

Virgin galactic space tourism marketing plan essay sample

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Virgin Galactic (VG), which is a part of the Virgin Group, is a leading company and pioneer in Suborbital Travel Industry. By offering the lowest price in the market and making the dreams of space travelling come closer, VG attracts the attention from the general public. With the successful launch of Spaceship One, VG once again determines that space travelling is possible. With Spaceship Two being tested, it promises that our dreams of seeing the Earth from space are not that far from the future.

In this report, as a marketing advisor to VG, I will discuss about the following topics:

- Developing a marketing communications plan for VG
- How can VG become truly customer focused
- The importance of minimising cognitive dissonance in the minds of target customers
- SWOT analysis

Section 1 - Marketing Communications Plan I. Introduction In many years, space activities have been considered to be developed and managed by the government for the purpose of research or military only. Nowadays, space travelling has been commercialised to fulfill the dreams of human to see the Earth from space. Virgin Galactic (VG) is one of the few pioneers available in the market. As this is a totally new market, and VG is also a new business of the Virgin Group, it is crucial to develop a complete marketing communications plan so that customers can get to know VG and its services better. Market segmentation should be done before the communications plan to identify the target customers.

II. Marketing communications plan a. Market segmentation (target audience) It is obvious that target customers of space tourism are high income individuals. VG is now the only company offering the most

competitive price (\$200, 000/passenger/time). However, it is still very expensive for the general public. Therefore, space tourism can be considered a niche market because it just targets a small segment of the market but very profitable.

The target customers of space tourism should have a certain level of high income as the minimum charge for one passenger is US\$200, 000.

Therefore, target customers should have a minimum annual household income of US\$250, 000 or a minimum of US\$1 million net worth.

According to the Space Tourism Market Study & Survey by Futron Corporation in October 2002 (Appendix 1), the age of potential customers are from 30 to 65+ years old because they are more likely to afford the high costs of the trips and interested in “once in a lifetime” experience.

VG should also target space magazines readers, or those who are into risky activities such as skydiving, mountain climbing, sailing... because they are into space and willing to take risks. Potential customers are those from developed countries with high GDP such as USA, UK, Japan... These people have annual vacations and are willing to spend more money for their holidays. Therefore they are more likely to be interested in space tourism.

b. Objectives The objectives of this marketing communications plan are to deliver the message to the target customers:

- The general public acknowledge VG's existence
- Customers have more information about VG and its business
- Attract potential customers to visit our website and our

showroom•Organise trade fairs, events for Public Relations•Pursuade customers to buy the service.

c. Message strategy and selling pointsThe message focuses on VG is currently the pioneer in commercializing space tourism with the lowest price on the market. The following selling points should also be delivered:•Well-known and experienced in aviation industry•Pioneering space travelling company•Successful Spaceship One launch•Lowest price in space tourism industry•Environment-friendlyd. Communication channels and

mediai)Advertising•Advertise on magazines: As VG does not sell commodity products but only targets a niche market, advertising on newspapers or TV can be unnecessary. In order to target the potential customers (as mentioned under market segmentation), advertising on magazines such as space magazines to reach those who are interested in space and space tourism, or Time, Newsweek to reach wealthy businesspeople.

- TV programmes: Being seen on television is the best way for people to get to know about VG and what the company is doing. We can work with famous television channels such as National Geography, Discovery Channel or BBC to produce some programmes about VG activities, successful Spaceship One launch, how safe the operation is, etc... It will surely have a great impact on customers' minds.

- BillboardThis is also another way to draw people's attention, but it might not be as effective because the message might not reach the target customers.

- On the internet There are many websites dedicated to space topics such as space.com, spacefuture.com, etc. which have a lot of readers and members. Advertising on these websites can link potential customers to our homepage.

ii) Public relations and events

- Famous “ flyer” It is the best way to draw attention if we have famous people, for example Hollywood celebrities, to participate in our flights. Hollywood is a very potential market for VG because the people are rich and willing to experience space travelling.

- Trade shows and exhibitions Annual aviation trade shows and exhibitions are the opportunities for VG to reach its customers. It is a chance to show our work to the public and we can arrange seminar to give customers more information.

- Test flights Spaceship One is a success of VG to gain the public confidence. We are developing and going to launch Spaceship Two. We should look for volunteers or famous scientists, Nobel prize winners, etc. to participate in our test flights.

iii) Personal selling In the case VG when our product costs US\$200,000 which is very expensive for the general public, personal selling seems to be the most effective way to communicate directly with customers. Personal selling helps to easily gain customers' confidence, we can build strong relationships with them and achieve customer satisfaction.

VG is based in the UK and California, USA when potential customers can be from around the world from USA to France in Europe or Japan in Asia. Therefore, we should have agents in each location, at least one in North America, Europe and Asia. Middle East in recent years has become a very potential market for high quality goods and services, we should have an agent there too. Russia which has a high number of billionaires is also very potential therefore cannot be neglected.

These agents can cooperate with insurance companies to gain customer confidence. Insurance is surely an important issue which our potential customers are mostly concerned about. Therefore a clear and sufficient insurance policy must be developed. These agents should be reachable around clock and available at all times based on customer demands.

iv) Direct marketing The only form of direct marketing that can be applied in case of VG is direct mail or newsletters. We can get the database from partners or space websites of those who are interested in space tourism and send them the brochures. We should also have newsletters sent to subscribers on our website.

v) Sales promotion As for sales promotion, discounts or any other ways to lower the price are irrelevant and can be ineffective. However, we might consider offering free flights to world achievers such as Nobel Prize winners to leverage our brand name, souvenirs for visitors and flyers, etc.

e. Establishing the budget The budget will be spent according to the priority of the sales methods:

- Personal selling (35%): more budget should be

allocated to personal selling because this will be VG's main channels. The budget will include opening representative offices in different countries, salaries for agents, commissions for agents, and their allowances.

- Public relations (25%): includes organising trade fairs, events, seminars, etc.
- Advertising (20%): includes advertising on magazines, coordinating with National Geography, Discovery Channel and BBC, advertising on websites, etc.
- The rest of the budget (20%): will go to sales promotion, direct marketing and other miscellaneous activities.

f. Implementation and controlThe marketing communications plan needs proper implementation and control to be efficient and effective. It helps VG to maintain a strong message consistency and have greater sales impact. Our agents need special training in communication and negotiation skills. To measure the communication results, VG can carry out surveys to learn about customer attitudes towards our advertising campaign and we can make changes in case the result is not satisfactory.

III. ConclusionBeing a new business in a new market is difficult but also an advantage at the same time. It is difficult to deliver the information to customers because they are not familiar with the product, in this case it is space tourism and it is even “ far” from reality. Then, it is difficult to convince customers due to high costs, safety, reliability, etc. That is why a

proper and effective marketing communications plan is crucial to VG success in getting potential customers. Only then we can have our advantage which is being the innovator and market leader in the future.

Section 2 - How To Be Customer Focused? I. Introduction In this section, we will discuss about how Virgin Galactic (VG) can make their business truly customer focused. However, before that we should know the meaning of market oriented company because customer focus is one of the functions of market orientation.

II. Market oriented company A market oriented company or market driven company is one that focuses on customer needs, organising its activities, products and services according to customers' requirements. Such companies always try to get closer to customers so that they can understand customers' needs and problems.

To be a market oriented company, VG should follow the tools of market orientation (The Times 100 UK, Market and product orientation): Tools of market orientation include:

- Market research: or marketing research is a form of business research that studies the buying habits of customers. Market research methods include:
- Qualitative research: is used for exploratory purposes through focus groups, in-depth interviews and projective techniques. For example, VG can carry out the research by focus groups or in-depth interviews to learn how customers respond or how much they are interested in space tourism if price is lower.

-Quantitative research: uses sampling techniques to get the results through surveys and questionnaires. Unlike qualitative research, quantitative research can be done on a bigger amount of customers.

- Market testing: is a phase when a new product and its marketing plan are tested together. For example, launching Spaceship One's purpose was for market testing to see how the response from the public was. If the feedback is good and prospective, we will continue the development. That is why Spaceship Two was developed after its predecessor's success.

- Customer focus: means the company focuses on customer needs, makes changes according to customer requirements to achieve customer satisfaction, customer loyalty and customer retention. As to how to be customer focused, it will be discussed in more details in the next part.

III. How to be customer focuseda. What are our target customers? (Market segmentation)First VG should make sure that they focus on the right group of customers. Because it will be a niche market for VG, a proper market segmentation analysis should be carried out. As mention in Section 1, VG's target customers are those who have a life long dream of travelling into space and those who want to be the first to do something. However, the most important criteria is they have the ability to pay for the luxurious trips.

b. Customer focus strategies•Focus on customer needs: it is obvious that VG is offering space travelling services and customers who are interested in the service want the same thing. However, it is also important that VG listens to and understands the needs of customers besides the basic service. Examples

can be support during medical check, training, psychological preparation, etc.

- Provide customers with sufficient information: VG should make sure they provide customers with sufficient information both before and aftersale related to space travelling matters and customers can get help and support from us whenever they want.
- Well-trained salespeople and agents: these people are those who interact with customers directly and represent the image of the company. It also involves the leadership which should also be customer focused.
- Delivering superior customer value: companies focus on what customers value the most and try to meet and exceed it. For example, Wal-Mart with its slogan: " always the low price" or Dell Computers with its ability to provide customers with maximum customization on cost-effective personal computers. As for VG, we are offering space travelling which is a revolutionary service with a much lower price than other competitors so that more people can achieve their dreams of seeing the Earth from space. Exceeding customer satisfaction can be achieved by professional salespeople, professional aftersale support, personalizing relationships, staying in touch...•Different customers have different needs: an added service can be a value for certain customers but not for others. VG should focus on helping customers find the added value. Besides, sales presentation should also be customized to the customer we are dealing with.

- Tightening the connections: when our relationships with customers become strong, we can move on to tightening the connections between customers and the company. For example, many airlines have frequent flyer programs or Nokia enrolled their customers in its Nokia Club where people have the same interests can interact and exchange information. VG can do the same by organising a club, e. g. a space club, where members who are interested in space and space travelling can have a forum to get help and exchange information. We can actually get more customers through the forum by referrals.

- Take into account the cultural and religious needs of customers: VG will be dealing with customers from all over the world, be it from USA, England to Japan or Middle East, every customer from each country has their own cultural and religious needs which VG should try to fulfill. When it comes to cultures and religions, it can become sensitive issues. People from different cultures have different styles of doing business. VG•Customer relationship management (CRM): CRM can be considered one of the most important parts in customer focus strategies. To be truly customer focused, VG should apply CRM into their business.

-What is CRM? CRM is a method used to learn more about customer needs and their behaviours so that the company can develop stronger relationships with them.

-CRM System: is a database that contains all the information about customers.

-Why is CRM important? Following are a few advantages of having a CRM system: It helps to increase customer loyalty and retention. It increases the company's revenue and profits. It helps to serve the customers better and increases our competitive advantage. It helps to easily build and maintain relationships with customers, keep track of their current and future needs.

Nowadays, CRM is the ultimate solution for a better customer service. By applying CRM into business, VG can achieve customer satisfaction and serve them better.

- There are a few other things that VG can do to be customer focused, such as:
 - Deal with customers with courteousness
 - Achieve service standards
 - Control and maintain service standards
 - Welcome customer feedback
 - Handle complaints from customers effectively
 - Give customers more choices

Conclusion In today's business world, being product oriented is not enough. Customer relationships have become the core of every business' success. Without customers, there is no business. It is even more important for VG to be customer focused as it is targeting a niche market where customer requirements are higher. Being truly customer focused helps VG maintain its competitive advantage and stay in the market longer.

Section 3 - Minimising Cognitive Dissonance. Introduction In the first section, we have already developed a marketing communications plan for VG. During the process of implementing marketing communications plan, cognitive dissonance might occur and influence the company's image, customer expectation and satisfaction. This section will discuss about cognitive

dissonance and how important it is to minimise cognitive dissonance in the minds of target customers.

II. Cognitive dissonance. What is cognitive dissonance? Cognitive dissonance is a psychological term that refers to an uncomfortable feeling or emotion caused by having two conflicting ideas at the same time. When cognitive dissonance occurs, it is human nature to reduce the dissonance by changing one's existent belief or rejecting one of the conflicting ideas. In marketing communications scenario, to avoid dissonance, new information must be in harmony with customer's existing knowledge.

Cognitive dissonance can occur both in pre-purchase and post-purchase stages. For example, in pre-purchase stage, a man knows exactly that air transportation is the safest compared to any other ways of transportation. Even his family and friends have had experience flying with no problems, he might still refuse to fly because he thinks it is dangerous. We can see the two conflicting ideas here between flying is safe but still refuse to fly. This person might eliminate the dissonance by choosing to travel by car instead. In post-purchase stage, cognitive dissonance occurs when a person's experience does not match with his expectation. When a person buys an electronic device, he would expect it to function properly. When it does not, that person suffers cognitive dissonance. To reduce dissonance, he might want a refund. Poor aftersale customer service might also lead to cognitive dissonance.

b. The impact of cognitive dissonance is very important to minimise cognitive dissonance in the minds of target customers, especially in the case of VG because space tourism is absolutely new to the general public, customers have few information regarding space tourism and the price is very expensive. Following are some reasons why minimising cognitive dissonance is important: Pre-purchase stage:

- Space travelling is not safe! There are still a lot of people who think aircraft are not safe, let alone spacecraft. Moreover, the Challenger tragedy in 1980 when seven American astronauts died because of an explosion just shortly after launch still has a great impact in people's minds. Customers suffer cognitive dissonance when they are interested in space tourism but they face fears when thinking about the tragedy. There will be a resistance in the minds of customers against the idea of space travelling. To get the target customers, we must minimise this kind of cognitive dissonance.

- Why VG is cheaper than its competitors? People tend to think that cheaper cannot be better even though they always want things to be cheaper. Customers will like the idea that VG is now offering space tourism with lower price but at the same time they doubt the quality of the service. Minimising this dissonance can help us clear the doubts of customers and achieve our goals of getting the target customers.

- Customer high expectation Customers tend to have certain expectations when they buy a product or a service and the more expensive it is, the higher expectation they have. For example, customers know that Mercedes Benz is much more expensive than Toyota, so they will think Mercedes

Benz's showrooms must be bigger, better and salespeople must be more professional. If Mercedes Benz fail to show that their showroom is much better than Toyota's, cognitive dissonance might occur and lead to customer dissatisfaction. In case of VG, \$200, 000 is not a small amount of money. Customers will surely have certain expectations and sometimes unreal and unreasonable expectations. VG must try to minimise this kind of cognitive dissonance otherwise it will become long term negative impression.

Post-purchase stage Post-purchase stage mainly involves aftersale service. If the customers think that the service VG provides is not worth \$200, 000 and lower than expectation, they will complain and through word of mouth, it might affect the company's image. Besides, it might be possible that after buying the service, customers might realise and regret their decisions when it comes to training, medical checking or fear. It is very important that VG should try to minimise the cognitive dissonance as much as possible.

c. How to minimise cognitive dissonance Minimising cognitive dissonance in the minds of customers is possible if we know the causes of the dissonance. According to Festinger (Festinger, L., 1957), there are three ways to eliminate cognitive dissonance:-Reduce the importance of the dissonant beliefs.

-Add more consonant beliefs that outweigh the dissonant beliefs.

-Change the dissonant beliefs so that they are no longer inconsistent.

By applying the theory, VG can minimise cognitive dissonance by:

- Building a good company's image: As VG provides premium services targeting rich customers, the company should be up to customer expectation. To build a good company's image, we should have:
 - Professional employees and agents-
 - Attractive and professional offices and showrooms-
 - Attractive website including images and videos of our business, test flights, Spaceship One...-
 - Attractive and useful printed materials with detailed information regarding space tourism
- Personal selling Through personal selling and one-on-one meeting and negotiation, our agents will be able to give customers more information and be of help whenever possible. This is one of the effective ways to reduce cognitive dissonance. For example, just like other insurance companies where they have lots of agents, through personal selling, customers are able to get information, their questions can be answered and especially they get good aftersale support, it is one of the ways to get reassurance which helps to reduce cognitive dissonance.

- Positive testimonials Many companies have been doing testimonials to minimise customers' cognitive dissonance. For example, Procter and Gamble has been showing satisfied customer testimonials about Pantene on TV advertisement. When customers watch this, they see other customers' real experience and it will gradually build up the trust about the product in their minds. VG can seek some endorsement from famous scientists or engineers saying that all VG's operations and technical matters are tested carefully and space tourism is very safe. Besides, we can get testimonials from people who join flight tests, etc.

- Exceed customer expectation We can exceed customer expectation by improving the quality of service and should make sure that customers do not build up their expectations so far in the first place. We should also make sure that customers find our offering better than what they get from competitors.
- Effective marketing communications plan VG should be careful in their marketing communications and avoid sensitive issues. For example, to compete with Nike, Reebok broadcast a commercial showing two persons doing bungee jumping, the person wearing Nike died (by showing only a pair of Nike left) and the one wearing Reebok is still alive because he is wearing Reebok's Pumps (The New York Times, 1990). Reebok had to remove the ads because of complaints from customers and it created negative impressions on the brand. Therefore VG should avoid sensitive issues in their marketing communications such as the Challenger tragedy. We can talk about that issue and explain that space tourism is still very safe in such a way that customers will not give negative feedback.

III. Conclusion Cognitive dissonance being formed in the minds of customers is inevitable. Customers will try to reduce the dissonance themselves by choosing one of the conflicting ideas. VG's job is to make sure the choices that customers make are favourable to the company. We can do it and minimise cognitive dissonance by well-trained and professional personal selling, maintaining good company self-image and exceeding customer expectation.

Section 4 - SWOT AnalysisI. IntroductionAlthough space tourism is still considered “ new” by the public, there are quite a few companies offering space tourism besides Virgin Galactic (VG) such as EADS Astrium, Rocketplane Ltd, Inc., Space Adventure, ... In this section, a SWOT analysis will be carried out to analyse the strengths and weaknesses of VG as well as the opportunities and the threats it may have.

II. SWOT AnalysisFollowing are the outline of strengths and weaknesses of VG as well as the external opportunities and threats.

a. Strengths-Well-known and experienced in aviation industry-Strong financial background.

-VG is a pioneering space travel company.

-Has public confidence from the success of Spaceship One technology-
Spacecraft and technology are environment friendly-Offering lowest price in the space tourism industry.

-Collaborate with NASA in future manned space technology.

b. Weaknesses-Space travel is still a physically risky business.

-Training and preparation might cost a lot and the business becomes not profitable-Little chance of returning customers-Long flight tests (18 months) might lead to delay and loss.

-Difficult to recruit and train space crew. There are currently only 30 employees at VG.

-It is a challenge to offer reasonable price for space tourism due to the extremely high cost.

-Seats are still very expensive.

-In case there is a delay in planning and operation, the company might lose credibility and face significant loss.

c. Opportunities-VG is considered the innovator in space tourism in the market now. It is highly potential and can make a lot of profit if successful.

-Rich people, especially celebrities, are very interested in space tourism and they are willing to pay.

-Having been already in aviation industry for a long time, VG can gain significant confidence from the public.

-According to Futron Corp., as of 2008, there are about 56, 000 potential customers only in the United States who can afford space tourism and are willing to use it as luxurious vacations. (Alegre, P., Space Tourism Business Model)-The available competitors in the market do not have enough capacity to provide the service to all customers.

-US legislators are currently favourable to space tourism.

d. Threats-The Challenger tragedy in 1980 in which seven American astronauts died because of an explosion just shortly after launch. This might make it difficult to market space tourism to the customers due to these space disasters.

- If flights are successful and become profitable, many other companies will start business and competition becomes harsh.
- One error or mistake leading to one disaster could lead to the banning of flights or demand will significantly drop.
- The program might be opposed by environmentalists or environmental organization because it will increase carbon release.
- Delay in the program might lead to losing credibility and financial loss.
- There are not many suppliers for advanced space devices and technologies which increases the costs.

III. Minimising the threats and using opportunities to reach potential customers-Provide good training and customer support-Overcome customers' cognitive dissonance-Well planned operation management-Avoid postpones in planning and implementation because it will lead to huge loss-Improve risk management-Focus on being environment-friendly-Focus on VG's advantages to target huge pool of potential customers on the market-Demand on the market is currently greater than supply-Seek support and even subsidies from the government-Have proper strategy to attract returning customers because it is totally possible that a person might want to see the Earth more than once in his lifetime. Customer loyalty can also help to get more customers from referring friends and relatives.

IV. ConclusionThe SWOT analysis shows that it is clearly foreseeable that space tourism is the new trend in aviation and VG possesses a lot of

strengths. There will be a potential market with expectedly huge profit. VG should focus on reducing the risks in operation through careful planning and training because space industry does not tolerate errors. Once the first commercial flights are successful, the market will continue to grow. As the market becomes more attractive, there will be more space machine suppliers which will reduce the costs. However, there will be more competitors as well. Being an innovator in the market is VG's advantage. VG will have more experience and knowledge in the market than the competitors that join later. VG should take that advantage and maintain its market leader position.

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