CHAPTER-IV

MARKETING STRATEGY OF AIRLINES

4.1) Introduction:

The Air transportation industry is also known as commercial aviation industry. In the growth of tourism air transport system has a pivotal role to play. As it is known that marketing matches the organizations product and the consumer’s need in such as way that both benefit, one in terms of profit and the other in terms of had satisfaction. Airlines product is a service consisting basically of an experience for the passenger. An air lines market consists various market segments with different service expectations, different price sensitivities, different travel motivation etc. It is vital for airlines to optimize its yields and revenue from various market segments by positioning itself correctly in the market place. The market share which an airline holds depends largely on how effectively one can market the product.

4.2) Marketing:

Marketing activities start with the identification of the type of product or service to be offered. The product or service is aimed at satisfying the need of a group of customers, known as customer segment or segments. Next step is to develop appropriate marketing mix which includes product, price, promotion and distribution process.
Airlines overall strategic plan should study the total market and then segment it into those sections which it feels potentially the most profitable to enter. Once this is done, it must decide what positions it wants to occupy in these segments. This process is known as market positioning. Market positioning involves the effective communication of the airline's corporate image to the customers identified as key contributors to market development. Market positioning should contribute to the airline's achievement of its overall objectives by highlighting the most appropriate areas of investment and identifying those market segments which will yield the highest return on investment. Airlines have to spend a heavy amount on advertising and promotions. An example of this you can see in the newspaper advertisements. Similarly, public relations form an important link in airline marketing. The relations between an airline and travel agencies / tour operators are crucial for marketing as the bulk of airlines' business is handled through them. Commissions and incentives play a major role in these business relations along with discounts and free tickets for familiarization tours.

4.3) Special features of airlines marketing are as follows:

i) Highly Perishable Product

The airline's product is extremely perishable as it cannot be stored for future sales. Once boarding is closed on a particular flight, all the unutilized seats on that flight go completely waste. Airlines' profitability and success of marketing
functions depends greatly on its ability to fill-up the available capacity with revenue generating traffic viz. passenger and cargo.

ii) Need for Fine Market Segmentation

An airline’s market consists of various market segments with different service expectations, different price sensitivities, different travel motivations, etc. Examples of such market segments are first class passengers, who do not care about the price of an air ticket but expect only the best and most luxurious service standards and need to be pampered by the airlines staff every inch of the way. Another example is business traveler, who mostly travels on an expense account and expects good schedules and connections, efficient ground service and comfortable on board service. Family holiday traffic is more concerned with discounts in air fares than the schedules or service standards, etc. for labour traffic or shoppers traffic, price is the most important factor. It is vial for an airlines to optimize its yields and revenue from various market segments by positioning itself correctly in the market place.

iii) Dynamic Market

Since airlines product is a service consisting basically of an experience for the passenger, it has to result in various degrees of satisfaction of dissatisfaction from that experience. This in turn affects perception about the product. Besides, competition among airlines in hard and the market dynamics of pricing, promotion and distribution are liable to change very rapidly.
The challenge for an airline in marketing lies in manipulating its marketing mix viz. product, price, promotion and distribution. This is done to get a passenger in front of its checking in counter ready and willing to fly that particular airlines after paying good money; and then sending him or her away happily to the destination so that the passenger is willing to come back another time and always to the same airline on any route. This is the essence of airlines marketing.

Whatever an airlines marketing manager does, he cannot afford to lose sight of the basic purpose of the marketing function, which is to optimize the yield and make an airlines operation, profitable. Whatever, you do for product improvement, for sales promotion publicity and advertising, for distribution of your product in the market place, by giving discounts and incentives ultimately it all has to result in generation of income for the airline in excess of its cost of operation of air services.

iv) Dependency

The airlines product is dependent on certain external factors like facilities, rules, regulations and security check ups etc. at the airports. Though these are same for the passengers of all the airlines but the customers often associate them with the airline they are flying with.
4.4) Strong Brand Image

Airlines should try to ensure that they observe the principles of branding, which currently developing as the most potent way of ensuring effective market control in the airlines industry. Today, markets are dominated by retailing giants who bargain with producers. Because of the size of these retailers and the strength of their brand name, they are in a strong position to bargain with these producers.

Similarly, airlines should attempt to establish and defend strong brand image. By so doing, they can keep the power of the marketing intermediary under control. A promotional Strategy aimed directly at the customer is known as direct marketing, of which there are many different forms effective direct marketing can be instrumental in ensuring that control of the market is maintained. It can ensure that the customer is familiar with the airlines reputation before approaching the travel agent. So, he will already have made his choice of airline decision and it will be more difficult for the travel agent to dissuade him or push him in any other direction.

4.5) The Promotional Mix

Promotion is an integral element of the airlines overall marketing strategy. Although the various promotional tools are separate from each other, they should work together to form an effective promotional strategy in helping the airlines to reach the target markets at which its strategies are aimed and be successful in selling its products to these market segments.
Advertising

Advertising has a very high profile and is the most conspicuous of all the promotional tools. In order to be effective, it must reach the airlines, target markets and focus on their needs and wants. It create awareness of the airline and draws the customer’s attention to it.

The design of the advertising campaign is a complex procedure and some of the steps which need to be followed are:

i) Set the advertising objectives.
ii) Determine the advertising budget.
iii) Choose suitable media
iv) Select an advertising agency and
v) Make timely decisions. For instance, when is the best time to place the campaign? Will it be an all year round campaign or a seasonal campaign? etc.

It is important to note that the decisions outlined above must be linked directly with the airline’s overall marketing strategy plans and tactics.

Personal Selling

This is still an important method used to promote airline services. Most airlines employ people as sales representatives. It is their job to sell their airlines products to travel agents, corporate accounts and leisure groups (clubs and
son on). The primary role of the sales representative is to service travel agents by visiting them to provide material and information, answering their questions and helping them to answer their customers questions and complaints.

**Sales Promotion**

Sale promotion consists of those promotional activities which do not fit into the categories of advertising, personal selling or public relations and publicity.

**Public Relations/ Publicity**

Public Relations (PR), if used effectively, can help to promote the airlines corporate image, boost its reputation and / or stimulate demand for its services. Public Relations (as distinct from publicity) is usually the responsibility of staff within the airline.

From a marketing perspective, the major factors which affect the airline product are; pricing policy, inflight service, seating density and the airline schedule. The airlines schedule is constructed by the schedules planner. His functions is to plan the flights and operating patterns of the company aircraft so that.

- The demands of the customer are satisfied.
- The airlines makes a profit.
- The airline gains competitive advantages (slots/preventing competitors etc.) and.
Aircraft and crew are used to optimum efficiency.

4.6) Today’s Airlines facing challenges are as follows:

a) Immediate challenges before the airlines management today are the issues of liberalization, privatization and globalization. The need for liberalization, privatization and globalization is primarily felt because of growing competition in the market, lack of necessary financial support from the government, dissatisfaction with the performance of the public sector and the system of administrative controls. Both the domestic and the international carriers are under pressure as they confront competition from the private sector and foreign carriers.

b) Airlines face a major issue in the form of non availability of capital which is needed for replacing the existing fleet or to expand the fleet. Aircrafts are not going to be cheaper hence, the challenge faced by the airlines is to reduce costs and increase profitability. Any capital borrowing has to be ultimately met through profits only.

c) Market dominance problems.

d) Technology is playing a major role in airlines business. Advanced reservation systems have been developed with the help of computers and networking is on. The brochure is being replaced by video films and information is available on C D Rooms. Hence, the management has to decide on appropriate technology to be adopted.

e) In the face of these challenges, another area of concern for management is the interests of the passengers as the consumer is
becoming more demanding. For the sake of profit and commercialization the interests of passengers should not be overlooked because competition in the business provides him or her wider choice.

f) Taking care of employees needs is the key to provide quality service to the consumer in service industry.

During this research study various offices of Air India and Kingfisher Airlines were viewed at Mumbai, Pune, Aurangabad to obtain the information regarding marketing strategies which are being followed by Airlines to develop the tourism in Maharashtra and its shortcomings due to which promotion of Maharashtra tourism becomes dull.

Air India is a statutory corporation which came into existence with the enactment of the Air Corporations Act on 1st August 1963 when the entire air transport industry in India was nationalized.
4.7) Organizational Chart
4.8) Activities Chart of Air India:

- Travel Deptt.
  - Domestic
    - Rail Booking
    - Air Booking
    - Package Tours
  - International
    - Ticketing
    - Documentation
- Tours Deptt.
  - Inbound Tours
    - Brochure Tours
    - Tailor-Made Tours
    - Special Interest Tours
    - Conferences/Conventions
  - Outbound Tours
    - Holiday Tours
    - Trade Fair Tours
    - Incentive Tours
- Cargo Deptt.
  - Domestic
  - International
    - Carriers
    - Carriers Advice on Customs, Freight and Insurance
4.9) **Tourism promotion by Air India in Maharashtra as well as in India:**

Tourism Division of Air India has a four pronged work programme namely Tourism Promotion, congresses and conventions, Adventure Tourism and Corporate Communications. Over the years the Division has played a pivotal role in promoting inbound tourist traffic to India. To facilitate working the Division has four main sections.

i) Tourism

ii) Public Relations.

iii) Mountaineering and Trekking, and

iv) Congresses and Conventions.

All these sections aim at promoting tourism to Indian States like Maharashtra, Rajasthan and thereby additional passengers on Air India. Each section concentrates on specific areas for functional purposes in order to achieve its objectives. This division works in close liaison with the Government of India Department of Tourism and its Tourist Offices overseas to plan the marketing strategies for promoting tourism to Indian States.

4.10) **Public Relations and Tourism Generating Activities:**

Air India undertakes a number of activities to attract individual tourists, special interest groups, conventions and congresses, adventure loves, etc The whole idea of these exercises is to.

- Project Indian states as an attractive tourist destination.
- How Air-India can make it much more convenient and meaningful.
These activities can be listed under two main categories:

i) Mainline Activities:

- Participation in major international travels trade shows.
- Sponsoring visit to India of travel agents and writers thereby increasing awareness of the country various attractions for the foreign tourists.
- Arranging Indian cultural events and food festivals.
- Creating awareness and interest about Maharashtra.
- Assisting state governments to promote their tourist facilities overseas, specifically high lighting salient features of interest to the foreign tourist.

ii) Ancillary Activities:

- Providing mandatory order passengers to the Department of Tourism for inviting travel agents, travel writers and media representations.
- Organising ‘Know India’.
- Producing and screening of audio visuals highlighting select aspect of India.
- Publishing a bi-monthly newsletter to bring about effective communication within Air India offices worldwide.
- Organizing orientation seminars.

4.11) Congresses and Conventions

Air India’s Congresses and Conventions Cell, started in 1976, handles about 60 conferences yearly and is actively engaged in marketing and promoting India as well as its states like Maharashtra, Rajasthan.
4.12) Adventure Tourism

Air India’s Adventure Tourism cell is primarily geared to promote mountaineering, trekking and adventure activities specially in Maharashtra.

4.13) Special Schemes

Air India keeps launching special schemes to attract tourists to Indian states like Maharashtra, Rajasthan, Kerala etc.

Of these two successful schemes are as follows:

i) Stopovers:

In India stopover package are offered at the four metro cities of Delhi, Bombay, Calcutta and Madras. From each city a range of optional tours is also available. For example From Mumbai there is a tour of Aurangabad, with the added attraction of Ajanta and Ellora frescopes.

ii) India Super Summer Saver Scheme

To make India a year round destination by increasing traffic, in the lean summer months period of April through September, Air India introduced super summer savers in 1992.
4.14) Special Promotions

Air India keeps organizing special programmes to give a wide publicity for projecting India its states like Maharashtra, Rajasthan etc. some among these organized in recent years are given below:

a) MTV Promotion.

b) Indian Crafts Exhibition in Austria.

c) Food and culture festivals.

d) Magasin du Nord India Promotion.

4.15) Theme Song

An Air India theme song in Hindi was produced on video and distributed to sales offices within India and to stations with substantial ethnic market. Air India’s costume collection PARDHANIKA was exhibited at the Nehru Centre, Bombay, attracting nearly 5000 visitors and leading art personalities.

4.16) Theme Campaign

A theme campaign in colour “Fly With Your Very Own” won the awards of the advertising club and also advertising and marketing magazine, besides, the advertisement given by Air India Not only mention the qualities of the airline but talk of India as a destination.
4.17) Measures

The Company strives to improve its product on an ongoing basis and constantly endeavors to adopt aggressive marketing strategies and innovative pricing policies to achieve a better market share and improvement in revenue realization. In this process, frequency and routing of the flights is continuously monitored for making necessary changes with the objective of improving passenger convenience and satisfaction. To achieve the above objectives, some of the measures undertaken have been:-

- Implementation of Flexi Fare policy with effect from 25th May, 2001
- Introduction of various short term discounts with limited validity to attract additional traffic during lean season.
- Continuation of the metro shuttle between Delhi and Mumbai with 10 flights operating daily each way offering multiple flight options to passengers without prior reservation.
- Flight departure check-in as late as 20 minutes for 'J' class pax with only hand baggage.
- Exclusive air-conditioned coaches for 'J' class pax at Delhi, Mumbai, Kolkata and Chennai.
- Implementation of Departure Control System, (DCS) at six metros and Trivandrum with subsequent introduction at 20 other stations.
- Tele check-in for FFP and 'J' class passengers travelling without registered baggage at major metros.
- City check-in facility introduced at major metros.
• Meet and Greet facility at Delhi and Mumbai for international pax connecting on domestic sector.

• Launch of Co-brand Credit Card with American Express effective April, 2001. Special package for children involving sending of gift packs, discount coupons to children travelling on IA flights.

• FFP (Frequent Flier Programme) tie up with Air France.

• Launching of a revised scheme targeting Corporate Houses with large volumes of business.

• Absorption of Credit Card commission paid by the Agents.

• Sleep over packages and holiday packages for many hotelskities.

• Call Centres for major metros being planned.

Similarly kingfisher Airline as a launched various scheme to promote tourism in Maharashtra as well as other state of India are as follows:

• The Company introduced APEX Fares, an Advance Purchase Scheme on selected domestic sectors effective August 2002.

• Corporate House Scheme was introduced to offer special incentives to corporate depending on the quantum their business.

• The Super Saver Scheme was launched in May 2003.

• Introduction of the "Taj Offer" which allows a one night stop over on return tickets on payment of a nominal charge.

• "IA Flyaway - Holiday Packages" finalized to about 30 prime destinations.

• Introduction of Co-Brand Cards with American Express and ABN Amro Bank.
• On Line booking introduced through IA Website.
• Introduction of "IA Bid & Fly Scheme", which offers IA seats for auction on Internet at attractive prices.
• Executive Class Bonanza introduced from November, 2002 which included offering Executive Class Vacation, Lady Executive Offer, Weekly Lucky Prizes, Executive Companion offer, FFP enrollment etc.
• "Wings of Freedom" a promotional scheme introduced in August 2002.
• Introduction of "Bharat Darshan" offering unlimited travel on domestic network for 7 days.
• "Desh-Videsh Scheme" was launched offering Frequent Fliers free international tickets against value of domestic travel done by members.
• MOU signed with various State Tourism Development Corporations such as Rajasthan, Maharashtra and Kerala.
• IA organised a "Special Food Festival" on board its metro flights from 1st December, 2002 to 31st January, 2003 by tie up with Taj Sats Flight Catering and renowned Celebrity Chef - Mr. Sanjeev Kapoor.
• Effective 151 April 2003 IA took over the management of Flying Returns Programme and the same is being revamped.
• A new look passenger feedback system - "Reach" introduced.
• Various product improvements were introduced in the form of computerised check-in, Advance Seat Reservation,
• Improved Lounge Facilities, Transfer Desk; Fog Advisory System, Inter Airline through check in facilities, Tele/Return Check-in etc.
- Renovation of booking offices at various IAL Stations offering better services to passengers.
- Offering better connectivity to Travel Agents through Internet.
- Introduction of better In Flight Services such as Bone China Cutlery and Mineral Water Bottles in Executive Class and New Uniform for Air Hostesses.

4.18) Posters on different subjects and themes

4.19) DVDs consisting of following films and TVCs

- Timeless India
- The Great Indian Camel Band
- Raghurajpur Village- A rural tourism project in Orissa
- The Himalayan orchids of Sikkim
- The mask dance, Hemis Monastery, Ladakh
- The floating vegetables market at Dal lake, Kashmir
- The Toy train of Ooty
- The Mahabodhi Tree at Bothgaya
- Hola Mohalla celebration at Anandpur Sahib, Punjab
- Festivals & celebration
- Tea tourism with Mr. Pico Iyer
- Gourmet tourism with Mr. Mati Small
- Wildlife with Mr. Romulus Whitaker
- Festival with Mr. Steve McCurry
- Backwater with Mr. Ayesha Dharkar
During research survey it was observed main problem for developing Maharashtra as a tourism state is due to lack of Air connectivity of Pune, Aurangabad, Nagpur, Nashik with other major cities of India. Among these cities Aurangabad having very poor Air connectivity. The air connectivity initially was responsible as in the mid 90s i.e. 1996 the Indian Airlines which was operating a hopping flight between Mumbai- Aurangabad- Jaipur- Udaipur-
Delhi, was abruptly withdrawn. This air route was responsible for tapping the huge tourists from Rajasthan. After the flights withdrawal the travel trade faced disastrous consequences. The number of tourist arrivals suddenly shranked. Since Rajasthan too attracted the same special interest tourist in Heritage the route catered to their interest. To this day despite a lot of persuasion by all local travel agencies and tour operators the flight has still not started.

Jetlite Airways - Operates between Delhi-Aurangabad and back morning.

Air India - Operates only one flight. It is a hopping flight between Aurangabad – Mumbai – Delhi – Mumbai evening.

Jet Airways - Operates another flight Mumbai – Aurangabad – Mumbai evening.

Kingfisher Red - Operates a flight between Mumbai-Aurangabad-Mumbai evenings.

Instead of airlines efforts to promote tourism in Maharashtra through various campaigns, events, leaflets Government still continued with old airlines policies which has not yet modernized and still sent capacity of airlines are not sufficient which reveals the Government supports is very minimum and tourism promotional activities are very badly impacted.
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