

The marketing management of air arabia tourism essay

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



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Introduction

Air Arabia is the first and the leading low-cost carrier in the Middle East region . It is also the official airline of the emirate of Sharjah . Air Arabia was established on 3 February 2003 and is a profitable business from the first year. In, 2007, Air Arabia was transformed from a Limited

Liability Company (LLC) to a Public Joint Stock Company (PJSC).

Air Arabia launched its second hub in Kathmandu in 2008 as Nepal's first low-cost carrier. Air Arabia also established air Arabia morocco in Casablanca in 2009 . It will expand the firm in Europe and Africa.

Air Arabia signed a deal to open two more base at air Arabia Egypt and air Arabia Jordon. This will help in maintain a globally no. 1 low-cost carrier. Air

Arabia provides services to 46 places in the Middle East, Africa, India, Central Asia and Europe.

Followings are the offerings provided by Air Arabia-

Low air fares - 40% less than economic fares

Simple and quick online booking process

Holidays affordable range of hotels and rooms

Fast check in and check out at Sharjah airport

Corporate Mission - To revolutionize air travel across the globe with an innovative approach that will result in a safe and reliable operation . Mission of Air Arabia, " Our aim is that we will be known for our profitable business , low fares , high operational standards and for multi functional teams work." (Air Arabia Strategy)

Intensive opportunities

Due to no deliveries before the end of 2010 will provide a strong dividend payout in the short term yield of 11% based on 2008 and 2009 earning .

Opening of other hubs outside Sharjah will provide the necessary diversification and it will help in giving an edge over the growing market.

UAE Population by origin -

UAE Nationals 19%

ARAB & IRANIANS 23%

SOUTH ASIANS 50 %

OTHERS 8%

Population and Demographics plays an important role as these are the people who are taking its services. Due to such diverse population will help in giving a boost to the new opening firm because there is a lot of movement of people to Europe and America. So the implementation of new strategy will support such movements. And with the opening of the new hubs this will add a lot of tourist movement from our flights.

Market Penetration Strategy - By increasing the no of flights on the same route and improving the quality on the previous flights would certainly strengthen the name in the industry.

Market Development Strategy - The opening of the other hub like one in Nepal , one in morocco and the others opening shortly , it will provide them opening to the global market and will help competing other low-cost carrier globally.

Diversification Strategy - Starting of other facilities in the new hub like traveling system and aircraft maintenance system will help in attracting more customers in the newly open area.

There are few LCC which uses other facilities like providing tour guiding and travel agency, distribution agency and maintenance industry.

Integrative Growth

Air Arabia can use the growth through the implementation of integrative growth by the following measures. Air Arabia is planning to increase its flights to the already existing regions. This will help in competing with the Indian and other fast moving low cost carriers in the regions. Air Arabia signed a deal with Travco Group, an Egyptian Tourism and travel agency to established Air Arabia as a joint venture. Air Arabia also signed a deal with Tantash Group to form Air Arabia Jordon. It will help in increasing the flights to European, Middle East and North American countries.

Other important joint ventures are -

Informational system associates

Sharjah aviation company

Alpha flight services UAE

HAECO sharjah Aircraft Engg Co.

All these joint ventures and deals will help in integrating in the area of aviation in the low cost carriers. These will help in creating a global name of the company. (Growth Strategy)

Diversification Growth Strategies

Due to low cost flights Air Arabia started providing services that are previously outsourced such as catering services, handling services, IT services with the aircrafts maintenance. Air Arabia is not only want to

become a LCC flight but also want to diversify its area into other sectors and increase its overall profit as there is very less margin in the low cost carriers and company also wants to minimize risk .

Important sectors are

Travel agency - Air Arabia will like to offer the travel agent service also to various tourist places in the country and also to various important tourist places across its flight routes

Tourist related services -Tourist related services include pickup from the hotels, hotel reservations and other important requirements to the tourists.

Passenger transport services -

Air cargo services - It can also start the cargo services that has a tremendous good business in the nearby region. It will be a new market but provide an additional revenue to the company

Document transfer services- It will include courier and other lodging services.

For such diversification, it is required to define some strategic business units that will help in defining the goal easily. (Air Arabia Strategy)

Strategic Business unit –

Hotel reservation and other smaller facilities.

Other facilities apart from customer traveling like

Cargo and document transfer services

They can step in the travel agency industry

SWOT Analysis

Strengths

Brand awareness as it is the first low-cost carrier in the region

It has got plenty of support from Sharjah and UAE government

Cost effective distribution system

Online booking system

Strong Middle East traffic due to tourist and other people.

Strong balance sheet and gross margins

WEAKNESSESS

High operating leverages

Fuel is the main factor in the operating cost includes 30% in it.

Sustainable load factors may be one of the reason

OPPORTUNITIES

Low rates of LCC's in the region

Recent rise in the economies in the region

Fleet expansion plans and significant route

Collaborations with new ventures

Threats

Political risk in the middle East

Poor perception about Low cost as poor quality flights

Opening up of more LCC near the region

Competition from the other global LCC from south east countries like India and other European countries

Till now LCC penetration in the Middle East is just 2% in comparison to the other region like America -25% and Europe -16% so there is lot of scope of development in this region. Air Arabia's main base is Sharjah International Airport, ideally situated for customers to enjoy the benefits of quick access to Dubai, fast check-in processes, low congestion, friendly airport staff, as well as access to many other commercial carriers served at the airport. The middle East totaled 46 mn international tourist arrivals in 2007 with Saudi Arabia and Egypt among the leading destinations in term of growth in 2007. So Air Arabia is leading the industry in the region but they will need to work it out at the global level .

Conclusion

After all the above discussions, it can be concluded that Air Arabia adopted mixture of growth strategies to achieve its mission and vision. Air Arabia

comes among the top choices in low cost airlines. Air Arabia introduced different product and services to increase its customer base.