

THE PROCESS APPROACH TO THE ORGANIZATION OF THE COMPLEX OF MARKETING IN THE AIRLINES

The process approach to the organization of the complex of marketing in the airlines nowadays is explored in this article. It also analyzes the sequence of processes in the activity of airlines that influence formation of marketing-mix.

Key words: process, process approach, complex of marketing, aviation marketing, airline.

The statement of problem. *The constant growth of the number of airlines caused the reinforcement of competition between them. Modern airlines need to adjust quickly to the changes that happen in the modern world, airlines need to see the prospects of their development and to improve the marketing. These facts determine the necessity of introduction of the complex of marketing and the use of the new approaches to the management of marketing in the airlines.*

The analysis of the recent researches and publications. *Different aspects of the theoretical and practical questions about the development of airlines and management of the complex of marketing in airlines were analyzed by such foreign and native authors as: F. Aldamari, F. Kotler, N. Taneja, S. Shaw, B.V. Artamonov, E.U. Kostromina, S.V. Petrovska.*

The purpose of the article. *The development of the recommendations about the improvement of processes that influence the formation of the complex of marketing in the airlines.*

The main material.

The complex of marketing (marketing-mix) is the complex of actions that allow the subject of market to influence the target market. The term "marketing-mix" means the proportional distribution of efforts, combination, constructing and integration of the elements of marketing and sale in the united program that is based on the assessment of resources and opportunities of marketing and helps to reach the aims of an enterprise in the adjusted period of time

The development of marketing in the aviation business has well-marked regional nature: airlines of Europe and the USA and also the majority of airlines of Middle East and South-East of Asia direct an active marketing activity using the up-to-date instruments and methods, while the majority of airlines of Africa, CIS and some other countries use marketing in their activity very restrictedly.

Airlines have a set of features in using of the marketing instruments concerned with the peculiarity of their product. The few trends of marketing activity exist and as a rule they are specialize seriously taking into account the specificity of activity of aviation enterprises. The main trend is the practice of development and improvement of the aviation carriage as the main airlines' product.

The sequence and the characteristic of processes that influence the formation of complex of marketing in airlines are represented on the picture 1. This complex forms the main aim of marketing strategies which are used by airlines in order to compete more effectively and to achieve the competitive advantages keeping the value for the consumer.

Understanding marketing.

American association of marketing defines marketing as a process of planning and realization of development, setting of price, promotion and distribution of ideas, goods and

services in order to create the situations of exchange that satisfy aims of people and organizations [5].

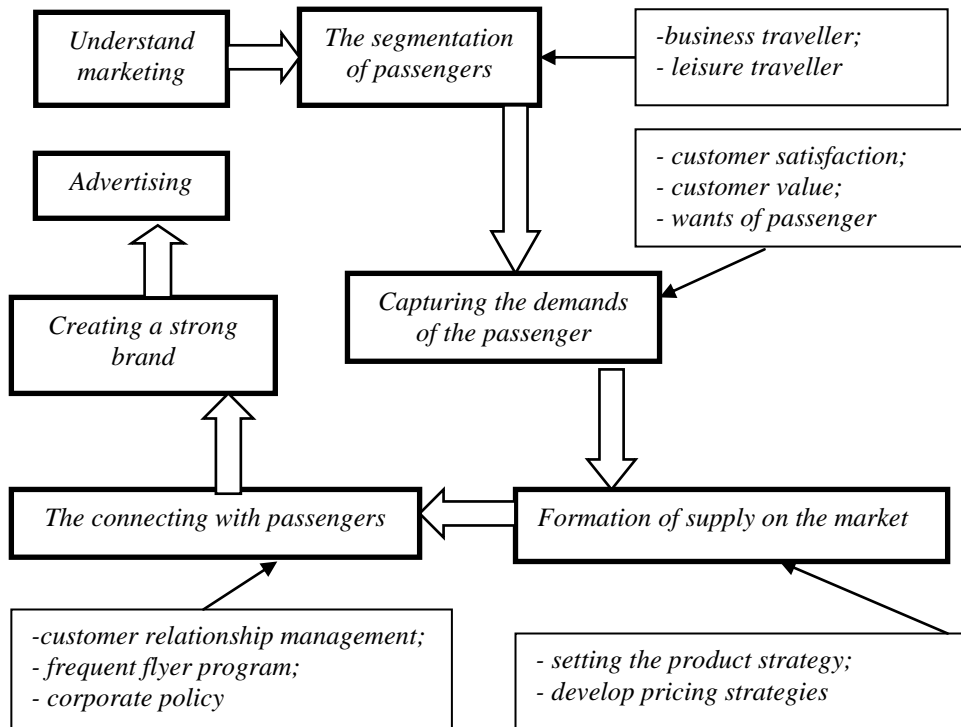


Fig 1. The characteristic of processes in the airlines that influence the formation of marketing mix

Three clauses of formation of aviation marketing in modern world can be defined:

1. Running an aviation business nowadays is becoming more complicated, because the competition is increasing. Airlines needs to remove a lot of barriers in order to enter the market.

2. The rapid growth of Internet caused the change in models of how airlines can sell themselves.

3. Demands and wants of consumers are growing and it is becoming more difficult to satisfy them.

The segmentation of passengers.

The segmentation of passengers is one of the main processes in the sphere of the aviation marketing. Passengers must be grouped on the basis of the similar demands in order to provide the complex of marketing. From the point of view of airlines, the segment of market is the group of clients who have much in common, that create the basis for the combination product/price/promotion [8]. The segmentation of passengers who consume airlines' services is shown on the picture 2.

The dominating sector nowadays is the segment of leisure travelers, especially those, who travel on holidays and visit friends and relatives [9].

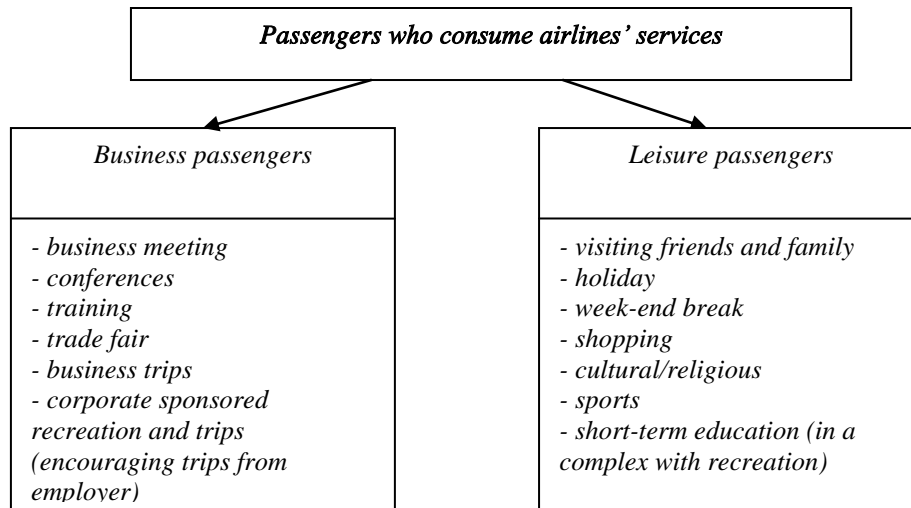


Fig. 2. The segmentation of passengers who consume airlines' services

Capturing the demands of the passenger.

Passengers are the vital force of the airlines without whom the airlines wouldn't work and prosper. Airline must understand the principal differences, behavior, demands and advantages of its consumers in order to be able to understand them. Nowadays consumers are becoming more exacting in the environment, where competition is becoming more cut-throat.

The process of satisfying clients is the key factor in involving and retention of clients. The estimation of servicing of clients occurs through comparison of how they wanted to be serviced and how they were serviced in fact. If received characteristics meet expectations, client is satisfied, and if productivity overcome expectations, client is very satisfied.

The satisfying of clients can be reached through offering extra services, offering the higher quality of services, for example the rise of quality of work of maintenance staff. The most important is the quick reacting on complaints of clients. There are three main reasons why airlines must focus on satisfying clients' needs. First of all, satisfied clients as a rule are more loyal and are ready to pay higher price. Secondary, satisfied clients serves as a positive advertising that allow to involve new clients, and thirdly, the satisfaction of clients is the important component of repeated using of airlines' services.

Airlines want to increase the number of passengers and to capture the bigger part of market, that is why they must understand their clients and define correctly what clients expect from airlines' services. The reasons of choosing an airline by passengers change all the time, so it is important to monitor passengers' demands regularly, using surveys and public polls. A lot of factors that influence passengers' choice of the airline are marked in the table 1.

Formation of supply on the market.

The experience of flights is a factor that forms passengers' impression about the airline while rate will determine its monetary value. Product strategy is one of the most important stages of the complex of marketing of the airlines and must show exactly what passengers want.

The pricing policy is one of the most important parts of the complex of marketing. The size of rate is the most important element for leisure travelers. While planning of the every route an airline has to make a decision about the different rates and mix of services that will generate the highest level of demand.

Table 1

Grouping of the factors that influence passengers' choice of the airline

<i>Factors of influence</i>	<i>Elements of factors of influence</i>
<i>Rate</i>	<i>Fare levels and conditions</i>
<i>Schedule-based</i>	<i>Frequency Timings Connections Punctuality</i>
<i>Comfort-based</i>	<i>Type of aircraft Interior configuration Individual on-board space Ground/terminal service Airline lounge In-flight entertainment</i>
<i>Convenience</i>	<i>Distribution/reservation system Capacity management policy Seat availability</i>
<i>Image</i>	<i>Reputation for safety Branding Frequent Flyer Program Promotion and advertising</i>

The connection with passengers.

Modern clients are becoming more exacting and less loyal. Companies need to accommodate to the variable model of behavior of clients in order to exclude the risk of their transfer to the companies-competitors. The management of the relationship with clients (CRM) is an important instrument nowadays. M. Jankins determines it as a process of prediction of behavior of clients and a choice of actions that influence this behavior in order to bring to the company [6].

Frequent flying programs are assigned for the encouragement of patrons and for their retention. This is one of the main conditions of successful competition in the aviation market. American airlines offered the first frequent flying program in May, 1981 and till 2006 such programs involved 52 millions of people.

Corporate policy is the establishment of relationships between airlines and large corporations that have a lot of employees who travels frequently. These corporations represent the wide spectrum of branches such as finances, production, petroleum, computer engineering, pharmaceuticals and others. Signing corporate policies large companies get privileged rates and other advantages, for example an extra weight of luggage allowed. And for the airlines, incomes from corporate clients are an important source of profit. 80% of incomes of Indian airline JetAirways were received from corporate clients [7].

Creating a strong brand.

Creating a strong brand nowadays is an important stage in the formation of marketing strategy. Brand as a well-known trade mark is easily recognized and it raises the financial value of an enterprise. International airlines have strong and weak brands. Such airlines as Lufthansa i British Airways create strong brands that are associated with quality and acknowledgement throughout the world. British Airways brand is based on the professionalism, reliability and quality while Lufthansa brand is mainly based on the quality, innovations and trust [4]. Franchising is the distinctive marketing instrument that can be used by airlines which don't have a strong brand.

Advertising.

Advertising influences and persuades people to choose the concrete airlines among other available in the market. Advertising can be reported through the few types of mass media, television is considered to be the most powerful type of advertising. International airlines spend about 25% of their advertising budgets on TV advertisement. In order to get the positive reviews, the airline's advertising must show the favorable features of product that have to be convincing. Advertising represents the real value of brand of the airline and is able to advice unique commercial offers to company's clients such as "first-day-flight".

Conclusion

It is necessary to state that examined recommendations influence the formation of marketing-mix in the airlines. Such recommendations are: understanding of marketing, the segmentation of passengers, understanding the demands and wants of passengers, the formation of supply at the market, the connection with passengers, the creating of the strong brand and advertising. Airlines have to get benefit from these recommendations in order to develop the effective marketing-mix.

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