



# AIR NEW ZEALAND ENTERING INDIAN DOMESTIC MARKET

## MARKET ENTRY CASE STUDY



# Our team

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# Agenda

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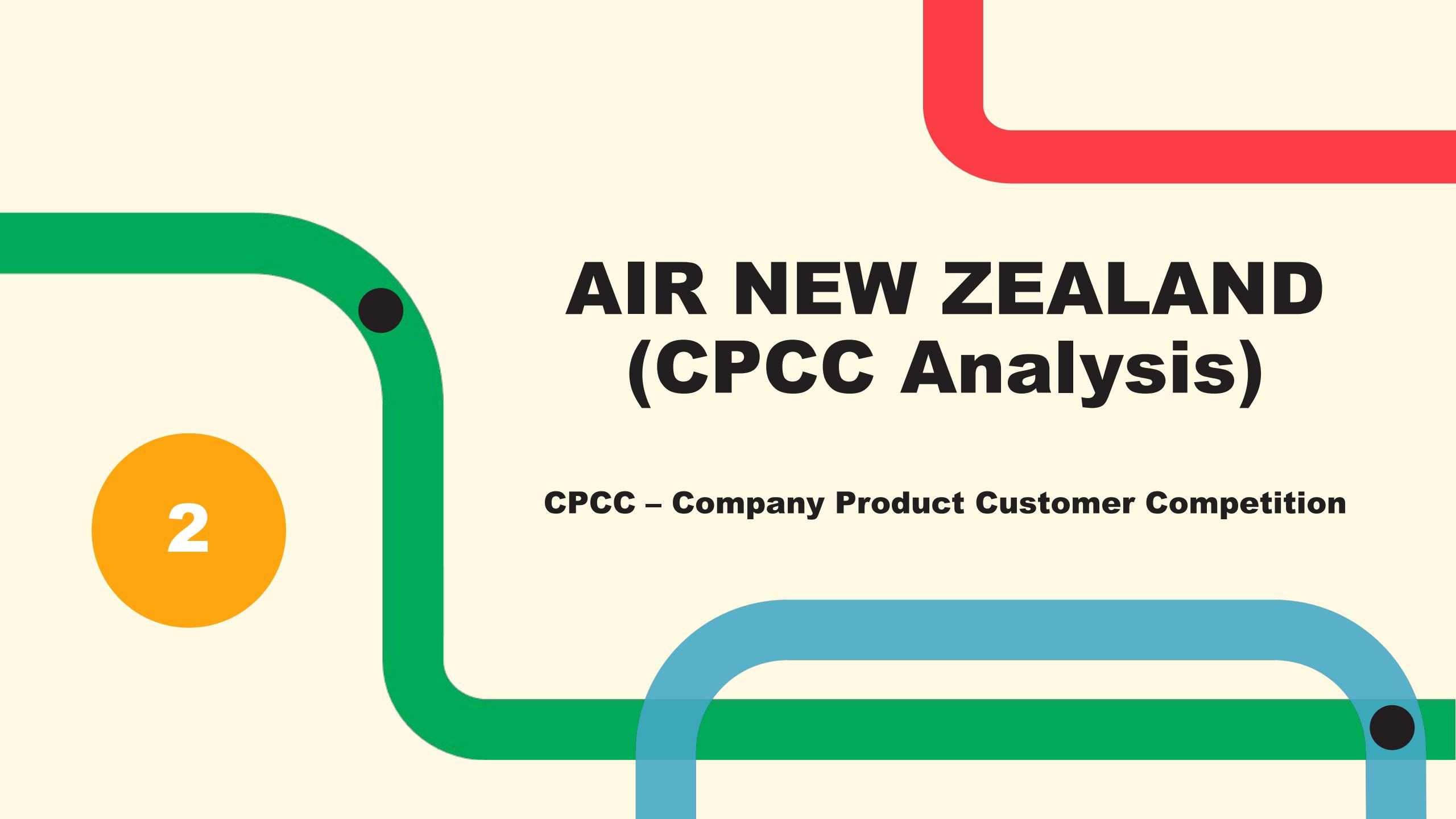


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# Company Basic Information

- Tasman\_Empire\_Airways\_Limited was rebranded in 1965 as Air New Zealand. Founded in 1940.
- Air New Zealand serves 20 domestic destinations and 30 international destinations in eighteen countries and territories across Asia(Not in India), North America and Oceania.
- In 2020, Air New Zealand won an award "Best airline in Airline Excellence Awards 2020".
- As of October 2022, Air New Zealand operates 104 aircraft. The jet fleet consists of 52 aircraft.





# **AIR NEW ZEALAND (CPCC Analysis)**

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**CPCC – Company Product Customer Competition**

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# Company Basic Analysis

- The New Zealand Government currently owns 51% of Air New Zealand ordinary shares. Which act as a major political backing.
- Kia Mau Strategy is what the Air new Zealand focuses on.
- Air New Zealand Domestic market plays major role in there Revenue.
- And depending on fleet size and decided routes average Occupancy lies between 75% to 80% in 2022 according to report.



Sector	Capacity <sup>1</sup>
Domestic	95% to 100%
Tasman and Pacific Islands	80% to 85%
International long-haul <sup>2</sup>	65% to 70%
Group	<b>~75% to 80%</b>

## Profit Drivers



**Grow Domestic**

Profitably grow and enhance our iconic domestic offering, providing New Zealanders with even more choice as the best-connected country in the world



**Optimise International**

Connecting New Zealanders and our exports to the world through an optimal international network and premium leisure product



**Lift Loyalty**

Increase products and benefits members value from our Airpoints™ programme, supercharging the loyalty ecosystem for the airline



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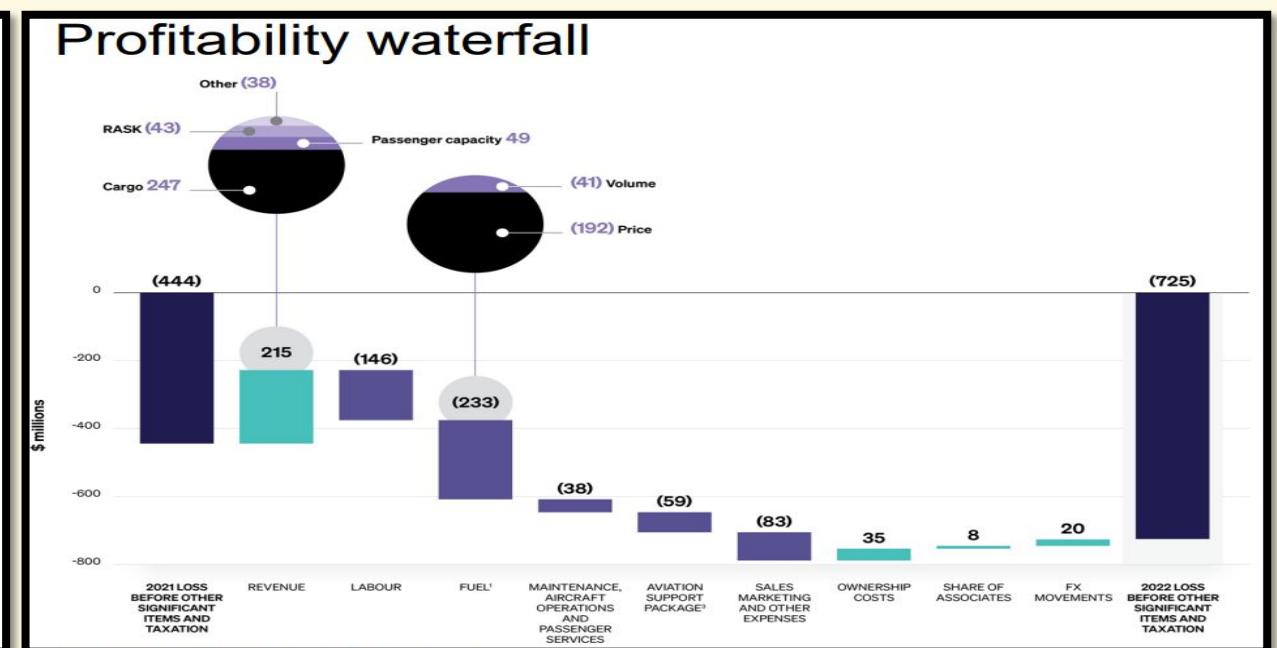
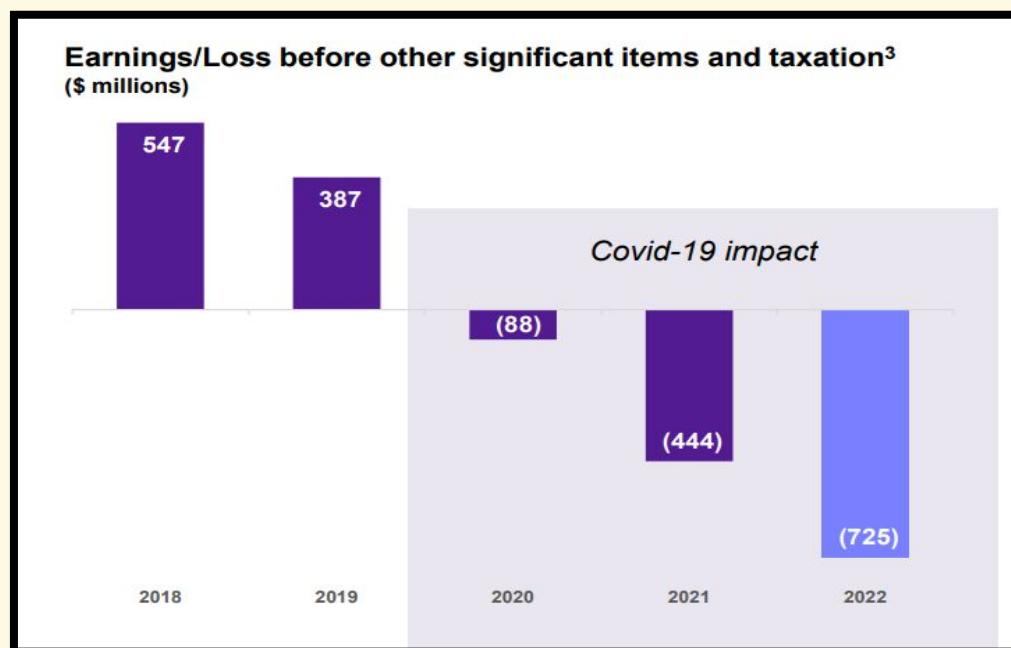
# Company Business / Product Analysis

Operating revenue \$2.7 billion, up 8.6% compared to \$2.5 billion in 2021

- Passenger revenue stable at approx. \$1.5 billion
- Cargo revenue up 32% ( approx 1 billion )

Major Costs that contributed to 725 million loss in year 2022 (Other than Fuel)

- Labor cost has been increased by 18% compared to last year.
- Sales & Marketing cost as increased by 27% . Relaunching of international Routes.



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# Company Customer Analysis

## KEY OPERATING STATISTICS

FIVE YEAR STATISTICAL REVIEW  
FOR THE YEAR TO 30 JUNE

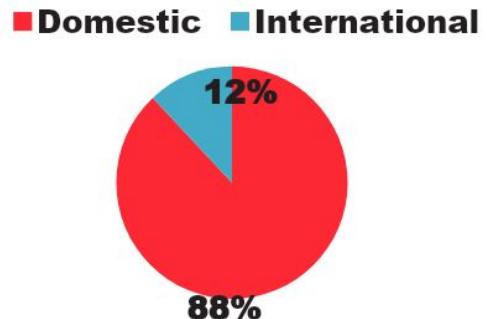
	2022	2021	2020	2019	2018
<b>Passengers Carried (000)</b>					
Domestic	6,836	8,191	8,821	11,513	11,089
International					
Australia and Pacific Islands	734	386	3,002	4,044	3,798
Asia	51	32	734	914	837
America and Europe	124	40	968	1,267	1,242
Total	909	458	4,704	6,225	5,877
Total Group	7,745	8,649	13,525	17,738	16,966
<b>Available Seat Kilometres (M)</b>					
Domestic	4,929	5,480	5,619	7,104	6,905
International					
Australia and Pacific Islands	2,665	2,214	10,367	13,640	12,963
Asia	1,229	1,572	8,117	9,699	9,169
America and Europe	1,826	1,038	12,232	15,586	15,237
Total	5,722	4,824	30,716	38,925	37,369
Total passenger flights	10,651	10,304	36,335	46,029	44,274
Cargo-only flights	9,368	7,106	2,151	-	-
Total Group	20,019	17,410	38,486	46,029	44,274
<b>Revenue Passenger Kilometres (M)</b>					
Domestic	3,452	4,244	4,552	5,957	5,719
International					
Australia and Pacific Islands	1,937	964	8,265	11,195	10,584
Asia	445	292	6,526	8,140	7,467
America and Europe	1,312	408	10,225	13,281	12,892
Total	3,694	1,664	25,016	32,616	30,943
Total Group	7,146	5,908	29,568	38,573	36,662
<b>Passenger Load Factor (%)</b>					
Domestic	70.1	77.4	81.0	83.9	82.8
International					
Australia and Pacific Islands	72.7	43.5	79.7	82.1	81.6
Asia	36.2	18.6	80.4	83.9	81.4
America and Europe	71.8	39.3	83.6	85.2	84.6
Total	65.5	36.5	81.4	83.8	83.4
Total Group	67.1	57.3	81.4	83.8	82.8
<b>GROUP EMPLOYEE NUMBERS (Full Time Equivalents)</b>	8,863	7,840	9,988	11,793	11,074

New Zealand, Australia and Pacific Islands represent short-haul operations. Asia, America and Europe represent long-haul operations.

- Air New Zealand as market share of 80%. No major competitor in the country.
- In 2022 88 % passenger choose Air new Zealand for domestic travel.
- In 2022 12 % passenger chose Air new Zealand for international Travel.
- In 2022 Passenger Load Factor is decreased by 13 %. compared to 2018 (pre covid).



## Customers





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# Company Competition

## Copa Airlines

Copa Airlines (also known as Compañía Panameña de Aviación) is a provider of airline passenger and cargo service. Founded in 1947.

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## Mahan Air

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Mahan Air is a company that provides private airline services. Founded in 1992

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## Air baltic

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Air Baltic is an airline company that provides passenger transport solutions. Founded in 1995.

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## Air Europa

Air Europa is an airlines company. Founded in 1986

# MARKET ENTRY FRAMEWORK

Beer market attractiveness	Competitive landscape	Our client's capabilities	Profitability
<p><b>Is this an attractive market?</b></p> <ul style="list-style-type: none"><li>• What is the market size?</li><li>• What is the market growth rate?</li><li>• What are average profit margins?</li></ul>	<p><b>Is there heavy competition?</b></p> <ul style="list-style-type: none"><li>• How many competitors are there?</li><li>• How much share do they have?</li><li>• Competitive advantages?</li></ul>	<p><b>Do we have the capabilities to enter?</b></p> <ul style="list-style-type: none"><li>• Are there significant capability gaps?</li><li>• Are there significant synergies we can leverage?</li></ul>	<p><b>Will entering be profitable?</b></p> <ul style="list-style-type: none"><li>• What are expected revenues and costs?</li><li>• How long will it take to break even?</li></ul>

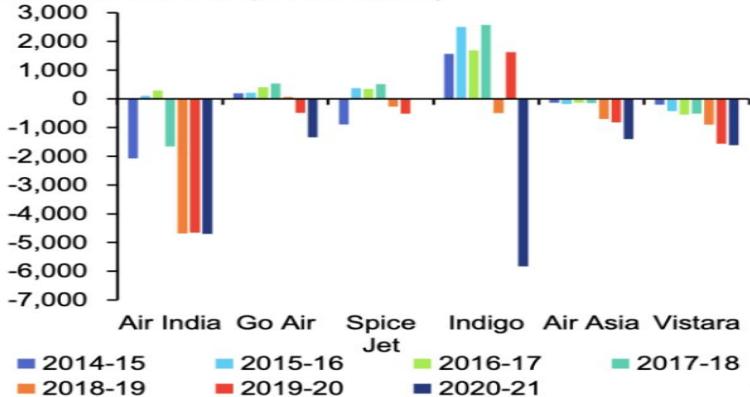
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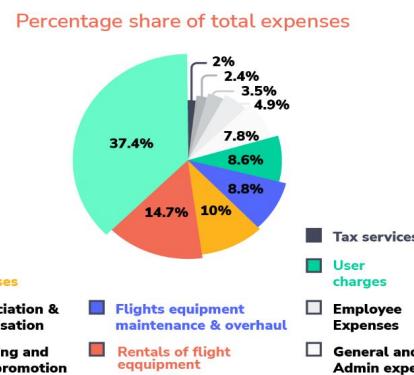
# Market Attractiveness

- The Indian aviation industry is the third-largest aviation industry in the world and stands 5th largest market regarding aircraft passengers in both domestic and international.
- In FY22, airports in India pegged the domestic passenger traffic to be 166.8 million, a 58.5% YoY increase.
- In recent years most of the airlines are in loss. As we can observe it in below Profit/Loss Chart.

**Operating Profit/Loss of major airlines in India (in Rs crore)**



**Cost structure of aviation industry in India (2018-2019)**



**Growth expectations**

Total passengers to, from and within India (in million)

Domestic International  
Total

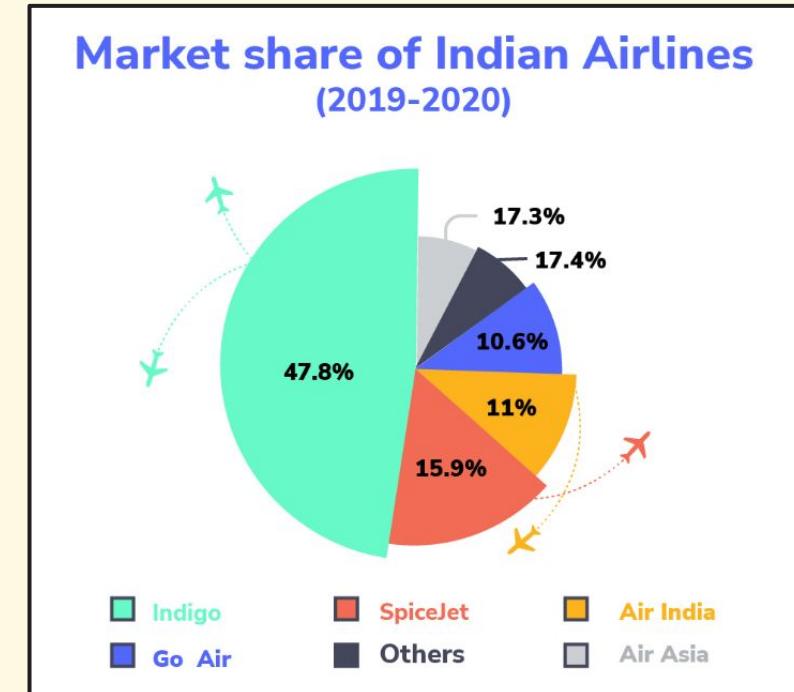
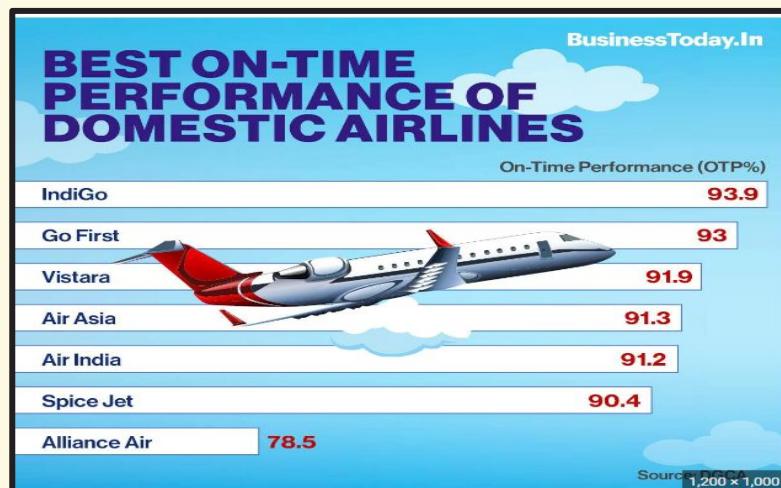


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# Competitive Landscape

- Major share of Indian domestic aviation market is captured by Indigo. In year 2022 Indigo holds 53% market share.
- The airlines like Indigo and Air India have good reach among all the people as they cater services for all the classes.
- Indigo has good management and good employee satisfaction rating.
- All the major domestic airlines have multiple connections for taking bookings making it convenient for their customers.

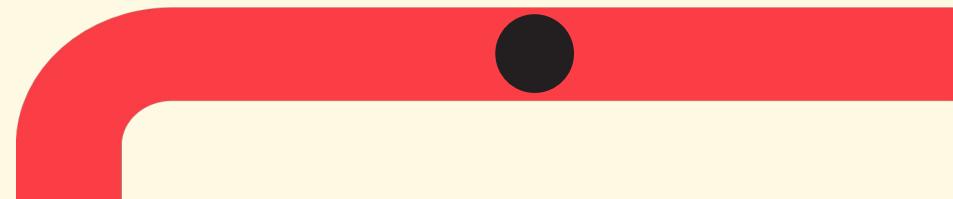




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# Company Capabilities

- There is a free baggage allowance depending upon the membership of the frequent flyer program.
- Air New Zealand offers great connectivity along with valuable mile points. Under “Airpoints”, the loyalty programme of Air New Zealand, you can earn Airpoints Dollars which you can later redeem on flights.
- Travel Classes -> For domestic flights Air New Zealand features four classes of seats: Seat, Seat + Bag, Flexi Time and Flexi Plus.
- Economy and Business Premiere -> You'll find the best peaceful sleep in the sky while traveling in the Business Premier cabin that features the signature chalk coloured deluxe leather lie-flat bed.



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# Profitability

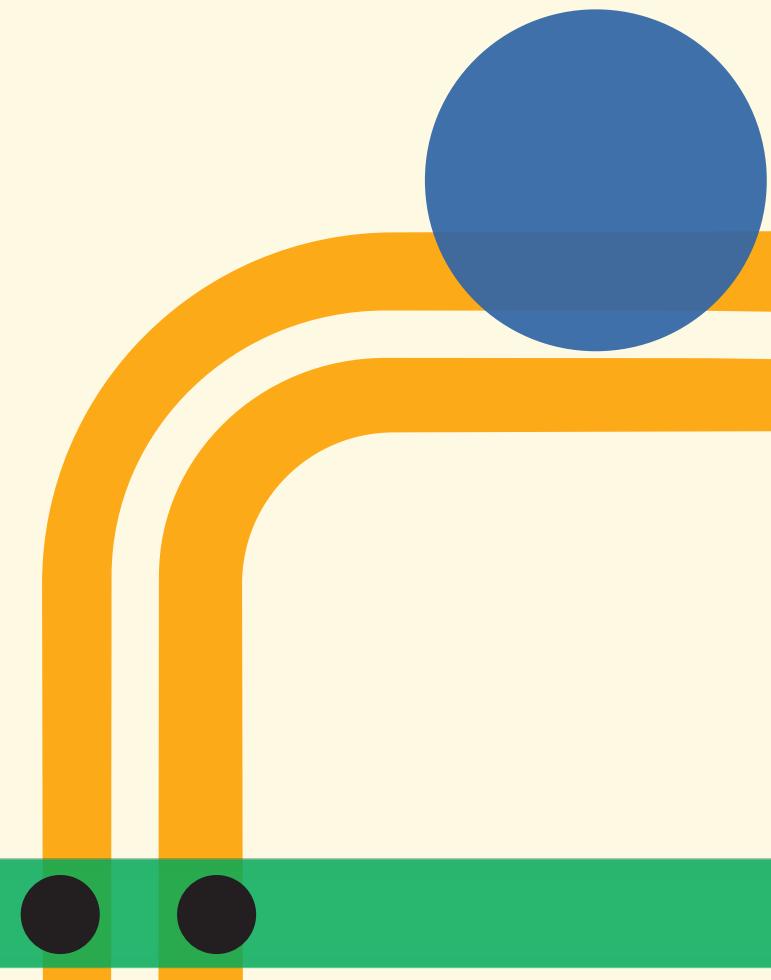
- The load factor helps investors and management determine how well an airline generates sales, covers its expenses, and remains profitable. Airlines have thin profit margins with many costs so having a high load factor is essential to an airline's success.
- Already major of the load has been captured by major airlines as discussed previously. In terms of market share 15% belongs to others and it will be starting point for Air New Zealand.
- In current scenario major airlines in loss. So the expected revenue cannot be predicted. And talking about costs the labour cost in India is slightly cheap as compared to New Zealand. Break even period minimum 5 Years.
- Fleet size has to be calculated for Indian domestic market. May be they need to add newer fleet in their current set.



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# Summary

- The Most Important thing Air New Zealand has to do is Marketing to build and Showcase their presence in Competitive Indian Aviation Market.(Example: India has good cricket fanbase. So using the there national cricket team they can do marketing to build presence.)
- At early stage they should majorly focus on economy class passenger and should provide good facility in this segment.
- They can also think of merging with Other lower market share capturing airlines to speed up the process.





**Thank you**