadful and this made the airline face financial issues for long. Kingfisher Airlines holding second largest share in India's domestic air travel market till December 2011, faced extreme financial crisis. Background of the Company Kingfisher Airlines was established in the year 2003 and owned by the United Breweries Group which is based in Bengaluru. It came into the aviation market at a time when the low cost airlines had galvanized the market and made air-travel available to every Indian. The promoter of the airline, India's biggest liquor tycoon Mr. Vijay Mallya was well known for his vibrancy, quality and style. He upholds the legacy of his family business at the age of 28 and his luxurious lifestyle gave him the corporate fame at quite an early age. He used his popularity to uplift United Breweries Groups brand and invented "King of all times" slogan for the beer. Starting off as the Chairman of UB Group, his international blitz of buying and selling Berger Paints U.K. and spending money on fast cars, yachts and many international homes remodeled him to its brand icon.

"My own lifestyle got intertwined with brand personality and so without really planning it that way I became almost my brand ambassador of and that's just the way it's kept on developing" he once said. This slogan led to the creation of a brand image of Kingfisher airlines. The company possessed two subsidiaries Vitae India Spirits and, Northway Aviation. The Aircraft acquisition and financing pre-delivery payments was taken care by Northway Aviation. On 9th May 2005 Kingfisher airlines started commercial operations with four brand new Airbus A320 – 200s, which operated between Delhi and Mumbai on a daily basis. The company aimed to provide world class facilities and lead the competition in products well as service offerings, with brand new planes and excellent facilities like: hot meals, comfortable seats, personalized entertainment and treating passengers as "guests". With this kind of an approach, the company started with 4 flights in a day between Delhi and Bangalore, and further increased it to 104 flights per day by introducing 17 aircrafts and connecting 16 cities in one year and setting record in 2005-2007, of fastest airplane induction.

By the year 2006, the Airlines achieved a five-star status and were popular among the business class travelers. It also offered personalized live in-flight entertainment by collaborating with Dish TV India Limited. By connecting Bengaluru with London, the airline commenced its international operations on 3rd September 2008. During the year 2008, the company attained the reputation for being the only five star air travels in India, came to be known for rendering excellent flight services to its travelers, and maintained its position for the next three years. In 2009, Kingfisher won numerous accolades across the globe and it was one of the only seven airlines which got 5- star rating by Skytrax. Eventually it became the largest airline of the second most populated country in the world with 26.7% share in aviation market. Kingfisher Airlines operated around 250 daily flights.

In May 2009, Kingfisher Airlines got the highest share in aviation market among all the airlines in India by carrying more than 1 million passengers. At that time three classes of travel were offered by Kingfisher airlines to its travelers: Kingfisher First: which was the business class service mainly focused on people who can afford premium services, Kingfisher Class: the Premium Economy service for the middle-class people who were trendy and upwardly mobile and Kingfisher Red: Low fare basic class which was another name for Air Deccan and focused on the middle class people who were price conscious. In the year 2011, it was once again awarded the best Indian airline of the year. However, it reported a loss of Rs.1,000 crore for three consecutive years.

Vision of Kingfisher "The Kingfisher Airlines family will consistently deliver a safe, value-based and enjoyable travel experience to all our guests." Start of the Bad Time There was a time when Kingfisher airlines was one of the best rated airline in India and got success in gaining customer satisfaction, but it failed to sustain that for a long time. With the economic slowdown in 2008 and the increasing fuel prices as well as the KFA's mandatory requirement to provide services on non-profitable routes, the path ahead was full of difficulties. The cash strapped Kingfisher airlines was caught in a precarious web and burdened under huge debt, which it owed for airport fees, fuel, and salaries to employees, repayment of loans to different banks and service tax. In

Sept 2010, ex-CEO of SpiceJet, Sanjay Agarwal, joined Kingfisher Airlines and Vijay Mallya assumed the role of MD and Chairman of Kingfisher Airlines.

In September 2011, in order to get along with the cash crunch, kingfisher airlines decided to exit Kingfisher Red, which was its low cost segment, but the survival mantra was very late for the ailing airlines. According to the Kingfisher Airline's annual report for the year 2011, reasonable doubts over the company's existence were raised and it was pointed out that the government money had not been deposited by the airlines, which it deducted as TDS and provident fund contribution, highlighting scruffy financial sustenance of the company. With the passage of time the situation of the company got worse, leading to termination of international flights and cancellation of domestic flights, which is still continuing unabated.

On 25th April, 2012 its languishing shares hit an all-time low of 13. During the year 2012, losses of over Rs. 7,000 crores were accumulated by the company, with about half of its aircrafts grounded and many members of its staff going on strike. As all its operation suspended, the airline came to a halt. In view of these predicaments, Vijay Mallya appealed the government for a bailout, but was refused the same. DGCA suspended its flying license on 20thDecember 2012, and the airline had to shut down its operations.

As a marketing strategist, what would you consider as the greatest drivers of Kingfisher airlines performance? Discuss the strategic mistakes that led to its closure (10 Marks)

SECTION II CHOOSE ONE QUESTIONS

Question two

Strategic marketing requires deployment of diverse tools in understanding buyers behaviour. Discuss 5 tools applicable on analysis of Behaviour **(10 Marks)**

Question three

Discuss the role of Pricing Strategy and its importance in a company operating in a mature, and virgin markets. **(10 marks)**

Question Four

Some companies have thrived for long through strategic market segmentation. Using examples from your experience, discuss the types of market segmentations and the benefits earned by companies from employing market segmentation strategy **(10 marks)**