



INTRODUCTION TO AIRLINE MARKETING

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Airline Marketing
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Airline Marketing: An Overview

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- Definition of Marketing
- The Marketing Department of an airline
- Realities of the Market Place
- Realities of Airline Market
- The Challenges

Definitions of Marketing

- Marketing is the role of that part of organisation function concerned with finding out customers' need, specifying the product, its price, telling the customer about it and co-ordinating its delivery while ensuring that corporate objectives are met
- Marketing is merely a civilised form of warfare in which most battles are won with words, ideas and discipline thinking
- Marketing is a process involving the complete company, every department and all staff

Airline Marketing is difficult as it is a service

- Perishable
- Intangible
- Variability of service provision
- Customers involved in the production
 - Need to train/educate customers about production/delivery of service
- Other people maybe involved in part of the product experience
- Difficult for customers to evaluate the value created by the service

Marketing-Mix Elements

Goods

Product

Price

Promotion

Place

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Other considerations

Customer skills

Customer service

Employee satisfaction

Shareholders values

Services

Physical Evidence

People

Process

Product Planning

- Which segment of the market?
- Which routes?
- Inflight products - no. of cabins, size of cabins, seat configurations, interior design, IFE, food, toiletry bags,.....
- Loyalty programme/ Frequent Flyer Programme
- Ground related products - access to and from airport, lounges, check-in, fast track, baggage handling,...
- Branding and differentiation
- Harmonisation of products with partners
-

This



Or this?



This



Or this?

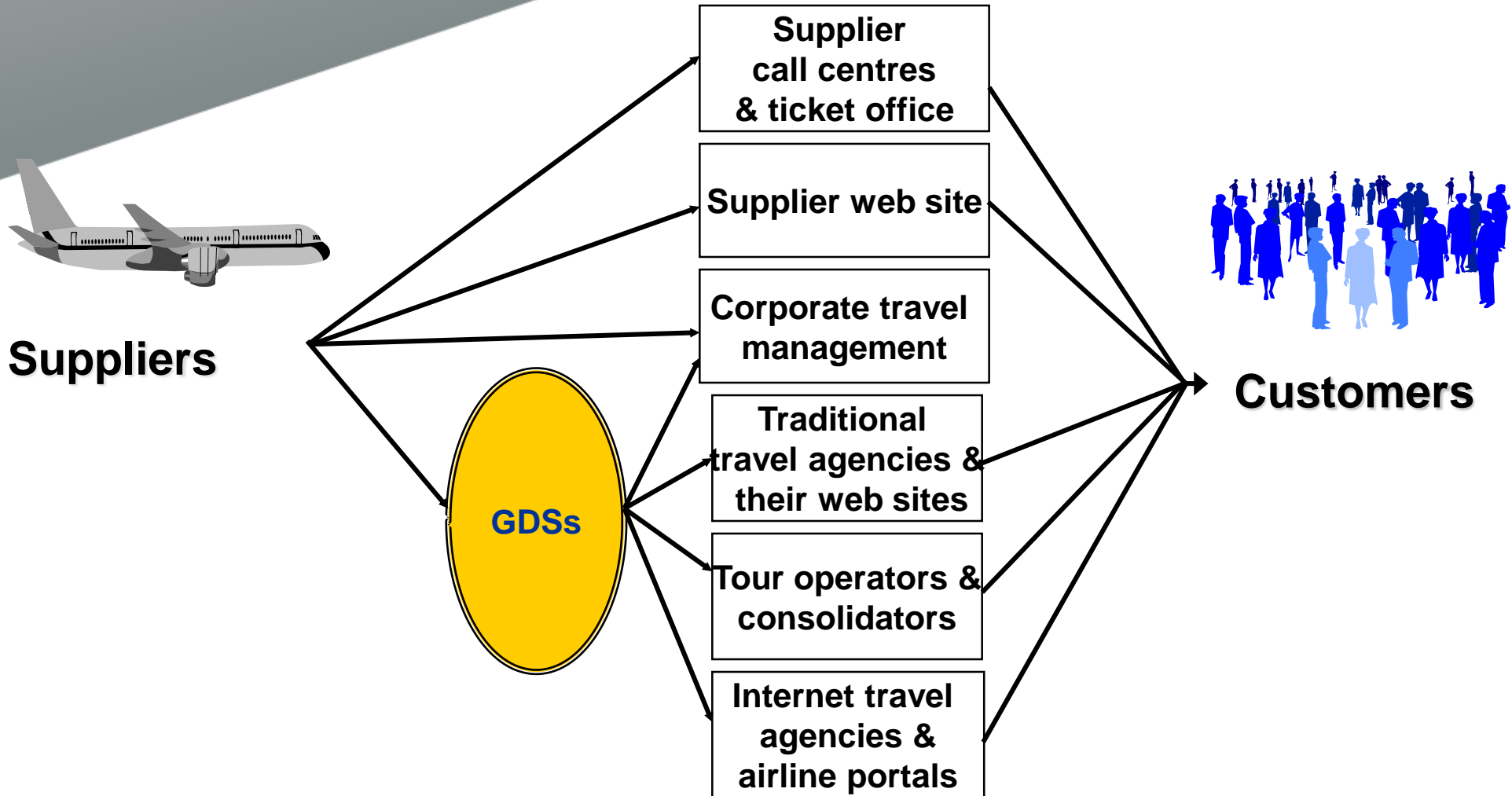


Pricing

- Improving yields through revenue management
- Effective differential pricing
- Simplifying pricing
- Value for money
- Market acceptance/ elasticity
 - Additional revenues - surcharges
- Innovative pricing
- Brand value and pricing
 - is pricing a function of brand or competitive realities?
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- Direct
 - Sales offices
 - Call centres
 - Website
 - Corporate travel managers
- Indirect
 - Traditional travel gents
 - On-line travel agents
 - Travelocity, Expedia
 - Priceline.com, last minute.com, ...
 - On-line travel portals- Orbitz in the US, Opodo in Europe, Zuji in Asia
 - Tour operators & consolidators

Airline Distribution Channels



Defining a distinct market presence and image that is easily communicable to consumers - corporate or tactical advertising

Who is the target?

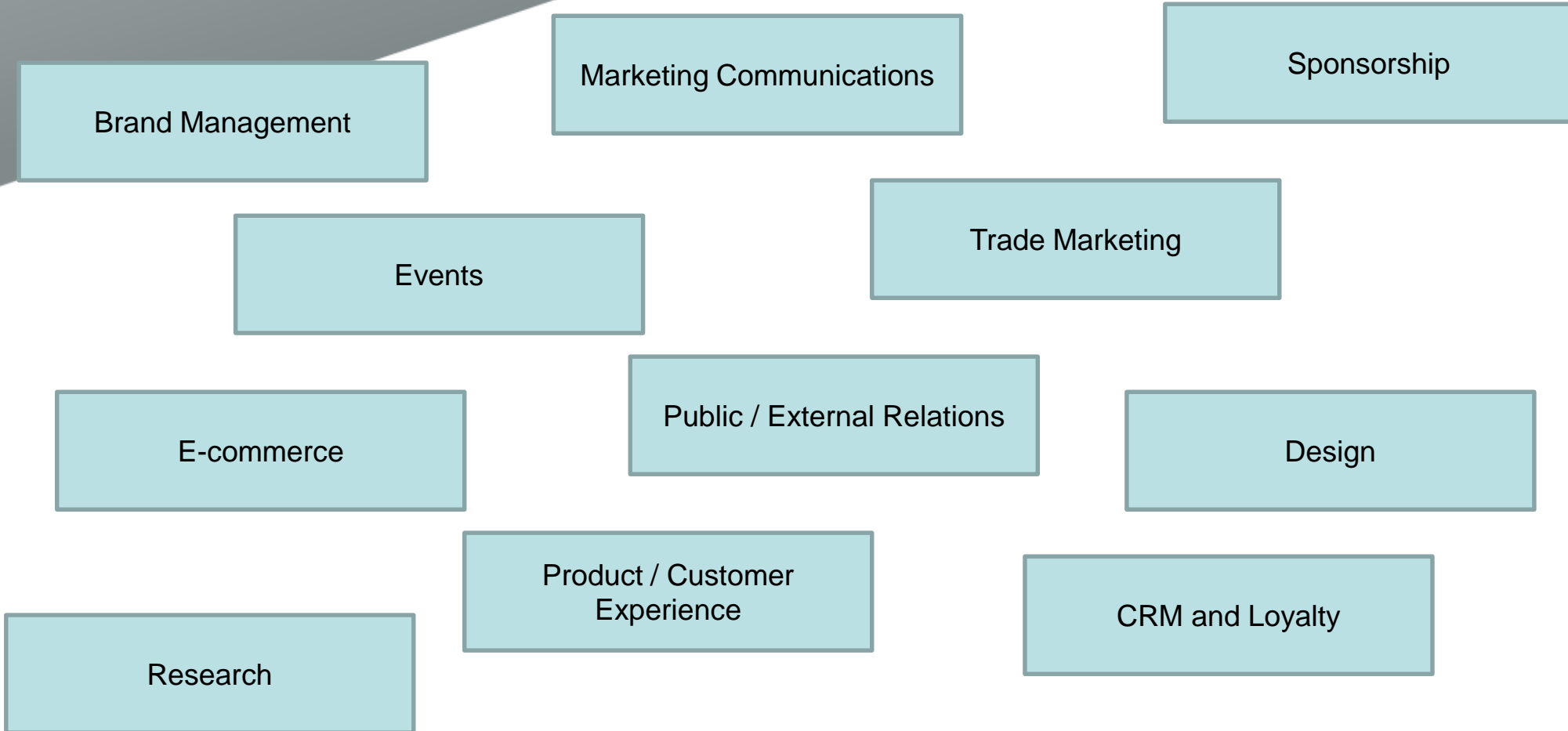
- Travel agents
- Travel organiser
- Families (wife)
- Secretaries (business travellers)
- Travellers themselves

Which methods of Promotion?

- Direct representation-online
- Press and public relation
- Promotion and sponsorship
- Direct mail
- Advertising (display/media)

The marketing department in an airline

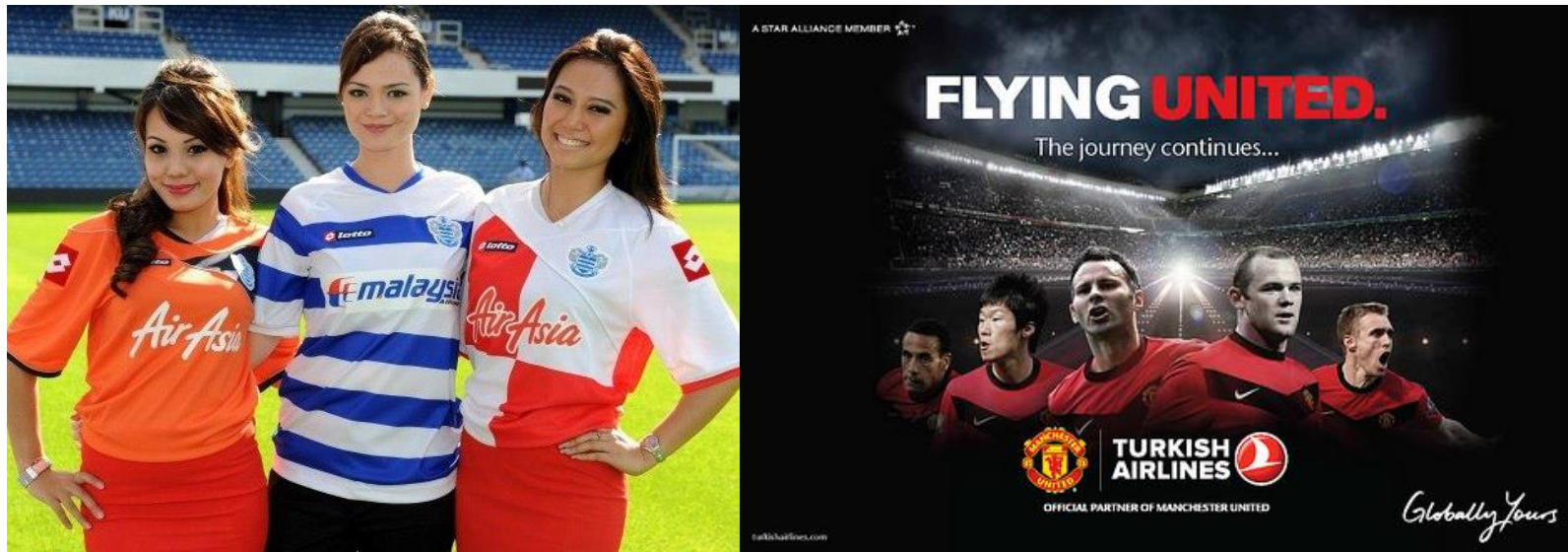
- Critical to the running of a successful airline
- Manages the brand
 - external and internal perception
- Closely linked with all departments within an airline



- Principal functions:
 - To drive and maintain awareness of the brand name in the marketplace to generate revenue
 - Agency management
 - Creative development
 - Delivering return on investment through sales generation

Sponsorship

- Principal functions:
 - Drive the association between the brand
 - Assist in driving awareness of the brand through links to strategically relevant partnerships



Events

- Principal functions:

- Manage the events programme for an airline to drive awareness and support marketing activity
 - Events associated with sponsorships
 - New route launches
 - Exhibitions and activities
 - Internal events
 - Sales / finance roadshows



Trade marketing

- Principal functions:
 - Drive awareness and generate revenue through targeted promotions towards the trade:
 - Corporate customers
 - Travel agencies
 - Manage communications with the trade

- Principal functions:
 - Drive the development of the airline brand online
 - Management of the website
 - Search engine optimisation
 - Development of the brand through social media or newly-developing e-trends
 - Generating online sales
 - Generating ancillary revenue
 - Managing online functions
 - eg. Online check-in

- Principal functions:
 - Managing communications via the media
 - Proactive and reactive communications
 - Managing communication within the company
 - Internal communications
 - Crisis management response
 - Governmental / regulatory body relationship management
 - Corporate social responsibility

CRM and Loyalty

- Principal functions:
 - Managing the relationship with customers
 - Managing the frequent flyer programme
 - Generating loyalty
 - Generating partnerships with:
 - other airline (within or outside alliances)
 - other service providers
 - eg. banks, hotels etc.
 - Stimulating revenue and increasing passenger 'benefit'
 - Managing communications with loyalists

- Principal functions:
 - Developing the 'look and feel' of the brand at all customer touchpoints
 - Supporting other functions with designing work required for:
 - passenger communications
 - employee communications
 - 'new build' projects (eg. lounges)
 - new aircraft design projects

Product / Customer Experience

- Principal functions:
 - Championing and managing the customer experience across the entire journey:
 - pre-flight / ground / air / post-flight
 - Enhancing the overall experience through product development
 - differentiation versus other carriers
 - alignment with brand strategy

- Principal functions:
 - Managing qualitative and quantitative research
 - eg. passenger and staff surveys / industry research
 - Reporting on developments and trends within the industry
 - Supporting the product and brand development processes
 - 'Knowing the customer' inside and out
 - Rationalising the segmentation
 - Competitor knowledge / benchmarking
 - Owning the relationship with industry research bodies

Realities of Airline Markets

- Airlines tend to have soft brand equity
- Very difficult to balance supply and demand
- Short product life cycles
- Customers high expectations and changing travel behaviour
- Competitors have access to complete and instantaneous price and service information through information technology
- Yields are under pressure
- Immense pressure on costs
- Margins are very low
- The airline industry is strongly influenced by economic cycles & major events

21st Century Customer Characteristics

- Informed/empowered
- Demand service excellence
- Value-conscious
- Internet savvy
- Time-conscious/speed
- Demand individual service
- Demand flexibility
- Low loyalty
- Spoiled
- Share poor experience instantly with social network
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Marketing Strategies

- Market intelligence/research to identify customers, and their values and expectations
- Delivering the correct product at a competitive price
 - how to achieve premiums in a revenue management environment for added value products when these products cannot be stored?
- Creating an identifiable and sustainable competitive advantage
- Distribution strategy
- Promotion strategy

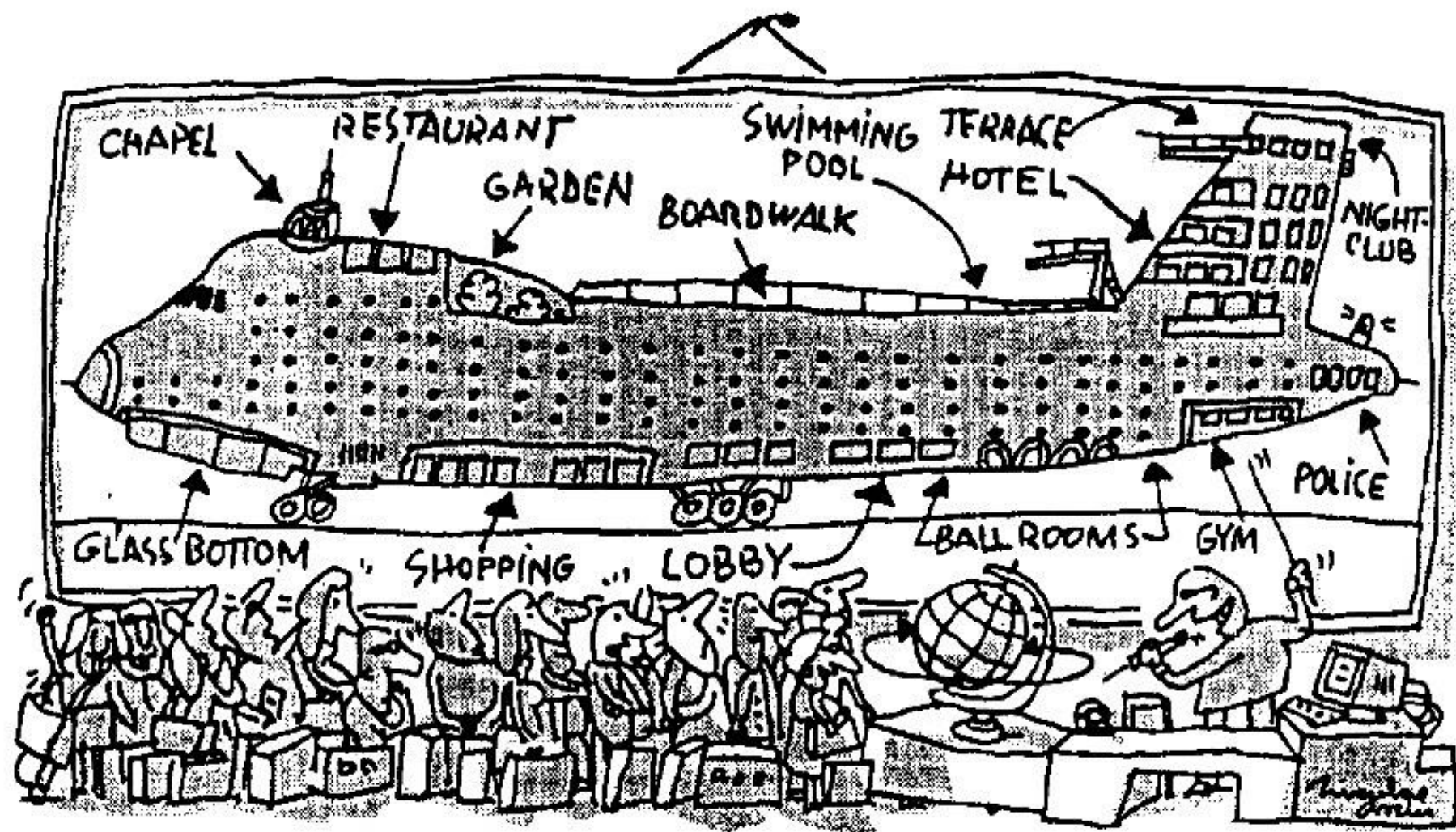
Challenges in Airline Marketing- 1

- How to anticipate customers ' future purchasing behaviour and requirements?
- How to develop a strong brand and position in the market?
- How can airlines build loyalty?
- To what extent personalisation of travel needs by database management is needed/capable?
- How to improve the speed and quality of ground related product?
- How not to lose sight of core products

Challenges in Airline Marketing - 2

- What is the optimum level of on board services - level of seat comfort, In flight entertainment and communication technology?
- What is the optimum number of cabin class?
- How to avoid differentiation at any cost?
- How to simplify pricing?
- How to sell more online?
- How to reconcile alliance partnership with the airline brand?

The future



Nicolae Anca/HT