

Competitiveness: airlines

Business



Poh and Mohayidin have studied the pricing strategies of low-cost Malaysian airlines to survive in the competitive market. Regional airlines are competing in ticket pricing to attract customers. Customer's purchasing decisions depend mainly on ticket pricing strategies of these airlines. Unlike low-cost strategy, the best-cost strategy focuses on a broader market and adds value to the product. Poh and Mohayidin (2011, p. 494) state that " Value is what buyers are willing to pay and superior value stems from offering a lower price than competitors for equivalent benefits." This means that consumers will prefer to travel on that airline which has low ticket prices but provides similar or even greater benefits than other competitor airlines. Here comes the concept of best-cost strategy. Airlines adopting the best-cost-strategy will attract more consumers in the broader market as it eliminates customer changing preference behavior and enhances image positioning of the service provider.