Thesis

A study on market-entry strategy for a luxury airline

and

how it can create its brand identity

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DECLARATION / UNDERTAKING

I hereby declare that the work presented in this thesis entitled, **"A study on market-entry strategy for a luxury airline and how it can create its brand identity"** is carried out by me under the supervision of **Dr. Shivaji S Dhawad**. The present work is based on original research done by me and has not been submitted to any University / Institution for the award of any degree/diploma. Further, I have no objection if the University uploads this work on Internet through INFLIBNET or the portal of the University/ University Library.

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CERTIFICATE OF THE SUPERVISOR

This is to certify that the work presented in this thesis entitled, **"A study on market-entry strategy for a luxury airline and how it can create its brand identity"** is the own work of **Mr. Krupal Panchabuddhey** carried out under my supervision. This work has not been submitted earlier to any University/ Institution for any research degree/ diploma to the best of my knowledge.

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1. Introduction

Cheetah Transport Pvt. Ltd. is an interstate luxury bus service operator in existence since 1995 based out of Bangalore. It operates a fleet of 200 hundred luxury buses transporting middle-income and high-income passengers to different cities and states in south and central India. Cheetah Transport Pvt. Ltd. has a loyal customer base. It is known for its luxury and comfortable buses. As a result, it has emerged as the premium brand.

Consumers (especially the middle-income and high-income group) between the ages of 35-55 years are the prime market for premium brands. We can also conclude that consumers perceive premium brands as quality products/ service. This perception often serves as a rationale for premium brands to charge high prices from consumers. (Supriti Agarwal & Sonia Singh, 2015). A highly quality-conscious consumer shops diligently and systematically in search of the highest quality products/ services (Sproles & Kendall, 1986). These consumers do an extensive comparison of products/ services and in an online context, where product information is available in plenty, brands generally become less valuable for these consumers (Degeratu, Rangaswamy & Wu, 2000). With the current growth in the disposable income of the higher-middle and high class and considering the increasing spends of young population on faster and comfortable means of transport, Cheetah Transport Pvt. Ltd. is now looking to enter the domestic airlines market i.e. Indian market by launching its own airlines for passengers wanting to travel through luxury airlines.

The International Air Transport Association (IATA) has rated India as the fastest growing domestic air travel market globally in 2018 and 2019. In India, domestic demand was underpinned by a robust economic expansion as well as by increasing number of domestic pairs – India recorded its 50th consecutive month of double-digit annual growth in October 2018.

Decision problem: This study focusses on formulation of a 'market-entry strategy' for Cheetah Transport Pvt. Ltd. while also helping them in creating their own 'brand identity'.

Need for research: Some of the loopholes that luxury brands should avoid while devising their 'marketing mix' are:

    i.   Uncoordinated and overextended coordination

    ii.   Insufficient product quality

    iii.   Inadequate price promotions

    iv.   Incorrect pricing levels

    v.   Inflation in the design theme

And hence, to avoid such mistakes by 'Cheetah Transport Pvt. Ltd.' market research will be critical to what steps they take in the near future. The objective for conducting this research are:

    i.   To identify the factors that affect the buying behaviour of target consumer group

    ii.   To determine the optimal 'positioning' for 'Cheetah Transport Pvt. Ltd.'

    iii.   To determine the optimal 'marketing mix' for 'Cheetah Transport Pvt. Ltd.'

1.1 Thesis Outline:

This section provides a brief overview of the chapters contained in this thesis.

Chapter Two: Literature Review

This chapter provides a detailed look at the concept of market-entry strategy and the associated literature including definitions while taking into consideration other aspects related to the topic under study.

Chapter Three: Research Design, Methodology and Plan

The research philosophy, approach, samples, and methods are detailed in this chapter. Additionally, consideration is also given to aspects of validity, reliability and ethical conduct.

Chapter Four: Analysis

This chapter details all of the results and analysis conducted with the data collected. Data analysis is provided in this chapter.

Chapter Five: Interpretation of Results

This chapter revisits the aims and objectives the research set out to address and makes firm conclusions. This chapter interprets the results outlined and relates these to both the literature and research questions. The key findings are summarized.

Chapter Six: Conclusion and Scope for future work

This chapter contains recommendations and suggestions based on emerging data from research and review of the literature.

This introductory chapter has introduced the topic of this thesis as, 'A study on market-entry strategy for a luxury airline and how it can create its brand identity' and provided the structure for the chapters contained within this thesis. A rationale for undertaking this research project has also been given, together with outlining the potential areas for knowledge contribution. The next chapter will further develop the points raised in this chapter and provide the context within which this research is set.

2. Literature review

This review of literature focuses on answering three research questions namely:

    i.   Factors affecting the buying behaviour of target consumer group
    ii.   'Positioning' of the brand
    iii.   'Marketing Mix' for the brand

A.T. Kearney the global consultants, ranked India as the fifth most attractive retail market as per Global Retail Development Index (GRDI) for 2012. Six percent of the households in India belong to the affluent class with annual household income above USD 18,500. India has most millionaires after U.S. and China. These conditions indicate a lucrative future for luxury brands in India. However, there are some challenges in their way such as difficult operating environment, socio-economic challenges, weak infrastructure, and lack of quality retail space for luxury brands.

Marketers should know that the product category is of utmost importance for a consumer's response to a brand and also for the buying intention. A highly quality-conscious consumer shops diligently and systematically in search of the highest quality products/ service offerings (Sproles & Kendall, 1986). These consumers do an extensive comparison of products and in an online context, where product information is available in plenty, brands generally become less valuable for these shoppers **(Degeratu, Rangaswamy & Wu, 2000).**

While devising their "Marketing Mix", luxury and fashion brands should ensure to avoid:

> **Insufficient Product Quality:** Bad product quality is the antithesis of luxury. Also, it is not uncommon to find a disappointing product under an illustrious brand name. Luxury and fashion brands should ensure that their products should be perceived as one having high quality and should justify their price tag.

> **Uncoordinated and Overextended Distribution:** The shopping environment where one can purchase luxury and fashion brands, acts as a very significant component of the overall consumers' "luxury experience". Exceedingly "deep" multi-brand distribution through lower quality retailers can damage the brand directly — by placing it in inappropriate shopping

environments — and indirectly — by causing horizontal competition among retailers through discounting and promotions.

> **Wrong Pricing Levels:** The name "Luxury" in itself gives an idea of premium quality and premium price. When both the things are not hand-in-hand, brand value suffers. A wrong pricing can be when the luxury brand having high quality products keep its prices at low level and gives up on the premium it could have commanded due to better quality or when the luxury brand prices its products well above the deserving price for quality being offered (a classic example here is designer brands proposing exceedingly extravagant leather goods).

> **Inadequate Price Promotions:** Discounting and luxury positioning don't go hand-in-hand. While luxury and fashion brands can completely control promotions in their own mono-brand stores, the behaviour of multi brand retailers — especially away from the core product category and the key geographic markets — is quite a different thing. Furthermore, low-quality stockists have long been a scourge of the industry, as well as "residual" markets, i.e., countries where stockists dump whatever is left from retail distribution around the world.

> **Design Theme Inflation:** Luxury implies an idea of exclusivity. Overwhelming success of design themes and products can dent this idea, if success makes these themes and products ubiquitous. The unmanaged consequence of runaway success of specific design themes and products can be a "boom-and-bust" cycle, where customers first embrace and then leave the brand in droves.

The intensified competition in the post-liberalisation era has made availability of premium global brands possible. The purchasing decision is based on several factors like social status, image projection, quality and durability. Marketers should continue updating their social-media branding agendas on social-media channels by regularly coming out with an engaging brand-related content that their target audiences will most likely consume. This will induce people to engage further by liking, commenting, sharing the brand-related content on social media, writing product reviews, and posting brand-related videos and pictures. **(Bruno Schivinski, George Christodoulides, & Dariusz Dabrowski, 2016)**

Luxury branding is one of the purest examples of branding that exists within the realm of strategic marketing as the brand and its image are often key competitive advantages to create enormous value and wealth for companies **(Keller, 2009).**

According to Kirsten Ott Palladino (2014), a company may have a great product or a service. There is cohesiveness between the packaging, website and tagline. But this is not enough for the brand to be successful in attracting customers. It is important to have a story:

1. Old way had to change: You launch a business that others thought was crazy.

2. Nothing else like this existed, so we made it: This is perhaps the most common of all brand stories: I wanted it, I couldn't find it, and so I made it. It's compelling because it's so simple and relatable.

3. We know your problem and have a solution: It is going to be a short-lived enterprise, if your business doesn't solve someone's problem. It may also be about identifying a problem that the customer may not be even thinking about.

4. We give back: A socially responsible business model pays handsome dividends.

5. Trust us; we have nothing to hide: Transparency can be a powerful statement.

The next chapter moves on from literature, to reveal what this thesis has done. The next section, therefore, details the methods, methodology and the research design adopted, to meet the aims and objectives of the research and answer the research questions.

3. Research Design, Methodology and Plan

In this chapter, the specifics of the implemented methodology will be covered. The research design, population, and sample will be discussed in detail. The data collection methods will be discussed. Additionally, consideration is also given to aspects of validity, reliability and ethical conduct.

3.1 Research Matrix:

Decision Problem	Research Problem	Information needs	Variables
What should be the market-entry strategy for "Cheetah Transport Pvt. Ltd."?	Identify different clusters among premium consumer segments and factors affecting buying behaviour	• Demographic profile of consumers' • Behavioural characteristics of consumers' • Consumers' attitude and preferences	• Age • Gender • Occupation • Income • Willingness to pay • Preferences of consumers
How to create its own brand identity?	Determine the optimal 'positioning' for 'Cheetah Transport Pvt. Ltd.'	• Consumers' knowledge and attitude towards airlines in India	• Attitude towards luxury airline services • Preferences of consumers
	Determine the optimal 'marketing mix' for 'Cheetah	• Consumers' willingness to pay • Preferences and	• Price of the product • Quality of the product

Transport Pvt. Ltd.'	attitude of consumers	- Preferred channel for promotion/ purchase - Preferences of consumers	

3.2 Sampling Plan:

- Target Population:
  - *Gender*: Male and Female
  - *Age:-*18 - 35 years
  - *Income*: Middle Class and above
  - *Geography*: Urban areas
- **Sampling Frame:**
  - Under graduate students, working professionals and business persons were the sampling frame for the research project.
- **Sample Size:**
  - *Focus Group Discussions*: 8-10 respondents in each group, 4 FGDs
  - *In-depth Interviews*: 8 respondents
  - *Quantitative Survey*: 50-100 respondents

3.3 Research Methods:

The research will consist of three phases:

3.3.1 Exploratory Research: Secondary Data

'Cheetah Transport Pvt. Ltd.' currently offers luxury bus transport services on interstate routes. It thus plans to target the middle-income and upper-income segment of customers in the domestic airline Indian market and a secondary research will give deeper insights in finding the optimum marketing mix for the service launch. Secondary research helped the

researcher in understanding the key purchase drivers which influence the purchasing decision of the customers i.e. air passengers and subsequently get detailed view of customers during the Focus Group Discussions and In-Depth Interviews.

3.3.2 Exploratory Research: Qualitative Research

Qualitative research was conducted to reveal the range of behaviour and the perceptions that drives the purchasing decision of the customers in the premium segment. The researcher conducted the below mentioned techniques as a part of the Qualitative Research:

- Focus group interviews: The researcher conducted 4 Focus Group Discussions of 8-10 members each. Through the Focus Group Discussions, the factors which affect the purchasing behaviour of the customers were revealed. Also, trends and insights from Focus Group Discussions helped in deciding the optimal 'positioning' and 'marketing mix'.

- In-depth interviews: The researcher conducted 8 In-depth interviews among to gain deep knowledge of how customers decide to purchase premium/ luxury airline services and more so. The researcher understood what constraints do the customers have while purchasing premium/ luxury airline services from new airlines and what drives them to prefer a new brand over an existing one for developing a better marketing-mix for the airline service launch.

Insights and findings from the qualitative research helped in designing the questionnaire for the quantitative survey.

3.3.3 Confirmatory Research: Quantitative Research

After conducting the Qualitative Research, a questionnaire was designed seeking the responses from around 100 people in the respective category of customers in the luxury segment in age group 18 - 35 years from the urban areas who could be interested in buying premium/ luxury airline services.

The researcher floated the survey forms to more than 100 people using several modes such as online form circulation, offline responses, etc. and included qualifiers while considering the responses to filter out irrelevant customers.

The researcher adopted statistical software such as SPSS for the analysis of the Quantitative Data generated from the survey forms and then use techniques such as Cluster Analysis to find out the different clusters in the premium/ luxury category who could be interested in buying the premium/ luxury airline services from a new airline.

3.4 Data Analysis Plan

Software such as SPSS/ Excel was used for analysis of data. The analysis of data helped us to determine the significance of various insights that was discovered in qualitative research. To identify any discrepancies, the results of the survey were validated against the information collected through qualitative research and secondary sources.

As the introduction stated, this chapter is key in the production of this thesis, as the research approaches adopted for the philosophy, methods, and analysis pave the way for the findings, discussions and conclusions given in the subsequent chapters. Now that the research process in its entirety has been detailed, the next chapter now moves on to reveal the findings of the data collected.

4. Analysis:

This chapter provides for the findings of this study. The qualitative research is aimed at gaining insights and ideas which can help us answer the below mentioned research objectives:

    i.   To identify the factors that affect the buying behaviour of target consumer group

    ii.   To determine the optimal 'positioning' for 'Cheetah Transport Pvt. Ltd.'

    iii.   To determine the optimal 'marketing mix' for 'Cheetah Transport Pvt. Ltd.'

The scope of qualitative research also included generating information which can be further used to develop questionnaire.

4.1 Methodology for Qualitative Research:

In order to get a better understanding of the underlying motives driving consumer purchase of luxury travel services from Cheetah Transport Pvt. Ltd. as well as gain deeper insights into the beliefs, feelings and attitudes associated with luxury airline services, we decided to conduct both Focus group discussions (FGD's) and In-depth interviews.

Focus Group Discussions: We decided to conduct 4 FGD's of 8-10 members each in the age group of 18-35 years belonging to either Middle class or above. The detailed plan of the same is given below:

FGD#	Respondents from	Age Group	Date
FGD1	IIIT, Nagpur	20-26	28/12/19
FGD2	Working professionals	25-30	30/12/19
FGD3	Ramdeobaba College of Engineering, Nagpur	19-21	31/12/19
FGD4	IIM Nagpur (group consisting of only girls)	23-28	1/01/20

The respondents for FGD's were selected using a Screening questionnaire, whose purpose was to filter out those people who are either not at all interested in buying a leather jacket or are not willing to spend more money on the purchase of apparels.

4.1.1 FGD Screening questionnaire:

Q.1 Name

Q.2 Age

Q.3 How much do you generally spend while purchasing a jean?

      a. Less than 1000   b. 1000-2000   c. Greater than 2000

Q.4 Would you like to buy a leather jacket?

      a. Definitely would not buy   b. Probably would not buy   c. Might or might not buy

      d. Probably would buy   e. Definitely would buy

Q.5 Would you be interested in buying a leather jacket from a new brand, which is of "exactly" the same quality as that of an established premium brand, but at a lower price?

      a. Definitely would not buy   b. Probably would not buy   c. Might or might not buy

      d. Probably would buy   e. Definitely would buy

On the basis of this questionnaire, we excluded those people who chose option "a" for any of the questions 3,4 and 5 and the rest were called for Focus Group discussions.

Each of these 4 FGD's spanned from 30 minutes to an hour. An FGD Protocol was given to participants which contained broad topics which they need to cover during the FGDs. In between intervention was made to guide FGD in the desired direction.

FGD Protocol:

- What do you <u>associate luxury airlines</u> with?

- <u>Reasons</u> for which you bought or will buy services of a luxury airline?

- <u>Features/ Characteristics</u> you look for in the services of a luxury airline.

- What kind of <u>impression</u> you form about someone who travels in a luxury airline?

- Would you like to get your services <u>customized</u>? What all do you want to be available for customization?

- How do you <u>judge the quality</u> of a service offered by a luxury airline?

- <u>Average price</u> of a ticket of a luxury airline.

- Would you be willing to buy the services of a luxury airline from a completely <u>new brand</u>? <u>Constraints</u> in going for a new brand?

- At what percentage of the price of a premium, would you be willing to <u>switch to a new brand</u> providing the exact same quality?

- <u>Premium</u> you would be ready to

- How will the <u>discount</u> being offered on the services of a luxury airline, affect your purchase decision?

- Which <u>medium</u> will you prefer for buying a ticket of a luxury airline?

- Which <u>celebrity</u> you would like to see <u>endorsing</u> a luxury airline?

- <u>External factors</u> which can influence your buying of the services of a luxury airline.

4.1.2 Insights from FGDs

4.1.2.1 Factors that affect the Buying Behavior

- **Environment:**

  The weather conditions where one stays have come out to be a major factor that affects the purchase decision of consumers. Consumers who live in places where <u>temperatures are high</u> would prefer to buy the services of a luxury airline as they would like to travel comfortably.

  A participant from FGD 1 remarked:

  > *"An absolute necessity for me is that I travel freely and comfortably. Leg space plus the entire travel experience. At least in that luxury airline I would not face the heat and sweat"*

- **Trend:**

  Consumers are likely to travel by luxury airlines that go with the existing <u>trends</u> in the society. However, <u>services</u> of the luxury airlines were the most preferred by the respondents and would definitely find consumers.

- **Price:**

  - Luxury airlines giving discounts are considered by consumers as of inferior quality.

  - As the price goes up, perceived quality of the airline services also goes up.

  - If the price is too high, most likely consumers would go for an established brand.

    > "It's an investment into an experience for me. I'd prefer spending more but buy a quality product. Also, I'm not an expert in buying luxury services, so I would prefer branded airlines so that I don't get cheated." *-commented a participant from FGD 1.*

- **Brand:**

  Since, services of luxury airlines is a costly affair, consumers prefer to purchase them from a well-known brand. A participant from FGD 1 remarked:

  > *"For holidays with family and friends, I'd prefer to travel by a luxury airline."*

They are willing to purchase it from a new brand if they are convinced of the quality. This is where the advertising of the company becomes critical.

- **Word of Mouth:**

Consumers are willing to try a particular brand if someone known <u>recommends</u> it to them because it provides them a sense of security and eliminates the risk of trying a new brand.

- **Advertisement:**

Conventionally, there are very few or absolutely no advertisements featuring luxury airlines on the Indian television or newspaper media and may only be found on online social media. Interestingly, in the FGDs conducted, the group came to know the role played by advertisements in purchase decision of a consumer. Respondents were of the view that if they could see TV advertisements, that would give them the trust of the brand being big enough to afford the expenses of advertising and would also improve the brand recall.

> "... if someone is displaying ads, then I'd presume it's a big brand and might help me in buying the relatively unknown/new brand."

-said a participant from FGD 1.

Hence, if the company could come up with a unique advertising strategy, then it would surely gain a lot of traction among consumers.

- **Quality:**

Service is intangible and dependent heavily on experience of a customer which is why consumers are not looking to compromise on quality. This proposition would make it tougher for new but premium brands to capture a high market share. One of the comments said:

> "Branded products would be more trustworthy is my general perception which inclines me to prefer proper well-known brands over the new unknown ones."

But an even more critical factor is that, luxury airline tickets being an expensive product, not everyone can afford them and if someone is assured of the good quality, they would readily be interested in buying such offerings at a cheaper price. According to one:

"If an air-ticket worth Rs. 20000 is made available for Rs. 15000, then I may buy it when I trust it as having the same quality as that of a top-notch airline. Otherwise I would go for a Rs. 20000 branded airlines."

In general, <u>higher price is perceived as a higher quality product</u> in the minds of the respondents. But once quality constraints are eliminated, many people wouldn't care about the brands and opt for a lower priced service.

4.1.2.2 Marketing Mix

<u>Product</u>:

- **Colour:**

  Consumers are in favour of <u>blue</u> and <u>dark-brown</u> coloured seats. Yellow and Red are some colours that can be the colour of uniforms.

- **Punctuality:**

  For most of the participants, the punctuality of the airlines was very important.

- **Customization:**

  Most customers would like:

  - Food and beverages
  - Special wet tissues to wipe their face and hands
  - Seat of their choice with ample leg room
  - Entertainment system as per their taste
  - Internet connection to connect to social media

  "If these services are quite expensive, then I'd also love to special treatment being given to me." – commented by one person in *FGD 1.*

However, there were a few participants who wouldn't prefer customization because of the fact that customizations seem to <u>destroy the authenticity</u> of the services.

"Customisations kill the essence!" - *were the views reflected by a participant in FGD 2.*

Users in such categories would want to live the authentic experience of the services offered by the airline.

- **In-flight services:**

  The customers are looking for classy in-flight services.

- **Ambience:**

  Fragrance and lights during the travel are very important and they help maintain ambience.

- **Design:**

  Not much of design changes would be possible in the seat however, comfort while sitting is always desirable.

Price:

Discounts: Consumers are NOT in favour of heavy discounts. Some of the reasons are:

- Since, the services are of a premium quality, giving heavy discounts <u>casts aspersion</u> on the quality of the services. Higher discounts create a perception that something is wrong with the services which is why such a high discount is being offered.

- Also, heavy discounts do not go with the <u>image</u> of a premium quality product. Customers who prefer to buy premium products don't actually look for discounts.

- If heavy discounts are given regularly, then it may <u>shift the anchor price</u> for consumers permanently. Company would then never be able to command a premium on their product.

- A respondent even came up with the idea of increasing visibility but not give any discounts.

  "Rather than giving discounts, the company should pay Make My Trip/ Travel yaari to increase visibility and come up earlier in search results."

If discounts are provided, then it should not be more than 10-20% and shouldn't last long.

- **Premium for customization:**

  Participants in general didn't have much idea about how customizations are priced. But they were willing to pay a premium for customization. However, the premium must not be very high such that it takes the price of the ticket to the likes of established premium brands. In percentage terms, a premium of 10-15% is fine with most of the consumers.

  - Pricing of the ticket by Cheetah Transport Pvt. Ltd. has to be lower than the prices of existing premium brands.

  - Some of the consumers are even willing to switch to the Cheetah Transport Pvt. Ltd. at a low-price difference if they are convinced that Cheetah Transport Pvt. Ltd.'s airline services are exactly same as that of an established premium brand except just the Brand Tag.

  - At a lower price of around 25-30%, almost all consumers will prefer to buy tickets of airline services offered by Cheetah Transport Pvt. Ltd. than buying the one from established premium airlines.

Place:

Offline VS Online:

- Consumers prefer to buy airline tickets from online portals. These online portals are trustable and deliver high-quality services along with feedback.

- They also prefer the offline medium as airline tickets can be made available by travel agents as they have expertise on booking and have experience of various airlines and its services.

Promotion:

- **Collaboration with hotels and taxi provider companies:**

  Many of the consumers wish to experience a hassle free and seamlessly connected travel. Hence, it makes sense to get other stakeholders in the chain onboarded.

- **Collaboration with adventure sports firms:**

  Many of the participants associated luxury travel with adventure, exotic locations, long rides, etc. The company can tie up with firms which are in the business of organizing adventure sports, trekking camps, expeditions. The

company can also customize or manage their prices as per the tourist seasons of these locations.

- **Collaboration with existing showrooms/ brands:**
  For far away locations many airlines have a tie-up with other airlines. Similarly, a code-sharing agreement could be reached at by Cheetah Transport Pvt. Ltd.

- **Brand Ambassador:**
  Following were the preferred choices:
  - Male: Ranvir Singh, John Abraham
  - Female: Katrina Kaif, Deepika Padukone, Sunny Leone

- **Collaboration with corporates:**
  The company can tie-up with different corporations such as TCS, Infosys, etc. Companies generally have a reward system for their employees.

- **Collaboration with fashion shows or other such events:**
  Company can advertise its products through various fashion shows/ weeks. Travel partner for celebrity or HNI weddings.

4.1.2.3 Optimal Positioning

- Positioning is a function of the perceived image of the airline in the consumer's mind. The FGDs and in-depth interviews have given sufficient evidence of luxury airlines tickets being a *not-so-regular purchase*.

- The people who have made the purchase see it as a *quality/ exotic* product/ services which should leave over them a lasting impression. This is directly attributable to the service quality and thus emphasis must be laid on *highlighting the quality of the check-in and in-flight service*.

- Customers are looking for some kind of customisation in terms of services offered onboard.

- The product is such that the brand is not seen as important. It is the experience that matters along with on-time arrival.

- The perception about quality of the services is based on the price, brand and quality. The participants who have earlier travelled through such luxury

airlines found it difficult to differentiate between two airlines due to their excellent services and their perception was based on the price it commanded. The brand was not the most significant variable. However, *brand can be used to as a leverage* for attracting consumers.

- The product must be positioned so as to provide an *exotic feel* as it is the popular theme across consumers.

4.1.3   In-Depth Interviews

In-depth interviews were conducted for <u>8 respondents</u> in the age group 21-35 across various segments and across various cities in the country.

The researcher decided to focus more on the age-group above 25 years (only one was of age 21 years) and mainly over 27 years since this age group was less represented in the Focus Group Discussion phase owing to logistic constraints and assembling problems. So, it was more critical to capture the views of these group of respondents.

Interviews generally lasted for around 45 minutes with a few lasting for around 1 hour as well.

Since the interviews were conducted among respondents stationed in various parts of the city, telephone as a medium was also used. The interviews were recorded after getting the consent of the respondents and notes were also taken during the interviews. The recordings were used later on for gap-filling in the responses of the interviewees.

The interviews conducted provided deep insights for customer preferences and helped us in complementing the insights gained from Focus Group Discussions.

4.1.3.1 Insights from Interviews

Factors that affect the buying behaviour

- **Individual Interests:**

    "I love to travel and I feel it is important that continue to enjoy the luxury and comfort offered by the medium of transport that I choose as well as the brand that I choose."

Few respondents who turned out be passionate for air travel as well showed great affection for luxury and comfort and would love to choose it over speed of travel and punctuality. One such example was going for weekend trips to Goa.

These luxury airlines would ensure that the trip is exotic and comfortable.

One of the participants was concerned about the carbon footprint. According to him, air travel leaves huge carbon footprint in the environment. In such a case few travellers were of the view that an extra environmental charge should be added to the ticket. Few consumers may be specifically interested in reducing their carbon footprint and hence would pay the extra charges on the ticket.

Positive feedback from known people would help consumers immensely in building confidence. In certain cases, it may generate their desire to travel by a luxury airline instead of a budget airline.

Marketing Mix

Product:

Customisation:

- Priority check-in over passengers travelling on other aircrafts
- Access to lounge as well as in-flight services
- Pre-ordered food as per passenger's choice along with beverages

Material and Aesthetics:

Most consumers pointed out that material used for seats and should be genuine quality.

Price:

One consumer pointed out that if the quality of the services is good, he won't mind paying almost the equal price as that of a branded airline ticket but the assurance should come from a friend or some known person.

Many supported the fact that if they are assured of the quality of the services, they won't mind scrapping the plan of buying branded airline tickets and rather opt for a new brand. To quote one respondent:

> *"If I know the quality is same. I'll switch at even Rs. 1000 less"*

An interviewee who was apprehensive of buying a luxury airline's ticket from a new brand emphasized the significance of recommendations from friends to make it easier for her to buy.

> *"If I hear something good about the brand from a friend or someone,*
> *then I might give it a try."*

Premium for customisation:

Most respondents didn't have any reference for paying a premium for customisation and thus, didn't have much idea about it.

Discounts:

Discounts may not play the traditional role of attracting customers to buy a product when something premium is taken into context. Consumers who are ready to pay higher price for buying a premium service won't switch to an inferior quality services just for the saving a certain percentage of discount would provide.

> *"Discounts attract but they would have discounted for a reason. Maybe*
> *would have compromised on same parameter. People who work*
> *wouldn't go for discounts."*

Place:

The type of urgency determines the place of purchase for consumers in most circumstances. If someone desires to buy an airline ticket within a short span of time, they would prefer to buy it from a travel agent than taking to the cumbersome process of online purchase.

Respondents also pointed out that since these airline tickets are expensive, they would like to have a feel first before buying the services to get an idea of the experience beforehand. Hence, the travel agents selling tickets of these airlines need to be customer friendly and should be willing give that extra special attention to the potential customer.

Online purchase wouldn't be able to extract higher premiums from the consumers even if the service is quite good. But an online presence is necessary according to most consumers and even a few were ready to buy online.

"Open to anything if return policies are favourable."

"... the information must be readily available on the internet as I trim
down my choices based on that information and only then do I visit
those travel agents or give them a call."

Promotions:

A respondent mentioned about tie-ups with corporates and colleges to increase visibility among the youths and if the services are of good quality, word-of-mouth popularity would help immensely.

Tie-ups with luxury hotels such as Oberoi and Lalit may increase the demand as well.

4.2 Quantitative Research

The qualitative analysis gave us useful insights regarding the variables that the consumer considers while purchasing which include elements from all the four P's i.e. Product, Price, Place and Promotion. Moreover, the data also gave a preliminary insight into the positioning of the brand that might be the best. We would now use these variables and prepare surveys based on which we can add a numerical dimension to firm up the insights into actionable plans.

As part of quantitative research, following were done:

4.2.1 Factor analysis

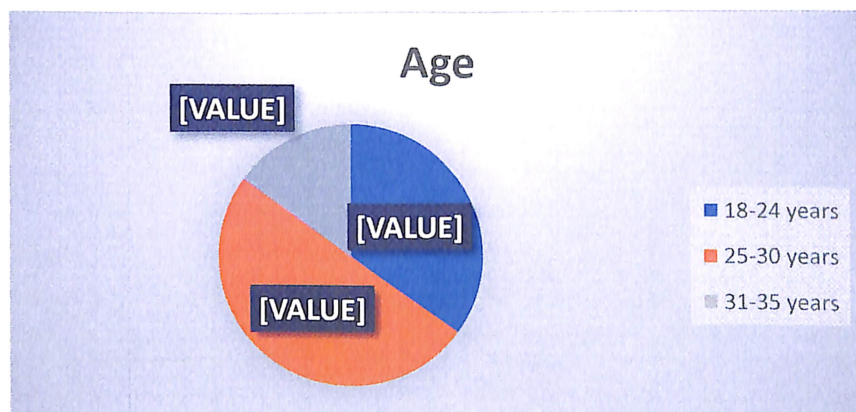To determine dimensions for evaluating customer satisfaction.

4.2.2 Regression

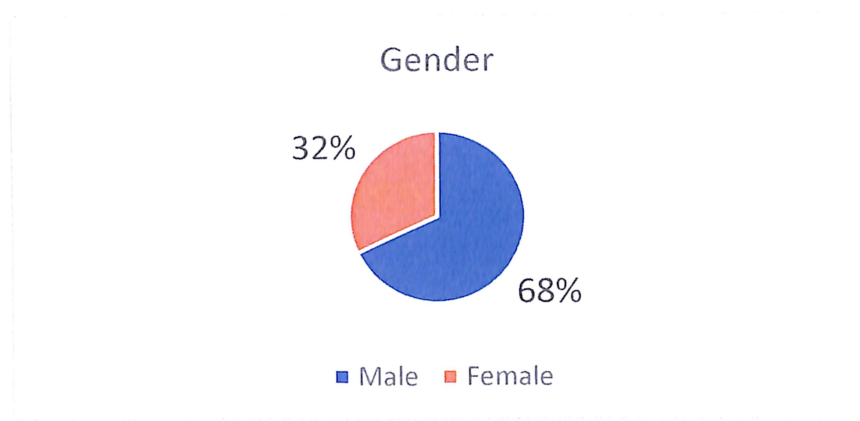To determine factors on which 'Satisfaction' is dependent upon.

4.2.3 Conjoint analysis

To understand choices and their relative importance.

4.2.4 Cluster analysis

To segment customers on demographics or preferences.

Age
[VALUE]
[VALUE]
[VALUE]
■ 18-24 years
■ 25-30 years
■ 31-35 years

Occupation

16% 2% 15%
5%
62%

- Undergraduate student
- Postgraduate student
- Business
- Private Job
- Govt. Job

Annual Family Income

23% 16%
33%
28%

- 4-8 lakhs
- 9-11 lakhs
- 12-15 lakhs
- > 15 lakhs

Gender

32%

68%

- Male
- Female
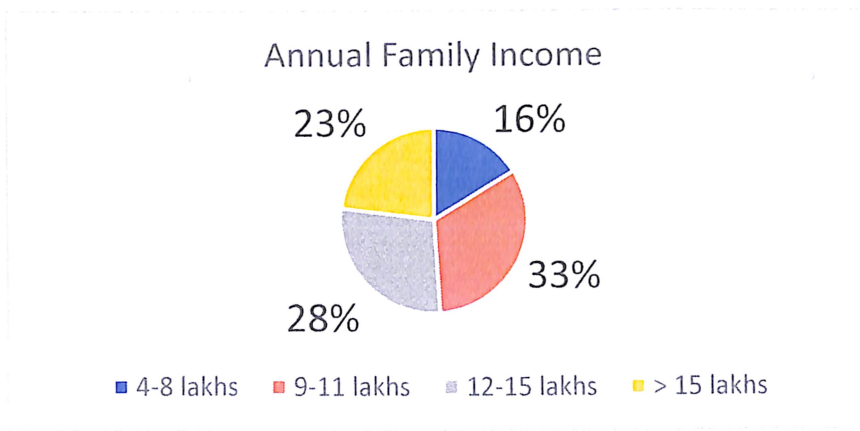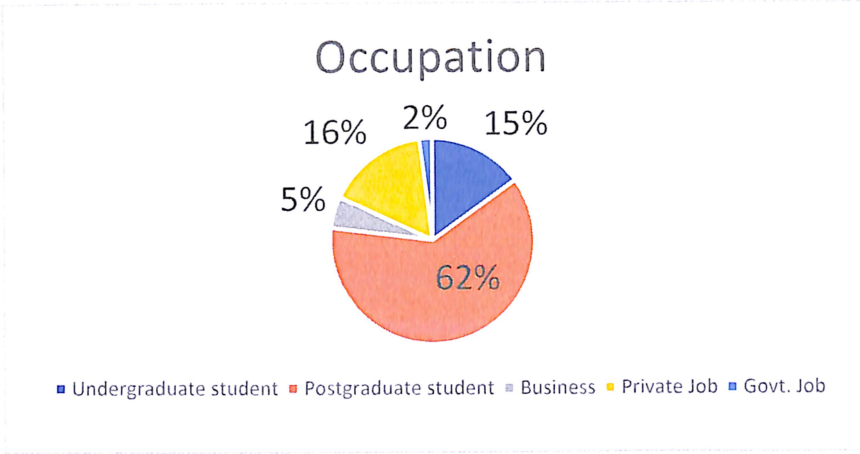
4.2.1 Factor Analysis

Objective:

The objective is to find out the key dimensions underlying a set of 13 attributes (identified in qualitative research) which are related to the performance of the luxury airline services.

Methodology:

Step1: Questionnaire

A questionnaire containing 2 sections was circulated roughly among the people belonging to age group of 18-35 years. One section was used for pre-screening purpose so as to select those respondents who have used such airlines' services & belongs to the age group of 18-35 and the other section was used for judging their overall satisfaction as well as their views about the performance of various attributes of these luxury airlines.

Exhibit 1 contains the questionnaire which was used for factor analysis.

Step2: Data Cleansing

In this step, the responses whose answers looked contradictory were removed from the analysis.

Step3: Running Factor Analysis in SPSS

Factor analysis was then carried out on the clean data using SPSS software.

Results:

The results obtained from Factor analysis are as follows:

Table1:

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.668
Bartlett's Test of Sphericity	Approx. Chi-Square	333.099
	Df	78
	Sig.	.000

As KMO > 0.5, therefore data is ok for conducting Factor analysis. Also, significance value of "0.000" shows that data is significant at 1% confidence interval.

Table2: Cumulative % of variance explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.438	26.449	26.449	3.438	26.449	26.449	3.115	23.964	23.964
2	2.586	19.896	46.345	2.586	19.896	46.345	2.674	20.570	44.533
3	1.607	12.358	58.704	1.607	12.358	58.704	1.645	12.655	57.188
4	1.359	10.455	69.159	1.359	10.455	69.159	1.556	11.971	69.159
5	.873	6.712	75.871						
6	.639	4.917	80.788						
7	.578	4.447	85.235						
8	.460	3.536	88.772						
9	.411	3.164	91.935						
10	.354	2.723	94.658						
11	.310	2.384	97.043						
12	.234	1.799	98.842						
13	.151	1.158	100.000						

Extraction Method: Principal Component Analysis.

The above table shows the variance explained by each component as well as the cumulative variance explained by a set of components. By keeping a cut off of Eigen values > 1, we got 4 variables which together are able to explain 69.159% of total variance present in initial set of data.

When the factor loadings of these 13 attributes over the 4 extracted dimensions was calculated, very high cross-loading among was observed among these attributes. This can be seen in the component matrix **(Appendix 3)**, therefore to reduce this cross-loading, orthogonal factor rotation (Varimax method) was performed.

Table 3:

Rotated Component Matrix[a]

	Component			
	1	2	3	4
Clean	.109	**.787**	-.124	.226
Smell	-.094	**.769**	.249	-.009
Colour	**.844**	.070	-.050	-.017
Seat	**.873**	.108	-.090	-.121
Lighting	.070	**.849**	-.002	.022
Safety	.099	**.809**	.051	.030
Price	.080	.041	**.710**	.088
Discount	.345	.212	**.728**	.082
Brand	.271	.068	**-.660**	.034
Punctual	.143	.119	.050	**.888**
Customization	-.241	.065	.074	**.824**
Exotic	**.809**	.035	.277	-.032
Aircraft	**.821**	-.011	.003	.059

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.[a]

a. Rotation converged in 5 iterations.

The above table shows the factor loadings after orthogonal factor rotation (Varimax method). It can be seen that the cross-loading between components has been significantly reduced. Each variable has been classified into one of the factors based on the factor loading. These variables have been highlighted in the above table.

Labelling of each group of variables (dimensions):

Factor1: It contains variables – Colour, Seat, Exotic and Aircraft. These can be clubbed into **"Aesthetics"**.

Factor2: It contains variables – Clean, Smell, Light and Safety. These can be clubbed into **"Quality"**.

Factor3: It contains variables – Price, Discount and Brand (negative correlation). These can be clubbed into **"Economy"**.

Factor4: It contains variables – Punctual and Customization. These can be clubbed into **"Service"**.

In next step, we calculated the factor scores corresponding to each data entries based on the factor loadings of all the variables on that factor.

4.2.2 Regression

Objective:

The objective was to see with the importance of dimensions in predicting the Satisfaction of users from using services of such airlines and to what percentage they are able to reliably predict Satisfaction.

Variables:

Dependent Variable: Satisfaction

Independent Variables: Aesthetics; Quality; Economy; Service

Regression equation:

Satisfaction = β_0 + β_1*Aesthetics + β_2*Quality + β_3*Economy + β_4*Service

Results:

Table 4:

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.845[a]	.714	.696	.58817

a. Predictors: (Constant), Services, Economy, Quality, Aesthetics

b. Dependent Variable: Satisfaction

The above table gives us "R Square" value which tells our equation can predict dependent variable with 39% reliability.

Table 5:

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	54.485	4	13.621	39.374	.000[b]
	Residual	21.795	63	.346		
	Total	76.279	67			

a. Dependent Variable: Satisfaction

b. Predictors: (Constant), Services, Economy, Quality, Aesthetics

The significance value of "0.000" indicates that the regression equation is significant in predicting dependent variable.

Table 6:

<div align="center">Coefficients^a</div>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	4.103	.071		57.523	.000		
Aesthetics	.536	.072	.502	7.459	.000	1.000	1.000
Quality	.564	.072	.528	7.843	.000	1.000	1.000
Economy	.103	.072	.096	1.431	.157	1.000	1.000
Services	.445	.072	.417	6.188	.000	1.000	1.000

a. Dependent Variable: Satisfaction

This table shows that all of our factors are totally independent (as VIF value is 1).

Also, at 1% confidence interval, 3 factors: "Aesthetics, Quality and Services" were found significant in predicting "Satisfaction" of consumers from using such services of a luxury airlines.

Summary:

Only 3 dimensions namely: Aesthetics, Quality and Services are **significant in predicting** the **"Satisfaction"** intention or Loyalty of consumer with luxury airlines.

Economy was found to be **non-influential** in predicting the **Satisfaction** of the customers from using such services. The reason can be that this dimension though may play an important role in choosing of such airline's services but are not that significant in the satisfaction obtained after the travel has been done.
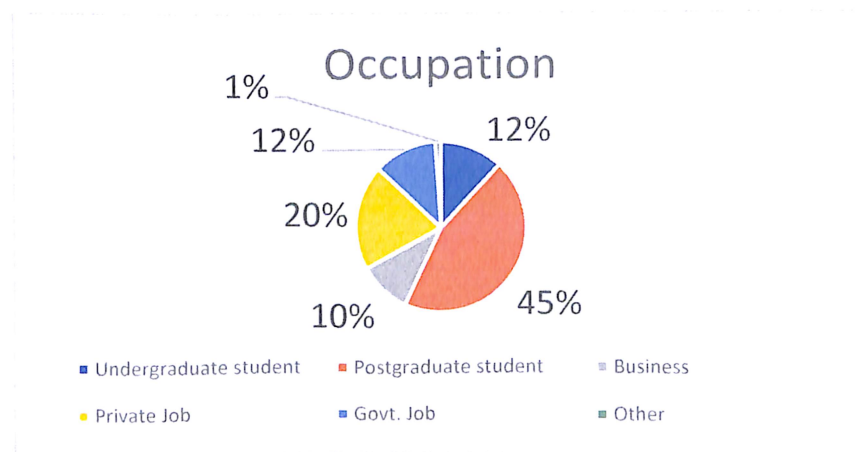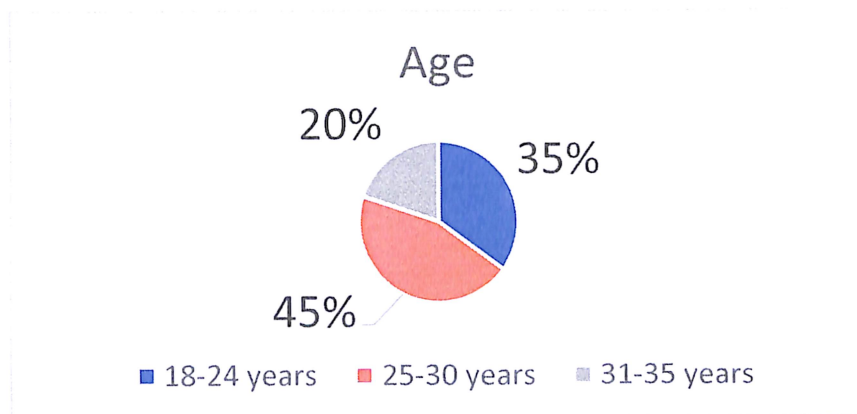
4.2.3 Conjoint Analysis

Conjoint analysis reveals how people make complex judgments. The technique assumes that complex decisions involve not only one factor or criterion, but rather several factors considered jointly. It is based on the simple premise that consumers evaluate the value of a product or service by combining the separate amounts of value provided by each attribute. Accordingly, conjoint analysis enables the investigator to better understand the interrelationship of multiple factors as they contribute to the preferences.

The first stage in the design of a conjoint analysis study is the selection of the attributes. The selection of key attributes in this study has been carried out after deep discussions with Cheetah Transport Pvt. Ltd., keeping in mind the results of the qualitative research. Having chosen the attributes, levels must be assigned to them. These should be realistic, and plausible.

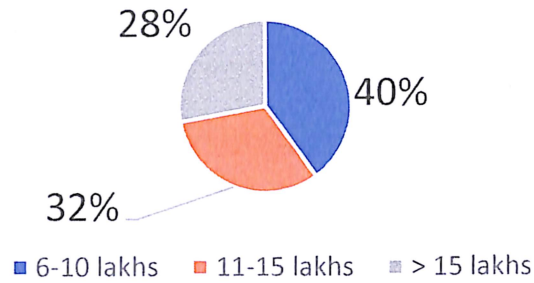| S. No.	Attribute	Attribute levels
1	Price	☐ 10,000 ☐ 12,000 ☐ 14,000 ☐ 16,000 ☐ 18,000 and above
2	Punctuality	No guarantee Always on time Rarely late Depends
3	Brand	New Established

4	Value Proposition	Exotic experience
		Customized services
		Preferred for leisure travel
		Hassle free and seamless
5	Recommended by friend/family	Yes
		No

Demographic Profile of respondents:

Age

20%

35%

45%

- 18-24 years
- 25-30 years
- 31-35 years

Occupation

1%

12%

12%

20%

10%

45%

- Undergraduate student
- Postgraduate student
- Business
- Private Job
- Govt. Job
- Other

Annual Family Income

28% 40% 32%

- 6-10 lakhs
- 11-15 lakhs
- > 15 lakhs

Gender?

30% 70%

- Male
- Female
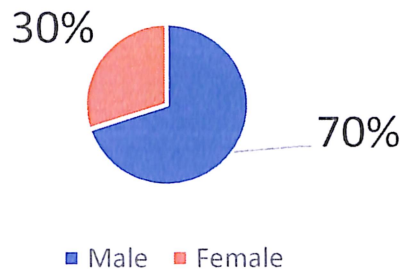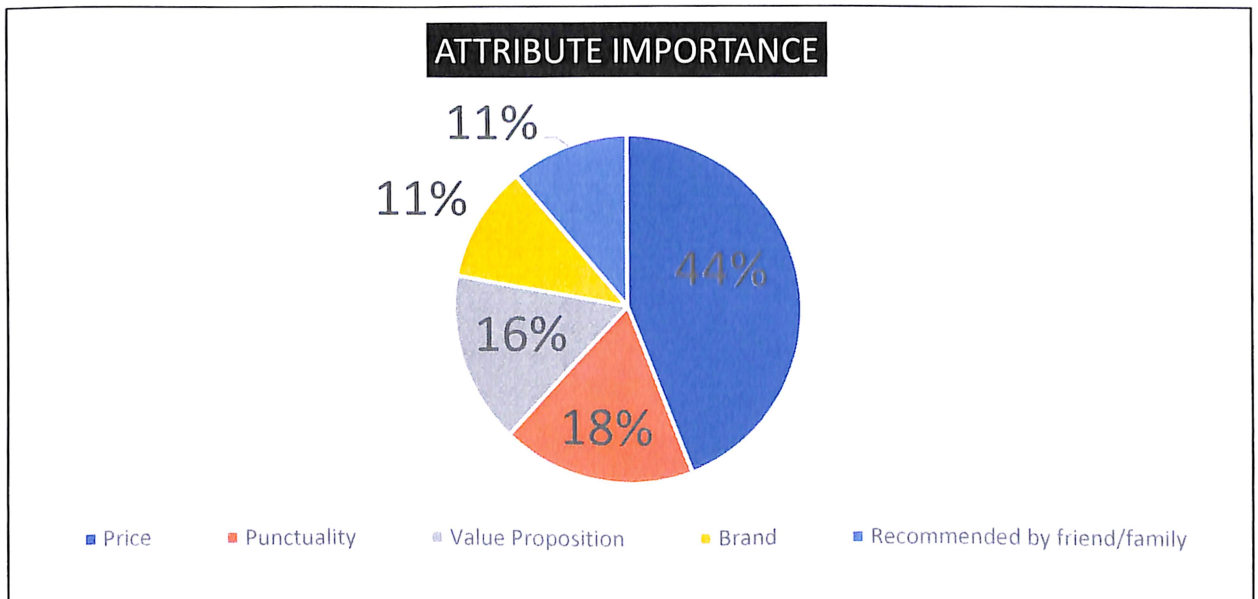
The Luxury airlines Survey was fielded on 28/12/2019. An invitation to take the survey was mailed to approximately 400 people, and about 60 people took the survey. The survey was administered using **"QuestionPro"** online.

Listed below are the key findings:

ATTRIBUTE IMPORTANCE

11% 11% 44% 16% 18%

- Price
- Punctuality
- Value Proposition
- Brand
- Recommended by friend/family

The most important attribute for consumers is the attribute **"PRICE"**, and its average importance value at the aggregate level is **44%**. This result is particularly interesting due to the fact that through factor and regression analysis, Economy was not found significant at 99% CI. This is due to the fact that in regression analysis, Satisfaction was considered as dependent variable. Once a consumer has purchased a luxury airline ticket, price becomes a sunk cost and its satisfaction would now depend upon Quality, Aesthetics, and Service. Whereas, in conjoint analysis, consumers are considering price as the most important attribute at the time of purchase. Among the various levels of price, lower price of ☐10,000 has the highest utility and utility decreases as price of the ticket decreases.

The attribute **"PUNCTUALITY"** has shown to be second by importance **(18%)**. Such a high ranking of this attribute is due to the fact that airlines tickets are a costly and an infrequent purchase. So, consumers are positively inclined towards punctuality and their (preference) **utility increases with increasing frequency of punctuality.**

Next in line according to importance is the attribute **"VALUE PROPOSITION"** **(16%)**. Among the various levels of Value Proposition, travelling on **'Exotic'** airlines has the highest utility followed by the **'Customization'** provided along with the purchase.

"BRAND" (11%) and **"RECOMMENDED BY FRIEND/ FAMILY" (11%)** are last among the attributes but are significant enough to be factor that influence the preference of consumers. **Established brand** and **Recommendation** have a positive utility and New brand and No recommendation have negative utility.

Top 5 profiles for New brand:

#	Brand	Price	Value Proposition	Punctuality	Recommended by friend/family
1	New	☐ 10,000/-	Exotic	Rarely Late	Yes
2	New	☐ 10,000/-	Customization	Rarely Late	Yes
3	New	☐ 10,000/-	Exotic	Rarely Late	Yes
4	New	☐ 10,000/-	Exotic	Rarely Late	Yes
5	New	☐ 10,000/-	Customization	Rarely Late	Yes

Market Share Simulation

- **All attributes are same for New and Established brand**

#	Brand	Price	Value Proposition	Punctuality	Recommended
1	Established	☐ 10,000	Exotic/ Stylish	Rarely late	No
2	New	☐ 10,000	Exotic/ Stylish	Rarely late	No

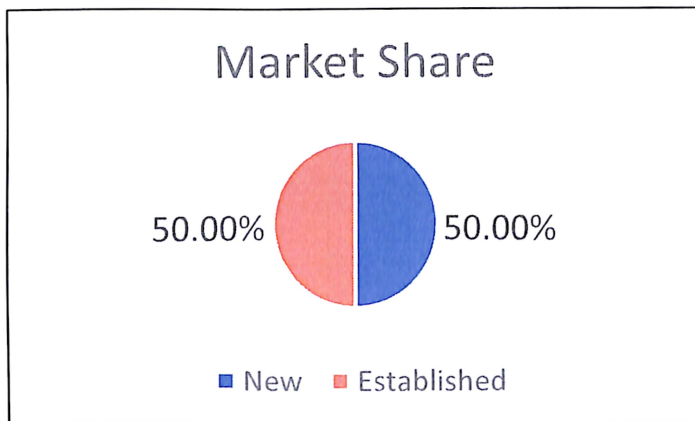**Market Share**

33.33%

[VALUE]
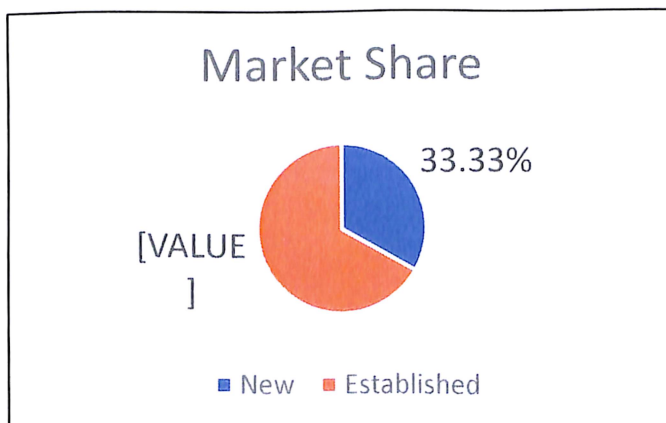
■ New   ■ Established

Since Brand is not a very significant parameter, New brand is able to garner 1/3rd market share from the Established brand when all other attributes are kept

same.

- **Price is lower for the New brand, rest other attributes are same**

#	Brand	Price	Value Proposition	Punctuality	Recommended
1	Established	☐ 10,000	Exotic/ Stylish	Rarely late	No
2	New	☐ 8,000	Exotic/ Stylish	Rarely late	No

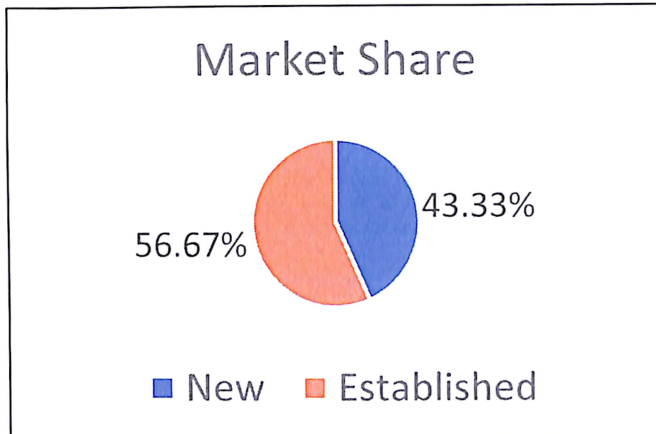Market Share

50.00%   50.00%

■ New ■ Established

The market share jumps from 33.33% to 50% for the New brand. This shows the significance of Price as a parameter for purchase. New brand can gain significant market share by pricing its services lower than the established brands.

- **Warranty is provided for the New brand and not for the Established brand, rest other attributes are same**

#	Brand	Price	Value Proposition	Punctuality	Recommended
1	Established	☐ 10,000	Exotic/ Stylish	Rarely late	No
2	New	☐ 10,000	Exotic/ Stylish	Always on time	No

Market Share

43.33%

56.67%

■ New ■ Established

The market share jumps from 33.33% to 43.33% for the New brand. This shows the significance of Punctuality as a parameter of purchase. New brand can gain significant market share by offering punctuality of its services.

- **New brand is recommended by friends/ family. Rest other attributes are same**

#	Brand	Price	Value Proposition	Warranty	Recommended
1	Established	☐ 10,000	Exotic/ Stylish	No warranty	No
2	New	☐ 10,000	Exotic/ Stylish	No warranty	Yes

Market Share

53.33%

46.67%

■ New ■ Established
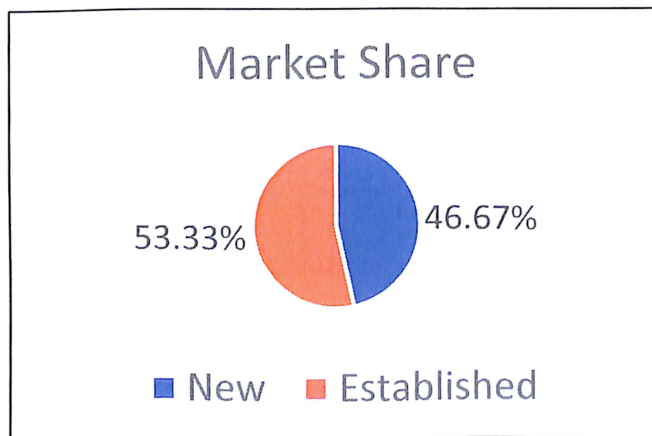
The market share jumps from 33.33% to 46.67% for the New brand. This shows that Recommendation by friends/family can be a differentiator for companies. New brand can gain significant market share by having a system of referrals.

4.2.4 <u>Cluster Analysis</u>

Age

- 38% 18-25 years
- 57% 26-33 years
- 5% 34-36 years

Occupation

- 15% Undergraduate student
- 62% Postgraduate student
- 5% Business
- 16% Private Job
- 2% Govt. Job

Annual Family Income

- 16% 4-8 lakhs
- 33% 9-11 lakhs
- 28% 12-15 lakhs
- 23% > 15 lakhs

Gender?

- 67% Male
- 33% Female
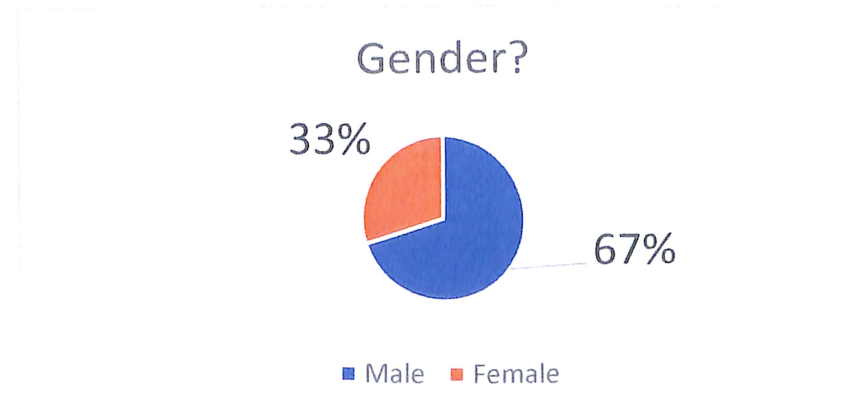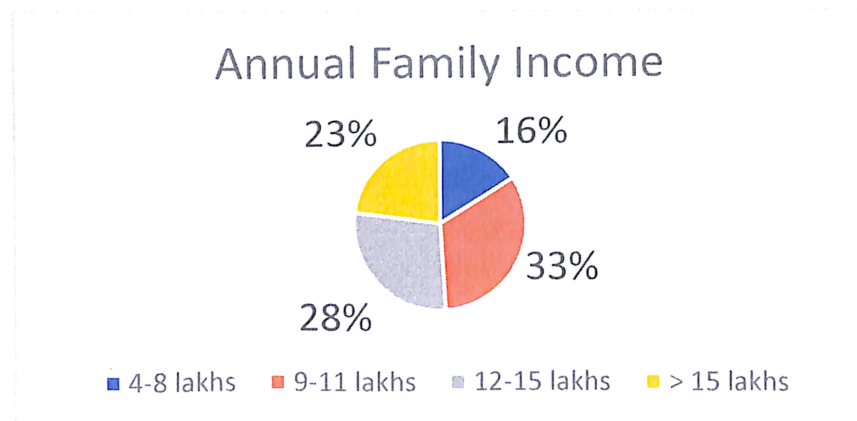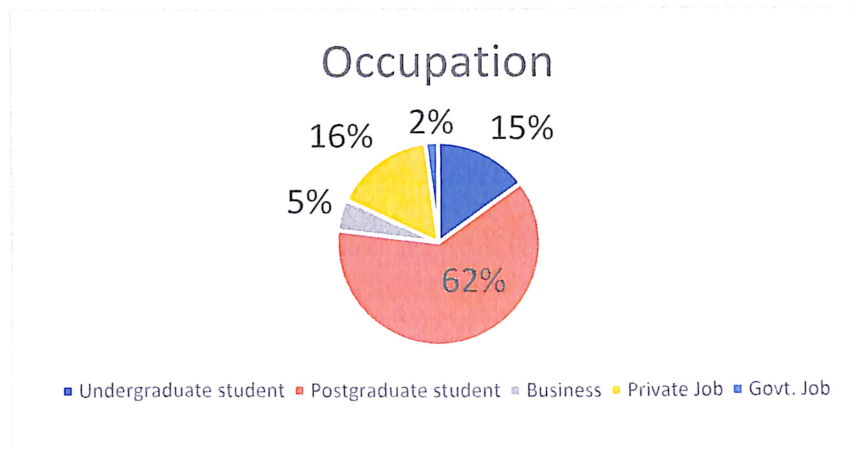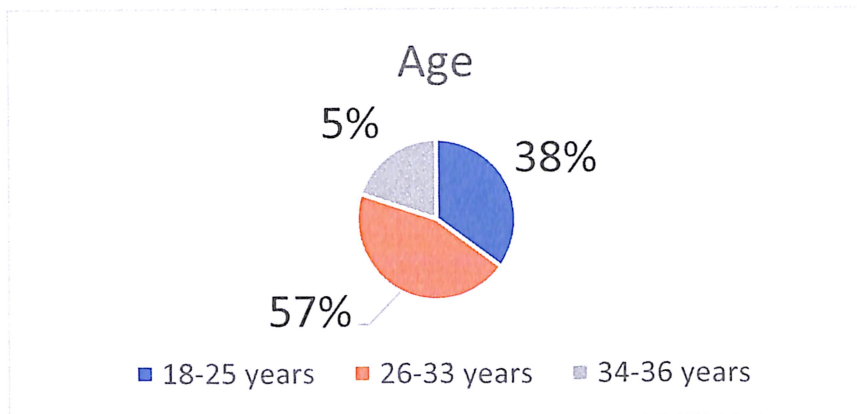
Two types of Cluster analysis were done on the data collected from Questionnaire 1. A description of both of them is given below –

1) **Cluster analysis based on demographic variables-**

K-means clustering was used to perform a cluster analysis with the demographic variables. The ideal number of clusters turned out to be 3. Any number greater than 3 resulted in too skewed cluster sized and number less than 3 resulted in clusters with no major differentiation. The cluster centres are given below-

Final Cluster Centres

	Cluster		
	1	2	3
Gender	1.36	1.20	1.64
Age	2.48	2.44	2.55
Occupation	1.84	1.92	4.09
Income	3.48	1.72	2.45

Note - Age and Income are ordinal variables and an average for them is meaningful. Higher number is equivalent to a higher age/income. For gender, the average remains similar i.e. the frequency of males and females in each cluster is similar. For occupation, a coding scheme was chosen where lower numbers are corresponding to students and higher number correspond to professions (i.e. govt. employee or private employee). So a higher average signifies more frequency of working class and a lower average signifies more frequency of students.

With the above in mind, the three clusters could be seen as follows-

Cluster 1- This cluster consists of students who belong to a family of high family income.

Cluster 2- This cluster consists of students who belong to a family of relatively lower family income.

Cluster 3- This cluster consists of mostly working-class consumers.

The importance that these three clusters give to different attributes was then compared by looking at the average importance each cluster gives to the various attributes.

	Cluster 1	Cluster 2	Cluster 3
Clean	4.04	3.88	4.090909
Smell	3.28	3.92	4.181818
Hassle free	3.6	3.92	3.818182
Seat	4.28	4	4.454545
Colour	4.24	4.24	4.181818
Customization	3.16	3.2	2.909091
Comfort	2.76	2.64	3
Economical	3.56	4.4	4.272727
Punctual	3.76	3.68	3.909091
Discount	3.08	3.6	3.909091
TV Advertisement	2.72	2.92	3.090909
Recommended by friend/family	2.72	3.32	2.727273
Featured on Travel Magazine	3.04	2.96	3

Association with a premium hotel	2.84	3.04	2.090909
Recommended by a travel agent	2.48	3.12	2.818182

Students from more affluent families	Students from less affluent families	Working professionals
Demand comfort & luxury (seat, colour, cleanliness)	Demand most economical tickets	Demand highest quality experience
Least importance to price and discounts	Willing to compromise a little on the quality	Least importance to economical, colour, association with hotels, etc.
Highest importance to brand associations with luxury hotels, featuring on magazines	Give highest importance to recommendation by travel agent and friends/family	Give highest importance to TV ads and travel agent

2) Cluster analysis based on importance given to different attributes-

A method opposite to that described above was used to do a different type of clustering. Here, the consumers were clustered according to the importance they give to different attributes and then the demographic variables for different clusters were analysed. The method used was K-means clustering and the number of clusters was decided based on the skewedness of the cluster sizes.

The results obtained are as given below-

Final Cluster Centres

	Cluster	
	1	2
Clean	4.03	2.50
Smell	3.78	1.50
Hassle free	3.86	1.00
Seat	4.25	2.50
Colour	4.32	1.50
Customization	3.15	2.50
Comfort	2.80	1.50
Economical	4.02	4.50
Punctuality	3.85	1.00
Discount	3.46	3.00
TVC	2.86	3.00
Recommended friend/family	2.98	2.50
Magazine	3.05	1.50
Brand Association	2.71	5.00
Travel agent	2.86	1.00

Any major inferences in terms of the meaning of these clusters was not arrived at. More data points or having more clearly defined attributes or having attributes clubbed into dimensions might help in better clustering.

This chapter has outlined the research findings and the next chapter will move the discussions forward to relate these to both the research questions and the current literature.

5. Interpretation of Results

The objectives for conducting this research were:

i.   To identify the factors that affect the buying behaviour of target consumer group

ii. To determine the optimal 'positioning' for 'Cheetah Transport Pvt. Ltd.'

iii. To determine the optimal 'marketing mix' for 'Cheetah Transport Pvt. Ltd.'

5.1 Research Methods:

The research consisted of three phases:

5.1.1   Exploratory Research: Secondary Data

'Cheetah Transport Pvt. Ltd.' currently offers luxury bus transport services on interstate routes. It thus plans to target the middle-income and upper-income segment of customers in the domestic airline Indian market and a secondary research will give deeper insights in finding the optimum marketing mix for the service launch. Secondary research helped the researcher in understanding the key purchase drivers which influence the purchasing decision of the customers i.e. air passengers and subsequently get detailed view of customers during the Focus Group Discussions and In-Depth Interviews.

5.1.2   Exploratory Research: Qualitative Research

Qualitative research was conducted to reveal the range of behaviour and the perceptions that drives the purchasing decision of the customers in the premium segment. The researcher conducted the below mentioned techniques as a part of the Qualitative Research:

- Focus group interviews: The researcher conducted 4 Focus Group Discussions of 8-10 members each. Through the Focus Group Discussions, the factors which affect the purchasing behaviour of

the customers were revealed. Also, trends and insights from Focus Group Discussions helped in deciding the optimal 'positioning' and 'marketing mix'.

- In-depth interviews: The researcher conducted 8 In-depth interviews among to gain deep knowledge of how customers decide to purchase premium/ luxury airline services and more so. The researcher understood what constraints do the customers have while purchasing premium/ luxury airline services from new airlines and what drives them to prefer a new brand over an existing one for developing a better marketing-mix for the airline service launch.

Insights and findings from the qualitative research helped in designing the questionnaire for the quantitative survey.

5.1.3 Confirmatory Research: Quantitative Research

After conducting the Qualitative Research, a questionnaire was designed seeking the responses from around 100 people in the respective category of customers in the luxury segment in age group 18 - 35 years from the urban areas who could be interested in buying premium/ luxury airline services.

The researcher floated the survey forms to more than 100 people using several modes such as online form circulation, offline responses, etc. and included qualifiers while considering the responses to filter out irrelevant customers.

The researcher adopted statistical software such as SPSS for the analysis of the Quantitative Data generated from the survey forms and then use techniques such as Cluster Analysis to find out the different clusters in the premium/ luxury category who could be interested in buying the premium/ luxury airline services from a new airline.

5.2 Data Analysis Plan

Software such as SPSS/ Excel was used for analysis of data. The analysis of data helped us to determine the significance of various insights that was discovered in qualitative research. To identify any discrepancies, the results of the survey were validated against the information collected through qualitative research and secondary sources.

5.3 Some important insights that were obtained are as below-

a) Working class consumers demand the best quality among the three segments

b) Working class consumers give more importance to the customization of services whereas the opposite is true for the other two segments.

c) Punctuality is a very important factor for all three clusters but most so for the working-class consumers.

d) Price and discount are the most important for students from less affluent families whereas it is least important for students from more affluent families. For working class consumers, it is in between.

e) The working-class consumers are most likely to be influenced by TV advertisements and travel agent whereas students from less affluent families depend on recommendation from friends and travel agent. Students from affluent families are likely to be most influenced by factors like being featured in magazines and getting associated with premium hotels. So, the channel of promotion would depend on the segment being targeted.

The purpose of this study was to carry out 'a study on market-entry strategy for a luxury airline and how it can create its brand identity'.

This chapter has interpreted the research results to address not only the research questions but also the underlying aim of this research. The next chapter provides a conclusion to the thesis and identifies areas for future work.

6. Conclusion and Scope for future work

The final chapter of this thesis draws together the research results to determine whether or not the aims and objectives, have been fully addressed and to draw conclusions from these findings. A brief overview is provided on the key findings generated by this research and the contribution these make to the current knowledge base is explained. Finally, areas for future research are identified and discussed.

- **Brand:**

  They are willing to purchase it from a new brand if they are convinced of the quality of the services. This is where the advertising and positioning of the company becomes critical.

- **Referrals:**

  Consumers are willing to try a particular brand if someone known <u>recommends</u> it to them because it provides them a sense of security and eliminates the risk of wrong purchase. The company should come out with a referral system whereby there would be benefits for those who refer and those who buy through referrals. This would induce a sense of loyalty and repeat purchase among consumers.

- **Advertisement:**

  Conventionally, there are very few or absolutely no advertisements featuring luxury airlines on the Indian television or newspaper media and may only be found on online social media. Respondents were of the view that if they could see TV advertisements, that would give them the trust of the brand being big enough to afford the expenses of advertising and would also improve the brand recall.

  Hence, if the company could come up with a unique advertising strategy, then it would surely gain a lot of traction among consumers.

- **Quality:**

  In general, <u>higher price is perceived as a higher quality product</u> in the minds of the respondents. But once quality risks are eliminated, many people wouldn't care about the brands and opt for a lower priced luxury airline service.

- **Discounts:**

  Consumers are NOT in favour of heavy discounts. Some of the reasons are:

  - Since, the service offering is of a premium quality, giving heavy discounts casts aspersion on the quality of the service. Higher discounts create a perception that something is wrong with the service which is why such a high discount is being offered.
  - Also, heavy discounts do not go with the image of a premium quality luxury airline service. Customers who prefer to buy premium products don't actually look for discounts.
  - If heavy discounts are given regularly, then it may shift the anchor price for consumers permanently. Company would then never be able to command a premium on their service.
  - If discounts are provided, then it should not be more than 10-20% and shouldn't be over a continuous period of time.

- **Positioning:**
  - The people who have made the purchase see it as an *exotic service*. This is directly attributable to the services offered by the luxury airline both before boarding the flight and the in-flight services and thus emphasis must be laid on *highlighting the quality of the services.*

  - Customers are looking for some kind of customisation. The added dimension of being able to provide *tailor-made services* was seen to have been accepted by the respondents as it added value and prestige to the purchase decision.

  - The perception about quality of the services is based on the price, brand and quality of services. The brand was not the most significant variable. However, *brand can be used too, as a leverage* for attracting consumers. The customers having prior knowledge of the such services will find it easier to accept the new luxury airline service, given that it has a history of offering luxury transport services. For others, it may add another incentive apart from quality for it to be accepted.

- The services must be positioned so as to provide an *exotic feel* as it is the popular theme across consumers. The flashy ones are particularly disliked and should be avoided unless a market for that evolves.

Customization: 85% of the respondents were interested in getting the option to customize in-flight services. Approximately two-third of the respondents preferred the option. Also, as none of the few existing customization service providers give this option, so if any company provides this option then it can turn out to be a big value proposition for that company.

Premium for customization: The premium which company can charge for the customization should lie between 5-10% of the price of the ticket, which can also vary depending on the option of customization which is being provided. On one hand charging more than 10% will draw lots of customers away, whereas on the other hand charging less than 5% will be like leaving money on the table.

Promotion: 80% of those who are likely to buy luxury airline services said that they love watching movies and apart from their home and work they usually spend their time in pubs, cafes and restaurants. Also, a lot of them said that as there is no luxury airline brand promoting itself, so if they see any new brand promoting itself then there is a good likelihood of them trying out that brand.

- **Collaboration with premium luxury hotels:**
  The company can tie up with the premium luxury hotels and taxi companies and sell a hassle free and seamless luxurious travel experience.
- **Collaboration with corporates:**
  The company can tie-up with different corporations such as TCS, Infosys, etc. Companies generally have a reward system for their employees. These entire holiday experience could be given to long-term employees as a reward or a non-cash incentive.

6.1 Based on the cluster analysis, three prominent clusters were identified:

6.1.1   Students from more affluent families

Positioning:

This segment prefers fashionable/ trendy. Aesthetics inside the airline and fashionable and trendy promotion is most important for them. The optimal positioning for targeting this segment would be to position the brand as highly fashionable and stylish.

Service:

Customization can be a differentiator for this segment, especially because this segment is least price-sensitive and would be willing to pay a premium for personal customization.

Price:

This segment is least price-sensitive and the company could price the tickets at a higher price for this segment.

Place:

From the qualitative research, it was indicated that online purchase of luxury airline tickets is not preferred by consumers across all segments. This was due the fact that luxury airline tickets are a costly purchase.

The company should try to tie up with travel agents catering to the HNI segment or family businesses.

However, it is also recommended that company should push for online channel sales. The reason for it is that the investment required is less and catchment base of consumers is very high. So, even if a smaller percentage of consumers are converted as buyers, it wouldn't be a problem. Moreover, from the quantitative research, it was found that around 41.5% people are willing to purchase online.

Promotion:

Advertisements in fashion magazines positively influence these consumers. Also, association with premium luxury hotels would help to attract the potential customers from this segment.

6.1.2 Students from less affluent families

Positioning:

Price and discounts are the most important factors that affect the purchase decision of this set of consumers. The optimal positioning for targeting this segment would be to position the brand as Value for Money and an economical brand.

Product:

This is the segment that goes after the luxury airline tickets that are less costly. Quality of the services can be a little lower but the price has to be economical.

Price:

This segment is most price-sensitive and the company could price the luxury airline tickets at a lower price for this segment. Discounts must be offered for attracting this segment of consumers. Prices can be increased as and when the brand equity of the company increases.

Place:

From the qualitative research, it was indicated that online purchase of luxury airline tickets is not preferred by consumers across all segments. This was due the fact that luxury airline tickets is a costly purchase.

The company should try to tie up with semi-luxury hotel brands and taxi aggregators.

However, it is also recommended that company should push for online channel sales. The reason for it is that the investment required is less and catchment base of consumers is very high. So, even if a smaller percentage of consumers are converted as buyers, it wouldn't be a problem. Moreover, from the quantitative research, it was found that around 41.5% people are willing to purchase online.

Promotion:

This segment is highly influenced by the recommendations from friends and family and the general word of mouth. Discounts and persuasive travel agents are other factors that could promote luxury airline services among this segment. Providing cancellation refund (up to a percentage) could a differentiator for this segment.

6.1.3   Working Professionals

Positioning:

Quality and services like customization are key factors that affect the purchase decision of this set of consumers. The optimal positioning for targeting this segment would be to position the brand as one with premium quality. Positioning the brand which offers value-added services like customization could be the game-changer.

Product:

This is the segment that is attracted towards quality luxury airline service. They are less focussed on price, quality is paramount.

Price:

The company should price the tickets commensurately with the quality of the luxury airline services.

Place:

From the qualitative research, it was indicated that online purchase of luxury airline tickets is not preferred by consumers across all segments. This was due the fact that luxury airline tickets are a costly purchase.

The company should try to tie up with premium luxury hotels and luxury taxi providers.

However, it is also recommended that company should push for online channel sales. The reason for it is that the investment required is less and catchment base of consumers is very high. So, even if a smaller percentage of consumers are converted

as buyers, it wouldn't be a problem. Moreover, from the quantitative research, it was found that around 41.5% people are willing to purchase online.

Promotion:

This segment is influenced by the TV commercials. Appropriate brand ambassadors like Ranvir Singh, John Abraham, Sunny Leone could be the face of these advertisements. Customization as a means of promotion could be the differentiator for the company to gain traction among these set of consumers.

This research project was aimed at helping the 'Cheetah Transport Pvt. Ltd.' introduce its own brand in the Indian airline industry. This research provides 'Cheetah Transport Pvt. Ltd.'s management with insights into the current market scenario including the consumer needs, gaps present in the market. It would help the 'Cheetah Transport Pvt. Ltd.' management to decide on the optimal positioning strategy for its brand.

Further, the project aims at understanding qualitatively as well as quantitatively, the consumer behaviour and purchase process would help in creating the ideal marketing mix with which the management would introduce the product into the market.

Thus, on a macro level, this project aims to help the management of 'Cheetah Transport Pvt. Ltd.' in their objective of expanding 'Cheetah Transport Pvt. Ltd.' from a luxury road transport player to a luxury airline services provider.

6.2 Areas for future research are:
1) Deep study on pricing;
2) Seeking passenger feedback on in-flight services
3) Study on brand equity of luxury airlines
4) Establishing luxury travel ecosystem

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Appendix

1. **Correlation Matrix:** This shows the correlation between all the 13 independent variables used for factor analysis and Regression.

Correlation Matrix[a]

		Clean	Smell	Colour	Seat	Light	Safety	Price	Discount	Brand	Punctual	Customization	Exotic	Aircraft
Sig. (1-tailed)	Clean		.000	.119	.266	.000	.000	.477	.125	.205	.006	.195	.265	.146
	Smell	.000		.477	.409	.000	.000	.171	.003	.306	.243	.119	.487	.210
	Colour	.119	.477		.000	.264	.109	.434	.028	.096	.299	.105	.000	.000
	Seat	.266	.409	.000		.030	.203	.455	.026	.011	.478	.029	.000	.000
	Lighting	.000	.000	.264	.030		.000	.141	.149	.289	.165	.226	.152	.482
	Safety	.000	.000	.109	.203	.000		.387	.032	.449	.124	.315	.204	.109
	Price	.477	.171	.434	.455	.141	.387		.000	.106	.137	.356	.016	.386
	Discount	.125	.003	.028	.026	.149	.032	.000		.018	.063	.412	.000	.010
	Brand	.205	.306	.096	.011	.289	.449	.106	.018		.315	.136	.341	.182
	Punctual	.006	.243	.299	.478	.165	.124	.137	.063	.315		.000	.158	.151
	Customization	.195	.119	.105	.029	.226	.315	.356	.412	.136	.000		.057	.118
	Exotic	.265	.487	.000	.000	.152	.204	.016	.000	.341	.158	.057		.000
	Aircraft	.146	.210	.000	.000	.482	.109	.386	.010	.182	.151	.118	.000	

2. Communalities: The below table shows the variance explained prior to factor analysis as well as post factor analysis.

Communalities

	Initial	Extraction
Clean	1.000	.698
Smell	1.000	.662
Colour	1.000	.721
Seat	1.000	.796
Lighting	1.000	.726
Safety	1.000	.668
Price	1.000	.520
Discount	1.000	.701
Brand	1.000	.514
Punctual	1.000	.826
Customization	1.000	.747
Exotic	1.000	.733
Aircraft	1.000	.677

Extraction Method: Principal Component Analysis.

3. **Component Matrix:** The above table shows the factor loadings (i.e, the correlation between a component and factor/dimension) of each component into the 4 dimensions which have been extracted. As it can be seen that there is very high cross-loading among these components.

Component Matrix^a

	Component			
	1	2	3	4
Clean	.523	**.566**	-.306	.106
Smell	.395	**.648**	-.064	-.286
Colour	**.709**	-.447	-.064	.114
Seat	**.737**	-.479	-.149	.039
Lighting	.530	**.581**	-.297	-.142
Safety	.541	**.547**	-.234	-.146
Price	.224	.130	**.631**	-.235
Discount	.536	.103	**.586**	-.244
Brand	.139	-.202	**-.579**	.346
Punctual	.270	.322	.319	**.740**
Customization	-.071	.485	.332	**.630**
Exotic	**.719**	-.404	.225	-.041
Aircraft	**.661**	-.458	.038	.169

Extraction Method: Principal Component Analysis.

a. 4 components extracted.