

Nok air promotion and advertising are important factors

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



Furthermore, the main objective of the airline its self is to capture and gain a larger market share from a targeted market that comprises of both normal Low cost carrier travelers, whether from existing users of the airlines or from competitive airlines, and potential from alternative transportation modes such as trains, buses, and vans that are common means form commuting to other parts of Thailand. Sales and marketing strategies especially relating to price offers are key factors in capturing additional passengers. In addition, promotion and advertising are important factors in push strategies to motivate prospects to the airline.

Nok Air's campaigns involve mobile marketing, online marketing, billboards, print media advertising as well as Television Advertising. These multi-channels of media usage allow Nok Air to reach a large number of audiences in order to capture attention to its promotions on offer and leave an impression that salience to the mind. Creatingloyaltyto the Nok Air brand is based on the airline's special service to the customers who frequently travel on the airline is a way to retain existing customers as well as attract new customers by word of mouth from existing and loyal customers.

Usage rate is also another reason of purchase intention. For those individuals who are required to travel frequently on company's business or government official business will need a reliable airline that can accommodate to their needs and offer a fare that will save them cost and time. This market survey has been also conducted by secondary data analysis, focus groupinterview, and questionnaire survey in order to find consumers insights regarding purchasing, consuming and attitude towards airlines.

Main highlights of the survey included:

- What are attitudes toward low-cost carriers and full-service carriers?
- What would be the important factors to increase customer satisfaction, customer loyalty, and customer engagement?
- What should be brand positioning of Nok Air in customers' minds?
- What are the value-added things that customers looking for when they fly domestically?
- Is the domestic flight service price sensitive?
- Which channels do customers usually go when shopping for domestic flight?
- How would you recommend promotional mix for Nok Air?
- What should be the communication message and marketing campaign for Nok Air to create customer engagement?
- What are the promotional tools to be used for generating more sales?

SITUATION ANALYSIS

The changing demographics of travel have greatly dictated the target customers for Low-cost air carrier industry. After almost a decade of its initiation, Nok Air has observed some dramatic changes in the perception of Low-cost air carriers and the fierce competition that exist in becoming the market leader in this industry. This section will detail the potential Target Market Characteristics of Nok Air with the focus on the market size, segment, share, growth, and trend.

MARKET ANALYSIS

Market Size: Thai domestic air travel market reached 13. million passengers in 2010 and expects an annual growth of approximately 5% over the next six years. This equivocates to approximately 17. 4 million passengers by the year 2017. In 2011, Nok Air projected that it had served about 4 million passengers or approximately 26% from the estimated 13. 8 million annual domestic air travelers for the year¹.

Market Segment: In order to determine the best market segment to describe individuals who fits the profile of LCC (Low-cost carrier) passengers, a build-up approach would be a suitable method of classification. This approach seeks to identify similarities or common customer needs².

Key factors in defining consumer criteria for Nok Air are Profile, Psychological, and Behavioral. Segmentation of Nok Air passengers are individuals of both sex with the age range divisible in the range of 15-24, 25-34, 35-44, 44-54, and 55+. Occupation and level of income characteristics are generally individuals who are professionals, government officials, businessmen, students, and employees in low-to-medium income group. These would be individuals who are motivated by benefits from travelling on Nok Air or the perceived value attained, whether it is based on ticketing prices or overall value for money.

Touch points and media used would be internet users as well as travel agents and ticketing counters and centers. Market Share The phenomenon of Low-cost carrier industry has changed the dimensions of air travel. The ticket

price war was the key marketing strategy for these carriers and focusing on the basic elements or “no frills” was the cost-cutting model to capture the segment whose primary objective was to commute from one destination to another safely. This swing in trend shifted the market share from the legacy carriers, as leisure passengers looked for cheaper alternatives.

Despite the growing market of domestic air travel, FSC (full-service carriers) are seeking ways to compete with its new rivals, by letting the free market economic model of price discrimination by demand and supply to dictate the ticket prices, along with sales promotion strategies that remind consumers of its brand and presence.

Figure: 1 [pic] An analysis of The LCC Capacity Share (%) of total seats in Thailand indicates an increase year-on-year from 2010 – 2012, despite a decline from 2007-2009. These figures are encouraging indicators for those who seek to rofit by becoming a player in this market as there has been a rapid increase as well as the steady eating into the market shares of the FSCs.

Currently, the two FSCs players are Thai Airways and Bangkok Airways, while Air Asia, Nok Air and Orient Thai are the three main LCCs in domestic travel.

Figure: 2 - Thailand Domestic Air Market Share as of October 2011 [pic]

Market Growth and Trends There has been a rapid expansion in the LCC and the trend shows no signs of a slow down as airlines are placing orders for new aircraft at an alarming rate.

Within the Thai domestic airlines, two new players are emerging in the market. Thai Smile, a subsidiary of Thai Airways has launched services since July 2011 with four 174-seat A320 with an objective to operate a fleet of 11 A320 by end of 2015 3, and Thai Tiger Airways an alliance with Thai Airways and Tiger Airways, are expected to take a share of the lucrative Bangkok - Chiang Mai - Phuket routes will be announcing their launch soon. Current players such as Air Asia have nearly 300 aircraft on order and Bangkok Airways a fleet of 18 aircrafts that are renewed every five years.

The key SES among Thai domestic tourists is the growing middle-class who has time, means and the inclination to travel. Domestic tourism has become an increasingly important component of the overall tourism mix and is an important role socially, economically, environmentally and culturally. The Tourism Authority of Thailand's policy of encouraging and motivating domestic tourism by providing incentives has been a key factor in the market. The TAT has also designed strategies to maintain the brand image and take advantage of emerging opportunities.

Thailand has recorded an increase of 31% in tourism receipts in 2011 over 2010 with a total earning of 776 billion baht. The country recorded 19.23 million international visitors in 2011. Figure 4 indicates the various regions of tourist arrivals to Thailand. Figure 4: International Tourist Arrival to Thailand Jan-Dec 2010 [pic] International tourist arrival does not specifically dictate the means of transport to other domestic destinations are commuted by LCCs, but it does provide a prospective on the target population sampling frame that Nok Air can serve.

Strategies can be designed on destinations that an inbound tourist would most likely visit by understanding cultural and ethnic diversities, socio-economic status and purpose of visit to Thailand of these tourists. Market Needs The primary purpose of an airline is to serve transportation needs. However, airlines cater to travelers' need by flying domestic routes, short-haul services with connectivity and transfers to other carriers via a network of hubs. Nok Air being a LCC does not provide frills and therefore only basic needs are fulfilled. However, this does not mean that quality and efficiency are neglected.

Environmental Analysis The nature of the market is where a product and service offer from a supplier is subjected to evaluation and price valuation from the consumer such that fluctuations in demand and supply are adjusted to a point of equilibrium. With the LCC market, the key issue is how the airlines can keep to a low operating margin while maintaining itself over equilibrium to strive and grow. Economically, this is generally measured in the ability to keep itself in the "black" while trying to become the market leader. Technology plays an important role in transforming this concept into a reality.

Welfare maximization is the trend of this decade and the emergence of LCCs has had an impact on the socio-economic spending behavior. There are many factors in the macro-environment that Nok Air has to take into consideration when making decisions. A social and cultural, demographic, economic, technological, political, legal, regulatory, and ethical issue needs to be defined to understand the effect on the brand's performance. Political

factors: Earlier in 2011, the government had set up policies in developing the tourism industry. These involved development of infrastructure, safety, and hygiene.

Restoration and development of natural, cultural, and historical sites while seeking to encourage investment by the private sector and local administration. The aim is to improve standards to make Thailand a world-class destination in the area of personnel standards and quality of service. Proactive marketing strategies in targeting various groups both domestic and inbound with focus on quality tourist are pursued in the field of medical tourism, international meetings, and exhibitions. Waiving visa fees for visitors from Thailand's FTA partners or those with trade and investment relations is one method of promoting this industry.

Other government value adding policies are the promotion of tourism activities include nation's bid to host international events and filming location support. Some laws and regulations have been revised to improve the effectiveness in safety and tourists' exploitation counter-measures. In summary, the objective is to promote tourism including domestic by developing tourism and tourist destinations and ensuring travelers' safety; support ecotourism, cultural tourism, medical tourism and spas with high quality and value addition.

Economic factors: Although the Commercial Bank's MLR interest rates have been steady between 7% - 7.85% per annum, the foreign exchange rate has undermined the progress of tourism in Thailand. As compared to the USD to

THB in the past five years, there has been an average gradual appreciation of the Thai currency than others in the region. Economically, it is difficult to raise prices in terms of foreign currency, and therefore somewhat uncompetitive in some areas of the tourism industry, for example hotel rates. Figure 5: For-ex [pic] The recent increase in minimum labor wages has resulted in higher inflation.

Many smaller firms have opted to lay-off some employees that they believed possessed lower qualifications than others. However, the recent flooding was a major cause of economic slowdown and the government has implemented low financing and corporate tax holidays for SMEs that were affected by the disaster Social factors: Changing social trends can have an effect on the tourism industry. This is however predominant in the aspirations and expectations of travelers to and within Thailand. Thai society shares the perception that domestic tourism development is steadily improving, but hampered by red-tape management and bureaucratic problems.

They perceive culture as a tourism product and environmental impact as a problem in which tourism industry has a social responsibility to decrease pollution. Economically, tourism is viewed positively in terms of national revenues and job creation, and modernizing society, but viewed inversely as a means of fostering a materialistic society⁵. Technological factors: Technology plays a vital role in promoting tourism worldwide. It is an efficient and effective way to reduce cost and improve quality via internet and social media network for the purpose of promotion and recruitment of potential clients.

Accurate information about tour destinations, resources, and image can be “pushed” into cyberspace and provide a channel for attractive marketing mix strategies. Customer can then gain experience and information of the trip through planning and virtual tour at their convenience. Environmental factors: Environmental factors play an important part of Thailand’s tourism industry. Change in weather pattern has a strong impact especially during the rainy seasons. The effect of this was clearly visible during October’s flooding disaster, which had one of the highest levels of tour cancellation in the nation’s history.

Global warming has made it difficult to predict or forecast a peak-season for domestic tour and operators are well conscious and concerned about environmental issues. To enforce practices, the government has placed taxes on air travel and encourages the use of NGV/LPG as “clean” fuel alternative on buses. Environmentally friendly products and processes are affecting demand patterns and creating business opportunities in the industry. Legal factors: Thailand’s Department of Civil Aviation is the government agency that has the obligations to promote, develop, and regulate the nation’s civil aviation.

The aims are to comply with international aviation standards and fulfill demands resulting in tourism promotion and national economic growth while promoting Thailand as the aviation hub of Southeast Asia. The roles and responsibilities include 1. Implementing Air Navigation Act 2. Promoting and Developing National Civil Aviation 3. Executing orderly civil aviation 4. Making airports under jurisdiction available for public 5. Coordination and

cooperating with domestic and international organization. COMPETITION ANALYSIS

The key competitors of Nok Air in the Domestic air travel market are Thai Airways (FSC), Bangkok Airways (FSC), Air Asia (LCC), and Orient Thai (LCC). There are other airlines that fly domestically such as Happy Air, Solar Air, and Thai Regional Air, but they are at an infancy stage of the competitive market of this industry. It is too optimistic to say that these new airlines are not of an immediate threat to Nok air, but their presence dictates the growing need for travel to more unexplored and unfamiliar destinations prove to be a selling point for some airlines and pose a potential competitive threat in the future.

Thai Airways International Public Company Limited (TG) - Address: 89 Vibhavadi Rangsit Road, Bangkok 10900, Thailand. Phone: 66-2-545-1000 Fax: 66-2-512-2182 Website: www.thaiairways.com. Established in 1960 Thai Airways International Public Company Limited is Thailand's national airline with both domestic and international routes including Asia, Europe, North America, Africa and South West Pacific. The airline provides transport as well as freight and mail services on all its destined flights. The company is a state owned enterprise which is controlled by the government and partly owned by the public⁷.

Its key competitors in the domestic airline market are ranked as follows:

1. Thai Air Asia
2. Nok Air

3. Bangkok Airways

4. Orient Thai Airways

Competitive Advantages: Thai Airways ranked as the low cost leadership with a huge customer base uses resources to innovate design operation which enable it to control its cost. Online growth has allowed Thai Airways to cater to a separate class of clients. Its intensive fleet of aircraft gives it an option to find the best value-to-cost in operating aircraft with relations to airport configurations. A strong management team keeps the operations running smoothly.

A well trained and managed Cabin Staff that caters to meet customer satisfaction is a key advantage of the airline. Being the national carrier, Thai Airways enjoys the largest market share and therefore a strong loyal customer base.

Bangkok Airways Company Limited (PG) Established in 1968 Bangkok Airways was Thailand's first private aviation company operated under the name " Sahakol Air".

Initially, the airline provided charter services using a two engine 9-seater plane catering only to multinational corporations in Thailand. With the rapid growth of tourism and business investment, air transportation became an important means of transport. Bangkok Airways realized the potential and in 1986 began its operations as the country's first privately-owned domestic airlines to limited destinations such as Krabi, Korat, and Surin. Presently, it

flies to 20 major routes covering nearly all major resort destinations in Thailand along with 8 international destinations.

The airline has invested in building and maintaining its own privately-operated airports at Samui, Sukhothai, and Trat; providing Thailand with additional hubs and fulfilling the increasing demand of air traffic volume.

Its key competitors in the domestic airline market are ranked as follows:

1. Thai Airway
2. Thai Air Asia
3. Nok Air
4. Orient Thai Airways

Competitive Advantages: Bangkok Airways has great regional service including its own privately owned airports in various domestic destinations.

Comparatively, it offers cheap fares on promotions with routes to popular vacation destinations in Thailand. Some routes of these routes are exclusive to Bangkok Airways, such as Samui. Bangkok Airways is also renowned for its unique boutique style in-flight service and have been awarded “ Best Regional Airline” five consecutive years. This is a good brand image for the airline.

Thai Air Asia Company Limited (FD) Address: 89/170, 19th Floor Juthamard Boulevard, Vibhawadee Road, Talad Bangkhen, Laksi, Bangkok, Thailand.
Phone: 662 315 9800 Fax: 662 315 9801. Established in 2004 Thai Air Asia is a joint venture between Malaysian LCC Air Asia and Thailand’s Asia Aviation.

It is truly a Low-Cost Carrier airline with a network of domestic and regional service throughout Thailand and Asia. It is known to be one of the most aggressive airlines with its marketing strategies based on online promotions to target price conscious consumers. Air Asia places a lot of importance on branding and its association with various and popular footballs teams in both domestic and international arena has proven to be a successful campaign.

Its key competitors in the domestic airline market are ranked as follows:

1. Thai Airways
2. Nok Air
3. Bangkok Airways
4. Orient Thai Airway

Competitive Advantages: Thai Air Asia has been able to keep a low cost in its operations based on the same principles and model of the mother flagship Air Asia. The marketing strategies are targeted at mass customers with one of the lowest air fares to any of its numerous destinations within this region. The efficiency of its workforce and multi-skilled staff has been a benchmark for other airlines to follow.

This ranges from aircrew and ground staff, to the maintenance, operations and administrative staff. The single type fleet to service the customer has made it easier for Air Asia to maintain its aircraft. Online promotions and website maintenance with secure and direct access are key factors in keeping customer satisfied and loyal to the airline. Orient Thai Airways (PG)

Address: 18 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand

Phone: 66-2-229 4260 Fax: 662-229-4278-9.

Established in 1993 Based in Bangkok, Orient Thai Airlines operates scheduled International and Domestic flights and specializes in International charter flight around the worlds. It operates domestic flights with a fleet of McDonnell Douglas and Boeing 737 aircraft type with its regular destination from Bangkok to Chiang Mai, Chiang Rai, Phuket and Had Yai. Its key competitors in the domestic airline market are ranked as follows:

1. Thai Airways
2. Thai Air Asia
3. Nok Air
4. Bangkok Airway

Competitive Advantages: Orient Thai has very few competitive advantages other than the fact that it is one of the cheapest airlines to fly with and the routes that it flies to are relevant.

PRODUCT OFFERING

Nok Air offers air travel to various destinations around Thailand with ground support transportation “ Fly-and-ride” to bordering countries as well as “ Fly-and-ferry” to many seaside resorts. Most flights to major city destinations are flown by its regular Boeing 737 jets and ATR 72 turboprop aircraft.

Nok-mini is a commuter airline that is a Sub-brand of Nok Air, but is owned and operated by Siam General Aviation, independent from Nok Air. It is however, a partnership and code sharing that has been beneficial to both

companies where Nok-mini acts as a feeder route to beautiful small towns and low traffic routes. The land transport coach Service operated by Udon Keaw Tour (Thailand) and Trans Express Co Ltd. (Laos).

Hi-speed Catamaran services are operated by Lomprayah High Speed Ferries Co. , Ltd. n Nakhon Si Thammarat and Surat Thani, while Coach and Hi-Speed Ferry Service operated by Tigerline Travel Co. , Ltd in Trang. Nok Air not only provides air transportation and commuter service, but also a travel experience.

Its affiliations with various hotels, resorts, entertainment venues, and financial institutions give Nok Air its Brand Value. Memberships and Fan Clubs provide a touch-point for existing and potential customers to be in contact with promotions, offers, and activities. One of the most popular media used is its website that offers and informs all current and forthcoming campaigns.

Members also receive information via mobile phone SMS and MMS messages as a more personal and direct sales push marketing strategy. What Nok Air can add to its product offering is that it can change its aircraft interior to make the seats more comfortable with new configurations for better leg space. In-flight entertainment can be introduced along with a sense of “ Thailand” by using traditional aromatic scent to create a pleasant environment in the cabin. Natural aromatic freshening scent has been internationally proven to have a relaxing effect.

In-flight amenities can also add intrinsic value to the product where a passenger can take along the earphone (which is rather inexpensive) that has Nok Air's logo on it as a present for themselves or for their loved ones.

Route Map Figure 6: Nok Air [pic] SWOT ANALYSIS – NOK AIR A SWOT analysis—is a review of strengths, weaknesses, opportunities, and threats--is a core requirement of any organization and essential to understand any industry. The volatile airline industry is no exception especially in the highly competitive Low-cost carriers (LCC) industry.

The objective of each airline is to maximize their strengths and opportunities while minimizing their weaknesses despite ssimilarities of the business.

Strengths – Internal origin helping to achieve organizational objectives

1. Higher number of distribution channels
2. Sthrong backup on financial, capital, and human resources
3. High level of employee quality available to the organization
4. Increasing geographical coverage in both domestic and international routes
5. Improving operational capabilities (in terms of efficiency)
6. Improving service quality
7. Brand Awareness
8. Effective in-flight space management

Weakness – Internal origin harmful to achieve organizational objectives

1. Price on product offering
2. Bad cash flow problem arising from cost management

3. Poor financial performance / profitability
4. Low customer loyalty
5. USP (Unique Selling Proposition) – ssimilar for all LCC airlines
6. High degree of competition
7. High cost of capital
8. Low experience of management team - company is 8 years old
9. Low level of advertising

Opportunities – External origin helping to achieve organizational objectives

1. Growth rate increasing by traveler with high number of booking rate
2. Government support open sky ppolicy
3. Higher Demand
4. Convenience and faster
5. Joint promotion
6. Government supports on TAT (Tourism Authority of Thailand)

Threats – External origin harmful to achieve organizational objectives

1. Other governments support low cost airline in the country
2. Large number of competitors in the Market
3. Price war with promotion war
4. Long time booking (behavior change) – Pre-booked tickets on pricing tiers
5. Payment Ppolicy
6. Confirmation Process
7. Fuel cost increasing
8. Time to time increase in airline taxes

9. New domestic hub with less convenient flight connections

(International and Domestic)

MARKETING STRATEGY

Mission To be the number one low-fare, high-value budget airline in both Thailand and Asia by being perceived by all who travel in Southeast Asia as affordable, yet offering with the best of Thai hospitality. To provide travelers with a point-to-point regional air service that is safe, reliable, convenient and true value-for-money through cost-effective operations with highest possible returns to shareholders.

Develop and motivate our people to have initiative and be highly productive.

Marketing Objectives Seeing potential in the international market, Nok Air's marketing objectives for first quarter of 2013 is based on a business plan to launch flights from Bangkok Don Mueang Airport to China, as well as several other routes that are within three to four hour range from Bangkok. Having a significantly lower cost structure than competing airlines, Nok Air has aimed to compete more effectively against Thai Air Asia and other LCCs.

Being Thai Airway's domestic LCC subsidiary, Nok Air has been able to fill the critical void in the Thai Airway's portfolio for the fast growing budget end of Thailand's international market. This move will enable Nok Air to capture a sizable market share within the region, especially with the high demand for travel from China. Route extensions along with increase flight frequencies will enable the company to grow in the market as well as create a level of brand awareness in both the domestic and international market. In

anticipation of this growth, Nok Air has procured new aircraft to its already existing fleet.

Hiring only " beautiful girls with nice personalities" in their early 20s, budget airline Nok Air seeks to " rejuvenate brand image" & " improve service efficiency. " With the current cabin crew age averaging only 26 years old, Nok Air is keeping with other airlines trend of recruiting fresh, young and good-looking faces to do the job. The objective is to cash in on the energy, enthusiasm and dedication that are normally associated with youth in order to drive service efficiency and project a better impression on passenger (Bangkok Post 8/9/2011).

The impression is a dynamic lifestyle image that meets passenger's expectations of being served by fresh, friendly, efficient staff. Financial Objectives Since its launch with an initial capital of THB500 million, Nok Air has not required any additional capital since its launch in 2004. Currently, it has approximately THB1. 5 billion in the bank. The airline has been profitable every year except for 2007 and 2008 massive fuel price hikes and falling domestic demand. However, the following year, it bounced back into surplus as conditions improved.

In 2010, it turned a net profit of more than THB600 million and over the first three quarters of 2011 a profit of THB230 million despite continuing tribulations in the oil markets. The devastating floods that closed its home base at Don Mueang Airport in the last quarter of 2011 did have an impact on Nok Air, but it managed to reach a profit of THB400 million and projected

revenue of THB6 billion, carrying about 4 million passengers by the year's end. Target Market There are various variables that a market research can assist in defining the right market segment or more likely a possible target customer of Nok Air.

A classification system of Demographic, Geographic, Psychographic, and Behavioral will enable the airline to narrow the scope and focus its resources to its target market satisfying their needs.

DEMOGRAPHIC SEGMENTATION

Demographic defines the population into groups with common variables, and targeting each of these groups to enhance the airline's performance. This can be further divided into: Gender- Nok Air has focused its marketing to both genders since it is difficult to segregate which one gender represent a larger share of the company's target market and hence both should be considered equally.

Income Level- In developing pricing strategies for fares, Nok Air has to keep to its strategy of being a LCC (Low-cost carrier). This would serve best for those in the SES of C1, C2 and D classification of Social class. A strategic move to improve and provide convenient flight timing and routes to SES B could result in an increase of market share from FSC in terms of value-for-money. The classifications are based on the occupation of the head of the household.

Grade | Social Class | Chief Income Earner's Occupation |

| A | Upper Middle | Higher Managerial, Administrative Or Professional |

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| B | Middle | Intermediate Managerial, Administrative Or Professional |

| C1 | Lower Middle | Supervisory Or Clerical And Junior Managerial,
Administrative Or Professional |

| C2 | Skilled Working | Skilled Manual Workers |

| D | Working | Semi And Unskilled Manual Workers |

| E | Those At The Lowest Levels Of | Casual Or Lowest Grade Workers,
Pensioners And Others Who Depend On The Welfare | | | Subsistence | State
For Their Income |

Age- Based on the terms and conditions indicated for the purchase of an air ticket, the permissible age for passengers travelling chaperoned on a domestic flight on Nok air must be 16 years of age.

It can be assumed that the age range of 15-55 would be best target market to focus the airline's promotional campaign on. Occupation- Nok Air's passengers would generally be individuals who are professionals, government officials, businessmen, students, and employees of a firm. However, the purpose of travel does not have a direct relationship with the occupation of these passengers.

They may be travelling on a vacation, visiting relatives, making a pilgrimage, and other personal reasons rather than on a business or government reasons. Flight schedules and destinations would be the reason these passengers would seek importance in selecting the airline that they travel

on. With Nok Air frequency and multi-destinations available, passengers have the options to select the Marital Status- The concept that Nok Air can market in this category is of the Honeymooning couples, or just married as well as for those who are married and do wish to enjoy a romantic getaway. As for those who are single, Nok Air can focus on adventure or functional aspects. The strategies would be to seek a market in eco-tourism, and sight-seeing.

However, whether single or married, the objective is to create a positive perception of Nok Air for all segments as this factor is linked to the psychological aspects and income status of an individual.

GEOGRAPHIC SEGMENTATION

Viewing from its extensive network of 20 destinations available on Nok Air's routes, it has access to a population where other airlines in the same category do not. Availability and frequency to destinations allows Nok Air to hold a competitive advantage over other airlines.

Since Nok Air is involved in the business of transporting passengers from one geographical location to another, this segmentation plays a vital role in its marketing strategies. Passenger's dependency and demand for Nok Air's service is critical to its development. Its success in strategically locating its hubs to various domestic destinations in Thailand has motivated Nok Air to expand to other areas in Asia.

PSYCHOGRAPHIC SEGMENTATION

Targeting a certain group within a population base on their lifestyle, activities and interest is the focus of this segment. The importance is in understanding consumer buying behavior by referring to their AIO (Activities, interest, and opinion). Nok Air's website is one of the medium use in gathering views and information to analyze consumer behaviors of its consumers.

Some factors that help define the population on psychographic segmentation where Nok Air has emphasized their resources on are: Lifestyle – The “Check-in of Your Choice” program allows passengers a check in process that best fits their lifestyle.

The options available are: Airport Check-in: Passengers can check-in their baggage and get their boarding pass at the airport counters. Telephone Check-in: Passengers can call in on a hotline 1318 and collect their boarding pass at the counter. This allows them to arrive just 30 minutes before departure therefore suitable for those who are pressed on time. However, the drawback is that they cannot check-in their baggage.

Web Check-in: A personalized method of allowing the passengers who are Nok Fan Club members to log in and select their choice of seats and options offered on the airline's website. Boarding pass can be collected at the airline's counter in the airport

Mobile Check-in: Similar to the online format where the passenger can use an application on their mobile phone to select a preferred seat and check-in.

Boarding pass can be collected at the airport. Check and Shop: Is a unique format only available at Chiang Mai. The process allows you to collect your boarding pass at Chiang Mai Central Airport Plaza, 1 hour (2 hours maximum) prior to the departure.

Nok Air will provide transfer service between Chiang Mai Central Airport Plaza and Chiang Mai International Airport 30 minutes prior to the departure for boarding. Activities interests and opinions (AIO) – A subset of lifestyle, activities interests and opinions also affect consumer buying behavior.

Nok Air Fan Club Privilege is a holistic approach to understand the consumer's AIO by offering a link to Nok Community through social networkingsites such as Facebook and Twitter, as well as on mobile link via Apple Apps and Android. Here loyal customers can be involved in the activities and share common interest and opinions in the community.

Values attitudes and lifestyle – Another concept which is a subset of the lifestyle segment is values attitudes and lifestyles classifying individual into the VALS framework. Nok Air can understand individual passenger profile by determining what these individuals do with the resources they had at their disposal as well as the amount of primary innovation they could accept or create. Information collected by research on passengers can help the airline design and implement new strategies in the future.

BEHAVIORAL SEGMENTATION

Bbehavioral segmentation divides a population based on their behavior, the way the population respond to, use or know of a product. Consumers'

decision making are based on factors they take into consideration before purchasing a ticket, thus these decisions are affected by their behaviors. The reasons for purchasing a ticket can be buying for occasions such as travelling during Songkran, and New Year's holidays. Another reason can be for benefit sought such as travelling for the purpose of commuting from one location to another.

The selection may be based on the marketing mix being offered or a hedonic one. Loyalty to the Nok Air brand is based on the airline's special service to the customers who frequently travel on the airline is a way to retain existing customers as well as attract new customers by word of mouth from existing and loyal customers.

Usage rate is also another reason of purchase intention. For those individuals who are required to travel frequently on company's business or government official business will need a reliable airline that can accommodate to their needs and offer a fare that will save them cost and time. This is more in line with wholesale purchasing and diverging efforts to meet customer's demand.

In line with this, Nok Air offers a Corporate customer service whereby the benefits includes fixed fares, change fee waived for change in name or date, no service fees, payment after booking is made, and a dedicated corporate hotline. The objective is to gain a larger market share from a targeted market that comprises of both normal LCC travelers, whether from existing users of the airlines or from competitive airlines, and potential from alternative transportation modes such as trains, buses, and vans that are

common means from commuting to other parts of Thailand. Sales and marketing strategies especially relating to price offers are key factors in capturing additional passengers. POSITIONING

In the term positioning for Nok Air, it refers to the customer's perception of a service in relation to its competitors in the domestic airline market. Current market position of Nok Air is that it is a no frills airline providing air transportation of passenger to various destinations within Thailand. In this respect the terms of "No-frills" is largely interpreted as an airline offers low fares but eliminate all non - essential services, such as complimentary drinks snacks, in - flight entertainment systems, and different class of seating. They operate by using limited or similar types of aircrafts to keep maintenance low and fly out of remote airports to cut overheads.

The interior of these aircrafts are fitted with minimum comfort and generally carry advertising inside the cabin to generate revenues. Additional fees are imposed for luggage and other amenities. In order to understand passenger's perception of Nok Air in relation to its competitors, a perceptual mapping of perceive value analysis between service quality and price relationship is modeled. There are three major competitors of Nok Air, namely Thai Airways, Thai Air Asia, and Orient Thai Airways. Thai Airways - Service quality is superior to that of Nok Air because of its status of being a national carrier of Thailand and is actually a FSC (Full service carrier) airline. However, they are non-competitive in terms of pricing.

Thai Air Asia – There are some distinctive advantage in service offered to passengers by Thai Air Asia in terms of optimizing call centers, touch points, and efficient online websites. The influence from the Air Asia core brand adds on to value in terms of human resource management and operational management. However, the pricing strategies are unpredictable and ambiguous at times. Orient Thai – The airline's safety and service records are inferior among all. Despite their efforts to improve their image, the airline struggles to maintain its operations and have access to limited routes. However, their commitment to improvement has been a key factor sustaining its presence in the market coupled with one of the lowest airfares on domestic routes offered to major destinations.

Nok Air's direct competitors are faced with the same elements in keeping cost low and generate enough profit by management and planning strategies. By analyzing its value chain, Nok Air can increase its margins on fares by managing its primary and support activities. [pic] Support Activities

- Firm Infrastructure: Focus on improving Accounting, Finance, Legal, and General Management within the firm.
- Human Resource Management: Recruitment, Pilot Training, and Cabin Crew Training.
- Technology Improvement: E-commerce ticketing sites having more international languages, In-flight system operating service with infomercials and music.

An improvement at the airport ground base with touch points flight scheduling system to inform passengers of the flights departures and arrival.

<https://assignbuster.com/nok-air-promotion-and-advertising-are-important-factors/>

Procurement of Resources: Aircraft acquisition that would best serve the client's needs while maintaining operational cost.

PrimaryActivities Inbound logistics: This involves aircraft scheduling to depart and arrive at prime time where passengers can conveniently optimize their stay at a destination. Seats on any particular flight are perishable resource.

Yield management allows the airline to sell its seats on flight to consumers optimizing it to a full load capacity on all flights. Route selection is another factor that will allow Nok Air to capitalize on a “ first mover advantage” and become the market leader in that geographical area. Operations – The ground staff at various hubs are vital to Nok Air's operations.

Aircraft operations, ticketing, gate operations, and baggage handling efficiencies can give the airline a competitive advantage in turning the aircraft around on its next scheduled flight. One aspect observed is the disembarkation of passengers, most of who are generally in a hurry to get off the flight once the plane stops.

Managing the plane's exit doors to disembark passengers are some ways to gain valuable customer satisfaction. While onboard, the flight attendant's positive attitude and behavior can add value to the brand as they are brand ambassadors of the airline. Outbound Logistics: Flight connection to destination via its network of alliances such as Nok Mini and other modes of transport such as land and sea, can add and impression in service value.

Also an effective baggage system of loading and off-loading displays effectiveness in operations of the airline. Marketing and Sales: Promotion and advertising are key factors in push strategies to motivate prospects to the airline. Nok Air's campaigns involve mobile marketing, online marketing, billboards, print media advertising as well as Television Advertising. These multi-channels of media usage allow Nok Air to reach a large number of audiences in order to capture attention to its promotions on offer and leave an impression that salience to the mind. Service: Extended service beyond arrival at the airport hub of Nok Air such as affiliations with car rentals and hotel accommodations.

The airline can work in conjunction with these firms on barter case basis, whereby car rental rates and hotel room rates discounts offered for passengers can be offset by airfares discounts for executives and staff of these affiliated firms. Credits can be accumulated on " points" system and exchange for transactions such as transportation and stay-over for air crew and airline staff. A perceptual mapping illustrates the position of Nok Air in comparison to its competitors.

[pic] MARKETING MIX PRODUCT / SERVICE – Nok Air provides air transportation services to 20 domestic destinations in Thailand. The main airport hub is at Don Mueang Bangkok Airport. Its destinations are: Bangkok (Don Mueang) - Chiang Mai, Chiang Rai, Hat Yai, Loei *, Mae Sot *, Nakhon Phanom, Nakhon Si Thammarat, Nan *, Phitsanulok, Phrae *, Phuket, Roi Et *, Sakon Nakhon, Surat Thani, Trang, Ubon Ratchathani, and Udon Thani
Chiang Mai – Phitsanulok, Mae Hong Son, Udon Thani**, and Mae Sot*

* Operated with aircraft chartered from Siam General Aviation (Nok Mini)

** Code shared flights operated by Siam General Aviation (Nok Mini)

Tangible Clues - since service is intangible and difficult to sell, marketers can at best convey reassurance and quality to its customers. For Nok Air, transportation is its core product. The service it provides that serves as tangible clues are the airline's physical facilities and the demeanor of its staff.

To distinguish itself from its competitors, the airline can provide several tangible clues such as food/beverage, magazines, staff uniforms, logos, color and design of the aircraft, and flight bookings. Service – there are two types of services involved in Nok Air's operations being ground services and in-flight services. Convenient airport with car parking facilities, transport to the airport, efficient baggage checking, and efficient service at reservation counters are some of the factors that define on-the-ground services. These attributes are primary touch points where passenger's initial perception of the airlines is conceived and relates back to the brand equity of Nok Air. Once inside the aircraft, the airhostesses are the brand ambassadors of the airline.

Nok Air's well trained flight attendants have the responsibility of providing polite, warm and courteous service to its passengers. This momentum is transitioned to the representatives at the baggage counter, and Nok Air's passenger assistance counters as an augmented product/service to develop customer loyalty towards the brand. PRICING – Based on the SES of the

passengers, pricing plays a vital role of Nok Air's marketing strategy, since the airline bases its image by classification of being a "Low-cost carrier" and is judged whether the product/service offered is fairly priced. Thai Airways brand image alone is sufficient to justify its premium pricing base on seating "class" on the air fares.

Whereas, other airlines like Thai Air Asia, Orient Thai, and Nok Air all identify themselves as Cheap-value pricing or even Low-cost pricing, but rather project themselves as Value-for-money pricing airlines. The intention of value for money pricing is to charge an average price for the fare and emphasize excellent value for money on the fare. This establishes a reputation and enables the airline to achieve good levels of profit margin. However, during a certain period, the intrinsic concept is to undercut the competition and prices are used as a tool to attract passengers to purchase based on seasons. The current world economic crisis and the recent flooding in 2011 have had an impact on the local economy.

All airlines are competing to set prices at competitively low levels to attract customers. Nok Air's strategies are in line with the basic pricing models of LCC. These cost cutting measures comprises of: High aircraft utilization – Keep aircraft flying commercially as much as possible and at the fastest turnaround time as possible. Airline makes money when its aircraft is flying and not parked on the ground. No frills – Any and all luxury items and services are considered frills and that the airlines by rendering a fee to the airline, the passenger will only then have access to these items. They range

from food and beverage, seating, paperless ticketing, non-refundable policy, and no loyalty program.

Streamline operations – includes limited types of aircraft used so that there is specialization in the pilot, crew, and ground operations. Single class seating on all flights and Standard operating procedures are ensured to create homogeneity of service. Most of the prices offered by Nok Air are based on the pricing tiers structure. This structure is a time value relationship for seats. The first few tiers are target to value conscious passengers looking for extremely cheap tickets by booking early. The mid-tier passengers are those who book moderately early but pay a higher price and the top tiers are the passengers who pay the most because they purchase the ticket at the last minute.

PLACE – There are four method of distributing airline tickets: Consolidation – sales of ticket at airline counters Tour Operators/Travel Agents – customers approach their travel agents to book tickets for them. The tour operators take a commission from the airline. Affiliated with companies – Airlines gets affiliated with companies on corporate fares and provides a discount on the bulk buying Direct Sales – through home lease systems which are telephone, fax, emails and online booking. LCC Airlines keep their distribution system simple as possible and this is possible with the use of internet technology which can be remotely operated even at the most deprived of locations.

PROMOTIONAL MIX – Since consumers have become aware of the competition among LCCs, they anticipate and appreciate the vvariety of

marketing efforts that are in place to entice them to use the specific airline's service. In the times of credit crunches, the airlines seek ways to be most efficient in saving cost while eliciting the most from the IMC programs they have to optimize outcomes. There are numerous ways that Nok Air can reach these consumers, and some of the most common ways are: Advertising – Creative advertising campaigns are the most common way to get the message and promotions out to a large audience. Telecast and print media are important channels for promoting the air business.

Since advertising is expensive, the marketer needs to be mindful of the timing and opportunities when it arrives. Advertising during peak seasons can attract potential client to switch to Nok Air, and the airline have to select appropriate theme for the advertisement; for example beach getaway destinations for the summer season. Publicity – This process of persuasive communication where the public relations officer provide the media people with information of the airline's promotion and set up a press conference, dinners, meetings, and get together, to gain wide spread telecasting through news and promotional channels. The objective is to get favorable news of the airline.

Sales promotion – By providing additional incentives to travel agents and tour operators who are the front line of Nok Air's sales promotional effort, the airline's campaigns are focused and on target with the right segment. This direct communication allows the consumer to interact with the promoters and get valuable information about the offers to these individuals to persuade in decision making process. The air ticketing counter is another

channel where the airline's own personal can motivate the consumer to pick up on the offer before purchase. The value added promotion can be in the form of alliance with Nok Mini, Hotels, Banks, Credit Card Firms, and Car Rentals. Word of Mouth – Satisfied customers are the best promoters of the brand. They act as opinion leaders and inform the merits of the airlines to their peers and associates.

Nok Air's best and most reliable promotional strategy would be to keep customers loyal to the airline and should design ways to reward them for their referrals. PEOPLE – In this industry, the airline staff comes in contact with the customers in the course of production and consumption of service. The duties of the Human Resource department of Nok Air to select, provide training, and motivate its employees since these employees are ambassadors of the airline. Their initiative, competence, responsiveness, problem solving ability, caring attitude, and goodwill are the impressions that create customer satisfaction to the airline. The air stewards are the people who are in contact with the customers.

Their physical presence reflects the airline image to the customers although it varies in degrees and the nature of service. The passengers expect a pleasant and polite service from these individuals who are in high contact with them and therefore their appearance plays a tangible dimension of quality. The air-crew such as the pilots possesses technical attributes in operating the aircraft and safe journey. Another ancillary service are the travel agents, tour operators, and sales counter personnel who help create the service of exchange but not in direct part of the service. There are

without a doubt other employees and staff of the airline that makes the operation and management efficient and effective. It is essential to have the right people on the right job.

Inspiration and motivation for these employees are critical for the organization to operate in this highly competitive environment and their loyalty to Nok Air is an asset to the airline. **PROCESS** - Is the flow of service from the decision makers to the ultimate buyers. This is the involvement of channels, front line staff, travel agency offices, and tour operators. The process begins from the reservation of seats by means available to consumers such as telephone, internet, or personal booking till the minute they depart the airport. In some instance, the post-purchase service is involved. The process starts with information in the reservation system and managed via a large network of computers that allows the reservation to be instantaneously monitored and confirmed as required in the system.

The terms of the booking is also indicated so that the passengers are aware of the limitations and conditions of the ticket as well as options and benefits included in the purchase such as exemptions of cancellation fee and changes in seat reserved. Facilities at the airport such as check-in counters, flight information, and baggage handling helps to contribute perceived value in quality serviced that transfers to customer satisfaction. While in the aircraft, satisfying meals and entertainment along with amenities distributed are part of the total process in delivering quality service and increasing brand equity. **PHYSICAL EVIDENCE** - Is the point where service is delivered and interactions occur.

The aircraft itself as well as the in-flight food are physical evidence of the airline service. This is experienced in the ways the airline configures the seats so that passengers can experience a comfortable flight although the category of the airline is that of LCC. While on the ground, booking office, ticketing counters and even the aircraft when parked, can create a good impression as a physical evidence of Nok Air. The overall designing of the booking office, the check-in counter, the domestic lounge, and the aircraft exterior appearance is used to trigger the customer's experience of Nok Air. If the experience is a favorable one, the brand benefits by association to these physical environment.

Don Mueang Airport is the base airport of Nok Air despite the fact that its Bangkok's secondary airport. However, Don Mueang airport is cheaper than the main airport at Suwarnabhumi and are generally less congested therefore making the turnaround time lots shorter. Flight transfer service is not offered at Don Mueang and Nok Air can only offer advice to passengers seeking to board a connecting flight to board a shuttle bus, catch a taxi, or have someone pick them and drop off at Suwarnabhumi International Airport. Nok Air also has acquired an area in Don Mueang Airport for a playground for " Kids" as a place to entertain them before boarding the aircraft.