

Marketing

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Price is the variable which can be changed quickly and as often as required. In the past, prices were regulated by the international agreement based on fuel and distance. Pricing methods used by Qantas include combination of: Cost plus margin: Qantas determines the cost of production and then adds a margin for profit. Market: most fares at Qantas are determined by the market; their demand is matched with supply. Competition based: monitoring what other airlines such as Virgin Blue are charging.

Price strategies employed by Qantas include: Price penetration: Qantas uses this strategy (lowest possible price) for Starters and Jetsam international Full fares: for those wanting flexibility (important for business travelers) as full fares can be refunded and changed. Promotional fares: these are not advertised as discount on the full fare i.e. 20% off, but are quoted as price. They are usually offered in the economy cabin at times of subdued demand or to match competitors.

Other promotional fares can be conditional such as: Departure time limitations: defines the period of departure which allows Qantas to offer low cost fares outside peak demand periods. Packages are sold as part of an Inclusive holiday, which includes hotels, meals and transfers. Loss leading: Qantas used this pricing strategy when it first launched Jetsam in May 2004 and Starters international in November 2006 by introducing ridiculously low fares to gain initial market share.

Recently, Qantas offered fares in its Sydney-Melbourne route as low as \$19 to coincide with Tiger Airways entry. Place Distribution to potential customers is achieved by Qantas in two ways, direct. Direct offers to the direct sales of

products to the consumers via own retail outlets, through telephone sales centers, airport ticket sales and the Internet. The internet is an emerging distribution channel for Santa, leisure travel booked via 67% of domestic booking and 31% of International bookings.

This saves Santa as much as \$30.00 per seat from call centers and travel agent fees. The website receives over 8.4 million visits per month. The other distribution channel is indirect using intermediaries through travel agents. Santa has strong relationships with a number of other retail agency chains including American Express, Community Travel, light centre and Harvey World Travel. Physical evidence Global marketing is the extension of marketing activities across national boundaries.

Santa uses a number of global marketing strategies including: global branding, standardization and customization. Santa uses the same brand and logo globally (flying kangaroo). These strong global brands allow them to increase their international revenues and growth and also help to improve margins by driving elements of the marketing mix, such as product design, brand name, packaging, distribution and product positioning.

This approach allows Santa to gain economies of scale from a global marketing mix; most of these marketing strategies are alliance based. Having alliances create a large range of global products for existing customers for example, the one world explorer fares, around the world fares. Reciprocal frequent flyer programs, reciprocal lounge greater share of the market and of the premium customer segments in particular. Santa plans to use a customized marketing with its new premium airline in Japan.

Santa will adjust its marketing mix elements to suit this particular global target market, because it will be a premium airline it will focus its product on up market comfort based features especially tailored business travelers.

Positioning positioning in Santa refers to how their image relates to its competitors. Santa uses a variety of positioning strategies to market their brand name. Santa has positioned its company in relation to its competition by launching Starters, its own no-frills carrier. This strategy has allowed Santa to increase its market share by attracting the customers of the competing airline, virgin blue.