

A report on
international
marketing strategy
marketing essay



**ASSIGN
BUSTER**

This paper focuses on the international marketing strategy of two companies: one operating in the developing world and one operating in both the developed and developing worlds. These are Spice Jet, operating in India only and JetBlue airways, operating in USA, Mexico and Central America.

Jet blue is a low cost service provider in the airline industry. JetBlue headquarters are situated in the Forest Hills near New York. Their major operations are in the United States, Mexico and Central America. In just five years, JetBlue has become one of the most profitable start-up airlines. They have managed to be profitable during the present recession.

JetBlue operates in a very competitive low fare sector of the airline industry. The positioning of JetBlue has been done as an affordable and quality airline with extra facilities. JetBlue's CEO David Neelemen and a few Southwest Airlines employees. The second most important thing after security is customer service for JetBlue Training staff, and this very well justifies what Mr. Gareth Edmondson-Jones, VP of Corporate Communications JetBlue said- " We want to bring humanity back to airline travel. It's not enough just to launch a low-fare airline that can be unsold by big carriers[1]". According to 2008 reports there are more than 10, 000 employees working for JetBlue and 134 aircrafts to 54 destinations in 6 countries.

MARKETING STRATEGY of JetBlue – Reaching the Customer

Within the initial 2 years, JetBlue established a widely recognized brand name. They also have a customer loyalty program known as " True Blue[2]". JetBlue mainly competes with its competitors on high quality service provided by its employees[3]. It has been positioned as a low cost and high

quality service provider. To keep its operations cost effective JetBlue's fleet consists of only one type of aircrafts i. e. AIRBUS A320 because this brings down their maintenance cost. JetBlue's marketing strategy is attracting potential customers by effectively communicating its idea that low fares and good quality service are not always mutually exclusive[4].

The main reasons for JetBlue's operations being so cost effective are the importance given to technology and innovation and the search for highly skilled and efficient staff known as Crewmembers. While hiring, they seek to match their corporate values with individual's values. In the last 10 years JetBlue has adopted a strategy of innovative marketing and profitability in the industry. Customers are given a \$5 discount for booking online.

They use different methods to advertise their offers and services such as promotional efforts, newspapers, radio, television and targeted public relations. JetBlue also relies on promoting through " Word-of-Mouth". They are socially responsible and believe in CSR- Corporate Social Responsibility. After the earthquake in Haiti on January 12th 2010, they collaborated with American Red Cross and asked people to donate for those who have lost their families and their life's earnings in the devastating earthquake[5].

DEVELOPED AND DEVELOPING WORLD FOR JETBLUE

JetBlue is a young and dynamic low fare airline but it has been facing problems due to the economic downturn. But they have been successful in differentiating their services from their competitors by providing high quality service at low fares. They have always tried to increase the number of their operating destinations to overcome the financial crunch and increase their

market base. Currently JetBlue operates in USA, Mexico and Central America and the advantage it has of working in developed countries like USA and the developing ones like Mexico and Central American countries is that they have similar culture and similar expectations from their airline services and substantial amount of American population is Mexican so there are numerous frequent fliers which increases their customer base by substantial numbers. According to Pew Hispanic report of 2008, there were 12.7 million Mexican immigrants living in USA in 2008[6].

There are potential threats also while operating in both developed and developing worlds i. e. the different political environment and their economies being interdependent. Due to the economic crisis in USA, economy of Mexico was also hugely affected. There are different rules and regulations for the airline industry in different countries which also depend on their economic condition i. e. whether they are developed or developing. Developed economies would probably deregulate more and developing economies would try to protect their own airline companies from the ones who come from outside to tap into the local market because this way they actually import services and the local currency goes out. This depreciates their currency with respect to other foreign currencies.

Government regulations, political stability and economic condition of the countries differ from each other which make operations of industries like the Airline industry very difficult and makes the business environment very uncertain.

SPICEJET AIRWAYS

Spice jet is the second largest low cost airline in India. Earlier it was Modiluft airline. ModiLuft airline was the partnership between Indian industrial group Modi and Lufthansa. It is based in New Delhi and offers domestic short haul services with 195 daily flights to 18 destinations in India including the big cities like Bangalore, Chennai, Delhi, Kolkata, Mumbai and Hyderabad[7].

SpiceJet is using a single-aircraft-type fleet like other low cost airlines. They are currently using 16 Boeing 737-800 and 5 Boeing 737-900ER.

MARKETING STRATEGY

SpiceJet is using the names of various spices for eg. Cinnamon, thyme etc. for their aircrafts. They handle their marketing campaigns with very catchy tag line ' Flying for everyone'. As SpiceJet is low cost airline, they are more focused upon offering lowest air fares to gain more market share. They entered the market using vary different pricing strategy i. e. Rs. 99 fares for 99 days and 9000 seats available at this rate[8]. SpiceJet maintained their low price spice fare strategy and started to sell the air tickets for Rs. 500 and Rs. 999. The main idea behind this is that they wanted to keep their prices very similar to first class tickets of Indian Railways so that any person who affords that fare can be attracted by these airline fares. Another advantage of doing this is that saves in travel time. Corporate benefit programs, Students discounts, discounts on group bookings are also one of the parts of their marketing strategy. They also offer air tickets with Rs. 0 basic fare.

Another thing we can observe is that almost 25% of their sales are on their website which shows that SpiceJet encourages the online bookings to

eliminate the travel agents thus to bail out travel agent's fee. They are also planning to increase their number of fleets in order to increase their market share. They also rely on Word-of-Mouth like JetBlue does. SpiceJet also launched a new communication strategy which clearly moves away from strategies based on price to value based strategies. This strategy focuses on long term prospects and positioning SpiceJet in a different way[9].

COMPLEXITIES REGARDING MARKETING AIRLINE INDUSTRY IN DEVELOPING WORLD

The market size for the low fare airline services is really small i. e. just 18 cities in 28 states. That amounts for a very small size of the total population. Airline is not like other products with which consumers have to interact with on daily basis. The regular Indian traveler expects the same whether they are traveling from a low fare airline or a full service carrier with respect to some services like normal sanitation etc[10].

ENHANCING PERFORMANCE

Spicejet's fleet includes Boeing 737-900ER, which earlier was fine for them to use because of cheap fuel prices but lately fuel prices have increased.

Therefore to decrease their operating cost they can also include more fuel efficient aircrafts like ATR-72 for short distance flights and Airbus 320 for long distance flights.

They can also increase the number of destinations to reach economies of scale and to increase their revenues.

STAY HERE OR EXPAND

Given the current economic condition of other countries and the financial situation of Spicejet they should stay in India only because in the developed countries the competitors are more financially stable and they can have a competitive advantage with respect to price and also being there before SpiceJet. Other airlines already operating in the developed countries have well established network and the experience to operate their because the government rules and regulations regarding differ from place to place and also depends on the current economic condition of the country. The cultural difference and the standard lifestyle of the customers are also different. The meaning of a low fare airline might be different for people from different countries and the minimum expectation from the airline services as well. It's true that to increase the revenues they should tap into the other markets but right now it's not the right time to that. When they decide to do so they can consider an option of collaborating with some other players in the developed country market and gain some experience and know how while working with them before they decide to enter the market themselves.

CONCLUSION

[1] http://www.brandchannel.com/features_effect.asp?id=41

[2] <https://trueblue.jetblue.com/web/trueblue/home;jsessionid=F854ECF662888C47BD9AD0E3415B9862.11>

[3] <http://www.jetblue.com/about/ourcompany/annualreport/2002/our-people.html>

[4] [http://www.hotelschool.cornell.edu/chr/pdf/showpdf/chr/research/casestudies/AAJetBFinal_with_2002_financials.pdf?my_path_info=](http://www.hotelschool.cornell.edu/chr/pdf/showpdf/chr/research/casestudies/AAJetBFinal_with_2002_financials.pdf?my_path_info=chr/research/casestudies/AAJetBFinal_with_2002_financials.pdf)

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[5] http://american.redcross.org/site/PageServer?pagename=corp_evergreen&s_company=jetblueairways-pub&s_companycontent=jetblueairways-pub&s_active=1&s_dis1=0&s_dis2=0&s_dis3=1&s_genops=0&s_national=0&s_military=0&s_international=0&s_local=0&s_match=0&s_src=FZZWGW00&s_subsrc=jetblueairways-pub

[6] <http://pewhispanic.org/files/factsheets/47.pdf>

[7] 'SpiceJet' Retrieved Jan 20 2010 <http://en.wikipedia.org/wiki/SpiceJet>

[8] 'SpiceJet Debuts with Rs. 99 fare for 99 days' Retrieved Jan 20 2010 <http://www.spicejet.com/newspage.asp?strNews=99fares>

[9] <http://www.campaignindia.in/news/2009/08/10/spicejet-s-new-communication-strategy-attempts-to-deliver-value->

[10] <http://www.campaignindia.in/news/2009/08/10/spicejet-s-new-communication-strategy-attempts-to-deliver-value->