

# A marketing plan for etihad



**ASSIGN  
BUSTER**

The report presented here is a marketing plan for Etihad which is planning to launch an airline service in India, one of its Asian destinations in Business and First class segment. The potential of India for Etihad's new destination in Asia is because of its biggest and fastest growing Middle class. The country has over a billion people living in her and most of them belongs to middle class. This also raised the purchasing power of the people here and too the need of luxury. The country has over 70 domestic Airports and nearly 12 International Airport. Indian aviation market has a number of domestic players. These include Indigo Airline, Jet Airways, Spice Jet, Air India, Cathy Pacific, Kingfisher, British Airways etc. Talking about the business class segment, only few players like Kingfisher, Indian airlines are there from domestic side and rest all are foreign players. The competition in luxury segment is less as compared to low cost service.

One dimension in which Etihad can give a great image to its service/ brand is by establishing itself as a luxury brand. For distribution strategy, the firm can utilize any of the existing channels in India as they provide services as a third party to all airlines. Other aspect include tie-ups with corporate so that a minimum customer base can be assured.

Talking about the promotional strategy, the promotional techniques suggested includes voice call, newsletter and participating in social functions etc. The estimated budget for the plan is 35.5 million US \$.

## **Current Market Situation:**

### **Introduction:**

Asian aviation market is very competitive. The number of players in Asia includes more than 50 domestic and international players. The dominant players in Asian aviation sector are Air Asia, Singapore Airlines, Thai Airlines and foreign players include French airways, British airways and Cathy Pacific airlines.

A number of Airlines from UAE too have presence in Asia which include Air Arabia, Emirates Airways and similar.

The potential of the market is huge. Asia includes China and India which are the biggest economies in the world in terms of economic growth. Out of the potential destination for Etihad in Asia, we have chosen India; the study will focus on India's market only. (Aviation, 2010)

### **Market Description**

India is one of the fastest growing economies in the world. The potential of India for Etihad's new destination in Asia is because of its biggest and fastest growing Middle class. The country has over a billion people living in her and most of them belongs to middle class. This also raised the purchasing power of the people here and too the need of luxury. The country has over 70 domestic Airports and nearly 12 International Airport. The facilities here are not equal to the world standard but the economy is rapidly expanding and the needs are getting higher too. All these points favor India as an attractive destination for Etihad's new market in Asia.

Talking about first class and business class segment of India, the growing population and high earning of people provide enough customer bases for the market. The target Market for Etihad will be people of annual income over Rs. 10 lacks. In India, around 7% of the total population falls in this category as considering the size of population in the country, 7% gives a huge customer base for first and business class segment. The market requires following benefits from Business class flights.

The below is the table which shows the benefits of product

## **Feature**

### **Benefit**

#### **Extremely comfortable seats, more space**

Business class is meant for comfort and thus these seats and extra space will add to the comfort.

#### **Delicious food**

As the business class segment people are travelling paying high prices, they expect high quality food too.

#### **Comparative low cost**

Indians do not like to spend much and thus the cost of travelling should not be high.

The future prediction about India is as follows:

US\$ 32 billion+ for developing and maintain the airport infrastructure in the country

Passenger traffic for different types of sectors is estimated to grow over an estimated CAGR of over 14% in the arriving few years.

A huge amount of 110 billion dollars investments is foreseen in next 10 years

The Civil Aviation would grip around 280 million travelers by the year 2020 (India G. , 2010)

## **Product Review**

### **Product line:**

The product we are concerned here is business and first class segment. This segment is used by people of high earning group. The segment requires high quality of services, extremely comfortable seats, more space and other luxury facilities as are provided in expensive hotels.

### **Type of customers and market:**

The customers of the products are business executives and high earning families who can afford heavy ticket price. As our selected destination in India, the product must be looked as Indian perception. In India, the per capita income is increasing but the concern is it's still not comparable to that of European or Middle East. So, if Etihad wants to launch first and business class services in India, the cost of the product must be kept low.

If we look at the competitor's product in the segment concerned, we will find that competitor's service is not at all comparable to that of other first class services in the world. This shows that one aspect where Etihad can exploit an advantage is to provide luxury at the same of comparable price.

**Services:**

The service is needed to be served with tasty food and this must be insuring that veg. and non-veg, food are cooked separately. The customers also want less time travel between destinations. Also, internet connectivity and entertainment sources like small TV screens should also be provided.

**Competitive Review**

Indian aviation market has a number of domestic players. These include Indigo Airline, Jet Airways, Spice Jet, Air India, Cathy Pacific, Kingfisher, British Airways etc.

Talking about the business class segment, only few players like Kingfisher, Indian airlines are there from domestic side and rest all are foreign players. The foreign players involved first class and business class segment include Cathy Pacific, French Airways, Singapore Airways etc. Till now, these airlines capture most of the customer segment of first class.

Talking about competitors in AD to India route, airlines such as Air India, Paramount Airways are there. Etihad too have a run on this route with other operators like Air Arabia. The carriers here are few and this will encourage the business idea for Etihad as well. (India M. o., 2010)

The key stragey of Indian airlines in business segment is less cost in business segment. Talking about French Airways, Singapore Airways and other foreign players in the segment, their key strategy is providing great hospitality experience in business class segment.

## **Channels review**

Channels for any firms (distribution channels) are critical to its success.

Marketing channels include logistics and other mode for moving goods in and out of the firm. In context of the first class business we are concerned; channels in India are well formed and structured. There are number of providers like Jet airways, Spice Jet, Indigo airlines etc which work on sharing of distribution channels. In such sharing, the distribution channel in a separate entity different from the business. It can be looked as a third party service provider which provides the service to the airlines. Only Air India is the one which has its own service channels but the performance of its service is not up to the mark.

Talking about these channels individually, Jet airways provide very time efficient logistics. Air India's distribution channel is vast and has more services but is not reliable in terms of consistency.

So, for Eithid, the firm can utilize any of the existing channels which are been used by Jet or other airway. As these channels are experienced in the business, the airline may not have to worry for receiving comparable channel services as that of Indian competitors.

## **SWOT analysis**

The analysis is carried out in terms of strength of Etihad airline keeping in mind its plan to enter the business class services in India.

### **Strength**

Strong brand image in luxury sector on the global scale, so will be able to attract the Indian First class customers too.

Experience in maintaining regular communication with customers. This will help in maintain customer base for first and business class.

Increasing hold on luxury segment in other Asian destinations too.

Four of the globe's longest continuous commercial flights, these continuous flights will advantage in business class segment as they take less time to travel between destinations.

A large fleet of planes including the new Airbus 380, these planes have a good image in terms of providing comfort essential for business class.

(Aviation, 2010)

With the increasing infrastructure, high regional GDP (Indian) and a huge demand in various regions, providing First class services will prove a new unexplored market.

### **Weakness:**

The market we are concerned about has a specific segment to focus on. The First class segment requires heavy initial investment and thus entering directly to first class segment would be a risky business.

Less growth in business class in Indian aviation industry.

Limited desired customer volume in the segment.

Most of the earnings are coming from a single segment

Hold on economical class and cargo facility market is not that good



## **Opportunities:**

In India, most of flights between destinations are too long. The airlines here, to reduce cost extend the routine route to cover more number of destinations. But the people who fly from business class are worried about time (as they are already spending high on ticket price). So an opportunity exists in terms of attracting business class customers by operating on direct routes. (Airways, 2010)

India has a number of low cost airlines. Etihad, to reduce business risk and overtake any one of them and convert to first class services.

Exploit Indian presence to explore new hubs like Russia and South-East Asia-Pacific in business class segment.

Present destinations can be increased. The Airline can start service to other Indian destinations too like Madras, Kolkata etc.

Boeing and Airbus has reduced the cost of the aircrafts

## **Threats:**

The other reason of threat for Etihad is that all the newly merging airline companies are in a spree to capture the market by making a strong reputation. Once they come up with price fares lesser than Etihad then even the best of advertising would fail.

Constant increase in number of aviation services in business class segment.

Economic crises and sadness in Indian aviation market because of high debt. This has hammered the volume of people travelling from business class.

The aviation ministry and put an upper limit on fares and is constantly increasing rules and regulations to restructure the industry.

## **Objectives and issues**

The objective here is to construct a marketing plan for Etihad to enter a new destination in Asia (which is selected as India) while considering the launch of First class and business class service by the company.

The key issues (measureable) are:

Increasing the market hold to at least 10% (business class segment)

Based on the responses of the customers on initial routes of the company, to start operations on other routes too

Increasing service and facilities in the business class segment.

## **Marketing Strategy**

### **Positioning**

Positioning statement: “ Feel the luxury”

As identifies from market analysis, people of India for their business class travel, desire for extremely luxury services. So the positioning is targeted on luxury only. Taking into account the huge competition in the market for different airline companies in India, for example Cathy pacific, British airways, Singapore Airlines etc, there have to be something that has a unique image about the brand. One dimension in which Etihad can give a great image to its service/ brand is by establishing itself as a luxury brand. The Company to be positioned in the market will be done as an innovator in

hospitality hemisphere. Thus in rapid developing and competitive Indian aviation sector, this innovator image will benefit in long run as India is growing and too the luxury need of the people here. Individuality and image require being eminent. Individuality is the way a corporation aims to identify or place itself or its manufactured goods. Image is the technique the community perceives the corporation or its goods. An effectual individuality does three things: It sets up the product's nature and worth proposal. It expresses this nature in a characteristic mode. It brings touching authority further than a psychological image. The individuality we are talking about, Etihad can address this concern by benchmarking the luxury in business class. For the individuality to labor, it must be expressed through every obtainable message means of transportation and product get in touch with. The company should show in every aspect of work that it cares for the passenger's time and is pioneer and experienced in proving high end flight services. (Avaition, 2010)

## **Product Strategy**

First concern here is to aim the service. Etihad here is concerned only on the Business and first class segment, so according to the traditional model shown below; the company should focus on higher ends passengers who fall in high earning group.

Another thing is degree or quality of the service. Etihad want to enter in First class segment which falls in most facilitated level of product development as explained by Kotler. Kotler defined the development of a product in following manner.

If we talk about the economy class, that falls in core product but first class and business class are included in augmented product segment. But there is a potential drawback in directly attacking the augmented product, the heavy cost of product building and then risk of non-acceptance by the market. One strategy that Etihad can make out and choose suitable new features by examination of new purchasers and then manipulative customer value versus company cost for each possible feature. The corporation should also think how many public want every feature, how time-consuming it would get to bring in every feature, and whether contestant could with no trouble duplicate the feature. Corporation must also believe in terms of feature bundles or correspondence. Auto companionship often produces cars at more than a few “trim levels.” This lowers developed and record costs. Every corporation must make a decision whether to present feature customization at a superior price or a few normal correspondences at an inferior price. (Avaition, 2010)

## **Distribution Strategy**

Channel for the company is not going to be new in India. As we stated earlier too that there are separate entities that provides services to airline companies in India, Etihad too can take distribution services from any of these services.

Another suggestion is to construct own ticket selling units so that a differentiation in terms of customer attraction. The way suggested is a level two distribution channel which looks like as follows:

Consumer

Retailer

Wholesaler

Manufacturer

By following this model, the service information can be gained by an individual through the information available on the company's website and also by contacting any of the local retailers. The service can be ordered through the online booking and the payment can be made through credit or debit card, in this case the product will be delivered to the home of customer.

Channel Involved in distribution: Two channels are there for this product:

Wholesaler: One wholesaler is there for one state. In the case of no wholesaler in particular state than two states is handled by single wholesaler. Wholesaler will look after all the retailers under its domain.

Retailer: Retailers are located in prime cities of the state and they will be direct contacting the single wholesaler of that particular state. Out of the various retail store some stores would be discount store. (India G. , 2010)

### **Marketing communication or promotional strategy**

Integrated market communication stands for communicating rather making stakeholders believe that product is really reliable and will lead for a better profit for these stakeholders too. There is a difficulty in getting stakeholders in an easier way if there is large competition in the market for the same product and thus efficient promotion is a must. Market communication

stands for several promotion techniques and the personal relation with the stake holders. Some of the suggested techniques for Etihad are as follows:

**Voice mail services:** Voice mail can be a very efficient source of the information about the service to the concerned segment. If the people are interested in taking the product, they will definitely want to have all the information that is the correct information about the product. There could a very good option for it that is the voice mail system. There should be voice mail which will be telling all the necessary information about the product which will include the net rates and all the exciting features and offers with the product.

**Forums, Newsgroups, Bulletin Boards, and Web Communities:** “ On-line buyers not just consume the product but increasingly create product information internet interest groups by sharing product-related information.” Online marketing can be done by using forums, newsgroup, and bulletin board related to health care services. (Avaition, 2010)

**Several promoting Events:** As the firm is addressing to higher end costumers only, the company can offer few organizations a kind of tie up so that special discount could be given employees of the organization if they travel from Etihad’s flight.

**Alliances:** Take the time to join a professional or business organization. These organizations usually have very knowledgeable people who are willing to help you out. It also increases your personal network and allow for larger opportunities.

Newsletters: As the concern here is also at maintain the existing clients, sending out newsletters to established customers, new customers, friends, family, and any group you think would be interested in company's product or service (Avaition, 2010)

## **Actions Program**

The overview of action plan looks as follows:

The first step is to consturct an augmented service based on the values and demand in Indian market. This include:

Keeping low cost

Launchig new aircrafts like Boing 747 and Airbus etc

Next Step would be launch separate route that do not exist in Indian market.

As we found out from SWOT analysis, the company can see an opportunity in launching fast services which provide non-stop service between important destinations.

Next would be to enter the contract with an existing distributor.

Next is promotion by TV, Newspaper, and sending of newsletter to existing customers.

## **Coordination with different departments:**

The step one would be consulted with finance department (to allocate budget) and with operations (to ensure that the services desired in the product are there in the augmented product).

For next step, that is launching services on few routes; marketing department will identify the target routes to start with.

For entering in contract with distribution channel, operation department holds the right to select the channel which best suits the need of the department.

The last step would be addressed by PR department.

## **Budget**

Tentative budget in the activities are as follows:

Activity

Estimated Price (US \$ per annum)

Augmented Product

5 million

Additional cost for nonstop services

7 million

Distribution services

15 million

TV ads

2 million

News letter



0.5 million

Relationship building (discounts/ tie-ups)

6 million

The tentative budget which comes out is around \$ 35 million. This is quite affordable price for Etihad. The profit in first year of operation would be less and will increase with course of time as product development, distribution services will costs less in later years.

## **Controls**

A tight control strategy would be implemented which would be based on customer feedback, sales data analysis, performance evaluation and similar quality management aspects.

The key performance indicator would be sales figures and brand equity of the company. The company will maintain close look on both of these aspect to keep itself near to the performance norms.