



## Marketing Management SBS MBA / MSc Assignment – Bahrain 2020

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UNIT TITLE / CODE: \_\_\_\_\_ Marketing Management \_\_\_\_\_

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### GENERAL INSTRUCTIONS

- All assignments are to be submitted on **7<sup>th</sup> May 2020** to [examinationboard@atmsedu.org](mailto:examinationboard@atmsedu.org) and [assignmentsubmission2019@gmail.com](mailto:assignmentsubmission2019@gmail.com) and cc to [afatima@atmsedu.org](mailto:afatima@atmsedu.org).
- **If assignment is not submitted on date, will follow with penalty of 10% deduction of marks for every day.**
- Similarity between students work is strictly not accepted, any student found with similar work will be graded Zero and fail for the course. However, Plagiarism is an academic offence and will not be tolerated under SBS
- Assignment once submitted to exam board is final for marking.
- Since the take home assignment carries 30 Marks, this assignment carries 70 Marks  
Total 100 marks

### GUIDELINES FOR ASSIGNMENT

1. If assignment is Question & Answer based then.
  - Introduction is needed for each question.
  - Question has to be answered based on the mark allotted for each question with references if any idea or information is taken from other source.
2. If assignment is case based then,
  - Executive summary
  - Table of content
  - Body of assignment (questions related to case need to be answered)
  - Conclusion / Recommendation if any
  - References (in-text + citation) to be used.

**Total Marks \_\_\_\_\_ / 70**

## Start of assignment

## Table of Contents

1. Executive Summary.....	4
2. Brand Overview.....	4
3. Competition Overview .....	4
4. Target Market .....	5
5. Market Segmentation .....	5
6. SWOT Analysis.....	6
6.1 Strengths .....	6
6.2 Weaknesses .....	7
6.3 Opportunities.....	7
6.4 Threats .....	7
7 Market Research.....	8
7.1 Product.....	8
7.2 Place.....	9
7.3 Price .....	10
7.4 Promotion .....	10
8 Conclusion and Recommendations.....	10
References .....	12

## **1. Executive Summary**

Etihad Airway is a national airline of the United Arab Emirates. The company is at the maturity phase of product life cycle. There are several competitors of Etihad Airways such as Qatar Airways and Gulf Air. It is targeting business people and tourists. There are many strengths, weaknesses, threats, and opportunities of the company. If BCG matrix is considered for product analysis then some products of the company are included in cash cows, some in question mark, and some in star. It is following penetration pricing strategy, and is using sales promotion, direct marketing, and sponsorship for promoting its products.

## **2. Brand Overview**

Etihad Airways is a major aircraft service carrier in United Arab Emirates launched in 2003. It is one of the leading and prominent airlines, and is focusing on development and provision of unique products and services. It is offering three seating arrangements namely business class, first class, and standard economy. The airline is facilitating its passengers with on-board shopping experience. Due to globalization, the airline proved to be profitable as it played a significant role in connecting nations because of which the airline is in maturity phase of product life cycle. Further, it has achieved maturity phase because cost of airline is decreasing and its profit is increasing, and its prospective buyers are also showing acceptance for this airline.

## **3. Competition Overview**

Direct Competitors of Etihad Airways are Gulf Air, Fly Dubai, Air Arabia, Oman Air, Qatar Airways, and Emirates Airlines. Additionally, Singapore Airline is also posing threat. Indirect competitors of Etihad Airways are Telecommunication Industry and Cruise Industry.

Emirates Airlines, Air Arabia, Fly Dubai, Qatar airways, Gulf Air and Oman Air Airlines in UAE and other Middle East regions. As far as its other Asian competitors are concerned, Singapore Airlines also poses a big threat. Telecommunication industry is providing facility of free calls, which is allowing people to communicate easily from their home instead of visiting other place.

#### **4. Target Market**

The target market of the Etihad Airways comprises of people of Abu Dhabi and Al Ain. The company is targeting people who are travelling to and from Abu Dhabi International Airport. So, it can be said that current target market of Etihad Airways include, businessmen, businesswomen, and tourists. It is targeting middle class as well as upper class people.

#### **5. Market Segmentation**

Segmentation helps the airline to understand its customers in a better manner (Evans & Lindsay, 2016). The airline can develop an idea about customers' preference regarding product and service and payment. Etihad Airways is catering needs of price sensitive and business travellers. The company is also emphasizing on additional segments on the basis of customer loyalty. The company is using psychographic segmentation for dividing the markets to ensure provision of service. Psychographic segmentation in case of Etihad Airways comprises of consideration of lifestyles, interests, social class, attitudes, behaviour, and opinions. The company is segmenting market for identifying needs of customers and number of customers having needs, developing products and setting prices for meeting needs of customers. It is helping the company to understand customers and their behaviours in a better manner.

## 6. SWOT Analysis

### 6.1 Strengths

- ✓ The company is maintaining strong brand image,
- ✓ It is second major and largest airline in UAE.
- ✓ It is entirely under the control of Government of Abu Dhabi.
- ✓ Etihad Airways has above 120 aircrafts covering more than 55 countries across the world.
- ✓ The company has sponsored various events because of its visibility and effective branding
- ✓ The company has above 20,000 employees with low employee turnover.
- ✓ It is focusing on provision of quality service to customer, in-flight entertainment and loungers
- ✓ The company is enjoying an advantage of favourable or central location over its competitors. However, because of this advantage, it is restricting imitation from competitors. The location of airline is making the region a significant destination for visitors and travellers allowing coverage of large distancing (O'Connell & Bueno, 2018).
- ✓ The airline has received many rewards for provision of high quality service, particularly in-flight service.
- ✓ The airline is financially stable due to gradual increase in profit.
- ✓ It is facilitating customers with self check-in service at Dubai airport.
- ✓ The company is concerned about regular training of employees, rewarding them, and providing them performance appraisals, which helps the company in decreasing labor cost and increasing loyalty of employees.
- ✓ It provides training services to companies in airline industry, which is helping the company to increase its profits.

## 6.2 Weaknesses

- ✓ The operational costs of Etihad Airline are high because of massive investment on purchasing aircrafts and introducing new technology.
- ✓ The company is purchasing stake in other airlines, spending a lot of resources, which is increasing cost of the company.
- ✓ Acquisitions of the company were not successful because of legal barriers and legal disputes.
- ✓ The market scope of the company is, however, limited because it is working in the luxury segment of airline, neglecting passenger unit. Because of this, new competitors can easily enter the market; they can introduce luxury aircraft and alter statistics in the market.

## 6.3 Opportunities

- ✓ Growing income per capita in the United Arab Emirates offers expansion and growth opportunity to the company.
- ✓ Population is increasing in UAE; it is also increasing in the world so more people will avail services.
- ✓ Tourists are increasing in number, which is providing an opportunity of increase in profitability of airline
- ✓ The company is considering legal options that are available for establishing a subsidiary European airline
- ✓ It is also considering new markets aside from the Gulf region

## 6.4 Threats

- ✓ The company is facing threat from new entrants and popularity of low cost airline

- ✓ The region in which Etihad airline is located is politically instable (Stephenson & Al-Hamarneh, 2017)
- ✓ Terrorism is increasing in the Middle East
- ✓ Costs associated with insurance and security is in the aviation industry because of which company's operational cost is increasing.
- ✓ Fuel prices also affect the operational cost of the airline
- ✓ Passengers are enjoying power so they can be a threat for airline
- ✓ Tourism can be affected by natural crises or disasters such as Tsunami, hurricane, and earthquake.
- ✓ Spread of disease such as Covid-19 is also a threat for airline operations.

## **7. Market Research**

The company is conducting market research on regular basis in order to increase yield, to maintain value for customers, develop a status quo buy ensuring provision of luxury at affordable cost. In this regard, the marketing mix of the company is noteworthy.

### **7.1 Product**

Product in case of Etihad Airways can be described in terms of BCG matrix. BCG matrix helps in measuring or analysing the products or goods offered by a business between two dimensions, which are market growth and market share (Grant, 2016).



		Market Share	
		<i>High</i>	<i>Low</i>
Market Growth	<i>High</i>	Star	Question Mark
		<ul style="list-style-type: none"> <li>Pearl Business Class</li> </ul>	<ul style="list-style-type: none"> <li>Gaming Express 2D</li> <li>Etihad Holidays</li> </ul>
	<i>Low</i>	Cash Cow	Dog
		<ul style="list-style-type: none"> <li>Coral Economy Class</li> <li>Diamond First Class</li> <li>Crystal Cargo</li> </ul>	

Pearl business class of Etihad airline has high market share and high market growth so it is included in STARS gaming express 2D and Etihad holiday has low market share but high market growth so they are in question mark. Coral economy class, diamond first class and crystal cargo of Etihad airline had low market growth but high market share so fall in cash.

## 7.2 Place

In order to describe place for Etihad airline, retail and distribution strategy of the Company is considered. The head office of the company is located in Abu Dhabi's Khalifa City. It is targeting 110 locations (Oxford Business Group, 2016). It is also facilitating customers with cargo service. However, in United Arab Emirates it is operating its flights to Abu Dhabi and providing cargo facility to Shargah. Additionally, the information regarding destinations served by the airline can be accessed easily through website. Etihad is maintaining a strong Distribution system for serving customers in best possible manner through smooth

running of operations. The company is maintaining eleven travel shop branches in United Arab Emirates and above 122 branches in different countries in the world. There is a website of Etihad Airways from which information can be obtained in about nine languages. The website allows booking of hotel, flights, and provides latest offers.

### **7.3 Price**

The company is following penetration pricing strategy in order to increase its market share in UAE. If the company successfully delivers best services at affordable price as compared to competitors; it can achieve its target break even.

### **7.4 Promotion**

Etihad Airways is using pull strategy. Pull strategy plays its role in stimulating consumer demand for obtaining distribution of product (Gray, 2000). The company is using sales promotion, direct marketing, and sponsorship for promoting its products.

In sales promotion, the company is considering customer's preference for price and available options, which is helping the company to increase market penetration. In direct marketing, Etihad's staff is ensuring word-to-mouth marketing by participating in several events related to travel and tourism. In order to promote its services, the company is sponsoring events such as Ferrari F1 team and Abu Dhabi Grand Prix. Business Class and First Class customers of Etihad Airways also appreciate involvement of the company in GAA or Gaelic Athletic Association and Abu Dhabi Golf Championship (Meenaghan, 2014).

## **8. Conclusion and Recommendations**

The company is performing its operations in an effective manner. It is generating sales by ensuring bookings for passengers in main offices, and also through website. The company can increase distribution of tickets via its website, and this would also be beneficial for passengers as it would help them in customizing their air ticket. But, as a matter of fact, there is also a downside in this regard that Etihad Airways is not meeting required number of

sales agents. More sales agents are required in order to ensure profitability. The company should take necessary measures for recruiting sales agents who can ultimately play their role in increasing sales of the company.

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