

Relationship marketing analysis of british airways marketing essay

[Environment](#), [Air](#)



In today's consumer market, the gap between the different brands of the same product has become smaller, hoping to gain advantage through product competition has become increasingly difficult. More and more companies have started their attention to improve service quality and through service marketing to develop and maintain existing customers. Through more efficient management to reduce costs and enhance the quality of internal management and staff ability to gain competitive advantage. Relationship marketing emerged in the form of a new marketing theory to adapt to the development. According to Gummesson, relationship marketing is a marketing approach which is based upon networks, interactions, and relationship. In this article, I want to evaluate and analyze the current relationship marketing strategy of British Airways through four major markets: customer market, internal market, supplier market and external market.

The background of British Airway

British Airways is the UK's largest airline, its history can be traced to 1919. British Airways Group was established in 1974. In more than 30 years, British Airways from state-owned to private, in a series of combination and reorganization, it has grown into Europe's second largest, the world's third-largest aviation group. With the increasingly competitive aviation market, maintain and handle the relationship with all parts is very important for British Airways.

According to Gronroos, marketing in relational terms means: to establish, maintain and enhance relationships with customers and other partners, at a

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profit so that the objectives of the parties involved are met. This is achieved by mutual exchange and fulfillment of promises. The relationship marketing is focus on create and maintain long-term relationship with customers, supplier, partners, employees and other who might affect the firm's business. The relationship marketing creates win-win situation for everyone in the relationship and make all parts interact to each other and the customers can be the center by everything the organization does. Godson. E (2009, p19) And the customer market is the most important for the organization.

Customer market

As we talked above, the key of the relationship marketing is to retain the existing customers and create the long-term sustainable relationship with them. And Godson points out the value of customer retention: the cost of acquiring new customers is higher than the existing customers, the existing customers are more willing to cooperate with the organization and help to advertise the organization, they are not sensitive to price and easier to understand the mistakes of the organization, and the long-term customers can provide more information which can help the organization to plan their business easier. The objective of customer retention is to make the customer loyal to the organization.

Customer loyalty

The customer loyalty can be defined as a consumer's firm and unchanging friendship, support and belief in an organization, or its products, brands and

services and a propensity to act in support of these feelings. Godson. E (2009, p102) Get customer loyalty is the key to successful customer relationship marketing, customer loyalty is an extension of customer satisfaction, customer loyalty not only bring profits to organization through repeat purchasing products, while loyal customers are the best way to advertise the organization.

Involving customer as the member is an usual and good way adopted by a lot of organizations to develop the relationship with the customers.

According to Gummesson, the customer as 'member' is one important special market relationship. Membership is used commercially to reinforce customer loyalty and to promote long-term relationship. The execute club is British Airways' frequent flyer programme. The British Airways describe it was designed to recognize and reward the customer- with the aim of making your travel even more enjoyable.

Membership can help the company faster and more accurately determine the target audience, and thus more accurately to enhance and improve their services. Companies can base on past information to provide more attentive service for every passenger, so passengers will have a strong sense of belonging, and to establish trust between the passengers and airline.

This is also can help to gather information and use this to manage profitable customer relationships. Godson. E (2009, p118)

Customer relationship management is the implementation of the principles of relationship marketing through the management of customer data and use of technology. Godson. E (2009, p132) Peppers and Rogers (2004) describe customer relationship management as 'an enterprise wide business strategy for achieving customer specific objectives by taking customer specific actions'. Customer relationship management is through gathering and management of customer demographic data and consumer behavior information, to support the operation of departments within company and help to formulate and implement the company's strategy. British Airway is using Business Objects BI to help to understand booking and customer profiles and use that information to maximize yield on each flight by creating the right promotional offer to each customer group. (www. crmproject. com) British Airway is also using the mobile module software as their CRM tool to manage their communications with its Executive Club members. It can help British Airway to send information and special offers to Executive Club members in real time, and also allow Executive Club members to make their reservations on their mobile phones as well. (www. crm2day. com) these data can help the BA identify its different customer group and then to provide special offers and start to create relationships with customers. Godson. E (2009, p147) In CRM implementation, British Airway as a big organization, should avoid poor internal communication and low efficient management.

The relationship to the dissatisfied customer

Resolving customer complaints and maintain good relationship with unsatisfied customers is very important for the organization who is commit to long-term development. As Gummesson said, recovery is more than settling a claim, it is the restoration and strengthening of a long-term relationship. The complaints contain valuable data from customers and they are evidence that a relationship exists to the customer. British Airways have specialized offices and call centre to handle customer inquiries and complaints around the world, but in the details of dealing with the problem, many employees lack good training and they do not have the right to make decisions, the customers only can complain their own experiences, can not really get the answer what they want. Downturn in the aviation industry background, unssatisfied customer was easier to choose other airlines, and those complaints will be conveyed to other customers, the whole company's reputation will be impacted. So British Airways should not only construct a good complaint management system, but also do better in staff training and the details of the treatment to meet the needs of each customer, to create long-term relationships with customers.

Ethics

Social responsibility is a contract with society, while 'ethics relate to carefully thought our rules of moral values that guide individual and group decision making' (Dibb, 2001: 768)

An area where ethical considerations pose major challenges for the creation of successful RM strategy is communication and two-way dialogue between customers and suppliers. Little. E & Marandi. E (2007, p168)

The main ethical issues regarding communication relate to: frequency of information gathering, the nature of the information gathered, methods of gathering information, the purposes for which the information is used and privacy of information.

Companies in the collection of information should respect the customer's time, as far as possible to complete on the plane, and inform customer collection methods and how to use the information. Protection of information security is the greatest concern of passengers, well-conceived measures and adequate explanation is the key to passenger satisfaction.

Internal marketing

Internal marketing is about the marketing method is applied to the internal management of enterprise to maintain the good relations among the various departments of cooperation, and the employees can be treated as customers, through the Principles of Marketing, improve the quality service of staff to provide better service to external customers.

The level of service of internal staff directly impact on customer satisfaction, especially those in direct contact with customers, their performance will directly determine the customer's impression of the organization. Therefore,

managing the staff well, especially those can contact the customers directly will affect the performance of the organization.

The workplace programme of British Airways is aimed to provide a working environment that motivates, engages, supports and develops the colleagues. The workplace programme includes the training which can help employee having the right knowledge and skills. It includes the tools which can help employees to serve the customers better; it defines the mutual goals and visions which can ensure everyone in the organization will has the right attitude. The BA Every year through survey asks their colleagues for their views on a wide range of topics to identify the way how to improve the way they do business. This programme helps British Airways manage its team efficiently, but there is still some problems.

British Airways employee strike broke out is the main problem which British Airways has faced in recent years, as the global economy down in the last two years, the global airline industry is in its worst crisis in history, in order to survive, British Airways had to take Reform measures, through layoffs and lower wages in order to reduce operating costs and improve efficiency.

These caused a great resentment and opposition in the employees. Although the job cuts can reduce losses, but also reduce the confidence of staff to the company, increase the pressure on service staff, reduce employee productivity. Especially the cabin crew is the main target of this layoff, and they are most direct contact with customers, so their performance is the most factor to influence customer's decision. Employee and customer perceptions of the organization and the service quality being offered are

positively related. A satisfied employee will service the customer well, and an unhappy employee will transmit this negative emotion to the customer. For these problems, the two-way communication and two-way dialogue between management and staff are useful way can be used.

Positive communication can help both sides better understand each other's need and difficulties, so that they can find out the mutual objectives and values eliminate barriers, and achieve win-win situation.

Shared values

Christopher define shared values as ' Those ideas of what is right and desirable which are typical of the organization and common to most of its members'(Christopher, 1991: 164) ethics and mission statement are the two major parts about the shared value.

Marketing communication

Marketing communication is important for the organization to implement their relationship marketing strategies.

In internal marketing, the internal communication tools used to inform staff of management decisions and training supports management strategy. The communication can enable staff to network with each other and work effectively together. And the employees can feel that they are involved in marketing and customer care decision.

Planned communication is crucial in recruiting new customers, developing relationships with existing customers and reinforcing the positive attitudes of existing customers' towards the organization. Little. E & Marandi. E (2007, p168) The establishing corporate value is the first and basic step in the planned communication strategy. As we talked, the One Destination is the foundation of the corporate value on the building of the trusted relationship for British Airway. The second step is to develop a corporate image. The final step is to communicate a corporate image. Tools such as press notices, publicity stunts, sponsorship, advertising and exhibitions ensure that the organization attracts the attention of interested publics. British Airways adopted various sports, culture sponsorship within the world to promote their image, especially British Airways has become the official airline of 2012 London Olympics.

Supplier and Alliance Markets

An alliance market consists of companies which at a certain point in time are possible partners for an alliance. Gummesson. E (2008, p186)

One world is a global alliance that brings together eleven of the world's biggest and best airlines, all committed to providing world-class service and value. With quality as our focus, oneworld is honoured to have been named the World's Leading Airline Alliance for the seventh year running. (www.oneworld.com, 2010)

It is through the combining and sharing of internal resources to provide passengers with more convenience and quality service. Passengers can take

any airline of the union and get the same reward. Passengers enjoy the same quality service in more than 700 destinations around the world.

Alliances must be win-win, parties seeing each other as equals, as partners.

Gummesson. E (2008, P187)

British Airways, American Airlines and Iberia have applied to the US and EU authorities for permission to co-operate on transatlantic flights.

This cooperation not only aim to provide better services and more values to passengers, but also through alliances to enhance their each competitiveness to counter the star alliance and these two main rivals, achieve win-win situation.

In alliance management, as the differences in the geographical and cultural background of airlines, cultural differences became the Alliance's major problems. Collaborations between international organizations can be the most challenging, particularly when they involve different national cultures. Godson. M (2009, p230) And he also point that the more an organization is willing to learn about other cultures and tailor its approach accordingly, the more likely it is that trust will be established and the alliance will work.

Time and patience are required to build relationships. And there must be a mutual trust. Gummesson. E (2008, P187)

Supplier relations

External market

The external market is the external stakeholders which are different to the traditional customers, but can affect the decisions and operations of the organization effectively. According to Gummesson, this can be defined as the mega marketing, the real 'customer' is not always found in the market. The external relationships have been more and more important in the organization's market. External relations not only can affect the organization's strategy, sometimes it can play an decisive role in the organization's decision.

The European Commission in September last year, made a formal antitrust charges to three airlines which include British Airways, American and Spanish . Them because they jointly manage the route, capacity and fares from North America to Europe and share revenue, these been accused as monopolistic behavior. Under the pressure, three airlines submitted a settlement, agreed to give up control on some British flights taking off and landing slots in major airports, , including Europe's largest airports London Heathrow airport and New York's Kennedy International Airport, which will to enable other airlines to open up new routes which are from the United States and Europe. In addition, the three companies will also allow passengers from other airlines whose flights are from the United States to Europe can join its frequent flyer program, to facilitate these passengers to accumulate miles to get reward. From this example, we can see the authority can directly intervene the commercial activities of organization through the law.

British Airways and labour unions because of job cuts and lower pay negotiations have been ongoing for a long time, the recent strike of British

Airways employees has made a big loss both on the economy and reputation of the company. The pressure group often can be the key successful power to influence and determine the strategies of an organization. British Airways alleged unless the conditions is acceptable, otherwise the strike will continue. The loss accumulated as almost 15million pounds one day in the strike. From this we can see, handling well with the external pressure groups is obviously much more important for the British Airways currently.

The Corporate Social Responsibility is the current strategy which British Airways choose to handle the relationships with the pressure groups. In a study of UK retailers, Jones et al. (2007) described Corporate Social Responsibility as integrating environmental, social, and economic factors into the organization's strategies and operations. Through this strategy, the organization bypasses the pressure group and develops its own CSR agenda to deflect potential criticism and appeal to a wider public. Godson. E (2009, p223)

Global environmental degradation is already more and more concerned by people. The airlines as the air transportation enterprises have large energy consumption and large amount of harmful emissions. Therefore, the criticism in environmental protection was also relatively more than other industries. Environmental awareness and protection of the environment is important for the development of the airlines. British airway is the first airline to report their environmental performance from 1992, they defined their strategy as to ensure they lead the industry in managing and minimizing their

environment impact. They focus on four aspects: climate change, waste, noise and air quality to achieve their objectives.

One Destination is created in 1984 and its aim is to ensure the customers fly confident that, together, acting responsibly to take care of the world we live in.

In addition to the environment programme, the community is another programme which focused on the charities to support the local communities in the countries which BA operates.

The One Destination not only helps businesses set up a good corporate image in public, but also eliminates the negative image of industry itself about energy consumption and environmental impact, build trust between customers and BA and create more opportunities for long-term relationship.

Relationships with media

Media relationships are important to companies and customers whether they are willing to interact with or not. Media not only can as the free channel to help companies advertise their own positive image, but also can make loss of the company through the scandal exposure. British Airways as the large company is easier to attract attention from media, so how to maintain good relations with the media becomes very important. And to maintain long-term close relationship with media and have a comprehensive crisis management plan is considered as a good way of dealing with media relations.

Conclusion

In conclusion, we can see the relationship marketing strategies is becoming increasingly important in the operation of British Airways. British Airways through the collection and analysis of customer information, and more targeted products and services to maintain existing customer relations, British Airways through more efficient internal management and training to improve the level of service, while it cooperates with suppliers to reduce product costs, and developed the corporate responsibility ' One Destination' to respond to outside pressure. Relationship marketing aims to achieve win-win situation between the parties, British Airways in some areas such as the relationship with the employees still need to do more to really achieve that goal.