

Branding strategies
are the long term
marketing support
marketing essay



**ASSIGN
BUSTER**

Branding strategies are the long-term marketing support for a brand. It is the characteristics that targets on consumers. It is about sending brand messages to consumers so that they are aware on what a company is selling. Moreover it practice of creating name, symbol or design that identifies and differentiates a product from other products.

1. 2 Issues

AirAsia operate efficient and successful with their low fares rate that save cost and better management skill.

1. 3 Aims

To find out the success of branding strategies that Datuk Tony Fernandez bought over Air Asia and became the World's Best Low-Cost Airline.

1. 4 Methods

The sources and research that we find are mostly from the Air Asia website.

1. 5 Scope

The focus of this analysis would be on how Air Asia managed to be one of the best low cost airlines and manage to span through more than 20 countries. Tony Fernandez managed to invest into Formula 1, hotel chain, Tune Money, and Tune Talk sim card.

2. 0 Findings

2. 1 AirAsia branding strategies towards their goals

Datuk Tony Fernandez is the master mind of AirAsia, AirAsia logo looks a lot like Virgin's Airlines. From its script typeface to its red color (which, one notices, is also reversed out of red to white when appropriate). AirAsia is one of the businesses that has successfully adopted cost leadership through operational effectiveness and efficiency. The cost advantages have enabled AirAsia to become the Asia's leading low-fare airline. Established on 12 December 2001, AirAsia has been such a big phenomenon in the airline industry especially in Asia. By using a simple but strong slogan " Now Everyone Can Fly", AirAsia has successfully positioned itself in its customers' mind. For the past 3 years AirAsia has been selected by Skytrax as the World's Best Low Cost Airlines. Air Asia has rapidly expanded, spinning off Indonesian AirAsia, Thai AirAsia and AirAsia X, a low-cost, long-haul airline. The Air Asia Group also owns a low-cost hotel chain, Tune Hotels and Tune Money, an Asian online financial services portal, Tune Talk, and The Formula 1 Lotus Team. Datuk Tony Fernandez is a Formula One racer and the fact is that he is determined to win the ultimate race by building a global airline brand. He said that the key strategies of all this is to extend their brand globally and communicate with people via sports marketing. Moreover, it is the airlines way of branding strategy and to build a global brand that everyone will be aware of. Furthermore, Datuk Tony Fernandez has also surprised the aviation industry by striking a sponsorship deal with the National Football League's Oakland Raiders. AirAsia currently does not provide flights to the United States. That did not seem to matter to Fernandez, who had a plane in the AirAsia fleet redesigned to carry the Raiders name and team logo. This proves that he is always finding a way to

do something that no one has ever thought of. By sponsoring the NFL team, AirAsia will soon be applying permission to fly to the West Coast of the U. S.

AirAsia is a promotional innovator in the online world as well. AirAsiaGo. com, is the airline's fast-growing travel portal that provides flight services like a discount for per-booking meals online. The portal also promotes deals on hotels, activities and travel services. When AirAsia created its first-ever brand campaign last year in October, the airline also launched a hip microsite to support it. Furthermore, AirAsia began with " AirAsiaRedTix", an online global ticketing service that the airlines calls " the hottest, smartest new way to discover, discuss, review and book tickets to an international line-up of concerts, sporting event, musical, theatre performances and more". Besides that AirAsia also promotes it's site pretty uniquely such as the carriers sells as space on just about every interior surface of its disposables. Creative advertisers can buy ads on meal-tray table backs, overhead bins, lavatory decals, trolley carts, napkins, beverage cups and those ubiquitous air sickness bags.

2. 2 Business Strategy towards Branding AirAsia

In the business strategy towards branding, AirAsia has their vision, mission and values applied. AirAsia vision is that they have the low cost airline in Asia and servicing 3 billion people who are currently underserved with poor connectivity and high fares. Their mission is that they want to be the best company to work for whereby employees are treated as a part of a big family. Moreover, they create a globally recognized ASEAN brand. To attain the lowest cost so that everyone can fly with AirAsia. Besides that, they

maintain the highest quality product, embracing technology to reduce cost and enhance service levels. The values of AirAsia apply is to make the low fare model possible through the implementation of the following key strategies such as:

Safety first:

Partnering with the world's most renowned maintenance providers and complying with the world airline operations.

High Aircraft Utilization

Implementing the regions fastest turnaround time at only 25 minutes, assuring lower costs and higher productivity.

Low Fare, No Frills:

Providing guests with the choice of customizing services without compromising on quality and services.

Streamline Operations:

Making sure that processes are simple as possible.

Lean Distribution System:

Offering a wide and innovative range of distribution channels to make booking and travelling easier.

Point to Point Network

Applying the point-to-point network keeps operations simple and costs low.

The table above shows how AirAsia as the lowest cost airline in every market that they serve. They have their vision, goal, strategy and foundation. Their goals are high margins and sustainable growth. The strategies that they apply are safety, low fare, service, and simplicity. The foundation are low cost, efficiency, stimulate new markets and strong cash flow.

2. 3 Information Technology

Other than business strategy towards branding AirAsia, IT is also one of the branding strategies that made AirAsia successful on their low cost business model. Based on the environmental analysis performed, the Low Cost Carrier (LCC) expects more players to join the market and increase the competition in this area. Low Cost Carrier is also known as Low Cost Airlines which means that the airlines generate lower fares to customers. AirAsia also continuously identifies their new sources of cost advantage so that it can provide fares as low as possible to attract more customers and improve its market position.

APS (Advanced Planning and Scheduling system) is recommended as the new source of AirAsia's cost advantages. APS system is also known as Manufacturing Planning, Manufacturing Scheduling and Planning and Scheduling Software. This is to integrate with ERP (Enterprise Resource Planning System) and MRP (Manufacturing Resource Planning) systems to enhance the production planning and scheduling. APS system helps to improve AirAsia's performance including event management technology, supplier portals, inventory planning, demand forecasting, maintenance management, and route profitability analysis. Event management
<https://assignbuster.com/branding-strategies-are-the-long-term-marketing-support-marketing-essay/>

technology will help AirAsia in assessing suppliers' performance and providing the capability to streamline monitoring process. Supplier portal will provide information hub for airlines and their suppliers to prevent errors happened during operational activities. Inventory planning, demand forecasting, and maintenance management capabilities enable airlines and aircraft manufacturers and other suppliers to have collaboration strategy in managing inventory, maintenance schedule, and design collaboration. Route profitability analysis is a tool which enables AirAsia to conduct analysis for planning efficient routes. APS system has a lot of advantages so it also is a reason to make AirAsia more competitive in the market and to grab more customers because lower prices are given. The main benefit of using APS system is that AirAsia will have better connectivity across the supply chain in terms of cross-functional scheduling and planning with suppliers and customers. This system will ensure each party works together in integration. Moreover, competition in the LCC industry has driven most players shift their strategy from product-centric to a process-centric. As an airline focusing in low cost strategy, AirAsia needs to consider about how its process performance will support the strategy. The APS system will further improve AirAsia's process performance.

3. 0 Conclusion

AirAsia brand their services towards their needs of their customers.

Customers can expect the best from their services because their services are different from their competitors. By applying their branding strategies they have become world's best low cost airlines and satisfied their needs for their customers. Moreover, they have received many awards for the hard work

and good planning for the airlines. Datuk Tony Fernandez and his airlines have always received 3 or more awards every year such as Best Asian Low-Cost Carrier by TTG Travel Awards 2008 and 2009, Masterclass Global CEO of the Year awarded to YBhg. Dato' Tony Fernandes, Tony received the 2009 Frost & Sullivan Excellence in Leadership Award by Frost & Sullivan, Malaysia's 20 Most Valuable Brands 2008 by Malaysia's Most Valuable Brands (MMVB) and obtained Malaysia Super Brands status at 2003 by SuperBrands International. AirAisa has a very strong management team with strong link with government and airline industry leaders. This partly contributed by diverse background of the executive management teams which consists of industry experts and ex-top government officials. For example Shin Corp (formerly owned by the family of former Thai Prime Minister – Thaksin Shinawatra) holds a 50% stake in Thai AirAsia. Furthermore, the management team is also very good in strategy formulation and execution. The strategy they have formulated at the beginning was clever blend of proven strategies by other low cost airlines in US and Europe. They are Ryanair's operational strategy (no frills, landing in secondary airport), Southwest's people strategy (employee comes first) and Easyjet's branding strategy (linking with other service providers like hotels, car rental). AirAsia's brand name is well established in Asia Pacific. Besides the normal print media advertising and promotions, AirAsia's top management also capitalized on promotions through news by being very "media friendly" and freely sharing the latest information on AirAsia as well as the airline industry.

4. 0 Recommendation

AirAsia need to learn the needs, habits and desires of their current and prospective customers. AirAsia needs to improve on on-time flights, and de-market this negative perception. On-time flights will not only improve AirAsia's branding and perception, it saves significant amount of money due to inefficiency and downtime, and reduces airport charges. It is recommended that achieving on-time flights be made an index in employee performance, and have a monthly incentive tied to this performance indicator. On-time flight information can then be displayed on AirAsia's website, indicating AirAsia's commitment to customer satisfaction. Moreover, awareness campaigns need to be conducted, informing the mass that AirAsia offers value travel, while maintaining comfort. By this way customers will be aware of what AirAsia has to give than their competitors. Moreover in this global economic crisis world, most people will surely want to save their money on traveling as much as possible. By conducting this campaign awareness customers will be able to know how much they can save on their traveling. Furthermore AirAsia does not have its own maintenance, repair, and overhaul (MRO) facility. It may be a good strategy when they first started with only Malaysia as the hub and few planes to maintain. But now, with few hubs (Malaysia, Thailand and Indonesia) and over 100 planes currently owned and about another 100 planes to be received in the next few years, AirAsia have to ensure proper and continuous maintenance of the planes which will also help to keep the overall costs low it is a competitive disadvantage not to have its own MRO facility.