

Marketing (Qantas)

Interdependence with other key business functions

- Finance at Qantas depends on marketing to generate funds. Qantas's marketing strategies like new lounges, new check in facilities and new carriers flying into asia are expensive and need to be funded. The strategies are judged using financial criteria like sales, market share and profitability analysis
- Marketing is aligned with Human resources at Qantas in developing job descriptions and designing training programs. Staff must be employed that can satisfy customers
- Operations may contain marketing by establishing physical limits such as the scheduling of flights and the rollout of new initiatives. The use of marketing strategies like sales promotion and advertising can help boost sales in non-peak times to get smooth operations at Qantas

Marketing process- market research

Qantas uses market research to gather and analyse information to help it make appropriate marketing decisions. Market research at Qantas follows a logical series of steps:

- the first step in the market research process is identifying information needs. E.g customer need, attitudes
- The second step is to identify and select the data source. Primary data includes ongoing surveys of passengers in-flight, mail based surveys, complaint monitoring and discussion with customer contact staff such as cabin crew and lounge staff. Secondary data includes government statistics, airline magazines and reported interviews with competitors' executives. A 2010 choice survey, based on things like cost, in-flight service, seat comfort, baggage allowance etc rated Qantas third and Jetstar fourth as Australia's best domestic airline.
- The final step is to analyse and interpret the data. For example, Qantas replaced its cold food boxes with hot breakfasts and dinners and a choice of menus for business class travellers after the results of a customer survey.

Marketing objectives

Qantas' main marketing objective is to build 2 leading complementary brands, Qantas (premium airline) and Jetstar (Low fares). In 2014 its marketing objectives are to:

- increase sales and decrease costs
- Maintain Qantas/Jetstar's combined domestic market share of 65%
- Match capacity with demand sustaining loads around 80%
- Continue to grow Jetstar Asia
- Increase customer service standards
- Enhance complementary portfolio businesses like freight
- Reduce losses of Qantas International

- Transform Qantas international by focusing on right aircraft, right route, margin improvement and network optimisation
- Grow their frequent flyer program members and partners

Market segmentation and selection of the Target Market

Market segmentation is the process of dividing up the total range of potential or current customers into smaller discrete groups to facilitate analysis and planning. Market segmentation allows Qantas to:

- Better meet the needs of all its customers, compete more efficiently, attain financial goals more readily
- Better tune the marketing mix to particular groups, so the product can be refined, prices set, places of sale determined and promotion better focused for each market segment. E.g economy, business, first class

Qantas' market segmentation is complex, as each segment has distinctive and different needs and expectations

Qantas mainly uses behavioural segmentation to select its target markets. Buyers are distinguished according to trip purpose:

- Business- routine business, conferences/ seminars, or emergency business
- leisure segment- holiday, visiting friends and relatives

Qantas has established a number of new airlines each with its own target market. These highly differentiated brands appeal to different customer segments:

- Jetstar domestic targets cost sensitive travellers on Australian leisure routes
- Jetstar international targets leisure routes such as bail that were unprofitable qantas routes
- Jetstar asia, jetstar pacific, jetstar japan and jetstar hong king to target the browning intra Asia travel market

Marketing strategies

Positioning

- Positioning in relation to competition- launching no frills jetstar to arrest the erosion of its market share to virgin blue
- Positioning in relation to target market- securing the lucrative business market by lounge upgrades, city flyer express service, frequent flyer schemes

Product strategies

- Scheduling features: The route frequency, time of departure or arrival, number of stops or direct flights and the aircraft type- Qantas has the most comprehensive national coverage
- Comfort based features: (components of packaging) include lounges, in-flight meals and drinks, inflight entertainment and seat width. E.g:
 - Food menu inspired by chef Neil perry

- Flight update sends details of flight departure times to frequent flyer customers using mobile phone
 - Total entertainment inflight system
 - Millions of dollars in upgrades to lounges
 - One of the first airlines to roll out inflight mobile and internet services
- Qantas Frequent flyer scheme: With more than 9 million member and hundreds of programme partners is used to retain customers, increase market share and fill otherwise empty seats
 - Brand name; Qantas is one of Australia's leading brand names and it is a powerful marketing tool. The brand name, Kangaroo symbol and logo, 'Spirit of Australia', clearly identify and distinguish from competitors

PRICE

Pricing methods:

- Cost plus margin: Qantas determines the cost of production and then adds a margin for profit
- Market: most fares at Qantas are determined by the market, where demand is matched with supply
- Competition based: monitoring what other airlines such as Virgin blue are charging

Pricing strategies:

- Price penetration: Qantas uses this strategy (lowest possible cost) for Jetstar
- Promotional fairs: usually offered in the economy cabin at times of subdued demand or to match competitors
- Loss leaders: Qantas when they first launched Jetstar

Promotion

Advertising

- in 2004 reshot 'i still call Australia home' at \$10 million
- 2008, Qantas most experienced airline theme
- Qantas is trying to use less blanket advertising and more direct marketing, which is cheaper and much more targeted especially to corporations

Sales promotion: (short term inducements), 100 000 tickets at \$49 when first launched Jetstar

Personal selling: Based on sales representatives who sell directly to travel agents, businesses and government departments

Publicity: Used US ambassador John Travolta as a brand ambassador (opinion leader). Also sponsors a number of sports such as rugby union, NRL, netball and

swimming. Environmental causes such as clean up Australia day and charities such as starlight children and world vision

Place/distribution

Direct (sales of products direct to the consumer)

- Direct sales via its own retail outlets- Qantas holiday
- Telephone sales centres
- Airport ticket sales
- The internet: Leisure travel booked via qantas.com represents 67% domestic and 31% international. Jetstar sells 90% of tickets online. Website receives over 8 million visits per month

Indirect (using intermediaries)

- Through travel agents: Qantas is selective about who resells the product and looks for intermediaries that have a good reputation, financial strength and expertise. Intermediaries mean less profit for Qantas

People

Qantas staff (over 33000) must have appropriate personal attributes and training for their jobs. Qantas spends more than \$275 million a year on staff training to ensure a very positive interaction between its customers

Processes

Processes to ensure its service is provided in a timely fashion:

- Q bag tag, check in bag without temporary baggage tags
- Booking flights online
- Online check in
- Mobile check in
- Check in kiosk

Physical Evidence

- 2013 New uniform