

# It pays to fly full- service: managerial marketing

[Business](#), [Marketing](#)



It Pays to Fly Full-Service Rene Gonzalez Jr. Ashford University Managerial Marketing BUS 620 Larry Flegle November 28, 2011 It Pays to Fly Full-Service In this essay I will create a nine-component marketing plan on flying full-service business class with Delta opposed to flying with a discounted low-fare carrier like Southwest. As the economy struggles and air travel becomes more competitive it is not easy to establish the best niche market strategy for an airline. Teplensky defined (as cited in Parrish, Cassill, & Oxenham, 2006) niche market strategy as, " an emphasis on a particular need, geographic, demographic, or product segment" (p. 95). Therefore, it would be ideal for Delta to seek a more specific niche in air travel and differentiate by precisely satisfying customers' needs; rather than attempting to generalize broad niches that only partly satisfy customers' needs as a whole.

Company Overview/ Description of Location Delta Air Lines Inc. has their corporate headquarters in Atlanta Georgia. However, Delta Air Lines Inc. has a vast worldwide airline system. Delta serves over 160 million customers annually, and offers 356 destinations in 65 countries.

Additionally, Delta has over 80 years of passenger service, more than 80,000 employees, and 700 aircraft that spread across six continents. Packed with an array of good services, Delta offers more than 13,000 daily flights, SkyMiles rewards (frequent flier plan), the world's largest airline loyalty partnership, over 50 Sky-Clubs, and an award-winning BusinessElite program (Delta Air Lines Inc. , 2011).

Description of Product or Service Focusing primarily on business amenities, Delta has a worldwide collection of services for businessmen and businesswomen.

They have incentive SkyBonuses, extensive Corporate Travel Agreements, and their Universal Air Travel Plans (UATP Card). The SkyBonus services allow small-to-mid-sized businesses better incentive rewards for their business travels. For example, earning more points than typical travelers, which can be easily claimed as: upgrades, flights purchases, and Sky-Club passes. Their Corporate Travel Agreement offers a greater variety of destinations with a four-in-one worldwide airline partnership. Delta even provides a dedicated account manager to handle all business travel arrangements.

The UATP Card allows any businesses the means to closely manage their travel expenses with a centralized payment system. Additionally, the UATP Card has no annual fees, no deposit limits, and no per-card charges (Delta Air Lines Inc. , 2011). Other comprehensive amenities that Delta offers their business travelers are: BusinessElite, Sky Priority seating, first class services, Sky-Clubs, SkyMiles, meetings/networking, private jets, shuttling/chartering, and Wi-Fi. The BusinessElite offers gourmet meals, exquisite wines, full-size pillows, flat bed seating, priority baggage services, and state-of-the-art entertainment.

Everything in BusinessElite is intended to help customers arrive at their destination on time and refreshed. Within the Delta Sky Priority there is no need to stressor wait in lines. As a result, valuable time is saved at check-in, reservation desks, security, boarding, and baggage claim. Under the Delta meeting/network program an event organizer will coordinate group business travel with 10 or more individuals. Additionally, in an effort to make inner

city transportation to-and-from the airport easier, Delta provides private shuttling/charter assistance too.

Moreover, in situations that 40 or fewer personnel need to be transported Delta can ease time constraints with their transit system. Even if there is a need for a specialized private business travel arrangement Delta has 27 years of safety and heritage with their private jet services. Delta holds the highest and lonest ARG/US Platinum safety rating of any other operation. Lastly, Delta can keep businessmen and businesswomen connected whether waiting at the terminal or in flight. Power outlets are always conveniently located within arms reach, and Wi-Fi is offered in all flights within the continental US (Delta Air Lines Inc. 2011). It is apparent that Delta has numerous amenities to offer business class travelers; currently it is just a matter of what options travelers choose to use. Description of Competitors In this case Southwest Airlines Co. (a low-cost carrier) is the identified competition. Southwest has 40 years of passenger service experience. Additionally, Southwest has an average of 3, 400 daily departure flights and nearly a total of 35, 000 employees. Within 2010 Southwest operated 550 Boeing 737 jets, which carried a total of 88 million passengers to 72 different cities within 37 states.

As a result, Southwest is the largest domestic airline in the U. S. (National Transportation, 2010). Southwest offers Priority Lane access, Rapid Rewards (frequent flier plan), some in-flight Wi-Fi capabilities, and economy beverages/snack services. However, the Rapid Rewards is limited to domestic traveling only because Southwest does not offer international flights. Also, the Wi-Fi provided is only on limited numbers of aircraft, and the

beverage/snack services do not cover full meals. The high operational extent of Southwest's capabilities can be illustrated by their longest flight, which is between T.

F. Green Airport in Rhode Island to McCarran International Airport in Nevada. The grant total for their longest flight is 2,363 miles (Southwest Airlines Co., 2011). Southwest does not appear to cater to many business class travelers' special needs. There are some amenities that businessmen and businesswomen can take advantage of with Southwest. For example, EarlyBird Check-In, ground transportation, and Business Select fare benefits. Their EarlyBird Check-In allows for early seat selection, and no penalties when changing flights.

Additionally, Southwest offers ground transportation within immediate areas of airports. The Business Select gives Priority Lane access when boarding, premium drink, priority seating, and gives extra Rapid Reward Points. (Southwest Airlines Co., 2011). Subsequently, Southwest was founded on low fares, low costs, and dedication to the highest quality of customer service (Southwest Airlines Co., 2011). As a result of Southwest's strategy is an example of sacrifice differentiation by focusing on low-fares. Notably, Southwest does employ a tactic to somewhat distinguish themselves from other low-fare carriers--they pride themselves on providing the highest quality of customer service as possible. Southwest's plan is to deliver superior customer service with a sense of warmth, friendliness, and individual pride, which will shift more consumers their way (Southwest Airlines Co., 2011). Nevertheless, Southwest's tactic is seemingly insignificant, but Delta should

consider this when designing their new marketing plan by ensuring they too offer superior customer service. Executive Summary of Marketing Plan

Delta has numerous business class amenities that need to be reviewed to determine their demand. Is it necessary to have every amenity offered at every location Delta serves, or can some be excluded? Could some amenities be combined to increase efficiency? The objective is to get rid of amenities that are not desired and concentration more on efficiency across all Delta divisions. Thus, satisfying business class needs with geographic attentiveness. It is important not to just implement amenities for the sake of implementation.

Delta needs to understand business class consumer needs, and should develop suitable amenities for them. Delta can learn from their current business class consumers by giving surveys before, during, or after flights. It would be even more efficient to utilize technology (Internet) because it would be cheaper to e-mail surveys instead of hand mailing or handing them out on flights. Additionally, other avenues should be adopted too; more interactive and crafty methods could help in attaining vital survey information (determine amenity demand).

For example, incentive sweepstakes with the option of meeting popular musicians or actors to entice more people into completing surveys. Mullins (2010) stated, " The advent of new digital media—from the Internet to e-mail to text messaging via mobile telephones—has opened a vast array of new opportunities to take integrated marketing communication—IMC for short—to a whole new level" (p 342). Notably, Delta cannot attempt to utilize the same

survey gathering methods in every region of the world. Obviously, popular musicians and actors will differ between regions in the world.

Similar to how the demand of business class amenities will likely differ too. Delta's advertisement campaign will be directed toward business class travelers, and will need to effectively communicate the value of choosing full-serve oppose to low-cost. Additionally, a universal consumer appeal will need to be used (where applicable) as long as effective communication is not sacrificed. Much deliberation should be put forth to prevent negative emotions, and that the correct target market is reached.

Moreover, the used of new technological interactive forms of advertisement would be ideal, which can also double as a medium to gather extra consumer information. For example, concentrating advertisements in big cities and employing smartphone-barcodes that feature interactive games or sweepstakes. Note, to conserve on campaign expenses advertisement efforts should decrease as distance extents outside of city limits--due to likelihood of a smaller business class population. In summary the current situation for Delta is having a vast unfocused business amenity operation without geographic specification.

Additionally, their competition is low-cost airlines like Southwest who does not seek to differentiate their operations by satisfying specific business class consumer demands. Therefore, Delta's strategy can capitalize on shortfalls of low-cost carriers and differentiation by providing superior business quality travel with efficiency. Resulting from Delta maximizing information gathering and improving efficient operations they will save valuable capital. This will

allow Delta to remain moderately cost competitive with low-fare carriers like Southwest.

The last concern is how Delta will successfully reach the proper target market to spread the word --" It pays to fly full-service. " Description of the Target Market Airline travel is a homogeneous market however every traveler does not desire the same exact benefit (Mullins & Walker, 2010). For example, Southwest primarily focuses on low-fares, but Delta seeks to differentiate by superior product quality and performance. Consequently, consumers that value low-cost air travel will likely choose Southwest--Right? No, a low-cost carrier is not always the best option based on lowest price alone.

A main concern of Delta will be how to influence business class consumers to fly full-service opposed to flying with other discounted low-fare carriers. A strategic advertisement campaign will be used to prove Delta's worthiness, but reaching the correct target market is important. Within the broad market of air travel some consumers will seek absolute low-cost, others will be unsure (low-cost or full-service), and there will be those that clearly favor full-service. For those consumers that seek absolute low-cost or are unsure, Delta needs to reach out to them.

Delta can justify how they are more suitable through proper geographic-advertisement--by offering regionally specific business class amenities. Additionally, by focusing on the most efficient operation process possible, Delta can help keep pricing lower. As a result, consumers can notice it is reasonable to switch despite prices being moderately higher with Delta. For advertisements to reach the correct target market there are three ways

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Delta can identify their business class travelers: market segmentation, target marketing, and positioning.

Segmentation decisions are best made in one of three ways: who, where, and how they behave (Mullins & Walker, 2010, p. 181). Businessmen and businesswomen are who the consumers are, cities worldwide are where they are (primarily), and how they behave is relevant the business amenities they use/require when traveling between worldwide. Demographically, business class individuals come in different ethnicities, sizes, ages, and sex. Geographically, they are located worldwide primarily in big cities and decreases outward toward rural areas.

Behaviorally, business class individuals travel frequent; adhere to tight schedules, utilized technology frequently, etc. Preferably, Delta can learn from the past mistakes of others and take advantage of proper global market segmentation. Historically global market segmentation has been incorrect discerning that one country segment is the same as another (Mullins & Walker, 2010, pp. 197-231). All countries do not fall within the same segment, and Delta can capitalize by specifically enhancing business travel in different regions around the world. For example, the city of Dubai in the United Arab Emirates is a rapidly developing country. Delta can acknowledge a large European business and American business influence in the region. As a result, should geographically cater to specific business class amenities between the regions. By recognizing the United States, Europe, Asia, etc. as different segments and understanding where the segments are influencing each other--businesswise--will give Delta the advantage to better differentiate. Marketing Budget

Delta is currently investing \$2 billion through 2013 into facilities, products, services, and technology, which is intended to better enhance customer experiences (Delta Air Lines Inc. , 2011). That along with the capital saved from developing more efficient processes with geographic specification should give leeway in a new marketing budget. Managers must hold vital roles in implementing or eliminating operation and/or amenities, both domestically and internationally. However, uniformity should be kept to insure proper communication between global regions is well organized.

A single system for regulation (implementation or elimination) will facilitate cooperation between every location Delta serves (Mullins & Walker, 2010). Pricing Strategy Airlines are price competitive conscientious, but still need to understand consumer needs, and how to satisfy them in order to make a profit. It is not always best to solely concentrate on lowest pricing. Regarding low-cost and differentiation (Mullins, 2010) stated, " Businesses taking the low-cost approach typically compete primarily by offering the lowest prices in the industry.

Such prices allow little room for the firm to make the investments or cover the costs inherent in maintaining superior product quality, performance, or service over time" (p. 442). Therefore, if Delta seeks to correctly satisfy specific niches (business class travelers) with superior quality, and performance they cannot primarily focus on lowermost competitive pricing solely. Additionally, utilizing a competition-based pricing strategy (relies on pricing habits of competitors) Delta can place their pricing moderately above competitors' pricing, which can help provided better creditability. In some cases, an airline's consumer perception of quality is degraded if their pricing

offered is the lowest compared to other airlines. For example, consumers may assume the lowest priced airline(s) are less safe, have subpar aircrafts, etc. Lastly, lower pricing adversely affects the profit margin, and budgeting, which would hinder Delta's ability to provide superior quality, and performance into the future (Anderson, 2011). Investment Savings

Delta has much to consider when evaluating what amenities should be offered to their business class consumers. Delta will need to assess what processes should be removed or included. Additionally, there are many environmental issues that negatively affect airline efficiency and pricing today that Delta will need to take into account as well. For example, struggling economy, increased fuel expenses/depleting fossil fuels, greenhouse gas emissions/global warming, consumer safety, etc.

It is key to understand what business class consumers are willing to pay for, what they do not necessarily desire, and how foreseen/unforeseen environmental issues could adversely affect airline operations. Delta will need to focus on efficiency that will eliminate fraud, waste, and abuse. Thus, saving valuable capital, which can be put towards future efforts to adapt and overcome negative environmental airline issues. For example, increasing R; D (Research and Development) funding.

R; Dgoals could be to seek alternative fuel (green energy) aircraft engines, or at least streamlining the current fossil fuel engines to conserve expensive jet fuel. Additionally, strategic upper management decision-making (efficient implementation or elimination) will keep Delta moderately price competitive while bringing in significant future profits. Summary and Implementation Plan  
Implementation of a new marketing plan is not unnecessary. Delta has the  
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need for a new marketing plan as technology spreads worldwide and new economies are rapidly growing is distance regions.

Business efforts of regions are helping to influence and advance other regions. Therefore, increasing the need for efficient business class travel, and justifies a new marketing plan. Delta will need to prove it is best to fly full-service business class opposed to flying with other discounted low-fare carriers like Southwest. The implemented marketing plan will be centered on Delta taking an analyzer strategy to defend and differentiation--with efficient and superior business quality travel. Management, across all regions will take a crucial role in regulating the new marketing plan.

As a result, Delta will defend by keeping cost relatively low, which will save capital and bring in profits. Additionally, Delta will be able differentiate with superior business quality travel worldwide. Also due to technological advancement efforts Delta's R&D will avoid other airlines surpassing them, and countering future adverse environmental airline issues (Croteau, 2001). In conclusions a nine-component marketing plan on flying full-service business class with Delta opposed to flying with other discounted low-fare carrier like Southwest was gives.

Delta is primarily a well-established airline company. In order for Delta to continue progression into the future they will need to seek more specific niches within their current markets. Additionally, Delta operates worldwide, and needs to adjust to geographic deviations between regional markets. Always looking forward Delta will also need to support future adaption to negative environmental issues. Ultimately, Delta can take the analyzer

strategy and strategic managerial oversight to lead Delta's new marketing plan to a triumph.

By defending/differentiate with precision customer satisfaction (business class traveler needs) Delta can gain superior product quality and performance. Thus, proving it pays to fly full-service oppose to low-cost.

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