New marketing strategies for airports
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AIRDEV Seminar
IST, 20 October 2011
Outline

Introduction

What is marketing?

Marketing frameworks

Four P’s Framework

Non-aeronautical business units

Marketing Strategy Tactics

Next Steps

Questions
Annual Passengers Per Year
World Airlines 2008

Passengers (000)

0 500.000 1.000.000 1.500.000 2.000.000 2.500.000

Airport Marketing Timeline

- First record of “marketing” (1884)
- First Airline (1909)
- Marketing as standard practice (1915)
- Emergence of Airport Marketing (1993)
- Industry Acceptance (2001)
What is marketing?

“A coordinated, integrated, and formal process of managing the marketing mix in relation to a clear set of measurable objectives. Furthermore, this process is captured in a formal document or plan” (Coviello, Brodie and Munro 2000).

“Marketing Mix” (Borden 1984) “elements of the mix and the forces that bear on the mix”.

“Marketing deals with identifying and meeting human and social needs. One of the shortest definitions of marketing is "meeting needs profitably."” (Kotler and Keller 2006).
What is marketing?

“Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.” (American Marketing Association 2011b).

(Airport) “Fundamental step for establishing new “rules of conduct” and later implementing them in a consistent way” (Jarach 2005a).

“Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably” (Shaw 2007).
## Marketing frameworks

<table>
<thead>
<tr>
<th>TDIN</th>
<th>Holistic</th>
<th>Four C’s</th>
<th>Four P’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction</td>
<td>Relationship</td>
<td>Concept</td>
<td>Product</td>
</tr>
<tr>
<td>Database</td>
<td>Integrated</td>
<td>Cost</td>
<td>Price</td>
</tr>
<tr>
<td>Interaction</td>
<td>Internal</td>
<td>Communication</td>
<td>Promotion</td>
</tr>
<tr>
<td>Networking</td>
<td>Social Responsibility</td>
<td>Channel</td>
<td>Physical Distribution</td>
</tr>
</tbody>
</table>

**TDIN**
- Transaction
- Database
- Interaction
- Networking

**Holistic**
- Relationship
- Integrated
- Internal
- Social Responsibility

**Four C’s**
- Concept
- Cost
- Communication
- Channel

**Four P’s**
- Product
- Price
- Promotion
- Physical Distribution
<table>
<thead>
<tr>
<th>Product</th>
<th>Primary Hub</th>
<th>Secondary Hub</th>
<th>Regional/ Business</th>
<th>Low Cost</th>
<th>Cargo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Close to city</td>
<td>More remote to city</td>
<td>Regional tends to remote, Business close to city</td>
<td>More remote to city</td>
<td>Varies but tends to be more remote</td>
</tr>
<tr>
<td>Flight Frequency</td>
<td>Higher</td>
<td>Medium</td>
<td>Lower</td>
<td>Higher</td>
<td>Higher</td>
</tr>
<tr>
<td>Level Non-Stop Flights</td>
<td>Higher</td>
<td>Lower</td>
<td>Varies</td>
<td>Higher</td>
<td>Higher</td>
</tr>
<tr>
<td>P-to-P/ Connecting</td>
<td>Enables connecting</td>
<td>Point to point</td>
<td>Varies</td>
<td>Point to point</td>
<td>Point to point</td>
</tr>
<tr>
<td>Fare</td>
<td>Higher</td>
<td>Lower</td>
<td>Varies</td>
<td>Lowest</td>
<td>NA</td>
</tr>
<tr>
<td>Retail Prominence</td>
<td>High</td>
<td>Lower</td>
<td>Lower</td>
<td>Lower</td>
<td>None</td>
</tr>
<tr>
<td>Capacity</td>
<td>Constrained</td>
<td>Available</td>
<td>Available</td>
<td>Varies, tends to available</td>
<td>Varies</td>
</tr>
<tr>
<td>Congestion</td>
<td>Congested</td>
<td>Uncongested</td>
<td>Uncongested</td>
<td>Varies, more uncongested</td>
<td>NA</td>
</tr>
<tr>
<td>Operating Hours</td>
<td>Night curfew</td>
<td>24 hours</td>
<td>Varies</td>
<td>Varies</td>
<td>24 hours</td>
</tr>
<tr>
<td>Quotas</td>
<td>Yes</td>
<td>No</td>
<td>Varies</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Service Level</td>
<td>Higher</td>
<td>Lower</td>
<td>Lower</td>
<td>Lower</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>Primary Hub</td>
<td>Secondary Hub</td>
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</tr>
<tr>
<td><strong>Price</strong></td>
<td>Fees to Airlines</td>
<td>Higher</td>
<td>Lower</td>
<td>Lower</td>
<td>Lowest</td>
</tr>
<tr>
<td></td>
<td>Level of Importance</td>
<td>Lower</td>
<td>Higher</td>
<td>Higher</td>
<td>Higher</td>
</tr>
<tr>
<td><strong>Promotion</strong></td>
<td>Facilities to connecting traffic</td>
<td>Facilities to airlines and passengers</td>
<td>Awareness to airlines and passengers</td>
<td>Closeness to city (business) or proximity to several areas (regional)</td>
<td>Low fares, destinations, low costs for airlines</td>
</tr>
<tr>
<td><strong>Physical Distribution</strong></td>
<td>Level of Importance</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Highest</td>
</tr>
</tbody>
</table>
Source of Non-Aeronautical Revenue 2006

- Retail: 22%
- Property: 19%
- Car Parking: 18%
- Car Rental: 6%
- Advertising: 2%
- Other: 33%
<table>
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<tbody>
<tr>
<td>Marketing Support System Plan</td>
</tr>
<tr>
<td>Service Quality</td>
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<tr>
<td>Branding</td>
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<tr>
<td>Consumer Marketing</td>
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<tr>
<td>Airline Marketing</td>
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## Marketing Strategy Tactics

### Airline Marketing

- Modify facilities or services
- Promote a recognized brand
- Target airlines for new or existing routes
- Provide and present market research
- Lobby for the removal of obstacles
- Use strategic marketing partnerships
- Offer flexibility on pricing
- Develop joint advertising or promotions
- Provide travel planning support to passengers
- Improve management processes
Airport Evolution
Next Steps

Further refine aeronautical four P’s framework

Develop framework for non-aeronautical business units

Continue to collect marketing strategy tactics and market research tools
Questions?
New marketing strategies for airports

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