

Marketing Plan for Qantas Airways Ltd.

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Executive Summary

Based on the results of the previous opportunity analysis, Qantas developed two marketing objectives to fulfill a marketing initiative. The initiative is to protect the current market share, and the objectives are to increase domestic loyalty membership by 5% and increase domestic market share by 10% by the end of the 2020-2021 financial year. Currently, the world is in the throes of a global pandemic, and Australia has restricted all international travel. Qantas's top competitor, Virgin Australia, is not tolerating the restrictions and has entered voluntary administration. This leaves the door wide open for Qantas to capture some of their market. Internationally, Qantas's two top competitors are considered to be Singapore Air and Air New Zealand, but Australia's tight lockdown has rendered international competition for travel irrelevant.

Qantas has decided that the target markets are casual travellers, such as families and individuals, and business professionals that need to travel for work. As a result, they will be moving forward with a differentiated marketing strategy to target these two markets separately. Qantas has also decided to position themselves as a high-quality service provider. A group map of competitors based on value and service quality was also included.

As a service provider, the marketing mix includes the product/service, price, promotion, place, people, processes and physical attributes. The product provided is an airline ticket, priced adequately for the value of the service. Qantas will focus on promoting during school holidays on TV, radio, and outdoor signs while promoting full time online and through their social media channels. A full schedule for media advertising is included. Distribution will be exclusive, and most tickets will be purchased directly through Qantas's website. The option to purchase through discount online retailers and travel agencies will also be available.

The budget provided to reach the outlined marketing objectives for the 2020-21 financial year is \$750,000. Although this is a bit small for a corporation like Qantas, COVID-19 has severely impacted revenue. It was decided that \$250,000 will be spent on promotions and improvements to the loyalty program as they are the keys to achieving the goals. The remainder of the budget will be split between management training for the new safety regulations under COVID-19 and distribution materials.

Evaluation of the marketing objectives and all promotional campaigns will be conducted quarterly. The objectives, loyalty membership and market share, will be compared against the control of the 2019-20 financial year that ended in June 2020. The number of members in Frequent Flyers can be easily measured, but a marketing firm would have to assess if Qantas had increased in market share based on flights and tickets sold. Based on results of these evaluations, promotions will either be increased or altered to ensure Qantas remains on track to reach their targeted objectives for the year. A Gantt Chart for the launch, evaluations, and promotional schedule was included as well.

When the pandemic passes, if Qantas is able to reach their marketing goals, they will be in an excellent position to resume as the strongest domestic and international airline in Australia. The airline is synonymous with Australian heritage and travel and is celebrating their 100-year anniversary this year. Australians need to take this time to look at their own states and see what's in their backyards, and Qantas can be the airline to help them do it.

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1.0 Marketing Initiative & Objective

1.1 Marketing Initiative

Research in the Opportunity Analysis for Qantas Airlines indicated that the COVID-19 pandemic was creating a difficult environment for the travel industry. Australia has closed the international borders indefinitely, and some state borders have closed, as well. Given the situation, the best solution for Qantas will be to focus on protecting their current market share and engaging a proactive marketing approach. Qantas will plan on marketing to the domestic market for now to solidify their presence as the best airline for Australians. Australians are feeling separated and isolated during this time, and the country is struggling with lockdown regulations. Qantas has the ability to reconnect Australians domestically by offering flights within the country. After international regulations are relaxed, they can market their international presence again.

1.2 Marketing Objectives

This marketing initiative is best supported by two marketing objectives for the 2020-2021 financial year.

1.2.1 Improve domestic loyalty by 5% this financial year.

Qantas has one of the best loyalty programs in Australia, but recently made some changes with mixed results (Passport, 2019). By taking the time to read through the feedback, Qantas can ensure that the loyalty program is stronger than ever, as Qantas believes that customer loyalty is the key to profit. The program currently partners with 500 other businesses, so customers can be enticed to earn rewards points that can be redeemed for travel.

1.2.2 Increase domestic market share by 10% this financial year.

Qantas's strongest domestic competitor is Virgin Australia, which has been hit hard by the lockdown regulations and entered voluntary administration (Pha, 2020). This is the perfect time for Qantas to secure more of Virgin Australia's previous customer base and increase their own market share within Australia.

2.0 Target Marketing & Positioning

2.1 Segmentation

In the table below, characteristics of a target market are explored. Based on this information, Qantas has two distinct target markets – families and travellers looking to create an experience; and business professionals that have to visit other offices or locations. Decision makers that fit this description would be between 30 and 50 years old, either male or female, and belong to the upper or middle class. Geographically, Qantas needs to be focused on Australians exclusively, due to the border closures as a result of COVID-19 (Australian Government, 2020). The consumer psychographics is determined by the VALS framework, with experiencers, innovators, makers and believers as ideal candidates. These VALS personality types are interested in creating memories, asserting independence, and developing social bonds (Yankelovich & Meer, 2006). It is also worth noting that even though business professionals are likely to travel throughout the year, families and independent travellers might look to buy tickets during school holidays. Lastly, consumers will more than likely already be aware of Qantas as well as the loyalty program and the brand credibility. They enjoy travelling and are looking for deals.

Table 1: Segmentation

Target Market Profile	
Demographics	<ul style="list-style-type: none">• Upper- & Middle-Class consumers• Families & casual travellers• Business professionals• Male and/or female• Decision makers between 30-50 years old
Psychographics	VALS Types: <ul style="list-style-type: none">• Experiencers• Innovators• Makers• Believers
Behavioural	<ul style="list-style-type: none">• Enjoy travel• Go on at least one holiday every year• Either year round or during school holidays (April, July, September, December)
Geographic	<ul style="list-style-type: none">• All passengers must reside in Australia due to border closures (Australian Government, 2020)
Marketing & Brand Dimensions	<ul style="list-style-type: none">• Already aware of Qantas• High brand credibility• Looking for deals on travel• Aware of Qantas loyalty program

2.2 Target Market Tactic

There are four potential target marketing tactics; differentiated, undifferentiated, concentrated, and niche. Based on the above information, two target markets have been identified - families and independent travellers and business professionals. Therefore, it is in Qantas's best interest to pursue a differentiated marketing strategy. This allows them to develop a strategy for the families and individual travellers and a separate strategy for businesses.

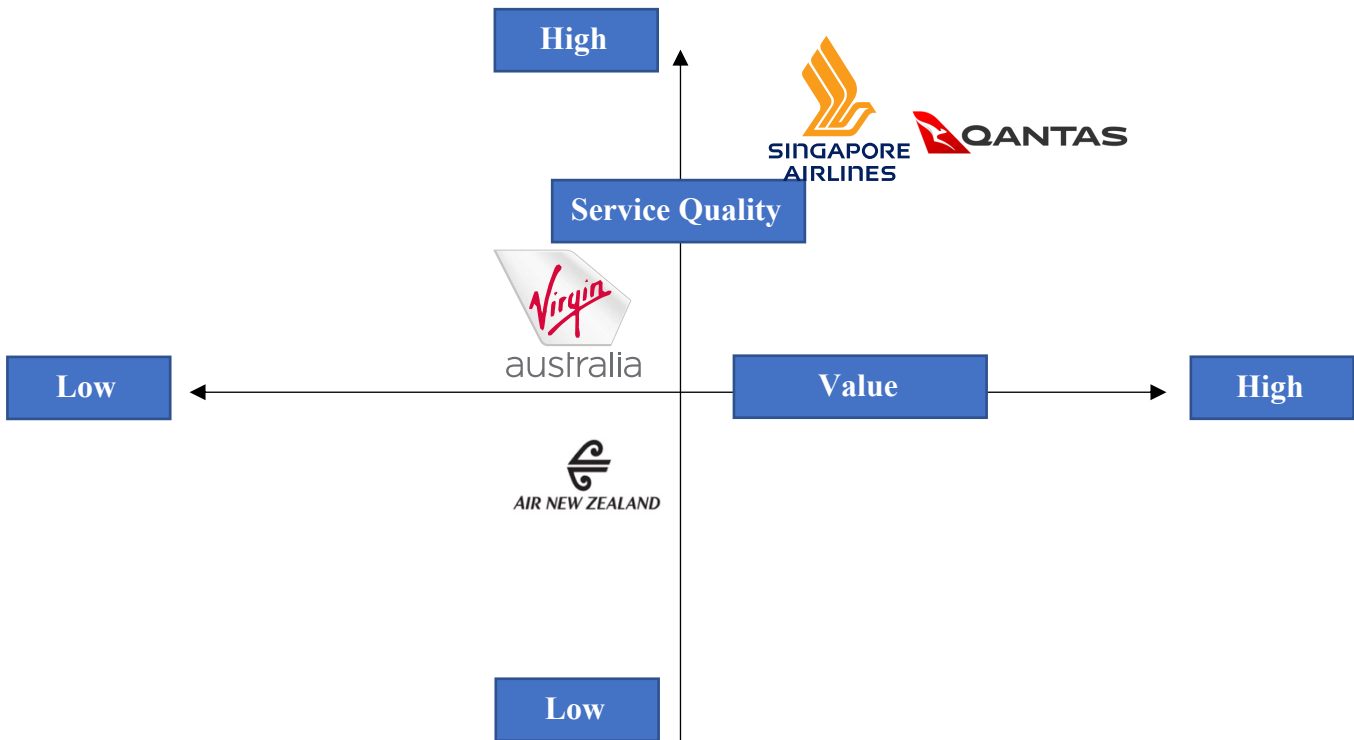
2.3 Positioning Strategy

Based on the environmental analysis and the information provided in this report, it is clear that Qantas has positioned themselves as a strong airline with top-notch service. They are constantly evolving. In just the past few years, Qantas has revamped the already impressive loyalty program and started to include a Premium Economy experience (Passport, 2019). Australians know Qantas because it is a brand that is synonymous with Australian travel. Despite COVID-19 restrictions creating large amounts of uncertainty, Qantas can serve as a reminder that Australia is still a united nation and travelling domestically is an incredible boost to the economy.

2.3.1 Competitive Advantage

As discussed previously, Qantas is the top airline in Australia, and is known for the quality of their service. Even if Qantas is slightly more expensive than competitors, the superior service is what makes Qantas stand out from the crowd. Qantas is a leader in quality of airline travel.

3.0 Group Map of Competitors*



*Chart based on research in opportunity analysis
(Virgin Australia, 2020) (Singapore Airlines, 2020) (Qantas Airlines, 2020) (Air New Zealand, 2020)

4.0 Marketing Mix

4.1 Product/Service

4.1.1 Core Benefit of the Product/Service

Qantas is a member of the airline market. They rank twelfth in the world with 1% of the overall travellers (Passport, 2019). At its core, the market is responsible for transporting passengers.

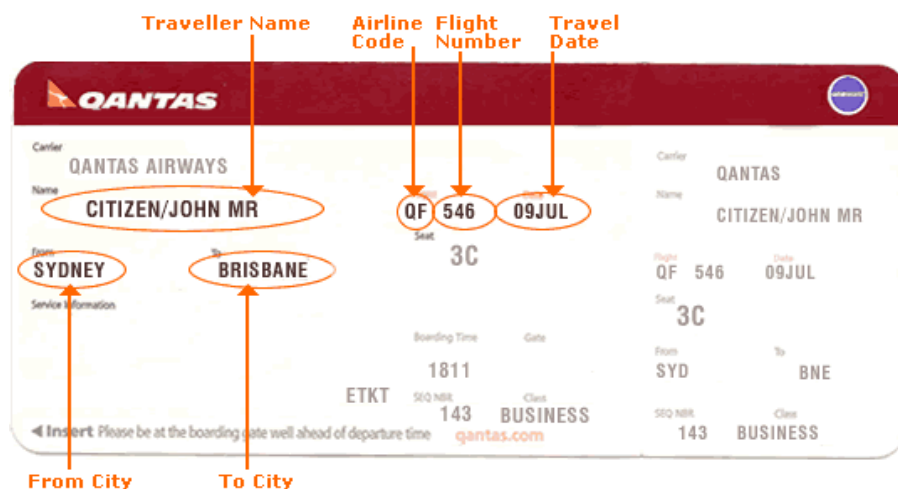
4.1.2 Actual Product/Service

The actual product that will be promoted is domestic, and often intrastate, airplane tickets for Australians. These tickets can be purchased online, over the phone, or through travel agencies (Qantas, 2020). Tickets are then typically emailed directly to the consumer. On the day of travel, consumers can often check in ahead of time and download their boarding passes onto their phones to simplify travel. Qantas also routinely repairs their airplanes to provide the safest possible experience.

4.1.3 Compare to Competitors

Qantas's top competitor in the Australasian market is Virgin Australia. However, unlike Qantas, Virgin Australia experienced several years of financial losses, and was left unprepared for COVID-19 shutdowns. As a result, they entered voluntary administration earlier this year (Pha, 2020). Qantas has also taken the time to develop their Premium Economy section, and unveiled the new seats this year (Passport, 2019).

Image 1: Sample Ticket



(Qantas, 2020)

Table 2: Product Attributes

Product Attributes	
Ordering Ease	Ordering tickets can be done: <ul style="list-style-type: none">• Online• Over the phone• Through a travel agent
Delivery Excellence	<ul style="list-style-type: none">• Tickets are often emailed directly to consumers• Early check in and mobile boarding passes allow for smoother experience
Maintenance & Repair	<ul style="list-style-type: none">• All planes in the fleet are regularly maintained and repaired (Engineering & Maintenance, 2020)

4.2 People

Qantas employs thousands of staff to ensure planes make it to their destinations safely. At the top are executives, then managers and customer service representatives. However, most passengers interact with the ground crew, flight attendants, and pilots. All of these team members would have to undergo extensive training and receive multiple certifications and licenses (Griffith Aviation, 2020). Customers want their flight to be safe and comfortable, so a highly trained staff is key.

4.3 Processes

There are multiple ways to purchase airline tickets. Potential passengers can purchase the tickets online through the airline's website or a discount online retailer, over the phone, or through a travel agency such as Flight Centre (Qantas, 2020). The airline staff and crew report to airports all around the world depending on where they are needed.

4.4 Physical

Qantas's symbol – a red and white flying kangaroo, is well known (Qantas, 2020). The symbol is included in all uniforms and on all the physical planes. Qantas currently uses airplane models Boeing 747-400, Airbus A380, Airbus A330-300 and Q-400 (The Qantas Fleet, 2020). 2020 also marks one hundred years for Qantas, and all branding has been temporarily updated to reflect that.

4.5 Price

Currently, Qantas flights intrastate are about \$400 for economy, and \$900 for business class. Previous to COVID-19, airlines chose to overprice tickets, and then adjust according to market demand. The lack of regulation on airline tickets resulted in consumers believing that the tickets were truly worth that much, but they are usually marked up considerably (Chitty, 2018). Now that the pandemic has wreaked havoc on the airline industry, ticket sales have become even more important, and they find themselves needing to make money but wary of overcharging. Some airlines have even considered

4.6.2 Loyalty Program

Qantas's loyalty rewards program, Frequent Flyers, is considered to be one of the most comprehensive in Australia (Passport, 2019). Over 500 partners work with Qantas to maximise the number of rewards consumers can receive. In 2019, there were over 12.9 million members, and annual growth rate of 4% (Passport, 2019). The program is worth over AUD1.7 billion. However, in 2019 Qantas made some changes to the program and received mixed feedback. One of the marketing objectives is to increase customer loyalty, so now is the time to listen to the customer feedback and adjust accordingly.

4.6.3 Promotional Campaigns

Promotion is a key factor in Qantas reaching the marketing objectives. The top two promotional campaign methods are personal selling and sales promotion. Despite not needing many face to face sales, the online and over the phone sales force is vital. Most airline tickets are purchased this way. As for sales promotion, Qantas needs to drive the loyalty program. The yearly objective is to increase loyalty members by 5%, so the deals offered to the Frequent Flyer program must be exclusive and significant. This can be further encouraged by offering family deals to Frequent Flyer members. By taking care of loyal customers, it will be easier to reach both marketing objectives.

Table 4: Promotional Campaigns

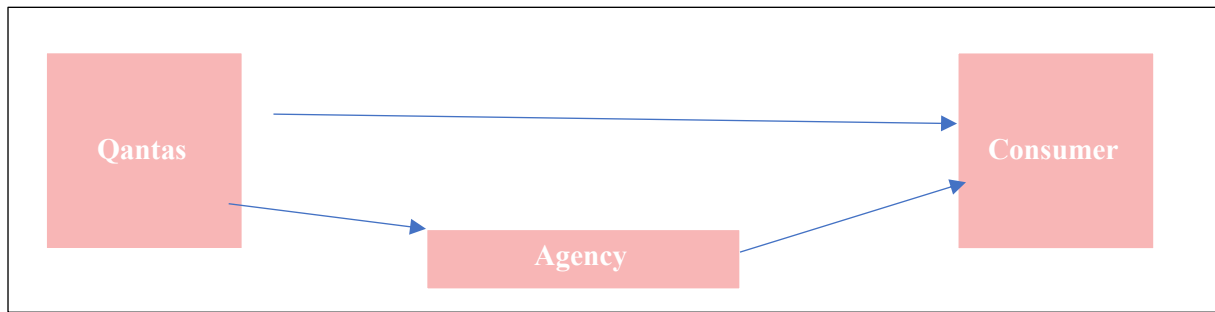
Promotional Campaigns	
Personal Selling	Face to Face: <ul style="list-style-type: none"> • Minimal face to face sales • Travel agencies Sales Force: <ul style="list-style-type: none"> • Online sales reps • Phone operators for ticket purchases • Customer service reps
Sales Promotions	Frequency Programs <ul style="list-style-type: none"> • Qantas Frequent Flyers have access to exclusive discounts • Frequent Flyers receive emails regarding deals Sales/discounts <ul style="list-style-type: none"> • Offer last minute deals for flights with spare seats • Offer family discounts during holidays

4.7 Place

As mentioned, airline ticket sales are conducted online, over the phone and through travel agencies. However, it is important to note that over the next financial year, the geographic region for distribution will be limited to Australia. The sales objectives look to increase loyalty and market share domestically, due to travel restrictions from COVID-19. Their exclusive distribution plan means that most tickets will be purchased

directly from Qantas. If travel restrictions are loosened in the next few months, Qantas can look into increasing the distribution region to include Asia as many business professionals have to travel between Australia and Asia. Overall, Qantas will need to push ticket sales and joining the Frequent Flyer program to Australians over the next twelve months to achieve their marketing goals.

Image 2: Example of Distribution Chain



5.0 Budget

The allocated marketing budget for the 2020-21 year is \$750,000. Qantas’s marketing objectives are to increase domestic market share and Frequent Flyer membership, so promotion and loyalty program development will each receive \$250,000, or 33% of the annual budget. This will be spent on advertising and increasing incentives for Frequent Flyer members. The next tier will be management. Due to increased safety standards, there will need to be increased training for staff. The \$150,000 budget will be used to develop new informational materials to educate managers and flight crews on how to provide safer flights. Lastly, distribution will receive the smallest portion of the budget. The \$100,000 can be allocated to providing incentives for the few travel agencies to feature any deals or sales Qantas is pushing.

Table 5: Allocation of Budget

Allocation	Value	Percentage
Promotion	\$250,000	33%
Management	\$150,000	20%
Distribution	\$100,000	14%
Loyalty Program	\$250,000	33%

6.0 Evaluation & Control

Qantas's marketing objectives are goals for the 2020-2021 financial year. It is important to measure their results frequently to ensure they are on track to hit their objectives, a 5% increase in Frequent Flyer members and a 10% increase in domestic market share. Also, the results need to be compared against a control, which is the 2019-2020 financial year, ending in June. Therefore, quarterly reports should be generated to compare loyalty membership and market share against the previous financial year.

Table 6: Evaluation of Goal

Goal Metric	Measurement Method	Time Frame	Responsibility
Increase Loyalty 5%	<ul style="list-style-type: none">• Quarterly review of current members against June 2020• Sales reports	2020-21 Financial Year	<ul style="list-style-type: none">• Customer Service• Management
Increase Market Share 10%	<ul style="list-style-type: none">• Quarterly reports of Qantas flights against Virgin Australia• Domestic market sales reports measured against June 2020	2020-21 Financial Year	<ul style="list-style-type: none">• Executive management• Sales Reps

7.0 Implementation & Schedule

The below Gantt Chart provides an overview of planned launch times, evaluation times, and the advertising schedule. Qantas will launch their campaign towards reaching the marketing objectives in the beginning of the 2020-21 financial year – July or August. Evaluations of the market share and Frequent Flyer membership will be conducted quarterly, in September, December, March and June. The results from these evaluations will dictate if Qantas is on track to reach the marketing objectives.

All following advertising will be adjusted based on the market performance, but tentative scheduling is designed to follow school holidays. Also, social media and online ads will be promoted all year for business professionals looking for domestic flights. Social media and online advertising are relatively inexpensive, which allows for more advertising to a wider audience.

Table 7: Gantt Chart

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Launch												
Eval.												
TV Ads												
Ch 9												
Ch 10												
Radio												
Nova												
Billboards												
Transit Ads												
Social Media												
Online Ads												
Qantas.com												
Agency Sites												

8.0 Conclusions & Recommendations

Based on the research above and the opportunity analysis, Qantas has the potential to survive the COVID-19 pandemic and meet the set marketing objectives. Qantas believes that customer loyalty is key to revenue growth, and by promoting domestic travel to build relationships, they will be able to entice loyal customers to buy tickets. Also, as Virgin Australia struggles to remain afloat, now is the time for Qantas to capture a larger share of the domestic market. Below are two recommendations for Qantas based on the research. Qantas will thrive once the lockdowns are lifted, they just must focus inwards to weather the storm.

Table 8: Recommendations

Recommendations	
Recommendation 1	<ul style="list-style-type: none"> Reach out to business owners to advertise deals on domestic business trips and offer business class tickets to small business owners to make them feel like valued, professional customers
Recommendation 2	<ul style="list-style-type: none"> Carefully review feedback regarding the updates to the loyalty program Make adjustments accordingly, and focus on making every member feel that they are valued and that their loyalty to Qantas is meaningful

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