



# KQ comes under fire during tourism summit for flight delays, expensive tickets

Sarova Hotels MD Jaideep Vohra says a ticket from Nairobi to Mombasa costs more than Sh21,000, whereas Fly540 and Jambojet charge Sh5,000

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Tourism stakeholders have hit out at the national carrier Kenya Airways over its expensive tickets and inefficiencies caused by delayed flights, sabotaging the growth of the sector.

The airline's ground director, Francis Musila, found himself on the receiving end of sharp criticism against KQ during the Tourism Summit held at Mombasa State House yesterday. Participants from different companies in the tourism industry took him to task over the high prices.

The tourism players said KQ is much more expensive compared to other lo-

cal and regional flights, which undermines domestic tourism.

Sarova Hotels managing director Jaideep Vohra asked why a two-way ticket from Nairobi to Mombasa costs more than Sh21,000, whereas Fly540 and Jambojet flights are charged a paltry Sh5,000 depending on the season. "Why should I pay Sh21,000 to come to Mombasa yet that is the same money I can use to fly to Dubai?" he said amid cheers.

Kenya International Convention Centre chairman Omigo Magara said the loss-making KQ should change its business model to succeed in the industry.

"It is time for Kenya Airways to wake up from the perennial delays and expensive fares. We do not need

## (+) KENYA AIRWAYS HAS MADE MASSIVE LOSSES

Kenya Airways posted a record post-tax loss of Sh26.2 billion for the year that ended March 31, up from Sh25.7 billion previously. The national carrier's foreign exchange loss surged 703.3 per cent owing to the stronger dollar, to Sh10.8 billion. However, CEO Mbuvi Ngunjiri said the airline "broke even if you exclude one-offs". "Without fluctuation of the exchange rate we would have reduced the loss to Sh16 billion compared to the Sh26 billion we have reported," Mbuvi told stakeholders in July. Kenya Airways had a Sh5 billion fuel burn-off benefit after selling its Boeing 737-300. Passenger numbers rose in by five per cent in 2015 from 4.17 million the previous year to 4.23 million. KQ announced a turnaround strategy aimed at bouncing back to profitability in November 2015. It proposed a 24-point plan with viable ways to reverse the financial fortunes.

to continue baby-sitting you anymore," he said.

Musila tried to respond to the concerns by assuring the stakeholders that the prices of KQ air tickets have come down, but he was cut short by the murmurs and jeers from the audience. "We are working on how best to reduce our prices," he said.

Kenya Coast Tourists Association chairperson Mohamed Hersi said KQ needs to reduce prices to attract more domestic travellers.

"We have for a long period of time criticised KQ. They must listen now to stakeholders," he said. Hersi said they appreciate that KQ has flown in a lot of tourists, but insisted the national carrier must improve.

"We have over 32,000 beds to be occupied in the Kenyan Coast hotels. This will not be possible if it will be very expensive to access the region."

Hersi said Ethiopia's capital Addis Ababa and Rwanda's Kigali have surpassed Kenya in the number of tourists arrivals through the support of their national carriers, Ethiopian Airline and Rwanda Air respectively.

Kenya Airways has been struggling to keep up with stiff competition from its rivals such as the neighbouring Ethiopian airline, which it is said to be losing business to due to high fares.

While the airline's management blames competition and a slump in tourism for their losses, analysts, government and investors have on several occasions pointed out several issues which include pricing.

## OUTLOOK

### Jubilee projects higher second half profits

Jubilee Holdings is projecting a strong growth of its insurance arm in the second half of the year driven by its new specialist model in bancassurance through partnerships with banks. The financial services group recorded a 7.5 per cent growth in its profit for the first half of the year reporting a profit after tax of Sh1158 billion for the six months ended June 30. This is up from Sh1147

billion recorded in a similar period last year. Gross premium in general insurance class grew eight per cent to Sh6.08 billion up from Sh5.63 billion in 2015. The insurers' medical gross premium closed at Sh5.87 billion up from Sh5.53 billion in 2015, a 6.1 per cent growth. Premiums collected under life insurance stood at Sh2.42 billion, a 27 per cent growth from Sh1.89 billion last year.

## MARKETING

### Uber offers chopper ride to entice clients

Taxi-hailing app company Uber has launched a chopper promotion in conjunction with Magical Kenya to woo tourists and increase awareness of the cab services. The promotion, which includes Corporate Helicopters, will award select customers with a 20-minute chopper ride on Sunday both in Mombasa and Nairobi. Globally, Uber has tested alternative modes

of transportation including rickshaws and boats, having experimented with helicopters before. Uber Chopper was first tested three years ago in New York, flying customers between New York and the Hamptons. Uber Kenya said the promo is part of its many non-conventional advertising approaches to achieve a "Wow factor" and creating awareness among consumers.



Jubilee Holdings chairman Nizar Juma



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