2-12-2018

Airline Marketing

Blaise P. Waguespack
Embry-Riddle Aeronautical University, waguespb@erau.edu

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Introduction

With the evolution of the airline marketplace and the variety of business models and technological influences within society, the role of airline marketing has rapidly expanded beyond a traditional focus of travel promotions that lead to a booking, to in-flight services offered, and then to a post-flight questionnaire that completed the marketing process. The role of airline marketing has now expanded to include a more expansive view of the travel planning process. From inspiration and research on possible travel locations and activities, through the travel experience to the post travel sharing, airlines are becoming involved in various roles, e-commerce sites and digital communications in order to influence the buying process (Hanke, 2016a). As this expansion has occurred over the past few years, airlines continue to examine the process utilised in the past, along with external influences, especially digital technological developments, that may provide airlines the means to influence the process and market the service options developed through the business strategy the airline pursues. While the focus has no doubt increased the span of marketing-related tasks that airlines must engage in, still the airline involved must maintain a focus on its underlying product and service offerings. This chapter will utilise a classic four P's approach – product, place, promotion and price – while reviewing some of the possible legal and regulatory concerns that impact on how airline marketing is addressed today. The focus of this chapter is on airlines – refer to Chapter 14 for a discussion on airport marketing.

Product

Airlines are presented in numerous textbooks as a prime example of a service product (Grewal and Levy, 2017; Peter and Donnelly, 2015; Solomon et al., 2016) that represents an intangible product, requiring a mix of service personnel and automation, in conjunction with tangible assets, the aircraft and airport, to deliver to the customer. Despite being intangible, one aspect of the airline product that is often stressed when communicating service benefits, and might be considered as offering tangible features, are the seats.

An article entitled 'Seat Wars' by Karp (2007) presented many of the first modern generation of reclining and fully flat seats introduced by airlines around the world in the mid-2000s. While

United States (US) airlines were slow in their deployment of such seats due to the economic difficulties in the mid-2000s, including bankruptcy proceedings for the three remaining legacy carriers, since the mid-2000s many of the major global carriers have engaged in an ongoing escalation of the high-end premium cabin seat (Arnoult, 2007; Majcher, 2011).

While the launch of The Residence by Etihad (Reals, 2016) may have temporarily brought forth the highest standard in the marketplace, airlines continue to focus on developing the right premium cabin for the airline. Airlines must determine what is the right product for the premium passenger mix of the airline. Strategy and markets served to drive the debate as to whether to stay with a true first-class cabin and then a business cabin or eliminate the first-class cabin completely for a better premium cabin experience, merging the first and business class into one premium product offering (Nicas, 2012; Taylor, 2014; *The Economist*, 2016).

While the rightsizing of the cabin has been a major concern (Thomas, 2008), the issue of layout, passenger comfort and aisle access, without having to climb over another passenger, are major concerns now driving decisions (Michaels, 2012; Morrison, 2016a). Airlines debate a factor such as the pattern of the seat layout, from herringbone (broken v-shaped, like the cloth) to yin-yang (offset, checkers board pattern) to v-shaped staggered that the carrier may use in the premium cabin to best serve the needs of their passengers (McCartney, 2012). In the summer of 2016, both United Airlines and Delta Airlines announced new premium cabin products to their fleet, stressing the issues of aisle access, privacy and, in Delta's case, the addition of a new suite to the airline's long-haul product (Baskas, 2016). With a growing threat of the Middle East carriers promoting their airlines as the most luxurious in the world, the US legacy carriers are taking these actions as the carriers respond to what will likely be a continuing seat war among the world's international carriers.

While much research tends to focus on the premium cabin, because of the costs and features involved in serving the highest spending passengers, other cabin issues are continuing to arise. Among the seating decisions that will continue to drive airline marketing is the inclusion of premium economy cabins. As cash-strapped business travellers are no longer willing to purchase a true first-class product, and many corporate travel policies limit business-class flying to the highest of C-level executives (CEO and others with chief in their positon title, or senior vice presidents), airlines had to adjust. Across the world, airlines developed the premium economy cabin to meet the needs of fliers willing to pay more for extra features beyond basic economy and stay within corporate travel policies (Boynton, 2012; Kwoh and Korn, 2013). With many airlines eliminating a true first class, as United is doing with the Polaris rollout, and moving to one premium cabin, which many travellers may not be able to afford or corporations will not pay for, deploying a premium economy cabin is occurring across more airlines (Dunn, 2016; Michaels, 2014). Among the airlines to finally end their holdouts are Singapore Airlines and Lufthansa Airlines, which both in 2015 announced the deployment of premium economy cabins, and have evolved to true four-class cabins within their respective long-haul fleets (Chong, 2015; Russel, 2014).

While not as pronounced as the differences in the premium cabin with fully lie-flat seats and often the largest in-flight entertainment (IFE) installations, there is currently no set standard of a premium economy cabin or seat. For many of the US airlines, premium economy on domestic routes may at most mean some additional legroom and some additional services (e.g. free baggage, seat assignment, or food and beverage options) that would have to be paid extra for if flying on an economy fare. Only recently have US airlines begun to offer an international premium economy experience, matching the amenities provided by global carriers. American Airlines now offers a premium economy section with wider seats and additional amenities on board Boeing 787-900 aircraft that are flying intercontinental from hubs to South

America, with expansion planned across American Airlines' global routes, but leaving the domestic Main Cabin Extra product unchanged (Left, 2016). To other carriers introducing a premium economy product, especially in a long-haul situation, this is more of a true differential, with wider seats, fuller recline and a clear upgrade in cabin amenities (Muther, 2016).

Another major seating trend is in the economy section, with the addition of slimline seats and increasing the densification of the economy cabin (Reals, 2016). The new seats, bringing new firms to the marketplace, allow airlines to increase capacity without adding new aircraft (Broderick, 2015). Whether the airline is retrofitting current aircraft or is adding new capacity to the fleet, the addition of the slimline seats allows more product to sell, while adding benefits to the airline as such seats are noted for being thinner, lighter weight and manufactured with stronger materials, thereby providing maintenance savings (Caliendo, 2017; Morrison, 2016a; Thisdell, 2016). With the slimline seats, airlines are adding seats to the economy cabin while still claiming no change to the seat pitch, and more storage space under the seat due to the design of the seats. Airlines such as Frontier have added 12 seats to the Airbus 319s and 320s in the airline's current fleet, increasing the capacity of the aircraft to 150 seats for the 319s and 180 seats for the 320s. Additionally, Frontier is purchasing new Airbus 321 aircraft with a capacity of 230 with the new slimline seats (Sumer, 2015a, 2015b). Ryanair has announced that as part of the airline's ongoing 'Always Getting Better' plan, it will introduce new slimline seats as current aircraft are updated (Rokou, 2016). As Ryanair begins to receive the Boeing 737 MAX 200, the aircraft will be configured with seating for 197 passengers, with Ryanair stating that the new layout, adding eight seats to the planes from the current Ryanair configuration, will generate about US$1 million to the bottom line per year (Norris and Flottau, 2014).

While the addition of amenities and the creation of a new product such as premium economy have not stirred much debate in regulatory regimes, the actions within the economy cabin are being discussed. For not only have the short-haul low cost carriers (LCCs) moved to the slimline seats, but some long-haul carriers have reconfigured their economy cabins and increased seat density. Some long-haul carriers have increased the number of seats per row, as United is now doing by moving to Boeing 777s, with 10-abreast seating in coach rows instead of nine, dropping the seat width from 18 inches to 17 (Duncan, 2017; McCartney, 2016a; Morrison, 2016b). This continued shrinking of the economy class has, in the US, led to an attempt to legislate by the Federal Aviation Administration (FAA) for a minimum seat size standard for airlines, but these efforts were unsuccessful in early 2016 (Kunkle, 2016). The amendment, offered by New York Senator Chares Shumer, would have required the FAA to: establish a moratorium on airlines further reducing the size of their seats, ensuring that an airline's current seat size is maintained as the floor; directed the FAA, in consultation with experts, to set a minimum standard seat size and pitch for commercial flights; and increased transparency by requiring airlines to post their seat dimensions on their websites, providing a commercial incentive for airlines to offer more comfortable seating arrangements (Congressional Documents and Publications, 2016).

This is not the only seating issue that has caused legislative review. In combination with the move to unbundling fares and creating matching low cost fare products, many airlines have also stopped assigning seats unless a passenger pays extra for the privilege. This has led to a situation where families may be assigned seats throughout the plane and creates a situation when boarding the aircraft of families negotiating seat swaps as the aircraft is trying to leave the gate (McCartney, 2016b). With reports occurring in the news, two congressmen proceeded to file the Families Flying Together Act of 2015, which would mandate the Secretary of the US Department of Transportation (DOT) to "establish a policy to ensure, to the extent practicable, that a family that purchases tickets for a flight with that air carrier is seated together during that flight" (US Government Publishing Office, 2016: 1). While the full bill did not become law within the 2016 FAA reauthorisation, there was still a directive for the US Transportation Secretary to look at establishing a policy directing airlines to allow children aged 13 or under to sit next to an accompanying family member who is older (Yamanouchi, 2016). Therefore, while not dictated by law, this issue may arise again through the DOT rule-making progress for airlines to address.

Price

The discussion for this chapter began with a focus on seats, as, beyond the route to be flown, seats are the base product many consumers think of when purchasing a flight. Additionally, airlines in many of their advertisements still focus on the seat. However, as the discussion goes forward, so will the need to integrate processes across the airlines' operations and information technology systems to focus on the issue of price. As airlines develop new fare products, airline information systems must be updated to deliver the variety of products and services, with multiple price points involved, to the consumer. Across the tourism and hospitality industries, researchers are investigating how the technological advances from data analytics, social media and expanding distribution channels may impact pricing and revenue management systems (Wang et al., 2015).

An example of these expanding price points and products is the introduction of differentiated fare products in the coach section of the economy cabin by US airlines (Carey, 2016). While revenue management systems assured different price points occurred in the economy section, these price points were not advertised as unique products. Now, in response to consumer preferences for low fares and competition from the growing ultra LCCs, three of the US majors, American, Delta and United, are introducing what are known as 'basic economy' fares (Elliott, 2017). The new fare product comes with very few amenities, and the fares are often not eligible for upgrades or full frequent flier status on some carriers. Additionally, the fare product has baggage restrictions, with no bags allowed in the overhead bin, and someone purchasing a ticket may find themselves squeezed into the middle seat on many flights (Carey, 2017). While launched in the US, speculation is already occurring that this fare product will spread quickly to European legacy carriers (Duncan, 2017).

As many fliers know, the idea of buying a complete bundled product, with all associated services, has disappeared from many airline product lines. While a few international carriers may still offer a fully bundled first-class product, beyond those few airlines, some form of product unbundling has occurred, and as consumers compare products, often what services are or are not part of the base service can greatly influence the final price paid. These additional services are ancillary revenue to the firm. IdeaWorksCompany, one of the leading research firms in the area of ancillary products, developed a definition of ancillary revenue now broadly accepted by the airline industry: "Revenue beyond the sale of tickets that is generated by direct sales to passengers, or indirectly as a part of the travel experience" (IdeaWorksCompany, 2017). Providing context to this definition, IdeaWorksCompany categorises ancillary revenue into five categories:

1 *À la carte features*. These represent the items on the ancillary revenue menu and consist of the amenities consumers can add to their air travel experience. The list continues to grow, and the following are typical activities: (1) onboard sales of food and beverages; (2) checking of baggage and excess baggage; (3) assigned seats or better seats within the same cabin; (4) call centre support for reservations; (5) fees charged for purchases made with credit cards; (6) priority check-in and screening; (7) early boarding benefits; (8) onboard entertainment systems; and (9) wireless Internet access.

2 *Commission-based products*. Ancillary revenue activities also include the commissions earned by airlines on the sale of hotel accommodation, car rentals and travel insurance. The commission-based category primarily involves the airline's website, but it can include the sale of duty-free and consumer products on board aircraft.
3 *Frequent flier programmes (FFPs)*. The frequent flier category largely consists of the sale of miles or points to programme partners such as hotel chains and car rental companies, co-branded credit cards, online malls, retailers and communication services. Sales of miles or points made directly to programme members also qualify.
4 *Advertising sold by the airline*. This category, added in 2010, includes any advertising initiative linked to passenger travel. The following are typical activities: (1) revenue generated from the in-flight magazine; (2) advertising messages sold in or on aircraft, loading bridges, gate areas and airport lounges; and (3) fee-based placement of consumer products and samples.
5 *Fare or product bundle*. Airlines may allocate a portion of the price associated with an economy-class bundle or product bundle as ancillary revenue. This is determined by assigning a revenue value to the services included in the bundle, such as checked baggage, early boarding and extra legroom seating.

The scheme is not meant to be exhaustive, and not all airlines have completely adopted all the forms of ancillary revenue noted. In the US, Southwest Airlines is the last major airline that does not charge any baggage fees for the first two checked bags. While pressured by analysts who believe Southwest is surrendering a major revenue source, the airline continues to state that it will not start charging in the near future (Whiteman, 2016). The focus on ancillary revenue by airlines across all business strategies reflects the difficult operating conditions felt by many airlines across the globe since the mid-2000s and the airlines' efforts to find sources of revenue beyond ticket prices, which consumers want as low as possible. With airlines being encouraged to adopt a merchandising perspective (Ascend, 2016) for the ancillary products offered, combined with new technologies allowing the selling of ancillaries to be easier across distribution modes, airlines will continue to develop new ancillary offers.

With this development come five possible pricing strategies that may be adopted by an airline (see Table 13.1). Starting from the unbundled product, there exists a combination of building limited fare bundles and brand names for those bundled products. These branded bundles demonstrate to the consumer what the benefits of the branded product are over the strictly à la carte product.

The ability to create products across all five of the strategies and offer the products are very dependent upon the airlines' distribution channels and the information technology system supporting the strategy selected. The pricing strategies and airlines' efforts to generate ancillary revenue through the purchase process must be able to be coordinated with the airlines' revenue management practices to maximise the revenue that can be generated (Chatterjee and Jain, 2015). Combining these strategies with revenue management practices and increasing information system processing has some analysts wondering if airlines are soon to be able to offer dynamic pricing (Wittman and Belobaba, 2016) or what Boyd (2007) called scientific customer centric pricing. With the increasing use of customer relationship management (CRM) systems and data analytics, the increasing sophistication of revenue management programmes, and the information that may soon be available to airlines as IATA's New Distribution Capability becomes an accepted standard in the industry, will airlines be able to extend their pricing power to each individual customer? Examples exist from other industries (Boyd, 2007), with direct data channels and the ability to know where that customer is coming from, to offer individual prices. Will airlines, with the data available in the airline's customer data warehouse on who that customer is from the profile and external data gathered, be able to offer individual prices soon?

Table 13.1 Types of airline pricing

Types	*Definition*	*Revenue management*	*Airline examples*
À la carte (unbundled)	Consumers may add optional extras such as checked bags, assigned seats and pre-ordered meals to any fare.	Lower-priced fares sell out as demand increases, but optional extras remain available.	Wizz Air's optional services such as priority boarding, extra leg room and assigned seats.
Branded fares	Base fare provides minimal amenities and consumers may upgrade to higher-priced fares that offer more perks.	Each fare type is always available and has a fixed (predictable) price premium.	Wizz Air's Basic and Plus fares, and JetBlue's Blue, Blue Plus and Blue Flex fares.
Service bundles	Base fare provides minimal amenities and consumers may purchase packages that offer additional perks.	Bundles are always available and may have fixed-price premiums or are dynamically priced.	Jetstar's Starter Fare and its Plus (fixed premium) and Max (dynamic) bundles.
Fare families	Amenities are linked to existing fare categories, with higher fares providing more perks.	Lower dynamically priced fares sell out as demand increases, which limits the choices presented to consumers.	TAP Portugal's Discount, Basic, Classic and Plus fares.
Subscription	Club membership allows consumers to enjoy fare discounts or have access to a service feature.	Discount is applied to lowest available fares. Service features are usually provided without limitation.	United's subscriptions for bags and Economy Plus, and Volaris V-Club fare discount programme.

Source: Sorenson (2015).

Distribution

Figure 13.1 is a simplified diagram of how the area of distribution has changed over the last 50 years (see also Chapter 20). Starting in the 1960s, the first computer reservation systems (CRSs) were developed by the legacy airlines, and over time became free from airline control and are now known as global distribution systems (GDS) (Pilling, 2009). With the technological advancement that Channel 1 represents, airlines entered to the realm of electronic commerce that in its various modes and channels drives airline distribution today.

Channel 1, an indirect channel that shows the airline inventory or product distributed from the airline to the GDS to a travel agency to the customer, is still a very viable channel for many airlines. While numerous articles have existed in the aviation press over the last 20 years about how technological gains threaten to end this channel and provide the airlines with the means to pursue a strategy of disintermediation, or leaving this structure, the channel continues to provide major benefits to airlines, including the LCCs (Ferguson, 2015; McDonald, 2007a). While the percentage of tickets distributed through this channel has gone down over the last 20 years, reports from airline trade groups still place the costs of the channel close to US$7 billion in fees a year to the systems (O'Neill, 2017).

As successful as Channel 1 was, not all tickets were sold using this method and airlines still utilised direct channels. Channel 1A, as noted, represents those tickets sold by the airline directly

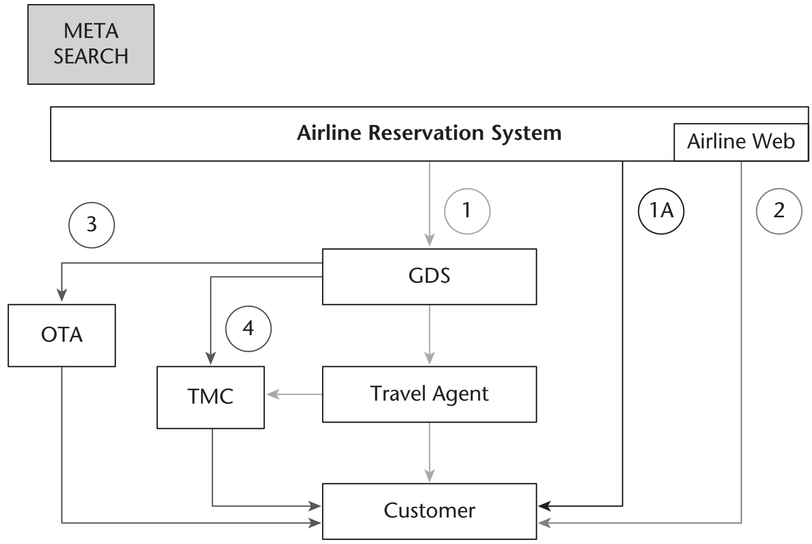

Figure 13.1 Airline distribution channels

Source: Author.

through their call centre, the airline ticket counter and city ticket shops. Selling tickets at the airport is not as common as once occurred, but still ticket desks and airport travel agencies exist across the globe and are likely to continue in some areas of the world. While airline ticket shops have mostly disappeared from North America, the retail locations still exist in some localities across the globe to serve local ethnic groups or as a means of outreach in a traditional retail setting (McDonald, 2007b). Call centres still exist for customers wanting human contact through the booking process, but now some carriers charge fees when booking through the call centre as a means of paying for the channel. Additionally, the call centre allows the airline to utilise the opportunity to engage in upselling and gain additional ancillary revenue (Kahn, 2016).

The biggest factor to impact Channel 1 has been the spread of the Internet and the newer forms of digital commerce that have come about over the last 20 years. Along with the creation of e-tickets, airlines quickly realised the value of the web as a means of bypassing the GDS for sales to the public (Channel 2). The websites of many LCCs and ultra LCCs are the primary means of ticket distribution (Hanke, 2016a). It is also a crucial means for the airline to engage in merchandising activities associated with the air transport portion of the trip as airlines have unbundled services over the last decade in an effort to sell ancillary products. Besides the opportunity for selling ancillary services associated with the air travel portion of the trip, additional web content provides information and shopping for a wide variety of travel and tourism services beyond just air transport (Hanke, 2016b; Sobie, 2008a). Among the products and services consumers can book on airline websites are rental cars, hotels, trip insurance, amusement park tickets, cultural site tours and sporting event tickets.

Channel 3 in the diagram represents the other major channel structure that came about due to the Internet. Airlines were not the only firms who realised the ability of the web to provide customers with more information on choices and options when searching for travel information. With the growth of these firms over time, the term online travel agency (OTA) became a means of classifying a variety of firms that utilised web-based systems as their primary means of selling tickets to consumers. Created by a variety of firms, early OTAs had founders such as SABRE, a major GDS, beginning Travelocity (Schall, 2016). Some airlines, being afraid of Travelocity, launched Orbitz as a competing site. Microsoft, with expertise in the software industry, was a launch partner of Expedia, and other firms such as Priceline and regional firms such as C-trip in China became well-known web brands for travel shopping (Joyce, 2013). The OTA sites have a major advantage for many consumers as the OTA allows multiple airlines to be searched, unlike the stand-alone airline website, and the OTA offers a variety of means for searching for flights, price often being the main criterion for consumers to compare when shopping.

While the development of the OTA channel was occurring, the other major channel member, the travel agency, needed to evolve. Recognising the impact of the web and the digital world and not wanting to relinquish their position, the travel agency moved to become a travel management company (TMC), as shown in Channel 4 (McDonald, 2010). Offering a variety of travel services and functions, often aimed at the corporate travel manager, the TMC is customer-focused on serving business and corporate accounts looking to outsource the travel management process. Many travel agencies, utilising technologies from the marketplace, or the global distribution firms intent on keeping that business utilising the GDS, created their own TMC web portal and today are moving to direct connect arrangements with the airlines (Borgogna et al., 2017). The benefit of the TMC is that the firm will provide services to their corporate accounts, and often enforce corporate policies on travel expenses, freeing the firm from having an internal travel department to manage this expense.

As the channel structure has evolved due to technology, the ability of travellers to access these channels has also evolved with the creation of the meta search website. The meta search sites, perhaps the most well-known being Kayak and the United Kingdom (UK) based Skyscanner, aggregate flight information across the distribution structure to deliver to consumers the best fare to be found across the channels (Sobie, 2008b). The meta search sites offer many of the same search parameters as an OTA (e.g. by price, number of destinations and trip time); however, the person using the site is directed to the channel with the best results based on the parameters searched. While having the functionality of an OTA, the user does not purchase the flight at the actual site. While many consumers will use the site to find the lowest prices, controversy has arisen as many airlines complain that passengers buying tickets in this manner are not getting all the information needed for the purchase and the meta search sites drive traffic on the airline's information technology network with little benefit (Field, 2008; Painter, 2017).

The other major factor that is influencing the channel relationship is the ability to offer the ancillary products airlines now offer across the channels (McDonald, 2013). With airlines being concerned the GDS system has not kept pace with airline merchandising, IATA has led an effort to adopt new technological standards known as the New Distribution Capability (NDC) (Cowen, 2013). Working in partnership with the airlines, the goal was to create new standards in modern programming interfaces that would allow airlines, as the suppliers, to make available all the airlines' products, including ancillary offerings, to channel members (O'Neill, 2013). With NDC, the airlines hope to put in place standards that will allow the full range of products to be sold and consumers the opportunity to personalise the offering being shown, no matter what channel they are shopping on. NDC adoption is ongoing at many airlines, with IATA tracking airline activities as NDC standards are adopted by airlines (see IATA, 2017).

While the discussion has focused on channel structure, the method of delivery is undergoing rapid change. No doubt, the move to a smartphone or tablet app-based world is impacting travel distribution (Budd and Vorley, 2013). Mobile technology is introducing a new form of the direct channel that allows push messages to be sent to the recipient if so willing. The difficulty airlines may find is getting consumers to adopt the app. While travellers may be willing to download and use once a flight is purchased, this does not mean the app will become the preferred access for the consumer. While travellers are willing to use the app for the features of information updating and paperless boarding passes, this does not guarantee the irregular consumer will use the app for future booking purposes. Currently, beyond the basic ticketing purchase function, the most common feature on the apps for the top 25 airlines are à la carte features for selecting seat assignment and pre-pay baggage fees (Sorenson, 2017). Some reports put the number of apps for a consumer at 27 to 30 used on a regular basis, with travel-based apps hardly figuring in the hours used by consumers (O'Neil-Dunne, 2016). While the frequent flier may be more willing to adopt and use the app, driving business through the dedicated airline app by the non-frequent flier will be a challenge.

Promotion and communications

Continuing the theme, technological innovations in digital media and social media have increased the means by which airlines can build awareness of the brand and attempt to shape passenger attitudes towards the airline and its product offerings. The tools of social media and digital communications in the form of blogs, media channels, social network sites and micro-blogging are now major concerns of airlines (Kahn, 2016). Airlines now must have digital media centres for monitoring the communications and conversations that are occurring in these channels. While airlines must become engaged in the social media world, the classic tools of promotions are still utilised by many airlines. This section examines the role of how a classic promotional tool, sponsorship, can be combined with the tools of social media to provide an overall promotion campaign to target audiences.

Sponsorship as a tool of the airline promotional mix has been known in the industry, but at times has had more of a community involvement and corporate social responsibility response (Dasburg, 1998). Airline management needed to be ready to respond to the request for services and assistance from the communities the airline served, and had long recognised the need to have a strategy to deal with these requests and get the stories to the public about the activities engaged. In the US, it is not uncommon in fact for the sponsorship links on the website to focus more on the charitable aspects of the firm and how the airline responds to a charitable request. An example of this would be the American Airlines Giving page (see American Airlines, 2017), which highlights the various non-profit and community-based organisations the airline and its employees participate with, along with links to how to engage the airline in a programme.

As the international airline industry has grown and firms strive to market across the globe, the active promotion of sponsorship activities has grown, especially across country borders. While local or domestic-related sponsorships are still common, catering to the events and demographics of an airline's home market, international and cross-border sponsorships are more common. For example, in the past, it was suggested that airlines should not become involved in dangerous sports such as auto racing (Shaw, 2004); however, airlines are now the major sponsor of Formula One Grand Prix races such as the Singapore Airlines Singapore Grand Prix, the Formula One Etihad Airways Abu Dhabi Grand Prix and the Formula One Gulf Air Bahrain Grand Prix. Across the globe, the growing Middle East airlines have especially become active in sponsoring soccer clubs in various leagues, most noticeably the English Premier League, the most watched soccer league globally (Total Sportek, 2017). In comments by Emirates founding CEO Sir Maurice Flanagan, the airline's investment in sponsorships is made clear. "Advertising never produces the same exposure for the money as the rights sponsorship, especially on TV," stated Sir Maurice, and that the rights deal struck between Emirates and Arsenal Football Club was the best deal the airline made as it began its sponsorship strategy (Halligan, 2015).

Table 13.2 The five biggest spenders among the US airlines for sponsorships, 2015

	Estimated total (US$ million)	*Spending categories*					
		Sports	*Arts*	*Entertainment*	*Cause*	*Festivals*	*Other*
United	35–40	45%	24%	18%	8%	4%	1%
Delta	25–30	58%	15%	4%	17%	6%	
American	20–25	26%	30%	4%	26%	12%	1%
Southwest	10–15	57%	3%		29%	11%	
JetBlue	5–10	60%	3%		30%	7%	

Source: IEG (2016).

Note: Top sponsorship deals in 2015 for US airlines were:
United: Chicago Bears, PGA Tour, San Francisco 49ers, United Center – Chicago, US Olympic Committee.
Delta: Los Angeles Lakers, Madison Square Garden, New York Mets, New York Yankees.
American: AA Arena – Miami, AA Arena – Dallas, Dallas Cowboys, Los Angeles Clippers, Race for the Cure.
Southwest: Denver Nuggets, Phoenix Suns, Texas Rangers.
JetBlue: Boston Red Sox, Boston Bruins, New England Patriots, University of Southern California.

Examining the websites of the world's leading airlines, it is easy to see the role sponsorship has in the communication plans. Many of the leading global carriers have dedicated sponsorship pages across the sport and other cultural activities the airline is engaged in. The benefit of the sponsorship is recognised for brand exposure and building, while bringing to the airline a dedicated and known demographically profiled audience. With the ability to leverage the airline's website and social media platforms such as Facebook, Twitter and Instagram, airlines are well positioned to offer contests and sweepstakes, offering travel prizes to those who engage with the airlines on the social media platforms. With the data that may come from a sponsorship, targeted messages can be sent to find the right customer that may react positively to an offer from the airline (Yardley, 2016). Examining US airlines, Table 13.2 presents data from 2015 (IEG, 2016) that shows the amount spent by US airlines across the major categories and who the largest deals are with for the airlines. Table 13.2 clearly shows the commitment to sports sponsorships among the US airlines. Most of the top deals are clearly with teams that are either in an airline hub city or focused on key cities for the airline network and growth.

Besides the spending for the rights, for the sponsorship to be effective the firm must engage in leveraging and activation of the sponsorship. Leveraging encompasses all sponsorship marketing communication, while activation relates to those activities and messages for audiences to interact and become involved with the sponsor (Weeks et al., 2008). Table 13.3, adapted from O'Reilly and Horning (2013) presents some of the many ways a sponsorship can be leveraged across promotional and distribution networks today. The table demonstrates that depending upon the marketing strategy and tactics to be implemented, sponsorships can be utilised to do outreach in a variety of means, both traditional broadcast and person-to-person or across social networks.

While rates for spending beyond the rights acquired may vary by the activity selected, and include traditional media uses such as advertising and public relations, with a focus on the need to track dollars and show a marketing return, activation activities engaging in on-site hospitality, websites and social media utilisation are more often being engaged. As the range for leverage spending can be anywhere up to seven times the amount paid for rights (O'Reilly and Horning, 2013), the spending must be able to demonstrate its value. The additional aspect that the sponsorship and leveraged activities possess today is the ability to measure the responses and track data from the social media networks utilised (Rashidi et al., 2016). As concepts such as big data and data analytics of traveller behaviour (Kahn, 2016) have become

Table 13.3 Sponsorship activation methods

Type of sponsorship	*Activation method*
• Advertising – all forms • Public relations/media coverage/Facebook Live • Signage/banners/PA announcements • Logo in arena, scoreboard or on uniforms • In-store displays/point-of-sale promotions/samples • Contests/sweepstakes/games • Player sponsorships/meet-and-greets/product use • On-site personnel for consumer interaction • Social media influencer campaign	• Digital and social media/mobile media • Online campaigns (websites, blogs, tweet-ups) • On-site hospitality with geotags and Snapchat filters • Events/client entertainment and VIP passes • Off-site events with branded premiums and giveaways • Direct marketing • Cause-related tie-ins • Internal marketing/employee programmes • New products/services

Source: Adapted from O'Reilly and Horning (2013).

topics of concern, sponsorships and the associated additional promotion and media tactics tools that can be leveraged can build data and relay to the airline aspects such as trip purpose, other transport modes utilised, and other sociocultural and demographic data. Some forms of social media are easier to track than others. Microblogs such as Twitter are perhaps the easiest to track as hashtags can be created that are often tied to events and locations. Social networks that utilise photographs, selfies and now live streaming videos taken by travellers may note the location and the purpose of the trip. Monitoring systems now allow firms to scan the background details to see the nature of the event and the demographics of the participants at the event (MacMillan and Dwoskin, 2014). Whereas in the past it may have been difficult to measure the associated value of sponsorships (Shaw, 2004), the social network and analytical systems today allow specific measurements to be determined.

Conclusion

Airline marketing faces the challenge expressed by Brenneman (1998: 164) of meeting passenger expectations to "fly to places people wanted to go, when they wanted to go, in clean attractive airplanes; get them there on-time with their bags and serve food at mealtimes," while now providing a wide range of options and information to assist in determining the places where passengers want to go. Recently, a guest commentator on Tnooz.com noted, "an airline can only distinguish itself with regards to punctuality, luggage care, and safety by failing to provide them" (Walker, 2017). While separated by nearly 20 years, the comments reflect the base needs airlines still face as a service business. With the digital and mobile world of social media now surrounding airline operations, news of when that failure occurs spreads quickly, and even a casual observer of the industry can find daily examples occurring. As digital technology advances are now bringing about new communication possibilities that are affecting airline promotions and distribution, researchers are already starting to discuss how artificial intelligence may influence consumer decision information processing and decision-making. Airlines face the task of meeting the basic needs of passengers in a constantly changing technological and world marketplace. Research must focus on how customers are adopting the technologies and what are the barriers to implementing solutions that may help the airline serve customer needs while driving revenue and profitability for the airline.

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