

Qantas marketing audit flashcard



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The Group offers services across a network spanning 182 estimations In 44 countries (including those covered by code share partners). International Alarm Transport Association (DATA) data for 2009 shows Santa was the world's 1 lath largest airline In terms of Revenue Passenger Kilometers (Reps). 1 Its brands include Santa, Jetsam and Santa Link (as well as several Jetsam brands in East Asia). Santa is the Group's standard fares airline, based in Sydney, while Jetsam is the Group's budget fare airline that also manages the Jetsam Asia operations, based in Singapore.

Both offer Australian domestic and international revise, and are intended as complementary, rather than competitor, brands to each other. In recent years the Santa Group has been one of the few airline groups in the world still making a profit. Many airlines have been making substantial losses, and there have been some mergers (such as KILL-Air France), takeovers and bankruptcies (such as Northwest and American Airlines).

Despite the apparent rosy initial impression, the actual profitability picture across the Group is mixed, with Starter's domestic and international operations generally doing well, while the Santa division of the equines has been doing less well. Quanta's International market share has fallen sharply in the past decade. While the airline was in a dominant market position in 2000-2001 with 34. 4 per cent of the traffic to and from Australia, by 2010-2011 its market share had dropped to 18. 7 per cent.

Part of the response to this was the launch of Jetsam, which has absorbed 8 per cent of international traffic into and out of Australia leaving the overall Santa Group with a 26. 5 per cent market share by late 2011. 2 The

economic viability of the Santa international operations is, however, central to the Santa Group business mission and objectives. Reflecting this, the need to cut costs is a central tenant of the Group's strategy for Santa. According to the airline, the cost base is around 20 per cent higher than key competitors. It simply does not have the low cost structure of many of the competitors, especially the Asian competitors. Neither does Santa have the well positioned hubs of the competitor Asian and Middle Eastern carriers. Accordingly Santa is having to undertake its marketing in an environment where competitors, such as Emirates, Qantas, and Singapore Airlines (with great hubs) are tackling them head-on. Given the above, a large number of Santa routes, primarily to Asia and Europe, are loss-making. In contrast, a central tenant of the Jetstar strategy is to grow the brand in Asia as much as possible and as rapidly as possible. Jetstar is one of the world's fastest growing and most profitable low-fares airlines, set for significant future growth. Management perceives that part of the solution for the Santa division of the international business is offshore maintenance of aircraft, employment of overseas flight crew, and pilots on much lower salaries. All of this is part of the perceived need to pare down costs, just as the Group was able to when it established Jetstar as the low cost brand in the Santa Group.

This assignment is focused on the international side of the Santa Group business, specifically the Santa and Jetstar international passenger operations. Their domestic Australian operations are not the principal focus of this assignment. Commentary on them should either be very limited, or excluded. 1. Why would Santa undertake formal marketing auditing and marketing planning? What is the link between auditing, planning and

corporate strategy? Do not simply discuss these broadly? apply the concepts directly to the Santa case. (6 marks) 2.

How might Santa use specific business tools to assist it to undertake formal marketing auditing and planning? Provide four examples. Note: do not describe the business tools at length, rather explain how they might be used.

(3 marks) 3. Thinking specifically of the airline market, what are the most important factors in Santa macro environment? Briefly describe them and explain the reasons for their importance. (3 marks) 4. Thinking specifically of the airline market, what are the most important factors in Santa micromanagement?