

AIR INDIA CASE STUDY

**THE FLIGHT OF
MAHARAJA**



Vedant Phad
Btech student , IIT Guwahati



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Introduction

Air India, formerly Air-India, airline founded in 1932 (as Tata Airlines) that grew into the flagship international airline of India; in addition to domestic routes, it serves southern and eastern Asia, the Middle East, Europe, Africa, Australia, the United States, and Canada. Headquarters are in Mumbai.

The first scheduled service was inaugurated in 1932 by J.R.D. Tata, flying mail and passengers between Karachi, Ahmadabad, Bombay (now Mumbai), Bellary, and Madras (now Chennai).

In 1953 India nationalized all Indian airlines, creating two corporations—one for domestic service, called Indian Airlines Corporation (merging Air-India Limited with six lesser lines), and one for international service, Air-India International Corporation. The latter's name was abbreviated to Air-India in 1962.



The combined losses for Air India and Indian Airlines in 2006–07 were ₹7.7 billion (US\$96 million) and after the merger, it went up to ₹72 billion (US\$900 million) by March 2009. In July 2009, State Bank of India was appointed to prepare a road map for the recovery of the airline.

On 28 June 2017, the Government of India approved the privatisation of Air India. A committee has been set up to start the process.



Market Research

The rise in demand for air travel in India has necessitated the development of a robust ecosystem and supportive government policies. Through the National Civil Aviation Policy 2016 (NCAP) the government plans to take flying to the masses by enhancing affordability and connectivity.



Market Overview

The India Aviation Market is projected to register a CAGR of 14.67%

Largest Market by Aircraft Type - Commercial Aviation : Increasing air passenger traffic and its recovery to pre-pandemic levels, coupled with replacing existing aircraft with advanced sustainable aircraft, is driving the commercial aviation market.

Largest Market by Sub-Aircraft Type - Passenger Aircraft : Strong economic growth and the increasing middle-class population are fuelling air passenger traffic growth and generating demand for passenger aircraft.

Largest Market by Body Type - Narrowbody Aircraft : A fleet of narrowbody aircraft adds flexibility in terms of fleet management. It helps to reduce the airlines' operating costs, thereby resulting in the rapid adoption of this aircraft.

Root cause of the decline of Air India

Faulty decisions on aircraft purchases, self-interest of CMDs, failed marriage with IA, among reasons for Air India's downfall

Poor Maharajah but rich employees: Air India paid a heavy price for "buying peace" with unions during mid-1990s. Paying huge salaries to its pilots and aircraft maintenance engineers (AMEs) hit the airline hard.

Lack of professional management:
There was a lack of continuity or accountability of the top leadership. The IAS babus who come to run Air India have little aviation experience and generally fail to understand that aircraft capacity and fares need to be aligned to trade winds.

Performance after privatisation

Air India has been expanding its fleet to help in the growth of its network.

Last month, it unveiled plans to lease 30 new Boeing and Airbus aircraft over the next 15 months, increasing the airline's fleet by more than 25 per cent.

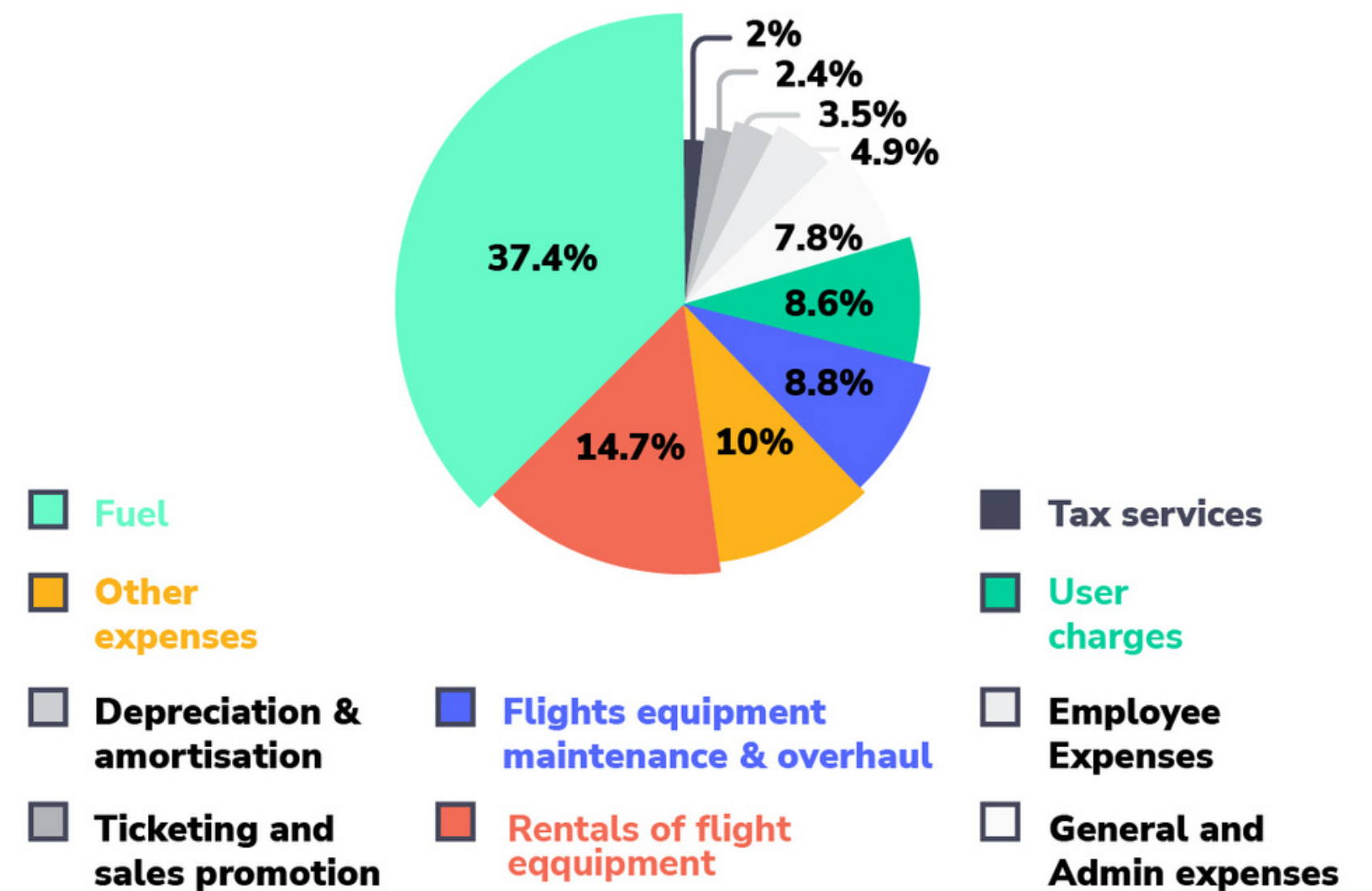
Air India is looking at ordering up to 300 narrowbody planes, in what would be one of the largest orders yet for an airline, Bloomberg reported earlier this year.



Cost structure plays a pivotal role in the operations and competitive landscape of the companies operating in the industry which consists of fuel, administrative cost, rental of flight equipment, ticketing sales & promotions, user charges, Pax services, flight crew Salary & expenses.

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

Percentage share of total expenses



Target audience

Corporate, Upper Middle Class

Online ticketing and low prices have increased the sales of Air India

there are two types of price, within a flight :

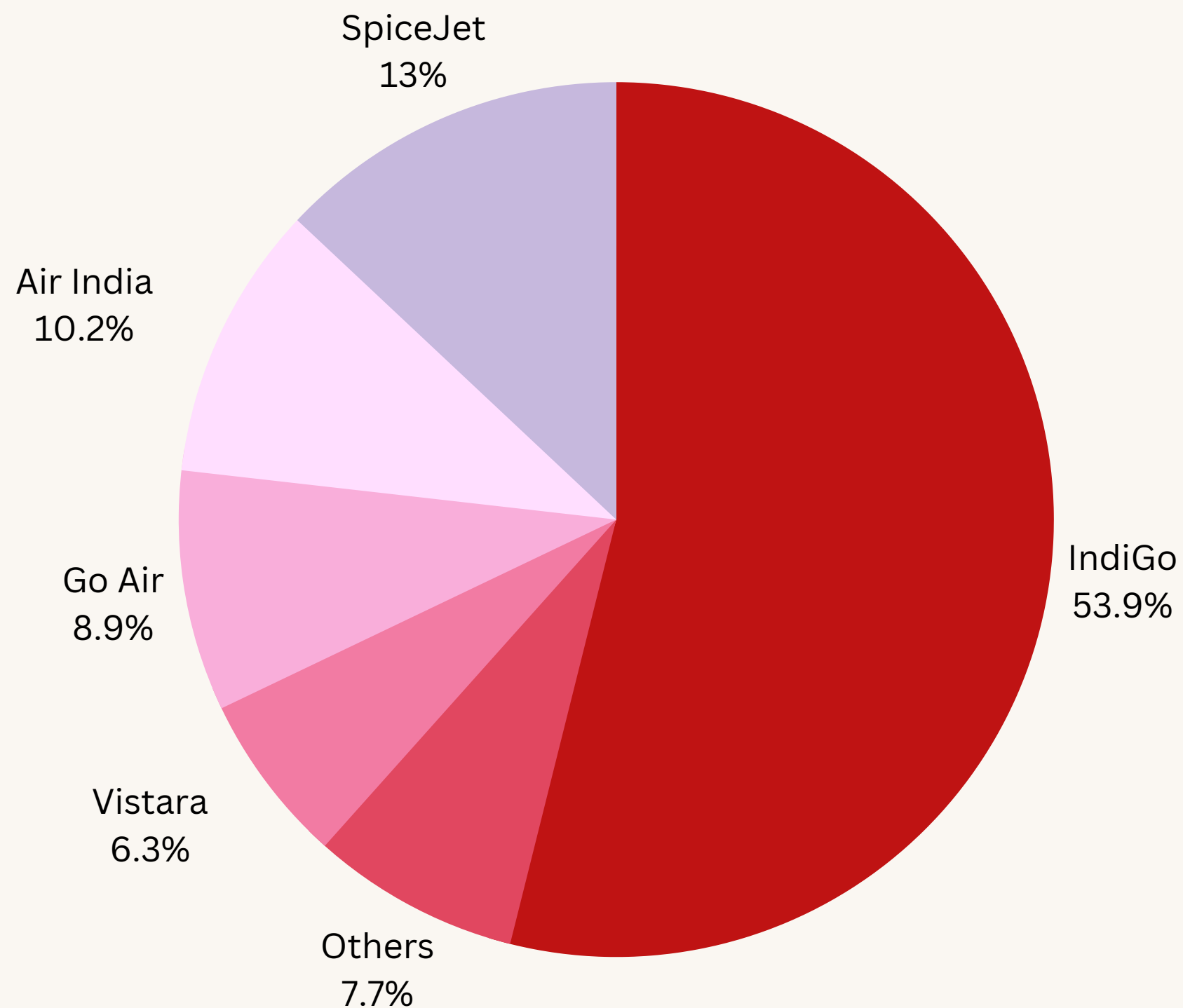
**Economy class and
Business-class**

Air India prices airline tickets are easily accessible to middle-class families. Premium pricing is primarily done to target Business class passengers as they have a high tendency to pay and avail themselves of premium services.



Competitive Analysis

Air India along with its wholly-owned Kochi based subsidiary Air India Express Limited (AIEL) compete with companies like



Indigo
Jet Airways
Go Air
Air Asia
Jet Airways
Spicejet

And more in the national & regional market. While companies like

Etihad
Oman Air
Thai Airways
Singapore Airlines
Emirates

Air India was associated with hospitality, Indian culture, food and even art. Talking about art, did you know about Air India's art collection of more than 8,000 works? Paintings, textiles, sculptures, glass paintings, they have collected this collection over the last 60 years. And this was a calculated move. The thing is that there weren't many international airlines at the time, so the airlines competing against Air India, were giving it a stiff competition.



Air India had to do something to stand out as an airline. To be different from the others. To do this, the advertisement department of Air India decided to reflect Air India's identity by displaying Indian art and artefacts in their airplanes and lounges. The most famous artists around the world, of the time, were commissioned to create artwork for Air India.

Growth Strategies

As Air India is known for its service, work culture and trust. They should make these as their strong points and work on them more so as to beat its other market competitors.

Air India is also famous for its mascot, this would be a great marketing opportunity to further enhance its reach to the customers and increase their profit.



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STRENGTHS

- Air India is known for its unique and high quality "Maharaja" advertising
- The company has its presence in more than 20+ countries
- Air India covers approximately 50 destinations in India
- Merging of Indian Airlines in Air India increase the business operations of the airline

WEAKNESSES

- Labour Problems
- Financial crisis leading to payment issues of employees

A large red graphic on the right side of the slide. It consists of a large red circle with a white letter 'W' inside it. To the right of the circle is a solid red vertical bar that extends from the top to the bottom of the slide.

W



OPPORTUNITIES

- The company can benefit from expansion of routes and international destinations
- Solving internal issues regarding workforce can hugely boost image and operations

THREATS

- Rising Labour Costs can affect Air India's business operations
- Rising Fuel Costs directly impact the running costs
- Losing Marketshare due to other carriers can affect business of Air India

A large, stylized white letter 'T' is centered within a dark red circular shape. This circle is part of a larger graphic element that extends from the right edge of the slide, consisting of a vertical bar and a semi-circular arc.

Guesstimate on the number
of passengers travelling per
day on Air India's flights
within India

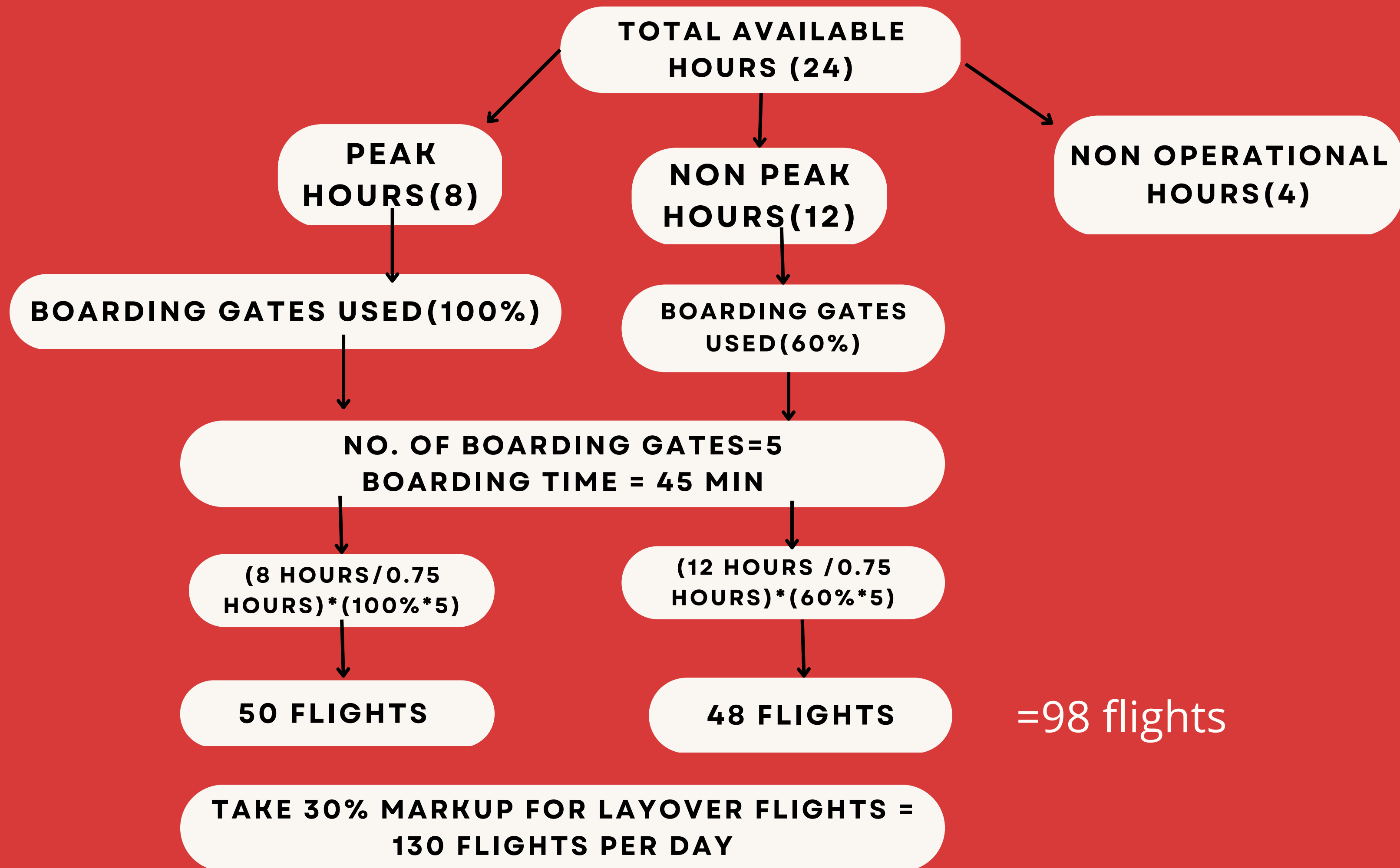
Firstly , I will calculate the number
of planes taking off every day from
a domestic airport of India

Assumption:

Number of domestic airports in India =100
Avg no. of passengers in the flight =100

I assume 30% of the flights on an airport
are of Air India

After calculating the number of
planes taking off every day from
a domestic airport of India , I will
take it's 30% and multiply with
number of domestic airports in
India and will again multiply that
figure to calculate the number of
passengers travelling.



THEREFORE, NO.
OF AIR INDIA
FLIGHTS IN THAT
PERTICULAR
AIRPORT=
 $30\% * 130 = 39$

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graph TD; A["THEREFORE, NO.  
OF AIR INDIA  
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PERTICULAR  
AIRPORT=  
30% * 130 = 39"] --> B["THEREFORE, NO.  
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TOTAL NO. OF  
PASSENGERS=  
3900 * 100"]; C --> D["390000 PASSENGERS"];
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THEREFORE, NO.
OF AIR INDIA
FLIGHTS ALL OVER
INDIA =
 $39 * 100 = 3900$

THEREFORE,
TOTAL NO. OF
PASSENGERS=
 $3900 * 100$

390000 PASSENGERS

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Thank You !

