

# Strategic marketing management of turkish airlines

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



Introduction A comprehensive marketing plan for Turkish Airlines, particularly focusing on its revise, product differentiation, target markets and customer segments is vital to ensure its survival against the existing services provided by its competitors – British Airways, Pegasus Airlines and Asset. The objective of this strategic marketing management plan is to further develop Turkish Airlines market share in summer 2010 and winter 2010/11 period through marketing programs and initiatives. The task undertaken begins with overview of the company, its products for the worldwide market and competitive advantage.

In order to better understand where Turkish Airlines should focus its strategic marketing management campaign and how it would differentiate its product several analyses are made. The report also looks at the airline internal strengths and weaknesses through SOOT analysis and identifies the airline external operating environment through PEST analysis. Marketing promotions highlighted in this strategic marketing management plan serve to increase market share in the short term while the advertisements seek to increase product and brand awareness in the long term.

Finally, the report will be concluded with an overall summary of the company situation, market share and evaluation of its future marketing activities. .

General Description of Turkish Airlines THY – Turkish Airlines, Inc. Is the national flag carrier airline of Turkey, headquartered in the Turkish Airlines General Management Building on the grounds of That; ark Airport in Yeşilköy, Istanbul. It operates scheduled services to 128 international and 39

domestic cities (38 domestic airports), serving a total of 167 airports, in Europe, Asia, Africa, and the Americas.

The airline's main base is at Istanbul International Airport, with secondary hubs at Sabiha Gökçen International Airport, Adnan Menderes Airport, and Adnan Menderes Airport. In 2006, 2007, 2008 and 2009, THY carried 17 million, 19.7 million, 22.5 million, and 25.1 million passengers with total revenues of US \$2.23, US \$3.0, US \$4.5, and US \$4 billion, respectively. THY has been selected by Ashtray as providing the best economy class food services in the world and as Rupee's Fastest Growing Airline. According to 2010 data, Turkish Airlines is Rupee's 3rd best and Southern Rupee's best airline.

The airline has more than 2008. Turkish Airlines is in talks with CAT of Serbia to establish a new company instead of CAT Airways that is in debt. Turkish Airlines is currently an official sponsor of FCC Barcelona, Manchester United F. C. , Marabous Basketball Club and the Turkish Airlines Aureole Basketball. The airline also has an endorsement deal with Kobo Bryant and 2010 tennis season No. 1 Caroline Wozniacki has become the new face of Turkish Airlines Business Class and Comfort Class until 2014 and in the OPT Thailand Open. History of THY sass sass: Early years Turkish Airlines was founded under law no. 186 in ANKARA under the name " STATE AIRLINES ADMINISTRATION" as a department of the Ministry of Defense. State Airlines Administration, now Turkish Airlines, started operation with five aircraft and 23 seating capacity on August 1933. The Fleet in 1933 2 King Bird (5 seats) 2 Junkers F-13 (4 seats) 1 Tupelos ANT-9 (10 seats) In 1938, the name was changed to "

General Directorate of State Airlines” and was operated under the Ministry of Transportation. In 1945, DC-3 aircraft joined the fleet. In 1947, the first international flight was held between Ankara and Athens via Istanbul. Under the control of Tail Gender and Roman Data, the DC-3 aircraft registered as ETC-ABA took off from Ankara in the morning at 10.00 to Athens after making transfer in Istanbul. The journey lasted 2 hours and 40 minutes totally. Postwar Period The airline benefited from the postwar U. S. Assistance program to Turkey. With the help of Pan American, the fleet was upgraded with Douglas DC-4s. THY soon added to the route network were Nicosia, Cyprus; Beirut, Lebanon; and Cairo, Egypt. Domestic service remained the airline’s focus until the 1950s, however. The Turkish government reorganized the airline in 1956 under the name Turkish Airlines.

On October 1, 1956, it was capitalized at TRY 60 million. British Overseas Airways Corporation (BOAC) began supplying technical support after acquiring a 6 percent shareholding, which it held for about 20 years. The fleet was upgraded with Viscounts and Boeing 707s in the late 1950s. The company began operating its first jet, a DC-8, in 1967. This was followed by the addition of a leased Boeing 707 in 1971. Other jets operated in the early 1970s included the DC-10 and Boeing 727. Success and setbacks Unfortunately, the airline was plagued by several difficult issues. It developed a reputation for poor customer service and delays.

It also endured hijackings and suffered seven accidents between 1974 and 1983, noted Air Transport World. However, a new government came to power in 1983 which recognized its importance as Turkey’s ambassador

to the world, beginning the airline's make-over into a modern operation. It would maintain one of the youngest fleets in the world. Security was intensified, causing one shipper to compare it to Israel's El AAA, at least in terms of delays. THY built a new, state-of-the-art technical center at Hostilely Airport in 1984. It was capable of both light and heavy maintenance on a number of different aircraft type.

Technical staff then made up one-quarter of the airline's 6, 000 employees, according to Air Transport World. N 1984, the company's capital was raised to TRY 60 billion as it was classified as a state economic enterprise. Three years later, the capital was raised again, to TTL 50 billion. By the mid-Sass, THY had a destinations and three dozen international ones. The airline was Turkey's largest source of foreign currency, according to Air Transport World. Turkish Airlines operating Airbus sass in 1985, allowing the addition of flights to Singapore in 1986. A route to Brussels and New York was added in 1988.

The company posted losses in 1987 and 1988, largely due to high payments on its dozen new Airbus Assess, according to Air Transport World. The fleet also included 11 Boeing sass and nine DC-as. THY ended the decade with 8, 500 employees. The company suffered in the global aviation crisis following the Persian Gulf War and would not break even again until 1994. However, business was again booming in the mid-sass, with the greatest growth coming from North American destinations. THY launched a nonstop to New York in July 1994. The company's capital continued to be raised, reaching TRY 10 rolling in 1995.

During that year, the airline also converted three of its Boeing 747s to dedicated freighters. (The old DC-10s had been sold off. ) The company posted a \$6 million profit on revenues of \$1 billion for the year. While profitable, THY had to contend with Turkey's exorbitant inflation, making capital improvements difficult. The domestic market was deregulated in 1996, allowing new scheduled competition from charter airlines. At the same time, larger international carriers were providing stiff competition on routes to Western Europe. THY entered into marketing agreements with other international airlines to enhance its competitiveness.

The company teamed with Japan Airlines to offer service to Osaka and Tokyo in 1997 and 1998. Other jointly operated flights soon followed with Austrian Airlines, SAS, and Croatian Airlines. SAS A new terminal opened for the airline in January 2000 at Istanbul's Atatürk International Airport. Turkish Airlines continued to extend its international reach, forging marketing agreements with Asiana Airlines (Seoul, Korea), American Airlines, Malaysian Airlines, LOT Polish Airlines, Czech Airlines, and Cathay Pacific Airlines (Hong Kong) in 2000.

An Antenna-Frankfurt route was added in 2001 through a code sharing agreement with Sun Express. However, THY withdrew from the SAS-led Qualifier Alliance in order to help attract a strategic investor in its privatization. Turkey underwent an economic crisis throughout most of 2001, cutting traffic on domestic routes in particular. THY managed to survive after the September 11, 2001 terrorist attacks on the United States without a government bailout or mass layoffs, although 300 middle management

positions were eliminated, 400 part-timers were laid off, and wages were cut 10 percent.

Turkish Daily News credited the airline's survival to entrepreneurial management, which was quick to cancel loss-making routes at home and abroad. In 2003, the war in Iraq prompted Turkish Airlines to close some routes in the Persian Gulf, while flights to Asia were suspended during the SARS epidemic. However, the airline soon recovered, increasing frequencies on existing routes and adding service to India (New Delhi) after an 11-year lapse. Another fleet expansion program kicked off in 2004, helping THY maintain one of the youngest fleets in Europe.

In July, the airline announced the massive order of 36 Jets from Airbus, worth \$2.8 billion, plus another 15 Boeing jets. THY was not just ordering new planes. It was planning to spend \$350 million on a new technical and training facility at Istanbul's neutralized Sabiha Gökçen International Airport, operation, maintaining not just its own aircraft but those of third parties. Turkish Technicians employed 2,700 and was planning to hire another 2,000 by 2010. THY also had three flight simulators and offered flight training services.

Although the company was publicly traded, the government owned 98 percent of shares. The privatization program was revived in 2004 with a public offering of 20 percent of shares on the Istanbul Stock Exchange. The Turkish government owned 75 percent of shares after the offering, which raised \$170 million. THY was divesting its 50 percent holding in Cyprus

Turkish Airlines (Skibobs Turk Have Hillary) in 2005. THY faced the entry of new competitors into the liberalizing Turkish aviation market. However, tourism was booming, with 20 million people expected to visit the country in 2005 versus 12 million in 2003.

That's financial statements should be read in light of a new currency reared in January 2005. One New Turkish Lira (YET) is equivalent to one million of the former Turkish Lira (TRY). 3. Mission, Vision, & Corporate Values Mission To become the preferred leading European air carrier with a global network of coverage thanks to its strict compliance with flight safety, reliability, product line, service quality and competitiveness, whilst maintaining its identity as the flag carrier of the Republic of Turkey in the civil air transportation industry.

Vision To become an air carrier with; a continued growth trend over industry average zero major accidents/crashes cost envied service levels worldwide unit costs equating with low cost carriers sales and distribution costs below industry averages a personnel constantly developing their qualifications with the awareness of the close relationship between the benefits for the company and the added value that they contribute an entrepreneurship that creates business opportunities for fellow members in the Star Alliance and takes advantage of the business potential provided by them a staff well adapted to modern governance principles by observing the best interests of not only shareholders but also stakeholders Corporate Values With flight safety and customer service quality as its two indispensable values, Turkish Airlines acts with the awareness of being the flag carrier of Turkey. Another



important value that the airline tries to maintain on a regular basis is value for money - cheap tickets with no compromises on services provided. As the 20th Star Alliance member, Turkish Airlines took its place among the giants of the world's aviation sector, having completed an array of membership steps in areas ranging from information technology infrastructure, marketing, sales, customer service and round operations.

Turkish Airlines quality and safety have received global exposure through the Star Alliance broad network, leading to sharp increases in passenger 4.

Strategic Objectives Turkish Airlines main goal is to become the most preferred operator on flights to Turkey (and beyond) for both leisure and business travelers. Another major goal for the company is to be the bridge between the Asia and European markets through their Istanbul hub. This goal will be achieved by strong focus on transit passengers. The main objective of the strategic marketing management plan for Turkish Airlines s to increase the generated revenue in the business segment in order to secure the financial sustainability and future growth of the company and its premium product in the global market.

This will primarily be achieved in three stages; firstly by defining the market to narrow the market focus to consumers and businesses that are qualified to or are already users of business class air travel, secondly by further identifying the available market from rest of the countries not emerged yet and finally targeting the potential market for additional leisure and business travel on the route. Each segment of the market will be targeted to increase Turkish Airlines sales and improve the airlines load factors. 5. Analysis of

external competitive business environment (Porter's model) 1. Threat of New Entrants. At first glance, you might think that the airline industry is pretty tough to break into, but don't be fooled. You'll need to look at whether there are substantial costs to access bank loans and credit. If borrowing is cheap, then the likelihood of more airliners entering the industry is higher.

The more new airlines that enter the market, the more saturated it becomes for everyone. Brand name recognition and frequent fliers point also play a role in the airline industry. An airline with a strong brand name and incentives can often lure a customer even if its prices are higher. 2. Power of Suppliers. The airline supply business is mainly dominated by Boeing and Airbus. For this reason, there isn't a lot of cutthroat competition among suppliers. Also, the likelihood of a supplier integrating vertically isn't very likely. In other words, you probably won't see suppliers starting to offer flight service on top of building airlines. 3. Power of Buyers. The bargaining power of buyers in the airline industry is quite low.

Obviously, there are high costs involved with switching airplanes, but also take a look at the ability to compete on service. Is the seat in one airline more comfortable than another? Probably not unless you are analyzing a luxury liner like the Concorde Jet. 4. Availability of Substitutes. What is the likelihood that someone will drive or take a train to his or her destination? For regional airlines, the threat might be a little higher than international carriers. When determining this you should consider time, money, personal preference and nonviolence in the air travel industry. 5. Competitive Rivalry.

Highly competitive industries generally earn low returns because the cost of competition is high.

This can spell disaster when times get tough in the economy. Strengths Expanding home market economy and favorable demographic; Strategic geographic position; Substantial cost advantage over rivals; Rising market share; Star Alliance membership and close relationship with Lufthansa; Opportunities A growing market, despite the economic crisis; A popular tourism destination; Benefiting from liberalizing policies; Weakness Higher risk organic growth strategy; Massive fleet growth to fund; Under-utilizing the potential of a strong alliance; Threats Locus increasing their presence ; Currency shifts may inhibit profitability; PEST Analysts Political 50. % of the company shares - public, the rest remain state-owned ; strong political/governmental backup; Economical dynamic economy; relatively large geographical area (780, 000 sq km); increasing disposable income among its population; Sociological unique growth opportunity; population of 75 million; Technological New fleet ; e-ticketing ; e-services ; -customer care; Intended Strategies The marketing strategy serves as a foundation for the marketing plan and sets out the strategic approach that the plan will apply in reaching the marketing objectives set. Promotions like companion free offers, advanced in-flight technology and world class cuisine are all marketing strategies that Turkish Airlines competitors embrace to capture premium travelers. The airline marketing strategy therefore has to be designed to promote the airlines superior service and product at a price lower than the competitors" inferior product to attract consumers.

Once the airline, via its unique product, has established a relationship with the consumer its goal is to retain those customers by enhancing their experience through increased customer service and higher level of quality offered, as a single bad experience on Turkish Airlines will drive customers back to British Airways (and other airlines). Market Penetration (Improving In-flight services) Improving in-flight services is a major move that could separate Turkish Airlines from its competitors. Providing a different in-flight product, such as catering that influence the Turkish tradition (cuisine) and hospitality, and specific product tailored for the business travelers focusing on their needs and wants, would attract more passengers looking for enjoyable and influential travel experience. Entertainment and communication in-flight systems are major advantage of Turkish Airlines.

Market Development (Extending new routes) A great opportunity for Turkish Airlines, as the largest carrier for Turkey in the global market is to expand its presence and extend the market share by penetrating into countries with less competition. This will enable the company to draw huge amounts of traffic. Product Development (First class private suite) Turkish Airlines is one of the very few airlines in the world that implemented private suite on its long haul fleet. This is a unique product focused towards the needs of superior customers and awareness of this product in the global market will increase the passenger demand for the onward flights of Turkish Airlines from Istanbul. Cost reductions Cost reductions can be achieved by reducing the office premises and ground staff the airline use.

Focusing on online bookings, e-customer services and e-technology will be a major objective in achieving cost cuts. Thus, the benefit would be given to consumers in the way of cheaper tickets or special discounts.

### 8. Cultural Resistance

All large & complex businesses like THY have to address the need to change in the face of a rapidly changing and often hostile external environment. It is inevitable that a CEO will face some internal resistance to whatever change is proposed, regardless of the prevailing culture. The issue is the relative importance of culture as compared with other causes of resistance. Organization culture does play a key role in whether change can be implemented and managed successfully.

A business where employees are used to ongoing change and where internal communication is effective can handle significant change well, even in a hostile market environment. Similarly, employees in a business with a prevailing culture of resistance and confrontation to change will typically respond predictably during a period of major upheaval. The way in which the employer/employee relationship is managed is a key determinant of whether culture influences the degree of resistance.

### Role of trade unions:

in general, industrial relations in Turkey are much less confrontational than in previous decades, with substantially less time lost to industrial action. But not every industry is the same.

Some remain heavily unionized - like the airline industry - which increases the risk of stakeholder resistance to change.

### 9. Conclusion

Turkish Airlines market presence will be achieved by relying on the strategy of identifying and serving well both leisure and business market. Reservations will be

centralized and cost effective, by popularizing the official website of the airline. Strategic marketing will be media generated to the business and corporate accounts with combined media and direct sales focused to the leisure market. The marketing programs section of this report highlights the set of co-ordinate actions that will be implemented to meet the airlines marketing objectives and to attract existing business class travelers from competitors.