# Hospitality and tourism marketing strategies



Tourism and hospitality industry has become one of the largest industries in modern and competitive business world. It is a common remedy for development and the world travel and tourism industry supported 234 million jobs (8. 7% of total world employment) and contributed 10. 3% of world gross domestic product in 2006 (Opening up Trade in Services: Key for Tourism Growth, 2008). The tourism and hospitality industry has been as a helpful force for world peace; the benefits of mixing together different types of people and different cultures. The travel industry has contributed to the accomplishment of millennium development goals especially in the third world countries. Despite a huge expansion in the travel industry - fuelled by opportunities created by the internet and emerging markets - consistent profitability for many airlines and travel-related firms remains elusive due to terrorism, recession, the SARS virus, strikes, and the Icelandic ash cloud: the list piles up. Before people travel for survival or to better themselves but, now people travel for entertainment, business purpose and amusement. Airship or air-ways business have become easier, faster and cheaper to travel around the globe and the airline industry such as Ryan air plays an important role in the tourism sector.

#### 1. 1 Over view of Ryanair airline:

Ryanair is an Irish low-cost, first and largest low fares airlines in Europe.

From Ryanair case study analysis (february19, 2008) it is shown that Ryanair head office situated at Dublin Airport, Ireland, and has based in London

Stansted Airport (the third-busiest airport in the United Kingdom). The late

Dr. Tony Ryan and his family have established Ryanair in 1985 with just 25 staff. In July 1985 they had launched their first route from Waterford and

London Gatwick which is operated by a 15-seat Bandeirante twin-turboprop according to About Us (1985) www. ryanair. com.

To defy the oligopoly market between British Airways (BA) and Aer lingus in Dublin-London route, the newly stabilised Ryanair obtains permission from the regulatory authorities. According to Ryanair website, (About Us, 1986) www. ryanair. com), Comparing the price of the BA and Aer Lingus lowest return fare of £209, Ryanair launched the first Dublin-London Luton flight in May 1986 for only £99. So in response to stay in the market those rivals cut down their high fares. Inspite of having three conjugative years growth in aircraft, routes and competitive price, they face a massive loss of £20m which made the company to follow the model of Southeast Airlines leads a change of its management and structure according to Ryanair website(About Us, History of Ryanair, 1990, www. ryanair. com). For getting a competitive position in Airline industry, The Ryan family put in an additional £20m in the company and change their management which is a copy of Southwest Airlines low fares model(About Us, 1990 www. ryanair. com). Thus they are going to begin their innovative management which generally based on low cost with low fare and starting first low fare business in European airlines sector. Now Ryanair offers lowest fares but high frequency flights, moving in to a single aircraft fleet type. It reduces its Dublin-London Luton flight fares from £99 to just £59 return by cutting down free drinks and meals on board. The Easter weekend seat sale fares of £59 return that launched in 1990 was overcoming customers or passengers demand. A vast of people wanted to get this demanding Easter weekend seat and It was such demanding that in

Dawson street there was more than halfway traveller's line for three days to get that bargain (About Us, www. ryanair. com).

After taking the Southwest airlines low fare model and establishing cost reduction in their strategy Ryanair is rapidly growing in airline market. Their revenue is increasing rapidly which is shown in their annual report.

According to annual report of Ryanair (2003), Revenues have risen increasingly and in 2002 revenue was € 624. 1million. After one year it was increasingly from € 624 (2002) to €842. 5 million (2003) and over the same time, net profits had increased from € 150. 4 million (35%) to €239. 4 million (59%). Thus Ryanair increasing their business rapidly and get the huge amount of profit.

Now Rianair is distinctive from their competitor. Currently introducing a fantastic team which consist more than 8000 people and it operates a massive number of 51, 100 flights per year which is more than 1400 flights per day (About Us, History of Ryanair, www. ryanair. com). By operating a fleet of 250 new aircraft which includes short to medium range, single aisle, narrow body jet airliner 737-800, Ryanair becomes the world's best budget airline (www. ryanair. com). Providing more than 1100 low fare routes from 44 bases across 27 countries, Ryanair connects 160 destinations. According to Ryanair website (www. ryanair. com), Within next 02 years before taking account of planned disposals, Rainair want to introduce 64 new aircraft in their fleet and currently it carries 73. 5 million passengers (approx) which is almost 15% {(73. 5/63. 5×100}higher than the last year (63. 5m). Safety is a most important priority for the management of Ryanair. Their commitment to deliver great safeties for their passenger and this obligation begins with https://assignbuster.com/hospitality-and-tourism-marketing-strategies/

instructing or training of Ryanair's pilot, cabin crews and maintenance human resources and includes a policy of maintaining its aircraft in accordance with the highest European Airline Industry Standards.

#### 2. 0 Marketing Concept:

Marketing is a process which helps to find out what consumers want, and then provide it for them. It is a system of business activities which is designed to plan, price, promote and distribute services to target markets, in order to achieve organization objectives. Baker (1992, p. 20) pointed that marketing " is concerned with the establishment of mutually satisfying exchange relationships in which the judgements as to what is satisfying depend upon the perception of the parties to the exchange. Basically, it involves creating the right product with right price and then putting it in the right place with the right promotion; everything is done for making customers or target market happy". Marketing is identifying the target market and satisfying customers now and in the future.

In most organizations, an analytical function, strategic direction and facilitates are tactically set to attract customers. Marketing strategy is important for every business. An effective marketing strategy can help a business to get more profit and also getting high position in competitive business market. Marketing strategy can be the life or death of a business. Having a wrong strategy, business will go down. Beginning an effective strategy is the key of success for business.

Marketing strategy is the way and compass of an organisation over the long turn. Effective marketing strategy can bring advantages for the organisation.

For creating effective strategy company always organized and proper utilized companies resources within a tough and challenging environment, to assemble whatever market needs, to fulfil what customer wants and also fulfil whatever stake holder expect. Successful strategy always examine the present situation and then set up plan which help to deal with all operational aspects needed to realize the achievement of organisational goal as argued by Jain (2000). It's a plan of action that summarizes what will be done to reach the stated objective. Jain (2000) identified the significant characteristic of strategic marketing as putting emphasis on long-term implications and monitoring the business environment, taking into consideration the corporate culture, business resources and the corporate stakeholders and varying roles for different products or markets.

Marketing Strategy deals with the proper selection of marketing opportunities to pursue, examining and analysing target market and creating a right marketing mix that will satisfy customers in the target market. It basically deals with four essential elements which include sale or promotion, product, place and pricing.

#### 2. 1 Marketing strategy of Ryanair:

Marketing Strategy is the most important business element for an organisation. It helps an organisation to identify organisations target goal and explain how organisation will achieve the target goal within a stated time frame. Generally all organisations have strategies that would maintain or enhance their competitive benefit in the market, and Ryan Air is never an exemption. There are different types of marketing strategy which is followed by organization or company to create an effective strategy, such as guerrilla https://assignbuster.com/hospitality-and-tourism-marketing-strategies/

marketing and viral marketing. Guerrilla marketing and viral marketing both are followed by Ryanair.

#### 2. 2. 1 Guerrilla marketing:

Guerrilla marketing is a marketing process hit hard, hit fast, get in, and get out and also a tactic which help to focuses on low cost, and fast-to-market, promotions. Guerrilla marketing is a marketing process of alternative ways of pursuing straight goals and an established technique of achieving profits with least amount money. The main aim of guerrilla marketing is to create a unique, appealing and stimulating idea to create buzz (buzz is used in word of marketing), and subsequently go round viral. Tom Richard (2005) pointed that with guerrilla marketing business can be able to increase the amount of traffic which comes from their business without spending a huge amount of money.

#### 2. 2. 1. 1Guerrilla marketing of Ryanair:

In Ryanair marketing strategy, they follow guerrilla marketing technique which is unquestionably winning in realistic applications, are still new, fresh and not as clearly explored academically as other marketing technique. Strategy of Ryanair based on cost reduction strategy, minimum standard of service, short haul flight, very low prices and no frills, point to point frequency, all these are designed to achieve their goal and having a competitive position within the airline market. Here I discuss some guerrilla marketing techniques of Ryanair.

#### **Cost reduction strategy of Ryanair:**

Low fares and no frills are the key elements of Ryanairs marketing strategy. Low fares are offered by Ryanair to get large amount of passenger traffic while maintaining a continuous focus on cost-containment and operating efficiencies. Strategy of Ryanair is based on cost leadership strategy, in this strategy management manage and do all value adding activities with the lowest manufacturer of product in business and attract customer with their lowest price. Cost reduction strategy helps them to gain competitive position in airline market. Lowest price help them to get many customers. Their assured aim is to divide into constituent parts of air travel and cut costs in every possible area which help them to offer lowest fare to their passenger than other competitor airlines. A particular part of passengers are targeted by Ryanair and they are just absorbed all their energy on that. Their target customers are the ones who are not capable to travel on a main or highest fare airline. Ryanair has established a relationship with consumers by using low cost product which helps them to sell additional higher-margin products and services that develop the consumer's interface with the low-cost product or service. Ryanair's strategy, achieve competitive advantage through cost leadership and differentiation across broad and narrow target market so that superior profits could be generated by charging the market average price while holding costs down and this is consistent with Porters (1985) generic strategies.

#### Being reliable:

To deliver the best customer service performance is the strategy of Ryanair.

According to the reports of Association of European Airlines (2004) Ryanair

has achieved better punctuality than their competitor, less lost bags and smaller amount of cancellations than all of the rest of its peer grouping in Europe. Ryanair achieved all these good will because they are purposeful to carry out their services on powerfully or strongly and operating their services from secondary airports which are not congested. Monthly customer service statistics for September, 2010 was published by Ryanair, substantiate that they deliver Europe's No 1 airline customer service to their passengers. For the duration of the month of September 2010, it shows that on time arriving flight of Ryanair is 85% of over 42000, fewer complaint which is 1 complaint per 2, 000 passengers and less than 1 missing bag per 3, 000 passengers was received. Ryanair are more concern about the safeties for passenger. According to Ryanair's annual report (2009), in their twenty years working history they have not had a single occurrence involving major injury to their passengers or flight crew.

#### Point to point Flight frequency:

Ryanair also provides frequent point to point flights on short haul routes and this route allow Ryanair to give frequent service. Ryan air use secondary or regional airports because this Secondary and regional airports are usually not as much of crowded than major airports which helps Ryanair to provide superior rates of on time departures, quicker turnaround times (the time an aircraft expend at a gate loading and Unloading passengers), less terminal delays, more competitive airport entrance and handling expenses according to Association of European Airlines report (2004). Point to point flying allow Ryan air to provide non-stop routes and keep away from the expenses of service for connecting passengers, baggage transfer and transit passenger

assistance costs. Faster turnaround time is an important factor for Ryanair to exploit aircraft utilisation. Association of European Airlines published " on time" performance record of some airlines in their statistics ' reports and the airlines statistics (2004). According to their statistics, for the first six months of 2004 Ryanair arrived within 15 minutes of schedule time which was 92%, on the other hand its main competitors like Lufthansa AG (" Lufthansa") 84%, Air France 84%, easy Jet Plc (" easy Jet") 82%, British Airways 81% and Alitalia S. P. A. (" Alitalia") 80%.

Building achievement in the Ireland-U. K. market and increasing service to continental Europe, Ryanair intends to pursue a manageable growth preparation targeting precise markets. Targeting specific market will have opportunities for sustained growth by initiating supplementary routes from the U. K. or Ireland to other locations in continental Europe that are currently served by higher-cost, higher-fare carriers; increasing the frequency of service on its existing routes and this are believed by Ryanair.

#### 2. 2. 2 Viral marketing of Ryanair:

According to Allen. K (2008) viral marketing is a marketing technique that employed the concept of using the social networks of other people so that they can spread and expose their business product and services. Viral marketing strategy is a strategy that encourages individual to pass on a marketing message to others, creating an ever-expanding nexus of internet users" spreading the world "pointed by Hutchison. T, Macy. A et al (2009). This marketing strategy help organization or company to pass their information by using website, video clips, e-books, brand able software, images or text messages. It also can be word of mouth.

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Some viral marketing strategy is included here which is followed by Ryanair.

#### **Straight marketing technique:**

Ryanair has been using straight marketing techniques for recruitment and maintenance of customers to widen products and services. Travel agents are not used by Ryan air so that they do not pay agency commissions.

Customers book online over the internet which helps the company to save agency fees.

According to About Us, History of Ryanair (2000) www. ryanair. com, on January 2000 Ryanair started biggest booking website of Europe which is – www. ryanair. com. This largest website helps them to reduce their cost and getting huge amount of booking. After launching the website weekly it was taking over 50, 000 booking and this huge number of booking was established within three mounts. This website also allows passengers to get the lowest possible cost hotel rooms, car hire, lowest cost travel insurance as well as cheapest rail services (www. ryanair. com, About Us, History of Ryanair (2000).

According to Ryanair website (About Us, 2000, www. ryanair. com) the weather report in Skynews gets sponsored by Ryanair, The first airline sponsoring weather news by doing this they reach to millions and thousands of people watching television in their homes and people in hotels all over the European countries. The flexibility of getting Online tickets within the wide time span from 15 days up to 4 hours which is prior to the departure of their scheduled flight. Boarding pass too can be reprinted up to 4 hours before the scheduled flight according to online booking, ryanair. com 2009.

#### **Ryanair Magazine:**

For focusing customer and creating good relation with customer Ryanair publish their monthly magazine. In their monthly magazine, it is generally described directly to the interests and purchasing behaviour of Ryanair's exceptional audience and essentials include charming destination guides, travel tour ideas, property and real estate guides, select hotel reviews, seasonal recreation guides, technology updates and individuality profiles according to www. ryanair. com (advertise with us). Their magazine provide their passenger do not need to pay too much and provide them too get cheapest travel tour, cheapest hotel etc. Ryanair also involve to do some social activities. They are donated all money whatever they raise by selling their charity magazines. Their first charity calendar was published in 2008 which features their cabin crew and it raised €75, 000 for children's charity 'Angels Quest' in Ireland (www. ryanair. com).

#### 3. 0 Public relation tactics:

In every organisation public relation strategy is very important to the success of a business. It helps to communicate with customers all over the world. Public relation (PR) is a relation between company or organization and public which provide a service for the company by serving to provide the public and the media a better thoughtful of how the company works. It helps the company to attain its full potential and provide feedback to the company from the public. This usually takes the form of research regarding what areas the public is most happy and unhappy with. Within the tourism industry, public relation is not solely the work of PR department but also the entire employees. Public relations help an organization to develop its mission and

vision and also meet customer or public needs and desires. Most times companies take some tactics to make relation with consumer which help to keep the customer coming back for more time.

Ryanair also follow some tactics to create a better relationship with customers. Statistics from Association of European Airline (2004) shows Ryanair topped the list of customer satisfaction. In customer satisfaction figures Ryanair has got the pole position by providing best punctuality, the smallest number of lost bags and the least cancellations. Ryanair's head of communications, Peter (Holiday extras, Ryanair best for customer service, 2007) said that the high fare airlines basically cannot contend with Ryanair either on price or on customer service satisfaction. Recently, Ryanair revealed that they have entered into agreements with a number of companies to present advertising space on the seatbacks and overhead baggage storage areas on their planes.

### 3. 1 Relationship marketing of Ryanair:

There have been many attempts to define relationship marketing. Berry (1983) pointed that Relationship marketing is attracting, maintaining and in multi service organisation-enhancing customer relationships which help to strengthen the relationship with customer and also transforming indifferent customers into loyal ones.

Today's competitive market relationship marketing is important to get more customers. Successful relationship marketing helps business to get loyal customer which is important for business. Ryanair has created relationship marketing with public by providing better service quality such as best

punctuality, the least lost bags and least cancelation, creating their own website which provide all information and resent news of Ryanair, publishing their monthly magazine, donating charity and sometime offering special offer. For giving special offer 1st November 2010 Ryanair announce that passengers can book their €6 seats for travel and booking their €6 seats, passenger can travel on more than 500 European destinations in December and January. If passengers want to get this offer they have to booked these seats until midnight (24: 00hrs) Thursday (4th Nov) according to Ryanair news (1st November 2010). This offer announcing by Ryanair to make relationship with their customer.

For making relationship with public Ryanair donated for charity by selling their calendar. From this calendar they got 100, 000 euro and donated this money to Dublin's Simon Community which is a charity works with homeless people in Dublin city(About Us, www. ryanair. com).

#### 3. 2 Customer loyalty tactics of Ryanair

No business exits profitability without customers, which means customers are main element for a business and business would be more profitable when they are loyal. Loyal customer is king – buy more, buy longer and tells more people. That customer who doesn't return or doesn't make partnership to the organisation or doesn't spread positive word of mouth has no value to an organisation. If any company or organisation wants to win the market place they must be customer-centered. Creating customer loyalty is important for every company and according to Reichheld (1996) greater customer loyalty brings about superior employee satisfaction and improves

returns for shareholders. Richheld (1996) identified that customer loyalty, employee loyalty and investor loyalty are the key for the success of an organisation. That means loyalty is the key element to create relationship with public.

Like every company Ryanair wants to encourage its repeat visit. Ryanair needs to drive repeat customer business which will give an extra little help to its loyal customer and at the same time boost its revenue. To maximise the number of repeat customer, Ryanair appointed the well recognised incremental revenue provider for online business-" Webloyalty" which is revealed from webloyalty news on march 2010 (www. webloyalty. com). Webloyalty has a vast experience in online businesses which work on driving repeat customer business by providing an option, named "discount scheme" to its online shopper. Customers who are booking online with Ryanair, they will have the option to join shopper discount and rewards. This offer provides passengers the option to join a 30-day free trial of "Shoppen und Sparen." It also provide year-round discounts of up to 20 percent at over 400 top online retailers and EUR15 cash back check from Webloyalty for their next Ryanair purchase after joining the program. Martin Child, managing director of Europe's Webloyalty (2010) said "this model will help Ryanair to reward its repeat customers whilst providing a revenue stream and repeat business to their web pages with minimal effort required by them to implement the programme". Sinead Finn(2009), director of commercial revenue (Ryanair), insisted "the passengers of Europe's largest low fares airline Ryanair has already save billions each year with the lowest guaranteed fares, now in partnership with Webloyalty across three European markets, even more of

our passengers can choose to join membership programs of Webloyalty and save more with ongoing discounts".

For keeping to its customer, on Thursday 20 August Ryanair, low fares airlines, has announced details of an amazing flight good deal in Bangor as well as Belfast to commemorate A-level results day (Stakeholder media news August 2009). Europe's largest low fares airline Ryanair announced that Ryanair Company will benevolent to give away free of charge flights to Alevel students. They give these free amazing flight offers for those students who have gained admission test of those colleges and universities which are situated in their five destinations from George Best Belfast City Airport to East Midlands, Bristol, Liverpool, Glasgow Prestwick and London Stansted,. This amazing offer can get those first students who can come in Major Street Bangor and Belfast at 11. 00 am to 14. 00 pm next Thursday with their Alevel results slip as well as letter of offer to the Ryanair Company. Only these students can win these free flight tickets towards university according to Stakeholder media news (2009). From Stakeholder media news (2009), Laura McCormack, management member of Ryanair said that University can be costly time for students and their parents, but the special offer of low fare airline, Ryanair's guaranteed means that guardian or parents of students as well as students can fly their house and vacation at the lowest fares. All things are done by them for keeping customer.

## 4. 0 Effectiveness Marketing strategies and Public Relation Tactics of Ryanair:

Developing and managing effective marketing strategies are important for company to achieve the broad goal and with effective marketing strategy

company can beat with other competitor which helps them to get high position in business market. Effective marketing strategy helps company to satisfy their customer and get the target market. A successful marketing strategy must be tractable. Marketing tactics are essential to create an effective strategy. Marketing tactics are the day-to-day actions that marketers undertake and involve the main marketing decision areas. This tactics help to make relationship with customer. Public relation tactics is the first step for an effective strategy. This marketing strategy helps the company to stand in competitive market and to gain competitive position in the airline market.

Effective marketing strategy and public relation tactics is a way which helps company to growing revenue, increasing profits and reducing costs.

With providing cost reduction strategy, point to point frequency, punctuality and minimum customer service now Ryanair is getting the largest low fares airlines in Europe. Revenue of Ryanair and increasing number of passenger provide that the strategy and public relation tactics of ryanair is so effective. According to About us, full year result 2010 (www. ryanaor. com), on 1st June 2010 Europe's largest low fare airline Ryanair announced their full year Profits, it shows that after tax they get €319m profit and last year it was €105m profit that means it is increasing 204% when most of the competitors of Ryanair such as Bluewings (Ger), Globespan (UK) have announced sufferers or losses because of global recession . It provide that how effective there low cost marketing strategy is!

Today customers are so concern about price and Ryanair use these things to attract their customer. Ryanair knows how to make relationship with their customer, what is their customer wanted, what is their expectation. Todays customers are kings for business so that they are always trying to make relationship with their customer by providing on time service. For making relationship with their customer Ryanair launches largest booking website which is www. ryanair. com. According to Ryanair website (About us, 1995, www. ryanair. com)by their effective strategy Ryanair achieve vast quantity of passengers in their Dublin-London route and go beyond some major airlines like British Airways as well as Aer Lingus. In Europe, Dublin-London is the major intercontinental scheduled route than other routes and Irish Airline Ryanair has turn into largest passenger airlines on their all route that is operated by Ryanair to or from Dublin. That means lowest fares, on time and high frequency of Ryanair continues to win success in every market which is operated between Ireland and the UK. Though Ryanair provide minimum services to their customer, their passenger number is increasing day by day because of their cost reduction strategy. According to Ryanair news (4th September 2010), September 2010 their passenger number is 6. 84 million and last year it was 6. 12 million, it means it is increasing more than 12%. Their biggest growing number of passengers provide that they are doing successful Airlines business in Europe.

#### 5. 0 Recommendation and conclusion:

Every organization should try to satisfy their customer by providing product and services to achieve their goal. Customer satisfaction is the main intend of the marketing concept.

Beyond any doubt, by their effective marketing strategies now Ryanair is the largest low cost airlines in Europe and achieve recognisable brand name. It can be said that their Low cost or no frills marketing strategies helps Ryanair to be able to gain huge amount of passengers. If the company cannot fulfil customer expectations then this company will go down. It can be recommended that their low cost marketing strategy is so effective. It can be said that their low cost strategy is a fundamental reason for them to get high profit. Making relationship with customer is most important to get long term business and customer loyalty is the most powerful for increasing companies advert, rising company's good will and getting more profit. But Ryanair provide minimum service, getting a position in competitive market they should think about that customer is valuable and it is recommended that they should think to increase customer loyalty. It can be said If Ryanair increase their public relation, they will get superior success and also can increase their business in competitive business world. Ryanair marketing strategy is based on cost leadership strategy that mean their main marketing concept is to cut their cost in every possible way and attract customer with their lowest fare. As their business is airlines business which depends with oil price, this oil price is increasing day by day. So, if they want to do their business, it is recommended that they should think about their price strategy and increase the price of their fare to stay in business.

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