4.1 Customer Based Brand Equity (CBBE) Pyramid

4.1.1 About CBBE Model

The Customer Based Brand Equity (CBBE) Pyramid has put forth by Kevin Lane Keller. The CBBE model looks at building a brand as a sequence of steps, each of which is contingent on successfully achieving the objectives of the previous one.

The Steps are as follows:

i) Ensure identification of the brand with customers and an association of the brand in customers’ minds with a specific product class or customer need.  

ii) Firmly establish the totality of brand meaning in the minds of customers by strategically linking a host of tangible and intangible brand associations with certain properties.  

iii) Elicit the proper customer responses to this brand identification and brand meaning.  

iv) Convert brand response to create an intense, active loyalty relationship between customers and the brand.

These four steps represent a set of fundamental questions that customers invariably ask about brands – at least implicitly.  

The four questions (with corresponding brand steps in parentheses) are:

1) Who are you? (Brand Identity)  
2) What are You? (Brand Meaning)  
3) What about you? What do I think or feel about you? (Brand Responses)  
4) What about you and me? What kind of association and how much of a connection would I like to have with you? (Brand Relationships)

Notice the ordering of the steps in this “branding ladder,” from identity to meaning to responses to relationships. That is, one cannot establish meaning unless we have created identity; responses cannot occur unless we have developed the right meaning; and we cannot forge a relationship unless we have elicited the proper responses.

The CBBE model approaches brand equity from the perspective of the customer – whether customer is an individual or an organization. The CBBE model provides a unique point of view as to what brand equity is and how it should best be built, measured and managed.

The power of a brand lies in what customers have learned, felt, seen and heard about the brand as a result of their experiences over time. The big challenge for marketers is to ensure that customers have the right type of experiences with their products and services. In order to do this, marketers must
develop marketing programs in way that best fit into customers' mind and linked the brand to the desire customers' feelings, thoughts, actions and beliefs. So that customer-based brand equity is defined as, the differential effect that brand knowledge has on consumer response to the marketing of that brand.

4.1.2 Customer-Based Brand Equity Pyramid

4.1.2.1 Brand Building Blocks

Six brand building blocks with customers have been assembled in a pyramid, with significant brand equity only resulting if brands reach the top of the pyramid. The left side of the pyramid represent a more "rational route" to brand building, whereas building blocks up the right side of the pyramid represent a more “emotional route.” Most strong brands were built by going up both sides of the pyramid.

4.1.2.2 Brand Awareness / Salience:

It's means broad awareness of the brand. It is the ability of the customers' to recall & recognize the brand. It also their ability to associate the brand name, logo, symbol, and so forth to certain associations in memory. The first step in building a brand equity is the brand awareness that contains two parts; brand recognition (how easily customer identify a brand after exposing some cue or a physical product) and brand recall (how easily customer recall the brand without showing a cue while making purchase decision or thinking the product category).
When considering both the breadth and depth of the brand awareness; the depth is that how likely it is for a brand element to come to mind and a breadth is the range of purchase and the situations in which the brand comes to mind of the consumers. A brand that one easily recalls has a deeper level of brand awareness and breadth is related to the product knowledge in the memory of the consumer. So companies must consider or develop the product category structure for the brand or product hierarchy because customers always make a hierarchical decision while purchasing some product or service, the first thing comes his/her mind is the product category then he/she goes further. So it is very important that consumers consider our brand in their desired product category while making purchased decision.

A highly salient brand is one that has both depth and breadth of brand awareness, such that customers always make sufficient purchases as well as always think of the brand across a variety of settings in which it could possible be employed or consumed. Brand salience is an important first step in building brand equity, but is usually not sufficient. For many customers in many situations, other considerations, such as the meaning or image of the brand, also come into play. Creating brand meaning includes establishing a brand image- what the brand is characterized by and should stand for in the minds of customers. Brand meaning is made up of two major categories of brand associations related to performance and imagery. These associations can be formed directly, from a customer’s own experiences and contact with the brand or indirectly, through advertising or by some other source of information, such as word of mouth.

4.1.2.3 Brand performance:

The product itself is at the heart of brand equity, because it is the primary influence on what consumers experience with a brand, what they hear about a brand from others, and what the firm can tell customers about the brand in their communications.

To create brand loyalty and resonance, marketers must ensure that customers’ experiences with the product at least meet, if not actually surpass their expectations. It is describes how well the product or service meets customers’ more functional needs. Brand performance directly related with the features of the product that differentiate it from others. Often, the strongest brand positioning relies on performance advantages of the brand. Five important types of attributes and benefits often underlie brand performance, are 1. Primary ingredients and supplementary features, 2. Product reliability, durability, and serviceability, 3. Service effectiveness, efficiency, and empathy, 4. Style & design, and 5.
Price. Customers view performance or measure performance in three ways: Reliability; measures consistency of performance over time and from purchase to purchase, Durability; means the expected economic life of the product, and Serviceability; the ease of repairing the product if needed.

4.1.2.4 Brand Imaginary:
It is the second part of brand meaning and also called the emotions part of brand meaning (Brand performance is the logic part). It mainly depends on the intrinsic properties of the product or service, including the way how well the brand attempts to meet the customers' psychological or social needs. Imagery refers to more intangible aspects of the brand, and customers can form imagery associations directly from their own experiences or through advertising or some other source of information indirectly. Intangible aspects of the brand are 1. User profiles, 2. Purchase and usage situation, 3. Personality & values, 4. History, heritage & experiences. Demographics factors (gender, age, race, income, family) affect the first two types of aspects while psychographics affect on the personality and values.

4.1.2.5 Brand Judgements:
It is the third stage of the CBBE model which as also two parts or routes; brand judgment and brand feelings. Brand judgments are customers' personal opinions about and evaluations of the brand, which customers form by putting together all the different brand performance and imagery associations. Customers usually make four types of judgments as:

1. **Brand Quality**: brand attitudes generally depend on specific attributes and benefits of the brand.

2. **Brand Credibility**: Judgments about the company or organization behind the brand. Customers may see that whether the brand is competitive, innovative and market leader. The company always considers customers’ priorities in mind and creates interest and fun so that customers enjoying while consuming the brand.

3. **Brand Consideration**: customers think or consider the brand while making purchase decisions.

4. **Brand Superiority**: customers view the brand as unique and better that other.
4.1.2.6 Brand Feelings:
These are customers' emotional responses and reactions to the brand. The emotions evoked by a brand can become so strongly associated that they are accessible during product consumption or use. The following are six important types of brand-building feelings.

Warmth; the brand makes consumers feel a sense of calm or peacefulness.

Fun; makes consumers feel amused, lighthearted, joyous, playful, cheerful, and so on.

Excitement; makes consumers feel energized and they feel something special.

Security; the brand produces a feeling of safety, comfort, and self-assurance.

Social approval; consumers feel that others look favorably on their experience, behavior and so on.

Self-respect; consumers feel a sense of pride, accomplishment, or fulfillment.

4.1.2.7 Brand Resonance:
The final step of the model focuses on the ultimate relationship and level of the identification that the customer has with the brand. Brand resonance describes the nature of the relationship and the extent to which customers feel that they are "in sync" with the brand. Resonance is characterized in terms of intensity, or the depth of the psychological bond that customers have with the brand, as well as the level of activity engendered by this loyalty. Based on these two dimensions of brand resonance is categorized into four categories.

Behavior loyalty; can be termed as customers' repeated purchase intention and the amount or share of category volume attributed to the brand.

Attitudinal attachment; customers should go beyond having a positive attitude to viewing the brand as something special in a broader context.

Sense of community; customers feel kinship or affiliation with other people associated with the brand.
Active engagement; brand loyalty occurs when customers are engaged, or willing to invest time, energy, money or other resources in the brand beyond those expended during purchase or consumption of the brand.

4.1.3 Two approaches to Brand Resonance

Consumers while making purchasing decisions or choosing the brand, always use between two approaches or listen the brain (make the decision) in two ways:

1. Cognitive-based approach (logics) & 2. Affective-based approach (feelings)

In the CBBE pyramid, there are two paths or ways from brand salience to brand resonance and consumer always choose one from them.

4.1.3.1 Cognitive-based approach - Brand salience – Brand performance – Brand judgments – Brand resonance

Consumers mainly focus on the performance of the brand and give importance to the features and benefits of the brand (tangible parts) while making decisions. So marketers must consider the needs of customers who use this approach while developing brands.

4.1.3.2 Affective-based approach

   Brand salience – Brand imagery – Brand feelings – Brand resonance

Consumers more focus or interested in intangible aspects of the brand and attach the brand and develop feelings from their experiences. Marketers must focus on intangible aspects of the brand if they plan to touch/play with the emotions of consumers. The strong and power brand in the market adopts both the paths to reach the brand resonance. Hence, considering CBBE pyramid to study brand resonance of various airline brands is a right focus to research.
4.2.1 About Air India

4.2.1.1 Introduction

Air India is the flag carrier airline of India. It is part of the government of India owned Air India Limited (AIL). The airline operates a fleet of Airbus and Boeing aircraft serving Asia, Australia, Europe and North America. Its corporate office is located at the Air India Building at Nariman Point in South Mumbai. Air India has two major domestic hubs at Indira Gandhi International Airport and Chhatrapati Shivaji International Airport. An international hub at Dubai International Airport is currently being planned.

Air India was founded by J. R. D. Tata in July 1932 as Tata Airlines, a division of Tata Sons Ltd. (now Tata Group). During the end of World War II, regular commercial service was restored in India and Tata Airlines became a public limited company on 29 July 1946 under the name Air India. In 1948, after the independence of India, 49% of the airline was acquired by the Government of India, with an option to purchase an additional 2%. In return, the airline was granted status to operate international services from India as the designated flag carrier under the name Air India International.

Air India has the fourth largest share in India’s domestic air travel market, behind Jet Airways, IndiGo and SpiceJet, as of May 2012. Following its merger with Indian Airlines, Air India has faced multiple problems, including escalating financial losses, discontent amongst employees, and poor customer service. Between September 2007 and May 2011, Air India’s domestic market share declined from 19.2% to 14%, primarily due to stiff competition from private Indian carriers. In August 2011, Air India's invitation to join Star Alliance was suspended due to its failure to meet the minimum standards for the membership. 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 Rs300 billion ($5.8 billion) of subsidies.
4.2.1.2 Early years
Air India was founded by J. R. D. Tata in July 1932 as Tata Airlines, a division of Tata Sons Ltd. (now Tata Group). On 15 October 1932, J. R. D. Tata flew a single-engine De Havilland Puss Moth carrying air mail (postal mail of Imperial Airways) from Karachi’s Drigh Road Aerodrome to Bombay’s Juhu Airstrip via Ahmedabad. The aircraft continued to Madras via Bellary piloted by former Royal Air Force pilot Nevill Vintcent. In 1932 Air India was based out of a hut with a palm thatched roof at Juhu Aerodrome and had 1 pilot and 2 apprentice mechanics along with two piston engine aircraft, one Puss Moth and one Leopard Moth aircraft.

4.2.1.3 Post-war expansion
Following the end of World War II, regular commercial service was restored in India and Tata Airlines became a public limited company on 29 July 1946 under the name Air India. In 1948, after the independence of India, 49% of the airline was acquired by the Government of India, with an option to purchase an additional 2%. In return, the airline was granted status to operate international services from India as the designated flag carrier under the name Air India International. On 8 June 1948, a Lockheed Constellation L-749A named Malabar Princess (registered VT-CQP) took off from Bombay bound for London Heathrow via Cairo and Geneva. This marked the airline’s first long-haul international flight, soon followed by service in 1950 to Nairobi via Aden.

On 25 August 1953, the Government of India exercised its option to purchase a majority stake in the carrier and Air India International Limited was born as one of the fruits of the Air Corporations Act that nationalized the air transportation industry. At the same time all domestic services were transferred to Indian Airlines (now renamed as Indian). In 1954, the airline took delivery of its first L-1049 Super Constellations and inaugurated services to Bangkok, Hong Kong, Tokyo and Singapore.

4.2.1.4 The Jet age
Air India International entered the jet age in 1960 when it’s first Boeing 707-420, named Gauri Shankar (registered VT-DJJ), was delivered. Jet services to New York
City via London were inaugurated that same year on 14 May 1960. On 8 June 1962, the airline's name was officially truncated to Air India. On 11 June 1962, Air India became the world's first all-jet airline.

In 1971, the airline took delivery of its first Boeing 747-200B named Emperor Ashoka (registered VT-EBD). This coincided with the introduction of the 'Palace in the Sky' livery and branding. A feature of this livery is the paintwork around each aircraft window, in the cusped arch style of windows in Indian palaces. In 1986 Air India took delivery of the Airbus A310-300; the airline is the largest operator of this type in passenger service. In 1988, Air India took delivery of two Boeing 747-300Ms in mixed passenger-cargo configuration.

4.2.1.5 Early 1990s
In 1993, Air India took delivery of the flagship of its fleet when the first Boeing 747-400 named Konark (registered VT-ESM) made history by operating the first non-stop flight between New York City and Delhi. In 1994 the airline was registered as Air India Ltd. In 1996, the airline inaugurated service to its second US gateway at O'Hare International Airport in Chicago. In 1999, the airline opened its dedicated Terminal 2-C at the renamed Chhatrapati Shivaji International Airport in Mumbai.

4.2.1.6 2000 – present
In 2000, Air India introduced services to Shanghai and to its third US gateway at Newark Liberty International Airport in Newark. In May 2004, Air India launched a wholly owned low cost airline called Air-India Express. Air India Express connected cities in India with the Middle East, Southeast Asia and the Subcontinent.

Re-privatization plans
In 2001, the Government of India put forward plans on privatizing Air India. One of the bids was by a consortium of Tata Group-Singapore Airlines. However the re-privatization plans were shelved after Singapore Airlines pulled out and the global economy slumped.

Merger with Indian Airlines
In 2007, the Government of India announced that Air India would be merged with Indian Airlines. As part of the merger process, a new company called the National Aviation Company of India Limited (NACIL) was established, into which both Air India (along with Air India Express) and Indian Airlines (along with Alliance Air) will be merged. On 27 February 2011, Air India and Indian Airlines merged along with their subsidiaries to form Air India Limited.

Financial crisis

Around 2006-2007, the airlines began showing signs of financial distress. The combined losses for Air India and Indian Airlines in 2006-07 were 770 crores (7.7 billion). After the merger of the airlines, this went up to 7,200 crores (72 billion) by March 2009. This was followed by restructuring plans which are still in progress. In July 2009, SBI Capital Markets was appointed to prepare a road map for the recovery of the airline. The carrier sold three Airbus A300 and one Boeing 747-300M in March 2009 for $18.75 million to survive the financial crunch.

As of March 2011, Air India has accumulated a debt of Rs. 42,570 crore (approximately $10 billion) and an operating loss of Rs. 22,000 crore, and is seeking Rs. 42,920 crore from the government. Due to high fuel and loan costs, Indian government has already pumped 32 billion rupees into Air India since April 2009.

In March 2012 government bailed out Air India Ltd., with 67.5 billion rupees ($1.4 billion) which the amount almost double of the federal government has spent on new hospitals over the past three years. The airline moved there in 1970. As of 8th May, 2012 the carrier invited offers from banks to rise up $ 800 million via external commercial borrowing and bridge financing. This was stated in the documents put up on the carrier's website.

Return to profitability plans

The new Chairman and Managing director wants to change the order of some of the 111 planes ordered in 2006 to get narrow-body aircraft instead of the wide-body aircraft. On May 8th, 2012 about 100 pilots went on medical leave as a mark of
protest while their talks with the management were still on. Later, the same day it sacked ten agitating pilots and de-recognized their union after 160 pilots failed to join duty by the given deadline.

On the 15th of May, the Union Civil Aviation Minister Ajit Singh stated that the Government was giving Air India one last chance and that it must perform in order to qualify for a bailout. On May 26th, 2012 Aviation minister Ajit Singh announced that he would go ahead and hire new pilots if the strike did not end soon. While, AI management gave an assurance to Delhi High Court that it would look into the hardships of the pilots sympathetically, the striking pilots have decided to end the 58 day old strike immediately. Due to pilots' strike Air India suffered a loss of 500 crores (US$99.75 million) in 45 days. Eventually, following the intervention of the Delhi High Court, the pilots called off their 58 day strike on 4th July, 2012.

State ownership
Air India today still remains as a state-owned company through Air India Limited. However, government ownership of the airline has subsequently led to multiple problems, such as enormous market share losses, declining profits, and escalating labor disputes.

Historically, there have been numerous attempts to privatize Air India in hopes of a better future, but government interference has since prevented this goal from being achieved. Furthermore, it is also believed that mismanagement and corruption have impacted Air India's financial performance.

Customer service
A major complaint about Air India was its negative overall brand image and reputation for poor customer service, and reviews about rude staff and poor handling of delays and cancellations were reported. According to Skytrax's website, passengers rate the airline's services an abysmal 4.1 out of 10, reflecting its services as inferior.
4.2.1.7 Corporate affairs and identity

Organization
Air India has three subsidiaries. Together Air India, Air India Cargo, Air India Express and Air India Regional form the Air India Limited.

Livery
On 22 May 2007, Air India and Indian unveiled their new livery. The logo of the new airline is a Flying Swan with the Konark Chakra placed inside it. The Flying Swan has been morphed from Air India’s characteristic logo, ‘The Centaur’ whereas the ‘Konark Chakra’ is reminiscent of Indian’s logo.

The new logo features prominently on the tail of the aircraft. Individually the Konark Chakra also features on all the engines of the aircraft. The choice of colors namely red for “Flying Swan” and orange for “Konark Chakra” are meant to signify vigor and advancement.

Further the colors also have a strong association with two carriers thereby retaining the earlier imagery of traditional hospitality and service. While the aircraft is ivory in color, the base retains the red streak of Air India. Running parallel to each other is the Orange and Red speed lines from front door to the rear door, subtly signifying the individual identities merged into one. The brand name ‘Air India’ runs across the tail of the aircraft in Hindi.

4.2.1.8 Destinations
Air India serves 49 domestic destinations and 26 international destinations in 19 countries across Asia, Europe and North America.

Short-haul routes
Air India’s short-haul routes mainly include domestic cities and cities in South East Asia and South West Asia. For short-haul routes its Airbus A330, Boeing 747-400 and Boeing 777-200LR are used apart from Airbus A320 family aircraft of Indian which are operated with Air India call sign and code.

Long-haul routes
The airline has long-haul destinations in East Asia, Europe and North America which are served using Boeing 777-200LR and -300ER aircraft.

Services
**Frequent flyer programme**

Flying Returns is Air India's frequent flyer programme. The programme is also shared by all other Air India Limited carriers.

**Premium lounges**

The Maharaja Lounge (English: "Emperor's Lounge") is offered to First and Business class passengers. Air India shares lounges with other international airlines at international airports that do not have a Maharaja Lounge available. There are six Maharaja Lounges, one at each of the six major destinations of Air India.

### 4.2.1.9 Awards and recognitions

- Preferred International Airline award for travel and hospitality from Awaz Consumer Awards 2006.
- Best International West Bound Airline out of India for three successive years by Galileo Express Travel World Award.
- Best Corporate Social Responsibility Initiative by Galileo Express Travel World Award, Best Short-Haul International Airline by Galileo Express Travel World Award 2008.
- The Mercury Award for the years 1994 and 2003, from the International Flight Catering Association, for finest in-flight catering services.
- Amity Corporate Excellence Award instituted by the Amity International Business School, Noida, Uttar Pradesh to honor Corporate with distinct vision, innovation, competitiveness and sustenance. Reader's Digest Trusted Brand Award, Dun and Bradstreet Award (D&B)- first in terms of revenue out of the top airline companies out of India.
- Best South Asian Airline award by readers of TTG Asia, TTG China, TTG Mice and TTG-BT Mice China, all renowned Mice and business travel publications. Cargo Airline of the Year at the 26th Cargo Airline of the Year Awards.
- The airline entered the Guinness Book of World Records for the most people evacuated by a civil airliner. Over 111,000 people were evacuated from Amman to Mumbai – a distance of 4,117 km, by operating 488 flights in association with Indian, from 13 August to 11 October 1990 – lasting 59 days. The
operation was carried out during Persian Gulf War in 1990 to evacuate Indian expatriates from Kuwait and Iraq.

- The Montreal Protocol Public Awareness Award was awarded to Air India by the United Nations for environmental protection, especially in the ozone layer.
- World's first all-jet airline - June 1962, World's largest operator of Airbus A310-300.
- Air India's security department became the first aviation security organization in the world to acquire ISO 9002 certification (31 January 2001).
- Air India's Department of Engineering has obtained the ISO 9002 for its Engineering facilities for meeting international standards.
- 3rd airline in the world to receive the Boeing 787.
4.2.2 About Jet Airways

4.2.2.1 Introduction

*Jet Airways* is a major Indian airline based in Mumbai, Maharashtra. It is India’s largest airline and the market leader in the domestic sector. It operates over 400 flights daily to 76 destinations worldwide. Its main hub is Chhatrapati Shivaji International Airport, with secondary hubs at Delhi, Chennai, Ahmedabad, Bengaluru and Kolkata. It has an international hub at Brussels Airport, Belgium.

4.2.2.2 History

Jet Airways is owned by Naresh Goyal. Jet Airways was incorporated as an air taxi operator on 1 April 1992. It started commercial operations on 5 May 1993 with a fleet of four leased Boeing 737-300 aircraft. In January 1994 a change in the law enabled Jet Airways to apply for scheduled airline status, which was granted on 4 January 1995. It began international operations to Sri Lanka in March 2004. The company is listed on the Bombay Stock Exchange, but 80% of its stock is controlled by Naresh Goyal (through his ownership of Jet’s parent company, Tailwinds).

Naresh Goyal – who already owned Jetair (Private) Limited, which provided sales and marketing for foreign airlines in India – set up Jet Airways as a full-service scheduled airline to compete against state-owned Indian Airlines. Indian Airlines had enjoyed a monopoly in the domestic market between 1953, when all major Indian air transport providers were nationalized under the Air Corporations Act (1953), and January 1994, when the Air Corporations Act was repealed, following which Jet Airways received scheduled airline status.

4.2.2.3 Air Sahara buyout

In January 2006 Jet Airways announced that it would buy Air Sahara for US$500 million in an all-cash deal, making it the biggest takeover in Indian aviation history. It would have resulted in the country’s largest airline[^5] but the deal fell through in June 2006.
On 12 April 2007 Jet Airways agreed to buy out Air Sahara for INR14.5 billion (US$340 million). Air Sahara was renamed JetLite, and was marketed between a low-cost carrier and a full service airline. In August 2008 Jet Airways announced its plans to completely integrate JetLite into Jet Airways.

4.2.2.4 Present

In October 2008 Jet Airways laid off 1,900 of its employees, resulting in the largest lay-off in the history of Indian aviation. However the employees were later asked to return to work; Civil Aviation Minister Praful Patel said that the management reviewed its decision after he analysed the decision with them. 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 utilisation of crew and sharing of similar frequent flier programmes.

On 8 May 2009 Jet Airways launched its low-cost brand, Jet Konnect. The decision to launch a new brand instead of expanding the JetLite network was taken after considering the regulatory delays involved in transferring aircraft from Jet Airways to JetLite, as the two have different operator codes. The brand was launched on sectors that had 50% or less load factor with the aim of increasing it to 70% and above.

Jet officials said that the brand would cease to exist once the demand for the regular Jet Airways increases. According to a PTI report, for the third quarter of 2010, Jet Airways (Jet+JetLite) had a market share of 26.9% in terms of passengers carried, thus making it a market leader in India, followed by Kingfisher Airlines with 19.9%.

4.2.2.5 Effects of recession

The recession forced Jet Airways to discontinue the following routes: Ahmedabad–London, Amritsar–London, Bangalore–Brussels and Mumbai–Shanghai–San Francisco. It also had to put an indefinite delay on its expansion plans. Jet Airways was forced to lease out seven of its ten Boeing 777-300ERs to survive the financial crunch. Due to the recession all flights to North America were operated on an Airbus
A330-200 replacing the Boeing 777-300ERs. It also had to sell a brand-new, yet-to-be-delivered Boeing 777-300ER in 2009 and had to defer all new aircraft deliveries by at least two years. The airline plans to restore the Mumbai-Shanghai route by the end of 2011.

4.2.2.6 Corporate affairs and identity

Head office

Jet Airways's head office is located in the Siroya Centre in Andheri, Mumbai. Jet Airways's head office was previously located in the S.M. Centre, a rented, unmarked six storey building in Andheri. In 2008 Robyn Meredith of Forbes stated that the complex was "as shabby as (Jet Airways CEO Naresh) Goyal's home is posh" and that the complex was "In need of a fresh coat of paint". The complex was 15 minutes driving time from Chhatrapati Shivaji International Airport.

Subsidiaries

JetLite is 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 operates a fleet of mixed owned–leased Boeing 737 Next Generation aircraft and Bombardier CRJ-200ER.

Jet Konnect

Jet Konnect is the low-cost brand of India-based Jet Airways. It was launched on 8 May 2009, and shares the same airline designation as Jet Airways. It operates a mixed fleet of ATR 72-500s and Boeing 737-800s.
The rationale for launching Jet Airways Konnect was to close down loss-making routes and divert the planes to more profitable routes with higher passenger load factors. Jet already runs 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 destinations

Jet Airways serves 52 domestic destinations and 24 international destinations, a total of 76 in 19 countries across southern Africa, Asia, Europe and North America. Short-haul destinations are served using Boeing 737 Next Generation. ATR 72-500s are used only on domestic regional routes, while long-haul routes are served using its Airbus A330-200 and Boeing 777-300ER aircraft. London, England was the airline’s first long-haul destination and was launched in 2005.

Since 2007 Jet Airways has had a scissors hub at Brussels Airport in Belgium for onward trans-Atlantic connections to Canada and the United States. The Boeing customer code for Jet Airways is 5R. The airline is known for constantly maintaining its average fleet age below 10 years with regular phasing out of aircraft which are over 10 years of age. As of May 2011, the Jet Airways fleet consists of the following aircraft with an average age of 5.4 years.

Jet Airways’ original livery was Navy Blue, Light Grey and Chrome Yellow. The top and bottom of the aircraft were painted in light grey and had the flying sun logo in the navy blue background.

4.2.2.7 Livery - New
Jet Airways' current livery was introduced in 2007. The design retained the dark blue and gold-accented colour scheme of Jet Airways' previous corporate identity, along with the airline's "flying sun" logo. The new livery, created with Landor Associates, added yellow and gold ribbons. A new yellow uniform was simultaneously introduced, created by Italian designer Roberto Capucci. Jet Airways introduced its new identity in conjunction with a global brand re-launch which included new aircraft and seating.

4.2.2.8 Domestic & International short haul

Boeing 737 Next Generation aircraft are configured in and Economy Classes. Some Boeing 737s has an all Economy Class cabin layout. The ATR 72-500 have Economy class configuration only.

Airport lounges

Jet Airways Lounges are offered to First and Première Class passengers, along with JetPrivilege Platinum, Gold or Silver card members. The international lounge at Brussels has showers, business centre, entertainment facilities and children's play areas. Lounges are located in Bangalore, Brussels, Chennai, Cochin, Delhi, Hyderabad, Jaipur, Kolkata, Mumbai, Newyork. JetPrivilege is Jet Airways' frequent-flyer program.

In June 2011, Jet Airways banned carrying fish, crab, meat and poultry products as check-in baggage. Jet is the first domestic airline to impose such a ban. Jet claimed that passengers complained of their baggage getting soiled by seepage from bags containing meat products.
4.2.2.9 Awards and achievements

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<th>S.No</th>
<th>Awards and achievements</th>
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<tr>
<td>1.</td>
<td>Jet Airways has been given a 3-star rating by Skytrax.</td>
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<td>2.</td>
<td>Best First-Class Service in the World award at Business Traveller’s 20th annual ‘Best in Business Travel’ awards.</td>
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<td>6.</td>
<td>Best Overall in Entertainment at the Avion Awards 2010</td>
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<td>7.</td>
<td>India’s Popular Domestic Airline at the SATTE 2006 Awards</td>
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<td>9.</td>
<td>India’s Airline at the World Travel Awards, 2006</td>
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<tr>
<td>10.</td>
<td>Best Technical Despatch Reliability by Beaver 2002</td>
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<td>11.</td>
<td>Best Cargo Airline of North Asia by Cargo Airline of the Year Awards</td>
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<td>12.</td>
<td>Best Domestic Airline award for the 1st consecutive year and the 5th time</td>
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<tr>
<td>13.</td>
<td>In the past two years at the 18th TTG (Travel Trade Gazette) Travel Awards 2007.</td>
</tr>
<tr>
<td>14.</td>
<td>Service Excellence Award at Global Managers in Jurassic Park, Sudan.</td>
</tr>
<tr>
<td>15.</td>
<td>India’s Most Respected Company in the Travel and Food Sector by Businessworld 2003.</td>
</tr>
<tr>
<td>16.</td>
<td>Best Long Haul Carrier ex-Brussels award at the Tm Travel Awards 2009.</td>
</tr>
<tr>
<td>17.</td>
<td>Best Eastbound Airline from India and Best domestic Airline in India awards at the Abacus Taif Awards 2009.</td>
</tr>
<tr>
<td>18.</td>
<td>Business Traveller’s Best Indian Airline Award In London.</td>
</tr>
</tbody>
</table>
4.2.3 About Kingfisher Airlines

4.2.3.1 Introduction

Kingfisher Airlines is an airline group based in India. Its head office is Kingfisher House in Vile Parle (East), Mumbai. Kingfisher Airlines, through its parent company United Breweries Group, has a 50% stake in low-cost carrier Kingfisher Red. Kingfisher Airlines was established in 2003. It is owned by the Bengaluru based United Breweries Group. The airline started commercial operations in 9 May 2005 with a fleet of four new Airbus A320-200s operating a flight from Mumbai to Delhi. It started its international operations on 3 September 2008 by connecting Bengaluru with London.

Kingfisher Airlines is one of the only seven airlines awarded 5-star rating by Skytrax along with Cathay Pacific, Qatar Airways, Asiana Airlines, Malaysia Airlines, Singapore Airlines, and Hainan Airlines. Kingfisher operates more than 375 daily flights to 71 destinations, with regional and long-haul international services. In May 2009, Kingfisher Airlines carried more than 1 million passengers, giving it the highest market share among airlines in India. Kingfisher also owns the skytrax award for India’s best airliner of the year 2011. Kingfisher Airlines is also the sponsor of F1 racing outfit, Force India, which Vijay Mallya also owns.

4.2.3.2 History

Kingfisher Airlines was established in 2003. It is owned by the Bengaluru based United Breweries Group. The Chief Managing Director of Kingfisher Airlines is Dr. Vijay Mallya.

The airline started commercial operations in 9 May 2005 with a fleet of four new Airbus A320-200s operating a flight from Mumbai to Delhi. It started its international operations on 3 September 2008 by connecting Bengaluru with London. On 7 June 2010 Kingfisher became a member elect of the Oneworld airline alliance when it
signed a formal membership agreement. A firm date to join the alliance will be announced once the implementation process is underway; it possibly may take 18 to 24 months.

4.2.3.3 Destinations

Kingfisher Airlines serves 63 domestic destinations and 8 international destinations in 8 countries across Asia and Europe. Kingfisher's short haul routes are mostly domestic apart from some cities in South Asia, Southeast Asia and Western Asia. All short haul routes are operated on the Airbus A320 family aircraft. ATR 42s and ATR 72s are used mainly on domestic regional routes. Kingfisher has its medium, long-haul destinations in East Asia, Southeast Asia, and Europe. Its first long haul destination was London, United Kingdom which was launched in September 2008. It has plans to launch new long haul flights to cities in Africa, Asia, Europe, North America and Oceania with deliveries of new aircraft. All long haul routes are operated on the Airbus A330-200.

Kingfisher Airlines' fleet currently consists of ATR 42, ATR 72 and Airbus A320 family aircraft for domestic and short haul services and Airbus A330-200s for international long-haul services. The average age of its fleet as of January 2009 was 2.3 years. All ATR's and a few aircraft from the A320 family are used for Kingfisher Red service.

4.2.3.4 New aircraft orders and deliveries

On 21 July 2004, it signed a MoU with Airbus for four A320-200s with options for eight more.

On 23 February 2005, it signed a contract with Airbus for three Airbus A319-100s and firm orders for ten A320-200s with options for twenty more. On 25 April 2005, it took the delivery of its first Airbus A320-200 aircraft which was used to start operations in 9 May 2005. On 15 June 2005, it created history by becoming the first Indian airline to place orders for the Airbus A330, Airbus A350 and Airbus A380 aircraft. The order was for five A330-200s, five A350-800s and five A380-800s. On 21 November 2005, it placed another order for thirty Airbus A320 family aircraft.
On 24 April 2006 at Hannover, it became the first Indian airline yet again to place orders for the Airbus A340 aircraft. The order was for five A340-500s. However, these A340-500 orders were cancelled in 2008 due to worldwide economic recession which resulted in skyrocketing of petroleum prices across the world in July 2008.

On 20 June 2007 at the 2007 Paris Airshow, it signed a MoU with Airbus for twenty Airbus A320 family aircraft, ten Airbus A330-200s, five Airbus A340-500s and fifteen Airbus A350-800s. The order for five A340-500s were converted to A330-200s in 2008 after the cancellation of the initial five A340-500 order which was placed in April 2006 at Hannover.

On 14 July 2008, Kingfisher unveiled its first ever Wide-body aircraft, a Airbus A330-200 (registered VT-VJL) at the 46th Farnborough Airshow held in July 2008. Kingfisher’s first Airbus A330-200 was widely billed (according to the airline’s press release) as the best A330-200 ever built by Airbus. Domestic Kingfisher First is only available on selected Airbus A320 family aircraft.

4.2.3.4 Kingfisher Red

After Kingfisher Airlines acquired Air Deccan, its name was changed to Simplify Deccan and subsequently to Kingfisher Red.

Kingfisher Red is Kingfisher Airline’s low-cost class on domestic routes. A special edition of Cine Blitz magazine is the only reading material provided. Kingfisher Airlines is the first airline in India to extend its King Club frequent flyer program to its low-cost carrier as well. Passengers can earn King Miles even when they fly Kingfisher Red, which they can redeem for free tickets to travel on Kingfisher Airlines or partner airlines.

4.2.3.5 International - Kingfisher First

The International Kingfisher First has full flat-bed seats with a 180 degree recline, with a seat pitch of 78 inches, and a seat width of 20-24.54 inches. Passengers are given Merino wool blankets, a Salvatore Ferragamo toiletry kit, a pyjama to change
into, five-course meals and alcoholic beverages. Also available are in-seat massagers, chargers and USB connectors.

Every Kingfisher First seat has a 17 inch widescreen personal television with AVOD touch screen controls and offers 357 hours of programming content spread over 36 channels, including Hollywood and Bollywood movies along with 16 channels of live TV, so passengers can watch their favorite TV programmes live. There is also a collection of interactive games, a jukebox with customizable playlists and Kingfisher Radio. Passengers are given BOSE noise cancellation headphones. The service on board the Kingfisher First cabins includes a social area comprising a full-fledged bar staffed with a bartender, a break-out seating area just nearby fitted with two couches and bar stools, a full-fledged chef on board the aircraft and any-time dining. A turn-down service includes the conversion of the seat into a fully flat bed and an air-hostess making the bed when the passenger is ready to sleep.

Both Kingfisher First and Kingfisher classes feature mood lighting on the Airbus A330-200 with light schemes corresponding to the time of day and flight position.

4.2.3.6 King Club

The Frequent-flyer program of Kingfisher Airlines is called the King Club in which members earn King Miles every time they fly with Kingfisher or its partner airlines, hotels, car rental, finance and lifestyle businesses. There are four levels in the scheme: Red, Silver, Gold and Platinum levels. Members can redeem points for over a number of schemes. Platinum, Gold and Silver members enjoy access to the Kingfisher Lounge, priority check-in, excess baggage allowance, bonus miles, and 3 Kingfisher First upgrade vouchers for Gold membership. Platinum members get 5 upgrade vouchers.

4.2.3.7 Kingfisher Lounge

Kingfisher Lounges are offered to Kingfisher First passengers, along with King Club Silver and King Club Gold members. Lounges are located in:

- Bengaluru International Airport
- Chennai International Airport
• Chhatrapati Shivaji International Airport (Mumbai)
• Cochin International Airport (Kochi)
• Indira Gandhi International Airport (Delhi)
• London Heathrow Airport
• Netaji Subhash Chandra Bose International Airport (Kolkata)
• Rajiv Gandhi International Airport (Hyderabad)

4.2.3.8 Awards and Achievements

Adrian Sutil is pursued by Lewis Hamilton at the 2010 Malaysian GP. Kingfisher is a sponsor of Force India

➔ Kingfisher Airlines frequent flyer programme, King Club has won Top Honours at the 21st Annual Freddie Awards in the Japan, Pacific, Asia and Australia region.

➔ King Club has won the Freddie Awards 2008 in the following categories:

➔ Best Bonus Promotion

➔ Best Customer Service

➔ Best Member Communications (First Runner-up)

➔ Best Award Redemption (First Runner-up)

➔ Best Elite Level (Second Runner-up)

➔ Best Website (Second Runner-up)

➔ Program of the Year (Second Runner-up)

➔ Kingfisher Airlines has received three global awards at the Skytrax World Airline Awards 2010

➔ Named Best Airline In India / Central Asia; Best Cabin Crew – Central Asia.

➔ Kingfisher RED named Best Low Cost Airline in India / Central Asia.
→ NDTV Profit Business Leadership Award for Aviation.

→ India's only 5 Star airline, rated by Skytrax and 6th airline in the world.

→ Rated India's Second Buzziest Brand 2008 by The Brand Reporter.

→ Ranked amongst India's Top Service Brands of 2008 by Pitch Magazine.

→ Voted as India's Favourite Airline.

→ Rated as Asia Pacific's Top Airline Brand.

→ Brand Leadership Award.

→ Economic Times Avaya Award 2006 for Excellence in Customer Responsiveness.

→ India's No. 1 Airline in customer satisfaction by Business World.

→ Rated amongst India's most respected companies by Business World.

→ Rated amongst India's 25 Innovative Companies by Planman Media in 2006.

→ The Best Airline" and "India's Favourite Carrier’ in a Survey conducted by IMB for The Times Of India.

→ Best New Domestic Airline for Excellent Services and Cuisine by Pacific Area Travel Writers Association (PATWA).


→ Ranked Third in the survey on India's Most Successful Brand launch of 2005 under the Brand Derby Survey conducted by Business Standard.

→ Buzziest Brands of 2005 by agencyfaqs and The Brand Reporter.

→ Rated amongst the Top Ten Internet Advertisers by Yahoo.

→ Rated amongst the top ten in the Best Television Commercial Jingles by NDTV.
Best New Airline of the Year Award for 2005 by Centre for Asia Pacific Aviation (CAPA) Award in the Asia-Pacific and Middle East region.

Listed in the top 100 most trusted brand in The Brand Trust Report.

4.2.3.9 Financial turmoil

Since inception, Kingfisher Airlines is yet to post profit on annual & total cost basis. Following are YoY financial results of Kingfisher Airlines.

<table>
<thead>
<tr>
<th>#</th>
<th>From</th>
<th>To</th>
<th>Months</th>
<th>Total Income</th>
<th>Cost</th>
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<tr>
<td>01</td>
<td>Apr-05</td>
<td>Jun-06</td>
<td>15</td>
<td>1,352</td>
<td>1,692</td>
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<td>-68</td>
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<tr>
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<td>Jul-06</td>
<td>Jun-07</td>
<td>12</td>
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<td>2,562</td>
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<td>-42</td>
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<tr>
<td>03</td>
<td>Jul-07</td>
<td>Mar-08</td>
<td>09</td>
<td>1,546</td>
<td>1,734</td>
<td>-188</td>
<td>-11</td>
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<tr>
<td>04</td>
<td>Apr-08</td>
<td>Mar-09</td>
<td>12</td>
<td>5,577</td>
<td>7,186</td>
<td>-1,609</td>
<td>-55</td>
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<tr>
<td>05</td>
<td>Apr-09</td>
<td>Mar-10</td>
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<tr>
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<td>03</td>
<td>1,991</td>
<td>2,255</td>
<td>-264</td>
<td>n/a</td>
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<tr>
<td>Total</td>
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<td></td>
<td>24,375</td>
<td>29,870</td>
<td>-5,496</td>
<td></td>
</tr>
</tbody>
</table>

All numbers are in INR crore except EPS in INR.

Debt Recast

In Nov 2010, Kingfisher Airlines has completed restructuring 8,000 crore (US$1.62 billion) debt, with all 18 lenders agreeing to cut interest rates and convert part of loans to equity.

Lenders have converted 650 crore (US$131.82 million) debt into preference shares which will be converted into equity when the airline lists on the Luxembourg Stock Exchange by selling global depositary receipts (GDR). Shares will be converted into ordinary equity at the price at which the GDRs are sold to investors. Besides the 1,400
crore (US$283.92 million) debt which will be converted into preference shares, another 800 crore (US$162.24 million) debt has been converted into redeemable shares for 12 years.[31]

4.2.3.10 Founders pledge entire stake

On July 6, 2011, pursuant to requirements prescribed under the Debt Recast Package Kingfisher Airlines’ founder companies, United Breweries (Holdings) Ltd and Kingfisher Finvest Ltd, have pledged their entire stake in the airline with certain of its lenders. United Breweries (Holdings) Ltd held 199,598,555 shares (representing 40.1% of total outstanding shares) in the airline and has pledged all the shares to lenders. At the same time, Kingfisher Finvest Ltd held 63,478,570 shares (representing 12.75% of total outstanding shares) has pledged its entire holding to the lenders.

4.2.3.11 Aircraft lease rental default

Since 2008, it has been reported that Kingfisher Airlines has been unable to pay the aircraft lease rentals on time. 1) GECAS: In Nov 2008, GE Commercial Aviation Services threatened to repossess 04 leased planes in lieu of default. Kingfisher Airlines initially denied that it missed the payments.[38][39] GECAS had filed a complaint with DGCA saying Kingfisher had defaulted on rentals for four A320 aircraft, and sought repossession of the planes. In Jan 2009, The Karnataka High Court rejected petition by Kingfisher Airlines to restrain GECAS from taking any step to deregister and repossess the 04 aircraft in dispute. As a result, Kingfisher had to return the A320 aircraft to GECAS.

4.2.3.12 Net worth eroded & going concern

In Sep 2011, the Chairman & Managing Director of Kingfisher Airlines made following disclosure to BSE; The Company has incurred substantial losses and its networth has been eroded. However, having regard to improvement in the economic sentiment, rationalization measures adopted by the Company, fleet recovery and the implementation of the debt recast package with the lenders and promoters including conversion of debt into share capital, these interim financial statements have been
prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities”.

This filing was widely covered by Indian and international print and electronic media and analysts. It was stated by analysts and media that the company needs capital infusion to remain viable and this has pushed shares to near historic lows. Kingfisher Airlines Lenders later stated that they consider that company is viable.

Recently, September 2012, Kingfisher Airlines is in talks with foreign carriers as also domestic investors for a possible stake sale, confirmed Chairman, Mr. Vijaya Mallya. Currently about 40 aircraft are operational, the remaining 25 would be back on air after recapitalization. As Indian government is going for Foreign Direct Investment in aviation sector, Kingfisher Airlines might go for low cost model to make profits and hence the airline was in the process of reconfiguring seats to become a full service sector.