

Marketing plan for malaysia airlines

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



We are tackling the biggest immediate profitability challenge for MAS: low yield. MAS has award-winning products and services, a competitive cost base and a load factor that is only slightly below average, but we are still losing money because our yields are lower than those of our competitors. Our plan will focus on improving efficiency and capabilities. We are also will focus on new growth opportunities. We are dedicated to the creation of a company that will be a source of pride and admiration for its employees and indeed all its stakeholders. The MAS of tomorrow will maintain its five-star product, have a competitive cost structure in the region, be renowned as being one of the best places to work in Malaysia, have closed much of the revenue performance gap to our peers and will return to profitability in the future.

2. 0 Situation Analysis

2. 1 Company Analysis

Malaysia Airlines is the government-owned flag carrier of Malaysia. Malaysia Airlines operates flights from its home base, Kuala Lumpur International Airport, and its secondary hub in Kota Kinabalu. Despite a financial restructuring exercise in 2006, Malaysia Airlines maintains a strong presence in Shoutheast Asia, East Asia, South Asia, Middle East and on the Kangaroo Route between Europe and Australasia.

MAS's non-aeronautical revenue sources include maintenance, repair and overhaul (MRO), and aircraft handling. MAS has two airline subsidiaries: Firefly and MASwings. It is one of only six airlines to be given a 5-star status airline by Skytrax. The other services offered by MAS include engineering,

hotel operations, catering, computerized reservation services, coach transportation, trucking and warehousing services, retailing of goods, and tour and travel related activities.

MAS had been suffered high losses over the years because of the fuel price increases and poor management. Malaysia's government overhauled the operations of the airline. Under Idris Jala who was appointed as the new CEO in 1 December 2005 leadership.

One of its objectives is to produce a strategic, timely creative campaign targeting TIME's readership of international travelers for Malaysian Airlines. MAS has a mission to provide safe, efficient, low-cost consumer air travel service. Our service will emphasize safety as its highest priority. We will operate the newest and best maintained aircraft available. We will strive to operate our flights on time.

2. 2 Customer Analysis

We have made a survey about customer satisfaction of MAS of sample size of 50 people which is 25 people from face-to-face survey and 25 people from online survey.

According to the results, most of the people overall satisfaction with the facial promotion package, reasonable price, availability of the product, understands customer's specific needs; speed of service provided and services are provided without mistake.

Buying a ticket of MAS is said to be high-involvement purchase decisions. Consumers may be highly involved when the product is expensive and purchased infrequently. Typically, the consumer has much to learn about the product category. Buyers of MAS will evaluate the amount they pay with the service they are getting.

2.3 Competitor Analysis

The direct competitors are Air Asia and Singapore Airlines. The indirect competitor is Star Cruises.

2.3.1 Target Market

Malaysia Airlines: MAS does provide domestic and international flight services, majority of the customers of MAS are international flight customers. It is actually shown that MAS has a certain target market with high income. There are just a few groups of people in Malaysia who can afford to pay for the cost to fly because of the high rate of airlines tickets. (-) Target market also includes business travelers. (+)

AirAsia: People whose salaries are in the middle or lower income in Malaysia. That is the reason why AirAsia always uses the low price strategy to position itself; it is always cheaper than their competitors. (+) The people who are sensitive to price. They will easily be attracted and influenced by the promotions done by AirAsia. This kind of target market will easily shift to other competitors who also offer the lowest price or do sales

promotion. They are likely to purchase the service which is economy, valuable and affordable. (-)

Singapore Airlines: The target market is domestic and international customers. (+)

Star Cruises: Target markets are local and international passengers, families, singles and older passengers (+), and income levels all the way up to the wealthy clientele. (-)

2. 3. 2 Product

Malaysia Airlines: Malaysian offers three travel classes on its international flight services including Economy Class, Business Class and First Class.

Domestic services within Malaysia typically only feature two classes (Economy and Business). MAS' premium cabins and Economy Class have won numerous awards for excellence in product and service delivery. (+)

AirAsia: AirAsia is currently the largest single customer of the Airbus A320.

AirAsia offers only economy class, with free seating and boarding time. (-)

Guests can make bookings through a combination of ways. AirAsia became the first airline in the world to introduce SMS booking. (+) The airline practices a quick turnaround of 25 minutes, which is the fastest in the region, resulting in high aircraft utilization, lower costs and greater airline and staff productivity. Ticketless service complements AirAsia's Internet booking and call centre service by providing a low cost alternative to issuing printed tickets. (+)

Singapore Airlines: Singapore Airlines Suites is a class available only on the Airbus A380. There are first class cabin, business class cabin, and economy class cabin. It has a strong brand name and is a trendsetter in the aviation industry, particularly in terms of innovation, safety and service excellence, coupled with consistent profitability. (+)

Star Cruises: Current fleet are SuperStar Virgo, SuperStar Aquarius, SuperStar Libra and Star Pisces. They offer so much more than first class dining and entertainment and are designed to meet the changing needs of today's passengers, challenging the conventional model of cruising by providing a more relaxed, resort-style cruise, complete with flexibility and non-intrusive services of the highest standard. (+)

2. 3. 3 Prices

Malaysia Airlines: If we compared with other airline companies, the cost offered by MAS is more expensive than others. As a 5 stars airline company, the costs needed for the maintenance and convenience by MAS are quite high. Thus, it will effects the real cost that will be purchased by the customers. (-)

AirAsia: Low fares, no frills. AirAsia's fares are significantly lower than those of other operators. No complimentary drinks or meals are offered. Instead, AirAsia recently introduce ' Snack Attack', a range of delicious snacks and drinks available on board at very affordable prices and prepared exclusively for AirAsia's guests. (+)

Singapore Airlines: It took high fare for specific route. Price offered for First Class and Business Class are very expensive and quite affordable for Economy Class. (-)

Star Cruises: It offered different prices for different routes and more expensive than planes. (-)

2. 3. 4 Place

Malaysia Airlines: MAS operates flights from its home base, Kuala Lumpur International Airport and its secondary hub in Kota Kinabalu. MAS operated 118 domestic routes within Malaysia and 114 international routes across six continents. MAS now flies to 88 destinations. MAS also practiced the online booking and buying. (+)

AirAsia: AirAsia flies to 12 destinations in Malaysia. One criterion for an efficient low-cost airline is direct booking via the Internet. Tickets also may be booked through AirAsia's call center, or at its walk-in airport sales stations, sales offices or preferred travel agents. (+)

Singapore Airlines: Singapore Airlines flies to 61 destinations in 35 countries on five continents. Singapore Airlines offers the most flights to international destinations than any other Southeast Asian airline. (+)

Star Cruises: Star Cruises is the third-largest cruise line in the world behind Carnival Corporation and Royal Caribbean Cruises and dominates the Asia-Pacific market and more mature markets in North America and Europe. (+)

2. 3. 5 Promotion

Malaysia Airlines: MAS launched the frequent flyer program called as “ Enrich Frequent Flyer Program” as a part of customer retention strategy. It is also promote through official website. The new branding strategy slogan is MH is Malaysian Hospitality to emphasize the hospitality of its cabin crew instead of the airline’s extensive network and its premium cabin and economy class cabin products. (+)

AirAsia: AirAsia struck an advertising deal with Time, which will have the local mobile phone operator’s logo painted on one of AirAsia’s planes. In early 2005, AirAsia announced that it would give away 10, 000 free seats on its flights to select Southeast Asian destinations. AirAsia also has advertisement through television and newspaper. (+)

Singapore Airlines: It promote itself by official website and through Youtube. It also offers F1 tour package. (+)

Star Cruises: Star Cruises promote through official website. It is seldom make advertisement through television and newspaper. (-)

2. 3. 6 Likely Future Strategies

Malaysia Airlines: MAS launch Firefly. It also expanding passenger traffic in Asia Pacific and increasing cargo traffic. (+)

AirAsia: AirAsia will venture into the cargo business. It also improve its influence in the European. AirAsia also increase its brand awareness by increase promotion and advertisement. (+)

Singapore Airlines: It will grow Asia-Pacific market and increase in trans-pacific cargo. It will expand global airlines market. (+)

Star Cruises: Fly cruise program will be intensified to capture the medium to long haul markets and provide wider marketing opportunities. (+)

2. 4 PESTEL Analysis

2. 4. 1 Demographic Environment

Population of Malaysia in 2009 was 25, 715, 819 and estimated population growth rate was 1. 72%. By the population growth in 2010, it is approximately 28. 3 million populations in Malaysia. It shows a huge market in terms of potential. It is definitely positive sign with a positive population growth rate. (+)

2. 4. 2 Economic Environment

GDP growth of Malaysia in 2010 is 8. 9% in 2nd quarter and unemployment rate is 3. 7% in 1st. As one of the company airlines, Malaysia Airlines has many connections throughout the world the world and it will give a big impact to the company if there are any changes in economy level. (-)

2. 4. 3 Social-cultural Environment

As a developing country, Malaysia has increase the number of professionals who earn more and travel much more frequently overseas. Thus, they want the services that can offer them time efficiency and good services. MAS has responded to them by offering business class ticket that offer the 5-stars services. (+)

2. 4. 4 Technological Environment

MAS also practiced the online booking and buying to make their purchasing way easier for passenger. With this online purchasing, the passengers need to fulfill their details like the destination they want to go and the departure place they want. The payment will be settling via the online banking. (+)

2. 4. 5 Ecological Environment

The world has been shocked with the wave of Influenza A (H1N1 virus) global pandemic and SARS. These situational factors have somewhat changed the perception of airline travelers to some degree by claiming that it is no longer safe to travel by air. (-)

2. 4. 6 Political-legal Environment

If there is terrorism happen in the area of Southeast Asia, MAS need to stop their flight destination for a certain time. (-) MAS characterized by government intervention and control. Due to this, fares charged in Malaysia were the lowest in the region. Foreign airlines were unable to compete at such a low fare which adversely affected the overall industry and also the profits of MAS. (-)

3. 0 SWOT Analysis

3. 1 Strength

Strong brand recognition

MAS has an established brand image in the domestic as well as the international market. The group has joined the most exclusive group of world airlines, being ranked as a 5-Star airline by the aviation rating organization, Skytrax, with just four other airlines in the world.

3. 2 Weakness

Offerings

If we compared with other airline companies, the cost offered by MAS is more expensive than others. Thus, it will affect the real cost that will be purchased by the customers. There just a few groups of people in Malaysia who can effort to pay for the cost to fly because of the high rate of airlines tickets.

3. 3 Opportunities

Launch of Firefly

Firefly is Malaysia's first community airline. MAS set up Firefly as a test-bed in managing low cost operation.

Expanding passenger traffic in Asia Pacific

MAS airlines covers several destinations in Asia, like China, Japan, India and the Middle East, where the demand for travel is high.

Increasing cargo traffic

There has been an increase in cargo traffic in South East Asian countries.

This is due to the growth of export related industries. Therefore, MAS airlines benefits from the increase in demand for air cargo services.

3. 4 Threats

Increasing jet fuel prices

The dramatic increase of fuel prices affects most airlines. It is one of the operating expenditures for MAS airlines.

High competition

MAS faces intense competition from other airlines. The airline faced major competition internationally from established airlines and new start-up operations.

Terrorism

Terrorism is leading to decrease tourism and confidence in the airlines. It might happen in many ways of terrorism either in certain countries or it might happen in the plane itself. As example, we know that Malaysia Airlines flies to 88 destinations. In cooperation with code-share partner airlines, the airline serves more than one hundred destinations worldwide. If there is

terrorism happen in the area of Southeast Asia, Malaysia Airlines need to stop their flight destination to the Southeast Asia for a certain time. It is because it will be too dangerous to the people and the whole crew as well as the plane. At the same time it will decrease the confidence in the airlines.

4. 0 Market Segmentation

A complete market analysis and segmentation will require a specific passenger and destination survey.

Business – 20%

Government and International Organizations – 10%

Regional Resident Personal and Leisure Travelers – 15%

Diaspora Personal and Leisure Travelers – 10%

European Personal and Leisure Travelers – 5%

Seasonal Holiday Travelers- 10%

The business travelers have a higher tendency to travel via full-fare MAS since the airline provides additional services such as wheel-chair assistance and in-flight telephone calls.

5. 0 Selected Marketing Strategy

MAS presence will be achieved by relying on the strategy of identifying and serving a specialized niche market well.

Media executions will utilize local media, which is highly targeted and cost effective on a cost-per-impression basis.

Air operations will be centralized and cost effective.

Reservations will be centralized and cost effective.

Marketing will be media generated to the leisure market and combined media/direct sales generated to corporate accounts.

5. 1 Product Strategy

MAS provides exceptional in-flight service from the friendly and helpful staff to the comfort provided by all classes of flights to the good quality of the airline cuisine. Extra services are provided for those with additional needs, including wheel-chair assistance and individual meals for those with special diets. Malaysia Airlines have come out with the new branding strategy slogan which is “ MH is Malaysian Hospitality”. It is to emphasize the hospitality of its cabin crew instead of the airline’s extensive network and its premium cabin and economy class cabin products. To ensure the customers are having the best service experience by all the crew and staff, Malaysia Airlines runs a training program for cabin and flight crew.

5. 2 Price Strategy

MAS offers flights throughout the world, including direct flights from Brisbane, Melbourne, Adelaide, Perth, and Sydney to Kuala Lumpur.

Malaysian Airlines offer cheap and discount flights to destinations throughout

the world, including London, Paris, New York and Los Angeles. Book your Korean Airlines flights right here. The game plan is simple enough, offer customers good service to places they want (or need) to go to, and at a fair and predictable price. Essentially, we will work from only two sets of fares (existing for market segmentation purposes) for our service:

Weekday fares, in both Value and Premium (aimed primarily at business travelers who are willing to pay a higher price to be able to go and come back during the week).

Stay-over weekend fares, in both Value and Premium (aimed more at the personal or leisure traveler for whom price is more important than traveling mid-week).

The only variations on those fares (not new fare bases) will be these:

Set, publicized discounts for early reservations and purchasing tickets in advance.

Set, publicized discounts for reserving and ticketing online, electronically.

Seasonal and certain peak-period adjustments to the basic fares or adjustments due to spikes in fuel prices and the like.

Infant and child discounts based on the original fare (up to free in the case of infants).

And possibly a stand-by fare for people who are willing to take what's available at the last minute (helps us fill seats, helps them get on a nearly

full flight, and it does not have to be radically discounted from the normal fare – probably no more than 5 percent discount – since the normal fare will be just that, a normal fare, and not some outrageously priced gouger).

5. 3 Distribution (Place) Strategy

Sales of airline tickets have historically been either direct from the airline itself or through various travel agents. Modern computer technology and communications capability are changing the mix dramatically. Travel agents once accounted for 80% of ticket sales. This channel of distribution has been one of very high cost to the airlines. Travel agent commissions at one time became the highest individual cost item to an airline. Malaysia Airlines also practiced the online booking and buying to make their purchasing way easier for passenger. With this online purchasing, the passengers need to fulfill their details like the destination they want to go and the departure place they want. The payment will be settling via the online banking. In addition to other marketing programs outlined the company will also market via the World Wide Web. We will establish our own website with reservation, purchase, and payment capability.

5. 4 Promotion Strategy

Marketing is targeted locally. The advantage of a local and highly identifiable market is that media selections can be limited in scope. The most effective media is expected to be outdoor billboards. Other media will be local spot TV on highly visible programs such as local news and sports and also local radio.

Newspapers and other print will not be used. In addition the company will employ a public relations firm for both consumer and financial purposes.