

The Emirates: Executive Summary

An Emirates Airline plane lands every three minutes at various airports around the world. The airline has touched the hearts of many travelers in a positive way. There is no doubt that it has emerged to become a global brand. In the field of aviation, marketing a service is extremely crucial since with the boom in low-cost carriers major airlines are being given a run for their money. This is where branding comes into place. It is essential to communicate the product offering to target customers in order to generate revenue. Emirates Airline does this in a variety of ways including advertisements and public relations. Public relations further include on-line marketing, print media and most importantly sponsorships. Emirates Airlines company attributes its success primarily to sponsorships through which it has been able to reach millions of customers worldwide. The airlines marketing strategies are controlled and executed by a group of 100 employees called the Empower group. They also deal with the international marketing challenge the company faces when continuing to portray the Emirates brand to the world in an efficient and effective manner. Since it is a service company, the airline's marketing mix is an extended version of the original four P's product, price, promotion and place. It includes another three P's, i.e. process, people and physical, discussed in detail in the report. Based on the above-mentioned seven categories that comprise the marketing mix for the company, the SWOT analysis has been conducted to analyze various strengths, weaknesses, opportunities and threats that surround the company. There is no doubt that the company is a well established brand, but intensive competition with its rivals, such as Qatar Airways and Etihad Airways, can prove to be costly for the company, which has already seen a decline of an astonishing 72% in profits in the year 2008/09 as compared to 2007/08. A major challenge for Emirates is to

maintain its high standards of service along with continued expansion otherwise it could soon face similar problems as those faced by the British Airways.

EMIRATES AIRLINE

Previously an unknown company, Emirates Airline has become a consortium with a renowned worldwide reputation for its outstanding airline services. With just two aircrafts and three destinations at inception in March 1985, the airline has grown to become one of the world's leading airlines, with 120 aircraft connecting over 90 destinations in six continents through its hub Dubai International Airport, United Arab Emirates.

The company is a subsidiary of the Emirates Group, employing more than 40,000 people. It operates 1,990 flights per week and caters mainly to transit passengers along with passengers travelling to and from Dubai. While airlines around the world slash costs in order to survive, Emirates Airline continues its rapid expansion through major aircraft purchases, addition of new destinations and further marketing through sponsorships. Major sporting events are sponsored by the company in order to attract new customers.

Since the airline encompasses over 55 countries worldwide, it is imperative to market the service internationally to retain the country's position. In light of this, the company has undertaken numerous campaigns around the world to market its service. The company has built a strong and powerful brand name in terms of its service excellence and is unanimously considered the fifth best airline of the world by Skytrax.

Dubai is the city with a population of 22.6 million; therefore, 120 aircrafts frequenting to 92 destinations worldwide is rather unexpected. The reason for this

extraordinarily large network is that the majority of Emirates' customers are transit passengers travelling to and from either South Asia to Europe, or North America or South East Asian passengers travelling to and from Europe. Thus, it is vital that the company markets its product in such a way so as to attract foreign customers.

Locally, the company has a 100% market share since it is the only national carrier of Dubai city. The company relies on its international marketing in order to attract new customers and retain older ones especially with the upcoming competition from other emerging carriers such as Qatar Airways and Etihad Airways (Emirates).

INTERNATIONAL MARKETING

Emirates Airline has been highly successful in promoting its brand at an international level. The company spends over 3% of its budget on marketing and communications and as compared to competitors marketing expenses have a higher share of total costs. It has partnered with several major companies to sponsor events and festivals. It has actively sponsored several sports clubs and events both locally and in the overseas market. Some of these events include the annual Dubai Shopping Festival, Dubai Summer Surprises and Melbourne Symphony Orchestra.

The company also sponsors major sporting events and clubs. These include cricket events such as the World Cup, Twenty 20 World Cup and various other series. The company sponsors Cricket Australia, the official partner of the International Cricket Council (ICC). Their branding also features umpire shirts in major cricketing events. In football, the company sponsors the Arsenal football club and their 60,000-seat Emirates Stadium, AC Milan football club, Asian Football Confederation, Scottish Junior Cup and the Emirates Cup. The major event is the FIFA World Cup to be held in South Africa for which Emirates has been actively

campaigning and encouraging customers to utilize its services when travelling to and from South Africa. Moreover, the company also sponsors major events in the fields of horse racing, tennis, yachting and rugby (Shikoh, 2005).

The organization has built a team of 100 professionals to deal with corporate communications. This team works with a global network of advertising, media buying and public relations agencies, and its function is to maintain and execute Emirates marketing activities and strategies at a global level. The team has also formed an exclusive virtual agency network called Empower, an extranet that connects more than 120 advertising and public relations agencies working with Emirates, featuring the best of the world's creative and communication talent. Thus, marketing at Emirates is dealt with very carefully and the company ensures that the campaigns are of the finest quality. The campaign featured with various individuals is designed to capture the unique and varied experience of living in Dubai from the perspective of real people from many parts of the world who call it home. It will air on TV and internet outlets such as BBC, CNN, Discovery Channel, CNBC, Travel Channel, Google, Yahoo, ESPN, etc. (Sambidge, 2009).

SPONSORSHIPS

The marketing in Emirates includes all the major traditional and new marketing tools, but the medium that has helped it to bond with its customers and augment its brand image the fastest is by no doubt major sporting event sponsorships. As Mr. Mike Simon, Senior Vice President, Emirates Corporate Communications puts it,

When we launch a new route we don't just go there with advertising blitz to promote our products and services. We put together a comprehensive campaign that builds our credentials as a corporate citizen and truly promotes local social, cultural and community events. (Gale, 2007)

In addition, Mike Simon emphasizes that the company must focus on promoting its brands. Since the only way to advertise the company brands is broadcasting it by television, Simon offers the following:

Hand in hand with our advertising and PR campaigns, Emirates chooses to sponsor events, teams or activities which attract worldwide television coverage. Our research shows that by selecting the correct sponsorships, we have been able to take quantum leaps in the promotion of our brand awareness in new markets. (Gale, 2007)

Emirates started its sponsorship activities in 1987, and now the country boasts the honor of sponsoring all the major sporting events that take place around the globe, including major events in horse racing, yacht racing, rugby, golf, cricket, tennis and most importantly football. The most impressive achievement of the sponsorships is in the field of English football club sponsorships, which began in October 2004 when the company sponsored the Arsenal Football Club worth some £100 million. It was the biggest sponsorship deal in the history of football and also granted the company naming rights to the club's new stadium known as the Emirates Stadium until 2019 (Hanlon, 2007).

CHALLENGES

One of the major challenges for the airline is to ensure that its brand retains its position in the world's market in the near future. Moreover, the consistent adoption of the brand within the organization is also a major challenge. Through media, organizations are exposed continuously to a number of difficulties. For example, customers discuss post travel dissonance in chat rooms, which may quickly wear down the brand image of the airline. Thus, it is a challenge to constantly help customers recall their positive experiences through effective marketing.

The second challenge faced by the airline is the worsening perception of Muslim nations including the Arab world. Employees are encouraged to become

brand ambassadors themselves and exemplify the regions culture of hospitality and luxury.

Lastly, the airline must continue portraying its value purpose to its customers regularly. Given the rapid expansion of the airline industry in the Middle East because Qatar Airways and Etihad Airways are marketing rigorously. With the boom in low-cost carriers such as Air Arabia and Jazeera Airways the airline must continue to market affluently to maintain its position as the market leader (Bhoyul, 2009).

THE 7 P'S

The marketing mix for a service company is extended than the original 4 P's. Here, the marketing mix consists of 7 P's which include Product, Price, Place, Promotion, People, Process and Physical.

PRODUCT

To satisfy customer's wants and meet his/her expectations, the airline has successfully created a very powerful product offering. The approach adopted by Emirates is an operational and service approach towards providing exceptional standards of service and boasting one of the youngest and most advanced fleet of aircraft in the aviation industry. It has been successful in providing innovative, modern and customer-oriented air travel services. Its product strategy is to provide a leading, international and quality service of air travel.

The airline strives to provide high quality services to its customers. It must be also mentioned that its value proposition is also very strong. The offering includes fast check-in services, flexible and convenient transfer services through a well connected route network, dining and internet services at the airport and in the

aircraft, comfortable seats, award-winning in-flight entertainment, well trained and helpful cabin crew and airport staff, premium quality and high service efficiency i.e. a minimal rate of delays and cancellations.

In addition to the above-mentioned services, the airline also offers various other facilities and services such as a complimentary hotel stay for first and business class travelers, FIFA world cup packages along with other tailored event specific packages, Arabian Airpass benefits and Skywards member benefits and hotel and transport services through its network of Emirates Hotels and Resorts. Together, these attributes have enabled Emirates airline to portray a very attractive and vibrant product offering and a strong and positive brand image.

PRICE

The airline must also decide on the sum to charge for its high-quality services and product offerings. The airline caters for all sorts of customers, i.e. high-end customers who want ultimate luxury. On the other hand, the company also caters for customers who want quality services but at a reasonable price.

The airline has different pricing strategies for its three different classes i.e. first class, business class and economy class. The prices are set in accordance with the services provided which differ for all classes. Another factor that determines ticket prices is the popularity of the route and the schedule for e.g. a 2 AM flight to London from Dubai will be cheaper than the morning flights. Moreover, discounts are also offered through Arabian Airpass memberships in the Middle East. The airline has various packages for events that it sponsors, e.g. it offers attractive packages to FIFA customers, including match tickets and hotel accommodation (Howard, 2009).

PLACE

Offering its product is also another very crucial role for the airline. The latter uses a variety of mediums to demonstrate its product and offers, which includes television ads, online ads, and billboards across cities, sponsoring major events and through print media.

Whenever the airline starts a new destination, the offering is communicated to customers worldwide through media for e.g. the new Durban, South Africa route was promoted through ad campaigns following the theme of the FIFA World Cup. Similarly, when the new Airbus A380 aircraft was inducted their arrival was communicated through a massive media campaign.

PROMOTION

The airline has been actively promoting its novelties, offering to customers the current developments. As mentioned earlier the airline promotes its brand or product offering through various media including the internet, print media and television advertisements along with sponsorship programs for major events, especially sporting events. This mix of promotion strategies gives the airline a wider scope of target customers for e.g. millions of viewers will watch the FIFA World Cup to be held in South Africa in 2010 which will certainly convey the offering of the airline to the entire world.

The airline, thus, focuses on two core aspects of brand promotion, i.e. advertising and public relations. The company does not engage in personal selling since it is costly and comparatively inefficient for such large scale marketing campaigns. The firm is, however, engaged in sales promotion through various

attractive packages to attract customers for e.g. its recent promotional campaign with kids below sixteen years traveling free to Dubai in Emirates (JC Driver, 2000).

PEOPLE

Another crucial ingredient to its service provision is the staff and employees that work with the airline. The company realizes that customers will be directly communicating with sales staff at sales centers and check-in staff at airports and the cabin crew in-flight. That is why the personnel go through extensive training and development programs. Emirates airline invests heavily in recruiting the right cabin crew and employs people from over 120 nationalities. These are placed on flights to respective destinations, e.g. Brazilian crew is placed on flights to Sao Paulo.

PROCESS

The airline also invests greatly in systems that help deliver a high quality service to customers. Passengers require fast service along with a quality service. The airline has offered an extensive range of services to meet passengers' requirements. These include state-of-the art lounges at major airports, efficient check-in services complimented by self-service check-in kiosks at major airports, quality entertainment through personal screens on every seat and well equipped aircrafts.

PHYSICAL

The last but not the least, the considerable physical presence in the airline is also to be reflected upon. The airline connects over 100 destinations through its 130 aircrafts. Flights are offered on the daily basis to almost all destinations, and the popular destinations receive a number of daily flights. For instance, London is a

major destination and Emirates connects it to the world through more than ten day flights. The airline has extensive expansion plans in the future and also plans to increase frequencies to numerous destinations. Moreover, it has placed an order for another 150 aircrafts to be delivered over the coming years. Lastly, the airline has its own dedicated terminal at Dubai International Airport; therefore, there is no doubt that Emirates are physically well established.

SWOT ANALYSIS: STRENGTH

The SWOT analysis helps organizations in strategic and marketing analysis. We will now analyze the strengths, weaknesses, opportunities and threats encompassed by Emirates Airline. Emirates Airline is, no doubt, a strong company with numerous competitive advantages over its rivals. The airline was established in 1985; since then it has seen massive expansion. It ranks amongst the top 10 airlines of the world with revenues reaching \$12.6 billion. Its strengths, thus, include a strong financial backbone which helped the company acquire a huge number of aircraft. As compared to competitors, the airline has a higher capacity and the seat utilization ratio of 77.6%. The airline has also won more than 270 awards for its outstanding services. Moreover, it dominates many market segments and is the largest carrier in Asia, Africa and the Middle East. The airline has its own terminal open to Emirates' flights only and an environmental record that is better than many other major airlines of the world. The airline also provides commendable services which few competitors can dare to challenge, e.g. it is the only Middle Eastern airline that has lounges in major airports, such as New York, London, Sydney, Hong Kong, Frankfurt, etc. (Ivan Gale, 2007).

WEAKNESSES

It is hard to find weaknesses in the brand but certain weaknesses do exist. The airline is operating all wide-body aircrafts which turn out to be costly on lower density routes, e.g. there is a market in several cities in the central subcontinent such as Almaty, Tashkent, Baku, etc., which the airline does not connect primarily to because larger aircrafts would be unfeasible to operate. Thus, the airline must consider inducting smaller aircrafts, such as Airbus A320 and A321 to cater to smaller markets efficiently. Moreover, some flight timings are very inconvenient to travelers, e.g. flights to the South East depart between 2 and 4 AM.

OPPORTUNITIES

The airline has numerous opportunities to be tapped upon. First, the airline should introduce more destinations in such regions as Russia, North Western Europe, e.g. Oslo, Stockholm, Helsinki, etc., as well as in South America. The airline can further tap into the fields of research and development which lead to innovation and creativity. New products and services should be introduced regularly. The airline has recently launched a low-cost subsidiary called FlyDubai; the latter should create an efficient marketing scheme and ensure that quality standards are met, working towards improving its in-flight entertainment further (Alamdari, 1999).

THREATS

Even though the airline is so well established, the company does face several threats from competitors and the environments it operates within. In 2008/09 the company's profits were declined by 72% as compared to the previous year, which is a major source of concern for the company. The world recession has impacted the

airline severely, its customers shying away from leisure travel or switching to low-cost airlines. Extensive competition is observed in the Middle East, with major airlines, such as Etihad Airways and Qatar Airways, expanding aggressively and constantly improving service and quality. Oil and gas prices have risen sharply, narrowing the gap between revenue and expenses. Security costs have risen considerably after September 11. Thus, the airline is facing stricter regulations which safeguard the impact on the environment, e.g. noise limitations and frequencies (Barodawala, 2007).

CONCLUSION

Emirates Airline has created a very strong brand image with the help of its outstanding services. Given the aircraft orders worth \$26billion, there is no doubt that the airline is set to grow and expand further. The brand has emerged as a global icon with more than 130 aircrafts serving 100 destinations and catering for more than 15 million passengers annually. The company has received more than 270 awards for providing excellent service and hence is considered one of the best performing airlines in the world. Furthermore, from a monetary point of view, the speed of the development of the airline is the fastest in the world. Hence, the airline is able to reap enormous profitability. A daunting task for the company is to sustain the growth and the service standards that Emirates is known to provide its travelers with. The world should expect to hear more about Emirates, and its name in the top 100 Business Week Global Brands list in the near future.

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