

IAC2206

Introduction to Airline Marketing



SWOT

SWOT (strengths, weaknesses, opportunities, and threats) analysis is a method for identifying and analyzing

- internal strengths and weaknesses
- external opportunities and threats

that shape current and future operations and help develop strategic goals.

Strengths

What do you do well?

What unique resources can you draw on?

What do others see as your strengths?

Weaknesses

What could you improve?

Where do you have fewer resources than others?

What are others likely to see as weaknesses?

Opportunities

What opportunities are open to you?

What trends could you take advantage of?

How can you turn your strengths into opportunities?

Threats

What threats could harm you?

What is your competition doing?

What threats do your weaknesses expose to you?

SWOT Analysis

Strengths



What do you do well?

What unique resources can you leverage?

What do 3rd parties see as your strengths?

Opportunities



What market opportunities are present?

How can you leverage your strengths?

What trends can you take advantage of?

Weaknesses



What needs improvement?

What do competitors do better?

What resources do you lack?

Threats



What is your competition currently doing?

Do your weaknesses expose your business?

What threats can hurt your business?

SWOT and PEST Analysis in Business

This slide is 100% editable. Adapt it to your needs and capture your audience's attention.

S



STRENGTHS

- Advantages
- Capabilities
- Add Text Here

W



WEAKNESS

- Disadvantages
- Vulnerabilities
- Add Text Here

O



OPPORTUNITIES

- Chances
- Developments
- Add Text Here

T



THREATS

- Obstacles
- External effects
- Add Text Here

P



POLITICAL

- Government
- Stability
- Add Text Here

E



ECONOMIC

- Economic
- growth
- Add Text Here

S



SOCIAL

- Income
- distribution
- Add Text Here

T



TECHNOLOGICAL

- International
- influences
- Add Text Here

Airline Industry SWOT Analysis



UKEssays. (November 2018). Airline Industry SWOT Analysis. Retrieved from <https://www.ukessays.com/essays/tourism/a-swot-analysis-of-the-aviation-industry-tourism-essay.php?vref=1>

Strengths

- One of the strengths of an organization in the aviation industry is the **growing income levels**. The growth in individual incomes increases the amount of disposable income and hence many people are able to utilize the carriers to fly to their destinations
- **Growth in tourism is also a major strength** as it has led to a significant increase in the number of domestic and international passengers with statistics indicating a 50% growth in the number of domestic flyers and a 25% increase in the number of international flyers.

- Despite the downturns, air travel has continued to grow over time and is one of those industries that are far away from reaching their peak. This can be partly attributed to the **ever growing population and the increase in the propensity of people to fly**. With efficient management, an organization in the aviation industry is guaranteed to grow into a big and profitable enterprise.
- Air travel has a marked safety record and has been generally accepted as a **safe and fast way to travel**. Even the low cost growing airlines have safety and speed attributed to them and therefore, a small growing airline shares this strength with big and recognized brand names in the industry which is quite an advantage. Airline staff consists of highly trained personnel, which is a major strength, to any organization in the industry.

Weaknesses

- **The development of infrastructure has been very slow** thus unable to keep up the growth of the aviation sector. A growing airline should give priority to investing in infrastructure by constructing state of the art airports with adequate runways and ample parking lots for passengers. It should also invest on routes leading to the airports to help reduce passenger delays due to traffic.

- Airlines have been known to have **a very high 'spoilage' rate in comparison with other industries.** Once a passenger misses his/her flight, the income/revenue from that seat is lost.

In order to avoid or minimize this occurrence, the airline should establish a method of contacting all the passengers prior to departure to remind them of their flight. There should also be a larger time window between the boarding time and the departure of the airbus to cater for those passengers who arrive late for their flights.

- **Aircrafts are very expensive and running an airline requires a very huge capital outlay.** For this to work to the advantage of the airline, proper marketing strategies are required, and careful planning to ensure that returns on investment are greater than the initial investment.
- An airline may find it **very difficult to compete with other carriers due to their low fares.** To survive this, the organization can lower its fares but ensure that they are in balance with the returns to avoid losses. Extensive advertising campaigns on quality can also give it an edge over the low cost carriers.
- **Airlines have to maintain a huge work force which is spread over an outsized ecological area and which requires constant communication and monitoring.** For this to work to its advantage, extensive evaluation of the personnel is required to ensure competence and also the ability of the workers to work under minimum supervision

Opportunities

- The **aviation sector is ever growing**, and there is an **increasing number of stakeholders in the industry willing to invest in air travel**. An airline can take this opportunity to increase its capital base so as to be able to enjoy large economies of scale.
- In aviation, an **airline can introduce mailing services** for delivery of mails and parcels across the globe. It can also introduce special fare packages for those travelling to certain destinations for pleasure or business.



- Technological advancement and investment in information technology can help an organization to minimize its operation cost. An airline can rely on information technology to offer more customers friendly services and also provide customers with other services like internet while travelling which would make them pay more for the services hence increasing the profit margins of the organization.
- The organization should evaluate end user response to its services to gain information on what areas of its services to improve. This would go a long way in helping the organization acquire new customers as well as retain its old ones who are satisfied with the services being offered.

The organization can expand and cover a larger geographical area. Having a large customer base would increase its profits. For example, a less expensive fuel supplier would greatly minimize the operation cost of an organization in the aviation industry. The airline can also retain its suppliers but negotiate for better deals with the aim of increasing its profit margin.

Cutting down on delays is very important in the aviation industry. Minimized delays would mean less refunds and minimal compensation due to inconveniences made. It would also help the organization to gain the customers trust thus establishing itself as a carrier of choice for many travelers.

Threats

- Travelling for leisure and business is greatly impacted by the global economy. **A downturn in the global economy** means that less people are likely to travel for pleasure and to do business. This leads to low income to the airline during this period. To minimize the effect of this, the organization should devise a mechanism of lowering its operation cost to the minimum possible levels to avert possible losses due to its operating costs exceeding income.
- Some **government legislation** can also be a major threat to investors in the aviation industry. Intervention by the government can come with its rules which are very costly to adhere to and also competition from unexpected quarters, for example, from international airlines due to liberalization of the market.

- **Air travel is very vulnerable to environmental changes.** Heavy storms are detrimental to flight schedules, for example, the crashing of an aircraft. To minimize the effect of this, the airline should ensure that it is well insured against losses resulting from these weather changes. There should also be an insurance cover for its passengers.
- **Air travel has a seasonal demand** especially where the largest percentage of travelers involves those travelling for leisure. In this case, the highest demand is likely to be during international holidays like the Christmas season and a significant decrease in demand midway through the year. To ensure that there is no considerable drop in customers during the off peak seasons, the organization can come up with a method of encouraging people to travel during this period by, for example, lowering the travelling rates, offering discounts and special travelling packages.

- In recent times, **air travel has been a target to terrorists**, and this has had a very negative impact on the airlines themselves. Frequent fliers have been scared away, and the airline industry has lost a considerable number of customers. To gain back the lost confidence, an organization should carry out an extensive campaign meant to assure customers of their safety when travelling using their airline.
- Over the next few years, huge investments are expected to be made in the aviation industry. New airlines are likely to crop up and this will lead to a strain on the available pilots, and airport staff. This will be a **limiting factor to the continued growth of the airline**. To prevent this, the airline should start training its own pilots and airport staff. This would in future give it an advantage over the other airlines which would be experiencing a shortage of the same. The airline can therefore, transform this threat into an opportunity by selling some of its staff to the other businesses for a profit.

- With the increasing number of airlines and aircrafts, there is likely to be a marked **shortage of airports and airport facilities**. The airline should therefore, invest heavily in its own airports and ensure that they have ample parking bays for its aircrafts.
- The organization also faces the threat of **being vulnerable to attacks by its major competitors**. It should therefore, have all the mechanisms of counteracting this in standby so that it does not fall to accusations from other airlines

- The greatest hurdle facing many airlines today is **high fuel prices** the airline should ensure that it has its own fuel reserve so that it is not immediately affected by the changes in fuel prices as it will have time to adjust while relying on its fuel reserves. With its own reserve, it can benefit from this threat by providing that much needed resource to its competitors at a large profit margin.

Strengths

Well regarded in the industry
Established strategic alliances
Lots of social media likes/followers
High ratings on review websites
Strong international brand
Positive attitudes to the brand
Clear positioning
Strong relationships with influencers
Operating in growing markets
Good local market knowledge
Clearly defined and successful strategy
Strong share-of-customer
Good understanding of the customer journey
Effective CRM program
Attracting many new customers
Good corporate culture
Solid financial reserves
Beneficial economies of scale
High service levels
Access to a customer database

Opportunities

Promote an "environmentally-aware" corporate image
Introduce new, modern technology and/or systems
Government de/regulation
Work closer with key channel partners
Expand our use of social media platforms
Position our brand as the market leader
Increase our corporate social responsibility image
Build our brand internationally
Build relationships with influencers
Broaden our geographic reach
Add increased product augmentation
Improve offering to increase net promoter scores
Develop and implement a loyalty program
Develop and implement a CRM program
Attract new customers through special offers
Work to generate cost efficiencies
Develop a customer relationship culture
Leverage our big data
Create appropriate outsourcing partnerships

Weaknesses

Strong existing competitors
Significant price-based competition
Cost disadvantage
Poorly regarded in the industry
Poor/no outsourcing partnerships
Poor social media engagement
Poor ratings on review websites
Perceived as a me-too player
Many negative attitudes to the brand
Operating in markets with fluctuating prices
Cannot access emerging market segments
No distinct product features
Reducing customer lifetime values
No structured CRM program
Low levels of customer satisfaction
High level of customer turnover
Poor service levels
Tight profit margins
High cost structure
Poor service levels

Threats

Declining economic conditions
Foreign exchange risk
Oil/energy costs
Terrorism and impact
Competitors providing more "value add"
Being under-priced by more efficient competitors
Increase in supplier costs
Poor brand fit to international markets
Negative attitudes to the brand
Poor ratings on review websites
Key competitors gaining market share
Expensive CRM program
Weakening customer relationships
Consumers becoming more price sensitive
Rising fixed costs
High debt levels reducing profit potential
Poor service culture

DELTA Airlines SWOT

Strengths

- **The massive number of aircraft:** They work with around 750 aircraft, which is a huge number and many local and regional carriers. It is one of the biggest and most significant strengths of Delta airlines.
- **Delta Airlines is famous among customers:** The company's brand value can play a significant role in the further success of the company. Due to its high brand value, it should not worry about losing customers to old airline companies and its newer competitors.
- **Mergers and alliances:** Delta has agreements with a maximum number of airline companies like Czech Airlines, Korean Air, Virgin Atlantic, and more. These international alliances are one of the most important strengths that Delta has kept a hold on.
- **Economic stability:** Through their years of working in the same industry and through all the ups and downs they have gone through as a company Delta has a splendid way of keeping its finances stable and clean. This strength helps them keep out of any mess caused by economic issues within the company.



Weaknesses

- **Significant focus on one particular business segment:** It is good to have a focused parameter for a successful business. However, in the long run, that might not be the case. Delta has spread its wings to many international cities, but it is not enough because it will focus only on the North American market. Delta needs to focus on more areas to increase its profit.
- **The dwindling workforce:** The company might have successfully increased its sales and profit. But its workforce has dwindled a lot over the years, and not having enough workers for a big company like Delta can be a significant issue.
- **Airbus A220 and problems with it:** A significant controversy was raised focused on the engines of the aircraft Airbus A220. After some point, even the FAA decided to share guidelines concerning these aircraft. Delta possesses many of these aircraft, and if it fails to take care of the engines.
- **Palpable tension with the Marketing Department:** Even though Delta is not facing any problems regarding its sales, it is still visible that the company seriously lacks marketing ideas for its products. If Delta successfully makes proper marketing decisions, its sales will increase even more than they currently are.

Opportunities

- **Marketing based on social media:** With the help of social media marketing, a company can do things that the traditional form of marketing could never allow them to achieve. It includes interactions with its customers, and Delta is getting the opportunity to be part of this practice.
- **MRO:** Delta has a division for Maintenance, Repair, and Overhaul. It can make this department into something that provides maintenance services worldwide.
- **Generation Y:** Recent statistics have revealed that generation Y is the biggest spender on airline services. So, Delta must come up with specific rewards and discounts for this generation to be more popular among this generation.
- **Expand its market:** Delta primarily focuses on the US market. Thus, it has opportunities to expand its market in other countries. It will help them to have higher sales opportunities and more success.



Threats

- **The pandemic:** The pandemic has played a fundamental role in destroying the hard-earned success of the company, and the recession following the pandemic is a significant threat as well.
- **Investment over regulations:** Heavy regulations are making the airlines spend more on taxes and other regulatory issues, thus, increasing the cost.
- **Competent substitutes:** In an industry like the airline industry, the competition is stiff, and you need to know what you want to give your customers to make them happy. Similarly, Delta has considerable competition. Moreover, it needs to know how to deal with them to have a successful business.
- **Higher production cost:** With the increase in fuel and oil prices, the production price too increased. It might increase more due to the present recession and economic crisis worldwide after the pandemic.

- <https://mybestwriter.com/swot-analysis-of-an-airline-operations-and-marketing/>