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XIAMEN INTERNATIONAL AIRPORT CO., LTD.

Analysis of Airports and Airlines Relationship

-- How to Carry out Effective Marketing among Airlines

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It is no exaggeration to say that air route is the lifeline that each airport relies on in order to survive and develop. Airlines are airports' major clients, therefore it is important that an airport knows how to do marketing effectively among airlines so as to establish business partnerships with them. By analyzing and summarizing the experience gained in actual practice, this article intends to explore the effective ways to do marketing among airlines. We hope that this article can inspire and trigger more thoughts.

I. Having the Right Marketing Mindset

(I) Professional Airline Marketing Becoming the Mainstream

With the development of economic globalization, the route networks of airlines are continuously expanding; at the same time, more and more airports are emerging all over the world. Airlines keep screening and comparing airports with new destinations while airports keep trying to host different airlines. As the global economic situation is not optimistic, airlines attach great importance to flight revenue and consider the air route planning from market conditions and economic benefits. In the new environment, personal connection may remain as one of the airline marketing tools, but now it is more of a supporting tool; instead, professional airline marketing has become the mainstream. It has already been a subject for every airport to dig into as how to effectively attract airlines to open new airport routes.

Knowing the overall context, let's take another look at the market prospect. As some global airline hubs have relatively limited runways and slot resources, it is important that airlines carefully consider how to build sub-hubs at second-tier airports. Therefore, a great number of airlines start to do market research among these second-tier airports in the hope of finding new profit engines and new space for business expansion. It is not hard to see that these second-tier airports are facing brand new opportunities for development.

Except the home base airlines, other most airlines are usually less familiar with the markets of the areas where the airports are located than the airports themselves. Airlines attach great importance to the development of second-tier airports. If at this time a second-tier airport is able to provide professional and highly reliable market promotion, it will be very likely that airlines decide to exploit this market. In this way, this airport can stand out among all its competitors, which is of great significance.

(II) Better to Be the First than to Be the Better

While pursuing professional airline marketing, airports should also recognize the importance of putting marketing plans into action. In marketing, there is a famous law of leadership, which says "**It is much better to be the first than to be the better**"¹. It can be illustrated by the following example:

- (1) Who was the first person to fly solo across the Atlantic Ocean?
- (2) Who was the second person to fly solo across the Atlantic Ocean?

Apparently, many people know that the first person to fly solo across the Atlantic Ocean was Charles Lindbergh. However, most people cannot remember who the second one was. Well, the answer is Bert Hinkler, who spent less flight time and consumed fewer raw materials. The question is how many people remember Bert Hinkler? The law of leadership is widely applied in the marketing activities of various industries and markets and the airline marketing is no exception. Under this circumstance, the earlier you take actions, the more likely you will make a strong impression on airlines.

¹ Source: "The 22 Immutable Laws of Marketing", by Al Ries and Jack Trout

II. Selection of Marketing Products and Targets

(I) Market and Promote Truly Good Air Routes with Good Faith

In the West, credit management is known as the “best management approach for enterprises to produce direct benefits”. In China, there is also an old saying - “the market should be honesty-oriented and honesty should be credit-based”. In terms of airline marketing, the concept of good faith means to ensure what you promote are truly good air routes with great development potentials, which include:

- (1) Air routes in great market demands but with small aviation capacity;
- (2) Air routes with high profitability due to high air fares and load factors as a result of the monopoly of airlines.
- (3) Air routes with market opportunities arising from production startup of large-scale enterprises or relaxation of tourism policies.



In the introduction of air routes, all attempts to attract airlines to open new routes with false good-looking data are short-term behaviors.

Airlines are no fools. They not only purchase route operation data from the Global Distribution System (GDS), but also check the proposals provided by airports with local travel agencies, ticket agents or other similar organizations. Even if these data are lucky enough to pass the check, after the air routes are opened, under unsatisfactory market conditions, flights will be very likely to be suspended due to unstable operation. What is more, if there is any gap between the result confirmed with the agents or the actual operating status of the air route and the airline’s expectation, the integrity of the airport will be directly affected in the eye of the airline, which will bring even greater difficulty in future operation.

On the other hand, promoting good route products can make an airport gain more confidence when dealing with airlines. Airports and airlines do business with each other on equal terms - what I promote is a really good development opportunity and one more profit making choice, and this is not just that I want something from you. This kind of attitude - neither servile nor supercilious – plus the profound understanding of the air route products can make the airport establish a professional and reliable image within a very short time when dealing with the airlines.

(II) Target Client Screening - Identify the Part of the Iceberg above the Water

In marketing practice, we all know that sometimes many people ask a lot about the products, but only a few of them actually buy them. It is somewhat like the iceberg in the natural world. The part above the sea is only 10% of the

whole iceberg while 90% is under the sea². Therefore, demands and actual demands are often not the same thing. Various improper situations may stand in the way of sales. In order to ensure the efficiency, we need to screen the target clients first – to analyze whether they are qualified to be that 10% above the sea. Therefore, in airline marketing, we should focus on:

(1) Positioning of the airline. For instance, a cargo airline positioning itself as a first-tier high-end carrier may not be interested in destinations where the main products produced are low value-added ones such as garments, shoes and hats or light arts and crafts.

(2) Development strategies of the airline. Does it intend to expand new destinations? Based on its usual development strategy, will it target airline hubs first or move to surrounding second-tier airports instead?

(3) Airline capacity. Does it have sufficient capacity? When will the new aircrafts be in place? Is there any aircraft type that fits the air route you are promoting?

(4) Traffic right and flight slot. This is not as important as the above three points because there is always a possibility to gain the traffic right and coordinate flight slot as long as the airline is interested in operating the route.

(III) Stay Focused on the Main Targets

In marketing, there is a famous **80/20 Rule**³, which states that there is an imbalance between causes and the effects, input and output and pain and gain. Typical scenario is that 80% of your profit comes from 20% of your clients and 80% of the result comes from 20% of your effort. Enterprises shall focus on the 20% clients that bring 80% of the profit and make effort to acquire and maintain these 20% key clients. The concept of key client is also applicable to airline marketing. If the promotion of good air routes has attracted the attention of more than one airline, the airport should select a more competitive airline as the key marketing target instead of treating them all equally. The reasons are as follows:

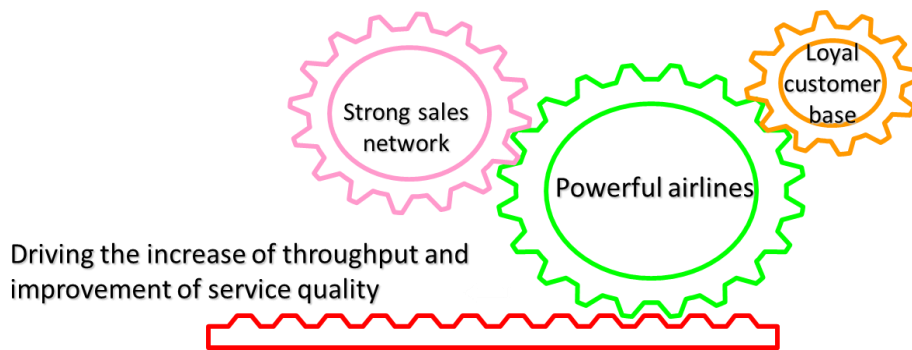
(1) Airports like this will actively promote the development of an airport. Powerful airlines often possess more sophisticated sales network and more loyal client base. They have clear development plans and actively expand catchment passenger and cargo markets, which make the operation more stable. This is of great significance to increasing the passenger and cargo throughput and improving the service quality at the airport.

Case 1: Since Cathay Pacific joined the Xiamen-Hong Kong route, this airline has been actively expanding sales markets in Fujian as well as Jiangxi and Guangzhou. It grows the cake rather than divide it up. After one year of operation, the passenger throughput of the Xiamen - Hong Kong route is was increased by 26% over the same period last year. While providing services for Cathay Pacific, Xiamen Airport has also absorbed its excellent service philosophies and received its skills training, making the airport's ranking rise from the 42nd to the 16th among 44 airports all around the world in terms of service quality.

(2) Due to star effects, other airlines will follow their steps. As these powerful airlines have high reputation in the industry, their actions would often have “star effects”. Their choices would be the center of other airline’s attention. Knowing how to demonstrate the local development of these powerful airlines to others will be very useful in the future airline marketing of the airport.

² Source: “Change Management Iceberg”, by Wilfried Krüger

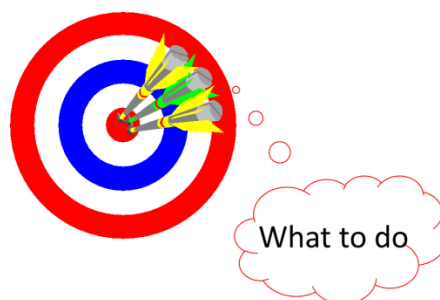
³ Source: “The 80/20 R”, by Joseph M. Juran



Another thing we would like to mention is that the above said “powerful airlines” are not equal to high-end airlines. There are also companies with high reputation and great strength in the low-cost airlines. Whether a high-end or low-cost airline joins an air route is decided based on the specific market conditions. Once this decision is made, the marketing will focus on the best and most powerful airline in the related field.

III. Effective Marketing Activities and Skills

After completing the preparations for marketing, we shall start contacting the target airlines. The professional marketing of the airport must be carried out throughout the whole process. If anything goes wrong, the project will probably be suspended. Some of the key steps are as follows:



(I) Identify Key Persons: Find the Right Person > Say the Right Thing

Case 2: Several years ago, a new airline was about to open services in Xiamen and was choosing a forwarder as its general sales agent. Forwarder A was quite determined. It set up a team to communicate with the client every day and provided it with pickup services whenever needed. With the good relationship established between them, everybody thought that winning the bid was for sure. However, the bid winner turned out to be Forwarder B. When asked about how they made it, they said they only met the client three times and they never had any previous connections or internal relations. Then what was the reason? The answer is simple: Forward A focused on a deputy director, who, though working at a senior position, was about to retire soon and thus did not have much say in this while Forward A targeted the key person at the key department.

In a word, at the contact stage, it is more important to find the right person than to say the right thing! Then how do we find the right person?

(1) **Find out about the organizational structure.** First of all, find out the organizational structure and decision-making procedures of the target airline. Note that sometimes there may be some informal internal relations

within some companies, so even small potatoes may be of big value.

(2) **Cast a wide net.** Make extensive contact with all persons in the organizational structure that may be connected with the new air routes, distribute promotion materials to them and acquire information from them through various communication channels.

(3) **Identify the “snakes”.** If you keep making extensive contact, you will waste too much effort on some insignificant persons and matters. Key persons are like snakes in the grass. There may be more than one snake and each has its own features:

-- Policy maker⁴. A policy maker can be a person or a group of people, like the board of directors and commerce committee. Their role is: to give final approval to all policies and decisions; their concern is: impact of the new air route on the company development; and they often ask: what can we get from the construction of this new destination?

-- Assessor, i.e. the commerce, marketing and network revenue management department of an airline. Their role is: to assess your promotion proposals or give their own recommendations to the senior management of the company. This role is a like a goal keeper, who may not be able to say YES but can definitely say NO. They often ask: does this air route meet xx targets (company internal targets like yield rate and load factor)?

--User, i.e. the office located in the area of the airport at which the airline operates. Their role is: to directly operate the air route you promote. They particularly care if this air route will help their short- and mid-term performance and does not like the so-called strategic loss-making route. They often ask: will this air route improve or adversely affect our office’s performance?

Nowadays, due to high oil price, the opening of an air route, especially a long-distance international route, is often complicated and would require the joint support from the above three roles. Therefore, the airport should approach them in a way that caters to their different concerns. Sometimes they can made into “insiders”. For example, the local office of an airline is often on the same boat with the local airport, thus it is an important source to get the inside information of the airline.

(II) Initial Proposal Should Fully Demonstrate the Market Value

After establishing a relationship with a promotion target, as professionals, we need to provide it with data and analysis. The initial proposal or PPT presentation given to the airline should fully demonstrate the market value.



(1) **Local conditions suitable for operating the route**, including local geographical location, economic

⁴ Source: “Policy Maker”, by March. J. C.

development, foreign trade, business investment, tourism resources, overseas Chinese and favorable government supportive policies, etc. We should not just list data and numbers; more importantly, we need to demonstrate why these factors are helpful to the airline operation and show the airline what our selling points really are. Let's illustrate this by giving examples of other product promotion.

	What do we really want to promote?	
	Salesmen say: We DO NOT promote!	Salesmen say: We promote!
Product marketing	Computers	High-speed computing ability and modern concepts
	Clothes	Confidence brought by proper and fashionable dress
	Color TVs	Leisurely life and entertainment
Airline marketing	Tourism exhibitions	Huge passenger flow and no off-season
	Exchanges with Taiwan	The strategic importance of developing cross-Strait transport after policy opening-up
	Economic development	Demands for air passenger and cargo transport positively correlated with GNP

(2) **Current operating status and development potential of the air route.** This include the existing market, i.e. the operating status of the airlines operating the existing routes, and; diverted market, i.e. the passenger and cargo flow diverted from the market of this airport to other airports due to flight density and transport price issue; potential market, i.e. the passenger and cargo flow diverted from other competitor airports to this airport after local air transportation becomes more competitive. In addition, what share that the target airline will take from the airport's total market should also be illustrated. **“Think, design and seek benefits for others”** is a very important skill that the proposal should employ to convince people.

(III) SPIN Selling⁵: Find Client's Interest through Communication

It is always easy to say than to do. If you have ever promoted any air route, you will be familiar with the following scenario.

Case 3: Failure Scenario

Zhang (Airport): Hello, Mr. Wang! This is Zhang from Xiamen Airport. I would like to promote the Xiamen-xx route to you....

Wang (Airline): Sorry I'm occupied now. You can send me the proposal.

A week later...

Zhang (Airport): Hi, Mr. Wang. Did you receive our proposal? How do you like it?

Wang (Airline): Just got it. And I'm reading it now. Please wait for my reply.

A month later...

Zhang (Airport): Hi, Mr. Wang. Is there any progress regarding that air route?

⁵ Source: "SPIN Selling", by Neil Rackham

Wang (Airline): We don't have sufficient aircraft. And now all departments are analyzing. I'll let you know if anything comes out.

If Mr. Wang is really the key policy maker in opening the air route and the proposal data submitted are also detailed and convincing, then what is the reason for Zhang's failure? Perhaps we can look for the cause from communication skills – everybody likes to solve problems by themselves rather than accept promotion passively. We can try the **SPIN** formula:

SITUATION: situation questions

PROBLEM: problem questions

IMPLICATION: implication questions

NEED PAYOFF: need payoff questions

SPIN is actually a process of asking potential clients questions. Through this inquiry process, we can obtain an effective understanding of clients' needs, and then turn their needs into concerns about solutions and finally build a bridge between products and clients' needs. Let's take a look at this success scenario:

Case 4: Successful Communication

Chen (Airport): Hello, Mr. Wang! This is Chen from Xiamen Airport. How is the business going? (Situation question)

Wang (Airline): It's OK. Thank you for your concern.

Chen (Airport): I bet you are doing well, judging from the flight revenues of other airlines.

Wang (Airline): They have long flight hours and high utilization rate.

Chen (Airport): Are your flight hours not long enough? Is it because you don't have sufficient pilots? (Problem question)

Wang (Airline): No, it's not. Few passengers would take early or late flights, so there is no point of keeping flight hours too long.

Chen (Airport): Oh I see. Does it have something to do with your local climate and passenger's travel habits? (Implication question)

Wang (Airline): Yes. Sometimes it is still dark at seven in the morning. Passengers do not like to travel at such early time.

Chen (Airport): Well, in Xiamen, the duration of sunlight is long and it seldom gets rainy or foggy. Flight can start from 7:00 in the morning and ends at 12:00 at night, which means you can fly for two more hours. Besides, people in Xiamen are used to going out early in the morning and coming back late at night and prefer not to stay overnight in other places. Have you ever thought about setting up an overnight base in Xiamen to increase plane use rate? (Need payoff question)

Wang (Airline): Please send some data to me. We would like to do a little research (sounding interested)

(IV) FFAB⁶: the Art of Marketing Language

SPIN addresses the strategies of communication – being indirect while FFAB focuses on the tactics of communication – speaking a simple and interesting language. In everyday life, we are all consumers and understand that as customers, we would not like sellers to use a difficult language to introduce us products that we don't know.

⁶ Source: <http://baike.baidu.com/view/1791788.htm>

If we do not understand something, even if we are interested, we would sometimes feel too shy to ask or even feel annoyed.

(1) The definition of FFAB and its practical results

Case 5: Two Methods to Introduce Cosmetics

Method 1: This tartaric acid facial cleanser contains α -hydroxy acid. This component can mitigate the convergence of skin cutin, reduce the thickness of cuticula and facilitate skin metabolism with good results.

Method 2: What is special about this tartaric acid facial cleanser is that it uses a special component to accelerate the skin metabolism, that is, to make aged cuticle fall off as soon as possible and let new epidermis cells grow. In this way, skin will be more delicate. In sand storm, skin will easily get dry, resulting in a lot of dead skin cells. In this case, we can use this product to improve our skin.

Is Method 2 easier to understand than Method 1? That is the magical effect of FFAB communication approach. The so-called FFAB refers to:

FEATURE: features of a product or solution

FUNCTION: functions brought by the features

ADVANTAGE: advantages of the functions

BENEFITS: benefits brought by the advantages

(2) The magic formula of FFAB

When introducing a new product, market or service to clients, if we need to make them understand what we are talking about by giving them definitions, we can adopt this FFAB formula:

Feature/Function		Advantage	Benefits	
Feature/function	That is to say...	In this way...	For example...	As long as...it can...

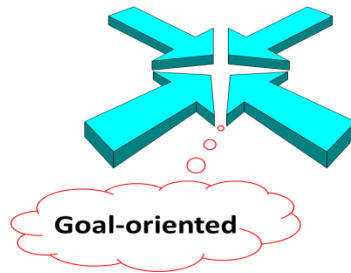
Case 6: Commentary for Train-Air-Truck Transportation

The Air-Land intermodal transportation is a kind of long-distance bus transport service provided for passengers to help them travel between Xiamen Airport and surrounding cities. That is to say, travelers departing from other places can take a bus to directly get to the terminal building of Xiamen Airport and likewise, arriving passengers can directly buy tickets and take a bus to other places. In this way, passengers no longer need to go to the long-distance bus station to take a bus home, which can save a lot of time and help airlines in Xiamen attract passengers from surrounding areas. For example, during the Spring Festival, there are 300-400 passengers from surrounding areas arriving at the airport via the train-air-truck transport everyday. When selling air tickets, you only have to deliver the handout of this Air-Land intermodal transportation along with each ticket and more people will get to know about this service, and the airline itself will be one of the ultimate beneficiaries.

(V) Keep Tracking and Giving Guidance: Implant My Idea in Your Mind

Another secret of success in airline marketing lies in the word “persistence”. When you think you can do it

extremely well, persistence perhaps is the only thing you lack. Airline marketing is not something you can accomplish just by one communication or one proposal. It often needs to be constantly pushed forward and guided for a long time. Therefore, we need to:



(1) **Establish a tracking system for the recommended air routes.** Provide the target airline on a regular basis with the latest operating status of the recommended air routes, information on investment of large enterprises that may boost sales in market or policy-related information on cargo clearance, passenger visa and tourism opening-up. The airport can adjust the information as appropriate according to the emphasis the target airline has given to each part so as to make such information more easily recognized.

(2) **Provide appropriate guidance during interactions.** When airline takes interest in the recommended air route, it will carry out further research. During this process, the airport should stay clear-minded and sensitive because at this point, the airline will definitely raise questions that are of their biggest concern and the answers to these questions will probably affect the whole project progress. Therefore, we should not simply provide data; what we should do instead is add our own analysis to actively guide the airline.

Case 7: Cargolux Airlines hoped to obtain the data of freight rates in Xiamen cargo market during its market research. Xiamen Airport first of all compared the freight rates in Xiamen with those in Shanghai market where Cargolux Airlines is operating. After finding out the features, while providing the data, it provides guidance in the following aspects as well: ① The competition in Xiamen market is far less fierce than that in Shanghai. Therefore, though the freight rates in peak season are not as high as those in Shanghai, the rates in off-peak season are not too low. The freight rates remain stable throughout the whole year. ② At Xiamen Airport Cargo Terminal, forwarders are allowed to enter the warehouse area for cargo on the bulk, which will help improve the space utilization so as to increase flight revenues. ③ A large photo-electricity enterprise will soon start operation in Xiamen and from then on, there will be about 2,000 tons of LCD transported by air to Europe every month. This will change the structure of goods in the entire cargo market. With the greatly rising proportion of high-tech products, the freight rates will be further increased.

(VI) Identify Airlines' Characteristics and Needs

This is the last but the most important point. The marketing philosophy believes that the key to achieving the organizer's objectives is to correctly identify the target market's needs and desires and communicate more effectively the desires that the target market expects to be satisfied than the competitors. To put it simply, the key is to know your customer and then cater to their needs.

Mr. Di Zhenpeng, a well-know practical marketing expert in China, compare clients to different black boxes. The marketing strategy of first-rate airlines is to gradually turn the black boxes transparent and find the keys to open

them during the interaction while the marketing strategy of third-rate airlines is to hold a pile of black boxes in hand. In the airline marketing, target airlines can also be regarded as different black boxes. Each airline has its own operating philosophies, emphasis, interests and concerns. Even a single airline will have varied considerations in different periods.

For example, with the same task of opening an air route with market potential and the same ultimate goal of making money, what eventually attracts the airline may be quite different.

Some airline has already had a prominent advantage in local market. Letting the airline know about the increase of its competitors' flights will effectively drive it to open more flights. In this case, what triggers the airline is "market share";

Some airline is used to being the leader in domestic market. What it cares more is political stuff. In this case, what triggers the airline is "status".

Some airline finds it hard to obtain equal rights during the negotiation on traffic right due to the fact that it comes from a small country. Therefore, it needs local governments or airports in China to help it expand its destination network in China. In this case, what triggers the airline is "traffic right"...

During the promotion of air routes, the airport should always be observant and conscientious. Only by extensively gathering, accumulating and analyzing airline information can we summarize their regular behaviors and mental characteristics and use these to provide customized marketing. This is the most difficult but yet the most effective part in airline marketing. When we are at a loss what to do, we might as well ask ourselves a few more questions and think about the answers:



① What were the operational characteristics of the target client in the past? Learn about the history of the airline, find out the law of its development and analyze and apply it.

Case 8: Martinair Cargo previously set its destinations in Tianjin and Nanjing in China, however, most of its sales are conducted in Shanghai and Beijing. From this we can conclude that what Martinair Cargo actually focuses on are still the markets in the three major hubs - Beijing, Shanghai and Guangzhou. However, due to the restrictions in traffic rights, it chose the second-tier airports near the three hubs. Therefore, during our promotion, we can emphasize that Xiamen is located between Shanghai and Guangzhou, where there is huge development potential but at the same time no excessively fierce competition. There is convenient traffic from Xiamen to surrounding areas, so freight interchange can be organized here as conveniently as at those hub airports.

② What is the current status of the target client? Monitor the development of the airline and provide the most suitable materials at the most appropriate time.

Case 9: When Spring Airlines just acquired CAAC's approval and was being set up, the organization was not quite

well structured and a lot of preparations needed to be made. At that time, Xiamen Airport submitted the first proposal, which only briefly introduced the overall information and operation philosophies of Xiamen Airport. After Spring Airlines announced that it was ordering planes, Xiamen Airport submitted the second proposal, which provided a lot of details, including the characteristics of Xiamen that benefit the development of air travel, such as rich sources of business travelers and no distinct peak and off-peak seasons. Half a year later when Spring Airlines was about to put the planes in place, Xiamen Airport figured out that it was in the process of air route planning, so the third proposal Xiamen Airport sent to Spring Airlines gave a detailed feasibility study on the opening of Xiamen air routes.

③ What is the target airline interested in? Its biggest interest could just lie in what is of the most importance to it, on which it would like to get as much information as possible.

Case 10: When a senior officer from Cargolux Airlines was visiting the beautiful city of Xiamen, he did not express how he liked the scenery; instead, he kept asking about the location of the industrial production area. Xiamen Airport immediately asked the driver to drive him to another road that was surrounded by factories and filled with container vehicles. Though caught in a traffic jam, he joked that this what a flourishing city should be like. In the subsequent promotion, Xiamen Airport focused on introducing the rapid development of Western Taiwan Straits Economic Zone with Xiamen as the center and major enterprises and investment projects in surrounding areas. Later when the senior officer learned about the huge demands that would be brought after an enterprise started operation, he offered to suggest his company adding Xiamen flights.

④ What are the target airline's concerns? Analyze what difficulties it may face and its concerns about the market from its current situation and then think about how to address these concerns.

Case 11: East Star Airlines was worried that the market monopoly might be severe after they learned that there was only one base airline operating at Xiamen Airport. Xiamen Airport made an analysis on this. East Star Airlines is a private airline starting from a travel agency. It knows too well how powerful airlines bully small ones and old companies put down new comers. It is understandable that it had concerns. Xiamen Airport adopted the experience marketing approach similar to what is employed in stores - "To sell coffee, let me buy your coffee first". Xiamen Airport showed East Star Airlines the continuous development of another private airline – Spring Airlines in Xiamen, which served as the best example to demonstrate the competitive environment in Xiamen.

IV. Non-Market Approaches in Marketing Campaigns

The marketing of all airlines mentioned in the above cases turned out successful in the end. It is hard to say which specific step directly contributed to the ultimate success. However, it is just being careful in every step that finally led to the achievement of marketing objectives. These were simple tips I summarized from my practical experience. However, in real work, skills of marketing personnel are hardly enough. There are still a lot of influencing factors in the macro-environment.

(I) Influencing Factors of Macro-Environment to Air Route Marketing

Take Xiamen Airport for example. Since the 1980s, Xiamen Airport has achieved remarkable results by relying on the relatively developed economy in one of the first special economic zones, the advanced market awareness of the first airport managed by the local government, CAAC's policy support in reforming experimental fields and its own unremitting efforts. However, with the completion of airport localization in China, Xiamen Airport were gradually losing its advantage of "taking the lead". This is because:

(1) National fundamental policies are shifting the focus of CAAC policies to other areas

With the increasingly mature economy in the southeast coastal area of China led by the four special economic zones, the Party Central Committee and Central Government are gradually shifting their attention to the slowly developed central and western regions and northern region and have issued a series of policies such as the development of the western regions, Northeast China revitalization, rise of Central China and integration of Beijing-Tianjin-Hebei regions. The issuance of these national policies directly drove CAAC to issue the development policy of “improve airports in the east, enhance those in the central region and increase the density in the west”, which has shifted the supporting policy from the northeast coastal area promptly to the above regions. Therefore, Xiamen Airport has no favorable policy support.

(2) Full localization of airports has prompted all local governments to provide financial subsidies, bringing more competitors in marketing

In July 2004, the localization of over 100 airports in China was completed. Compared with Xiamen Airport which was localized as early as in 1988, most of the domestic airports at that time lacked the market awareness and thus suffered great losses. In order to turn the situation around, local governments in different areas started to provide more policy support for local airports, including financial subsidies to attract airlines to open air routes.

These airports receiving governments’ air route subsidies all have similar passenger and cargo throughput with Xiamen Airport. What is more, they also have excellent aviation market environment, including local economic development and tourism resources. Therefore, with such strong competitors who are supported by national policy or government subsidies, our simply emphasizing “passenger and cargo markets” and “professional marketing” will probably not work as well as we expected.

(II) What Can an Airport Do?

(1) Win CAAC’s support;

(2) Win local government’s support;

- make government agencies fully understand the social benefits the airport creates;
- introduce the development and trend of civil aviation and the airport;
- let them know what other local government have done.

(3) Improve charge discount and growth incentive policies

Nowadays, some airports started to develop systematic discount plans for new route charges, give value-added service for free and persuade governments into providing dedicated subsidies to help promote airline marketing. Therefore, we can conclude that combining all kinds of resources into a joint force is the best way to effectively promote airline marketing.

V. Summary

At last, let’s review the theories and marketing steps mentioned in this article.

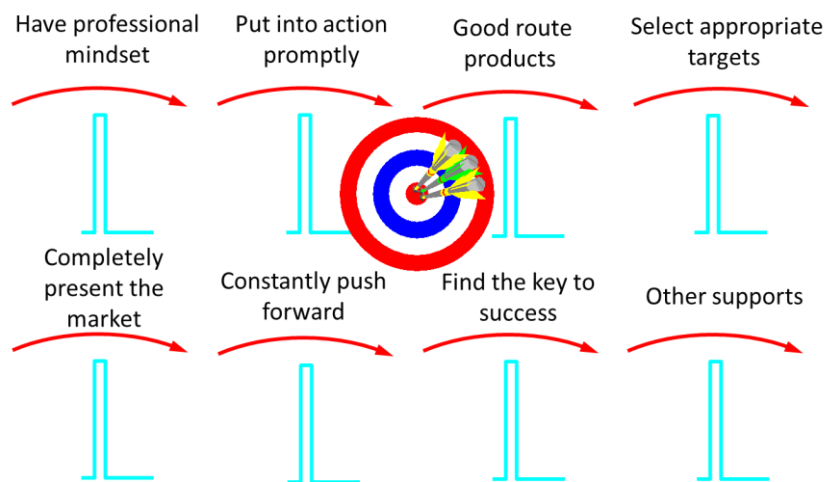
(I) Theories

- **Law of Leadership** – start marketing right now; it is much better to be the first than to be the better;
- **Change Management Iceberg** – only 10% of the clients would make deals with you; screen and select properly to prevent wasting time;
- **The 80/20 Rule** – it is the powerful clients that bring you more benefits;

- **Policy Maker** – find the right person > say the right thing;
- **SPIN Selling** – situation, problem, implication and need payoff;
- **FFAB formula** – feature, function, advantage and benefits

(II) Marketing Steps

- ◆ Have the right marketing mindset and put marketing plans into action;
- ◆ Bring out good air route products and promote them to the appropriate target airlines;
- ◆ Find the key persons that can influence the results, present proposals that can fully demonstrate market value, find clients' interests in communication and pay attention to the art of marketing language;
- ◆ Do not just wait there and do nothing; instead, push the marketing forward constantly, figure out the airlines' behaviors and needs, find out the key to success;
- ◆ Finally, cooperate with competent authorities of civil aviation and local governments and win their support.



By doing all the above work, I believe our airline marketing can definitely succeed and we can make wonders!

Reference:

1. "The 22 Immutable Laws of Marketing", by Al Ries and Jack Trout
2. "Change Management Iceberg", by Wilfried Krüger
3. "The 80/20 R", by Joseph M. Juran
4. "Policy Maker", by March. J. C.
5. "SPIN Selling", by Neil Rackham
6. "FAB", source from <http://baike.baidu.com/view/1791788.htm>