

Marketing & CRM

Group Assignment

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1.Vistara: The Journey

1.1.Check-in:

Vistara is the latest domestic airline in India. With a plan to check-in to Indian Airline industry, the two giants i.e. Tata Sons and Singapore Airlines formed Tata SIA Airlines Limited in 2013. Tata Sons owning 51% shares and the remaining of 49% owned by Singapore Airlines, they both formed the joint venture to enter the Airline service in India. This was not the first time they both jointly tried to enter the Indian Airline industry. In mid-90s they tried but it was not successful due to the regulatory policy of Indian government. In August 2014, they unveiled the brand “Vistara” and planned to operate as Vistara.

1.2.Tata Sons:

One of the oldest company in India. It was founded in 1868 by Jamseji Tata and headquarter is at Mumbai. Other operating companies under Tata Sons are TCS, Tata Steel, Tata Global Beverages, Tata Power, Tata Motors, Tata Chemicals, Taj Hotels Resorts and Palaces, Tata Communications and Titan. Indian flag carrier Air India was part of Tata Sons. Air India was operating as Tata Airlines from 1938 and in 1946 it was converted to public limited company as Air India.

1.3.Singapore Airlines:

SIA is the flag carrier of Singapore. It has flying record of 45 years by starting it's flying way back in October 1972. SIA is one of the major player in the airline industry with business over nine countries and with a portfolio of 27 joint ventures, including with Boeing and Rolls Royce.

1.4.Takeoff:

The first takeoff was on January 9th, 2015 with the inaugural flying between Delhi and Mumbai. It is kind of baby in the Indian airline service with 2 years and 9 months of age. The airline is based in Gurgaon and Delhi Indira Gandhi International Airport is the hub. Phee Teik Yeoh is the CEO and Chairman is Bhaskar Bhat. In August 24 2015, Vistara started their in-house Aviation Security Training institute.

1.5.Flying:

Vistara is flying between 21 destinations with 16 Aircrafts. Ranchi is the newly added destination.

State	City
Andaman and Nicobar Islands	Port Blair
Assam	Guwahati
Chandigarh	Chandigarh
National Capital Territory	Delhi
Goa	Dabolim
Gujarat	Ahmedabad
Jammu and Kashmir	Jammu
Jammu and Kashmir	Srinagar

Jammu and Kashmir	Leh
Jharkhand	Ranchi
Karnataka	Bangalore
Kerala	Kochi
Maharashtra	Mumbai
Maharashtra	Pune
Odisha	Bhubaneswar
Punjab	Amritsar
Telangana	Hyderabad
Uttar Pradesh	Lucknow
Uttar Pradesh	Varanasi
West Bengal	Kolkata
West Bengal	Siliguri

1.6.Marketing:

Vistara is mainly marketing through the factors which keep them unique and promising better customer satisfaction. They are:

1. No Delay performance: They are promising an on-time performance without much delay.
2. They are the first one to offer premium economy class and which keeps them different.
3. They have introduced five meals cycles with weakly menu change.
4. Training the employees to keep the standards high and provide a high customer satisfaction.
5. Proper and enchanting dress codes for all crew members.
6. It also set an example by learning from the customers by taking the feedback and making the necessary changes as per the customer feedback.
7. Doing promotions through newspaper, television ads, hoarding and through travel websites.

2.Existing STP

2.1.Segmentation:

1. **Demographic:** Vistara market segment based on demographic **serves the Tier 1, Tier 2 and Tier 3 cities**. They have flying destinations among the metro cities like Mumbai, Delhi, Chennai etc and even cities like Amritsar, Varanasi, Ranchi etc. Even they have included some exotic tourist places like Leh, Port Blair etc.
2. **Customer:** Vistara **has three class configurations, Business class, Premium Economy Class and Economy Class**. Premium Economy Class serves to people who cannot afford business class - or even people who can afford business class but find it too expensive - but also do not enjoy economy class services. Business Class mainly focusing on the top executives and corporates. Economy class serves the middle-income group.
3. **Utility:** Vistara has been **segmented as full-service airline with five meals cycle**. Destinations are fixed in such a way that both leisure travelers and official travelers are given preference.

2.2.Targeting:

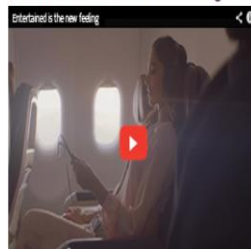
1. **Income and Profession:** By creating three class configurations, Vistara is **targeting the middle and upper income class**. The domestic travelers who are working professionals including **corporates and executive** are targeted by creating the **Business class and Premium Economy Class**. The **middle-income group and families** are mostly targeted for the **economy class**, with a small shift in demand by them to Premium class.
2. **Women Flyers:** Vistara has begun offering to help women flying solo with their bags, escort them to and from their ground transportation, and give them preferred window and aisle seats on their flights—**no middles**.
3. **International Flyers:** International flyers connecting to/from Vistara and international flights on any airline, are entitled to a special enhanced baggage allowance.
4. **Age: Students and senior citizens** are targeted by providing special discounts. Minors are looked after and provided with special care every step of the way, if they are travelling unaccompanied.
5. **Frequent Flyers: Club Vistara** is for frequent flyers and the **points are not calculated as per the distance you travel**, it is calculated on the money spend. Frequent Flyers can earn points on every rupee they spent.

2.3.Positioning:

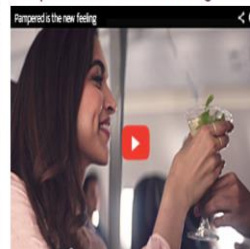
1. Vistara is a full-service airline of two iconic brands, Tata and Singapore Airlines.
2. Vistara which means “**Limitless Expanse**” or spacious. By the name itself Vistara is trying to position them amongst the people who **need more space for a peaceful travel**.
3. Vistara’s tag line is very crisp and short. It also promises a very different experience from all. “**Fly the new feeling**”
4. A premium airline service with a small addition cost for the added advantage and service. Vistara claims that the added additional cost is much lesser compared to the advantages a traveler will achieve from their service like the food and comfortable seats.
5. A well-established celebrity like **Deepika Padukone** is selected as the brand ambassador.



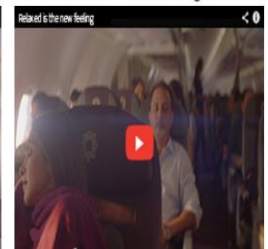
Entertained is the New Feeling.



Pampered is the New Feeling.



Relaxed is the New Feeling.



3. PESTLE Analysis

PESTLE Analysis is a simple, useful and widely-used tool that helps us understand the bigger motive of Political, Economic, Socio-Cultural and Technological, Legal and Environmental aspects. As such, it is used by worldwide marketers to build their vision of the future.

The table below lists some possible factors that could indicate vital macro environmental influences for a business under the PESTLE headings:

Political / Legal	Economic	Social	Technological	Environment
Environmental rules	Economic growth	Income distribution	Government spending on research	Climate
Tax implications	Monetary policy	Demographics	Government and industry focus on technological effort	Animals
International trade rules	Government spending	Labor / social mobility	New discoveries and development	Natural Disasters
Consumer protection	Policy towards unemployed sector	Lifestyle difference	Speed of technology transfer	Act of God
Employment law	Taxation	Attitudes to work and leisure	Rates of technology obsolete	Natural Infrastructure
Government organization / attitude	Exchange rate	Education Systems	Energy Usage	Resources
Competition regulation	Inflation	Fashions and fads	Changes in material sciences	
	Different Stage in business cycle	Health & Wealth	Impact of changes in Information technology	
	Economic "mood" consumer confidence	Living conditions	Internet	

3.1. Political

1. The government have introduced new liberal reform in the aviation sector like the liberalizing the foreign direct investment in Indian Airline industry.

2. Support for airport expansion and building mid-sized airport. As a part of development Indian government is supporting and taking great initiatives by allocating funds for new airport. Even expansion of airports with more air traffics are also done.
3. The government on Thursday announced 45 new airports and over 70 regional routes under the **Udan scheme**.
4. By the launch of Make in India policy, Indian owned airlines are getting preferential treatment.
5. The cost of fuel price is rising because the subsidies provided by the government are being taken off.



3.2.Economic

1. Contribution to the Indian economy-since the industry is operating in Indian economy, the revenue generated by the company adds to economy.
2. India is one of the major developing country with high GDP growth. The annual GDP growth rate of India was 7.1% in 2016.
3. Indian Civil Aviation Industry is currently the 10th largest in the world and growing at a high rate with a vision to be the third largest by 2020 and is expected to be the largest by 2030.
4. India is among the fast-developing countries due to which the middle class is booming. The purchase power of the people is increasing.
5. Economic development is increasing the need of traveling fast. People don't want to waste time in traveling from one place to another.
6. A situation of war can have a very destructive effect in the airline industry.

7. Air ticket fare has almost become equal to the premium trains like Rajdhani express.

3.3.Social

1. The aviation sector provided a lot of employment opportunities because the industry is so vast that a lot of people can be employed.
2. Increase in students and working professionals who are moving out from their home town to **metro cities and abroad** which is directly increasing the demand in airline industries.
3. Indian customers are highly selective and informed.They are price sensitive and put a lot of emphasis on value for money.
4. Safety regulations in airline industry is very strict and advanced. Have a strict safety regulation from the point you enter the departure airport to arrival airport exit.
5. A status of pride is attached to airline travelers.This is also leading to increase in first time flyers.
6. Businessmen and entrepreneurs are increasing in India.They have less time to spend in travelling due to which they prefer airline service more.

3.4.Technology:

1. Aircraft manufacturing industries are making new and improved aircrafts, which are more fuel efficient and comfortable.
2. The technology is helping to increase the capacity, reduce the travel time and decrease the failure rate.
3. The most advanced technological factor is the satellite based navigation.
4. The growth of e-commerce and e-ticketing is helping the airline companies to provide ease booking their services to the customers.
5. Modernization and privatization of airport is providing customers a lot more comfortable way of check-in and boarding to aircraft.
6. Using renewable resources for the working of airport. Eg: Using solar electricity in Cochin International Airport.

3.5.Environmental:

1. The unexpected and sudden change in climate like heavy rain, storm etc. will have a very bad effect.
2. Act of god or natural calamities like earth quake, tsunami etc. will affect the industry in a negative way.
3. Pollutions like noise and air pollution is caused by airline industry.
4. The shortage of natural resources like land, will reduce the future development.
5. The shortage of the power and energy resources will affect the smooth working of airline industry.
6. The probability of damage due to birds are very high.

3.6.Legal:

1. Foreign direct investment relaxation in Indian Airline industry was done. The foreign airlines are allowed to invest up to 49 percent in domestic carriers.
2. 5/20 law civil aviation policy, replaces 5/20 condition with 0/20 rule. The rule of 5/20 stated that an Indian Airline must have 5 years of experience in domestic operations and should have 20 Aircrafts in domestic fleet to enter international flying. This rule is replaced by 0/20 which states that an Indian Airline need to allocate 20 Aircrafts or 20% of their total fleet of aircraft, whichever is higher, to the domestic fleet to do International flying and no need to have any domestic operations experience.
3. Open Sky Policy means to liberalize the rules of international markets and minimizes the government intervention. For eg: India have open sky policy with USA without restrictions and UK

with some restrictions in frequency. Open sky refers to an agreement between two countries to allow any number of airlines to fly from either of them without any restriction on number of flights, number of destinations, number of seats, price and so on.

4.SWOT Analysis:

A SWOT analysis analyze a project or business venture by focusing on four factors: **Strengths, Weaknesses, Opportunities and Threats**. Strengths and weaknesses are internal factors and opportunities and threats are external factors.

4.1.Strengths:

1. Vistara is a joint venture of two Iconic Brand: Tata and Singapore Airlines. Tata have over 140 years of experience in Indian Market and even a prior experience of 8 years in airline industry experience with Tata Airline (which is now flying as Air India). Joint Venture with one of the major player, Singapore Airlines, who have over 40 years of experience in airline industry.
2. Vistara is a full-service airline with five meals cycle. They are providing traditional and world cuisine and to maintain the quality the caterers they have choose the caterers from Tata (Taj Caterers). Vistara provides great in-flight experience even in Economy class with food as part of normal ticket.
3. Have a connectivity to less touched destinations like Leh, Ranchi, Jammu, Amritsar, Port Blair etc.
4. Have a wide customer friendly services like:
 - Carry – one plus which allows customers with no check-in baggage to carry 12kg of hand baggage. This will help to reduce the check-in and check-out time for customers and Vistara's loss rate of baggage.
 - Auto Check-in, if a passenger has not checked within four hours prior to the departure, the person is automatically checked-in by assuming the passenger is among the 95 percent who will turn up. This is also reducing the hassle for their customers.
5. Vistara is following a value-based frequent flier program. Instead of earning points based on the distance travelled, the concept revolves around earning points on what one pays.
6. Woman Flyer service Vistara has begun offering to help women flying solo with their bags, escort them to and from their ground transportation, and give them preferred window and aisle seats on their flights—no middles.
7. They have point to point service, i.e. there is no stoppage in between.
8. International Flyers connecting to/from Vistara and international flights on any airline, are entitled to a special enhanced baggage allowance.
9. Excellent advertising and branding exercise has enhanced its presence in the Indian airline industry.

4.2.Weaknesses:

1. Even after operating from 2016, Vistara's brand awareness is comparatively less.
2. Competition is very high in the airline industry.
3. The operational cost is very high which includes aviation turbine fuel expenses, landing and parking charges, leasing charges etc.
4. High maintenance cost because of the expensive spare parts and services.
5. The price is high compared to competitors.
6. The seats allotted for Business class is comparatively higher. This will lead to low occupancy rate.
7. Aircrafts and destination connectivity is less.

4.3.Opportunities:

1. Liberalization of 5/20 to 0/20 can help Vistara to tap the international market and it can be easily done with the help of experienced Singapore Airlines.
2. Indian Airline market is growing at a great pace. The passenger traffic has increased during the last 4 years. From 3.2 percent in 2011 it increased to 5.2 percent in 2014. In 2015, it grew more than 9 percent.
3. They can provide point to point service to some untapped international destinations.
4. Increase in in-flight experiences like providing WIFI for economy class can increase the market share.
5. They can introduce more aircrafts to increase the frequency, mainly between major destination like Delhi, Mumbai, Bangalore etc.
6. As they increase the aircrafts they can step into more destinations to increase the connectivity.
7. Introducing different capacity aircrafts can help them switch to lower capacity aircrafts, when the demand is less. Also, they can use the aircrafts with low capacity between the destinations which are consistently having less passengers.

4.4.Threats:

1. Tata is holding shares in Air Asia India, which can lead to conflicts of interest.
2. The threat of increase in competitors are increasing day by day.
3. Poor financial performance of the Indian civil aviation industry. While combining the accumulated losses from 2008 to 2015, it has reached above \$10.6 billion. In 2015, it was more than \$1.5 billion as per the report of Centre for Asia Pacific Aviation (CAPA).
4. Advanced transportation options like hyperloop.
5. Advanced technologies are making the corporate trainings and transition easier with the help of internet and computer. That means the corporate travels are reducing, since physical presence is not needed. Most of the trainings and transitions are going virtual.
6. Increasing terrorist activities are creating a fear in passenger's mind.
7. Unpredictable weather conditions and natural disasters.

5.Segmentation Attractiveness Measures

5.1.Measurability:

1. Vistara can include the International Flyers into their segment by focusing on the international airline service.
2. At the same time, they can take advantage of Udan scheme and segment the middle-income group by bringing in the budget airline service.
3. Leisure travelers can be segmented in a very attractive way.
4. Air Cargo will help them to segment the export and import industry.

5.2.Accessibility:

1. International Flyers have a vast social media presence and are willing to express their opinions on the social media platforms.
2. Even budget flyers have social media presence but along with that the public media can be used.
3. Leisure travelers are accessible to both internet and public media but more importance can be given to travel platforms or websites.
4. For air cargo the accessibility can be done through business websites and business magazines.

5.3.Substantiality:

1. Vistara can increase the revenue by segmenting the international flyers. Even though they are new to international market, the parent companies Singapore Airlines and Tata's prior experience can put Vistara in a better position.
2. Focusing on Udan scheme can help them increase the revenue from middle-income group by increasing the connectivity in untapped or underserved market.
3. The revenues from leisure travelers can be seasonal but during that season the revenues will have a positive impact.
4. Entering air cargo services can pull in revenue from the export and import industry.

6.Opportunities Vistara can Target Afresh:

Based on the background research and PESTLE,SWOT analysis we propose the following recommendations to the company for increasing their customer base,demand and capacity utilization.

1. They can target on getting the 20 aircraft soon and enter the International Airline Service.
2. Increasing the aircrafts can help to increase the frequency and connectivity.
3. Enter in to major destination like Chennai. Tamilnadu is still untouched by Vistara.
4. Introduce aircrafts with different capacity will help them switch to lower capacity airlines when the demand is less.
5. Making some weekend destination routes can attract more leisure travelers. Eg: Flying from Chennai to Port Blair, Mumbai to Leh. Same they can introduce in international destinations like between Cochin and Bali.
6. Targeting the Udan scheme, they can try to enter new untapped or underserved destination and flying routes.
7. According to rough estimate more than 99 percent of the Indian population have not seen the inside of an aircraft. So, they can introduce a budget airline like Scoot of Singapore airlines.
8. Air cargo is an untapped market in India and with the experience of Singapore airlines, Vistara can easily tap the Air cargo.

7.Proposed Targeting and Positioning

7.1.Targeting:

1. **International Flyers:** Entering the international destinations can take Vistara to new heights, since the International Flyers prefer more space, in-flight entertainment, which is currently the strength of Vistara.
2. **Budget Flyers:** Taking the advantage of Udan scheme, they can tap the underserved and new destination. But here the majority will be among the middle-income group, so they can introduce a low-cost airline service like Vistara Lite.
3. **Leisure Travelers:** To target the leisure travelers, they can introduce, weekend airline service from major cities to tourist destinations like Port Blair, Leh, Cochin, Goa.
4. **Business Group:** With the help of Tata's Taj group, Vistara can introduce a combo pack which includes travel and stay like Fly+Stay. By this they can also target the Leisure Travelers.
5. **Export and Import Industry:** Introducing Air Cargo can be a great help for the export and import industry because some product like agricultural and food products are perishable. The prior experience of Singapore Airlines in air cargo can help Vistara to do a good job in Indian air cargo service.

7.2.Positioning:

1. **Point to Point:** Point to point service can help the international travelers reach their destination quicker.
2. **“Fly the new feeling”:** The current tag line is good enough to position Vistara among the international travelers, business group etc. who prefer a comfortable journey. The tag line explains the premium experience a traveler can achieve.
3. **Fly+Stay:** A combo pack of Tata’s Taj and Vistara can provide the travel and even a comfortable stay. This way Vistara can be positioned among the leisure travelers and Business group.
4. **Customization:** By continuously taking the customer review and customizing the services will make Vistara the prior choice of air travelers. They are currently doing this but even when they enter the international service, they must keep this going.
5. **Advertisement:** When they enter the budget airline segment, Vistara should think a little beyond the internet. They should keep hoardings and increase the frequency of television ads. For international market, business group etc, they can target the internet and travel websites.
6. **Air Cargo:** By introducing air cargo, Vistara can get a better positioning among the export and import sector.

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