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How can Qeshm Air increase its market share in Dubai?

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Abstract

Qeshm Air (QA) as an Iranian airline experienced lower market share than two local carriers, Fly-Dubai and Air-Arabia. These airlines grew an interest in this market due to the large number of available passengers, especially Iranian customers. This research aims to answer “How can Qeshm Air change its marketing strategies to increase its market share in Dubai?” by the use of SWOT and Fishbone analysis with a focus on marketing mix.

To answer this question, a combination of secondary and primary data has been used. The Secondary data includes the SWOT analysis of Fly-Dubai, Air-Arabia and the population of Iranian customers in UAE. The primary data includes interviews with QA’s authorities and customer questionnaire. The results of the secondary data and QA’s SWOT which was made from the interviews was a fishbone diagram which helped investigate the effect of different marketing mix elements on QA’s low market share.

Data evaluation gives a positive answer to the research question which means that QA can increase its market share with online and long-term direct booking through its website. It can also control its promotional strategies by direct communication with its customers by using low-cost social media tools such as Telegram and WhatsApp.

Keywords: Geshm Air, Market Share, Marketing Mix Strategy, Qeshm Air SWOT & Fishbone Analysis

Introduction

Qeshm Air is an Iranian airline which was established in 1993 and is based on Qeshm Island in the Persian Gulf. Qeshm Air serves domestic and international flights across the Middle East, Europe and Asia. The Iranian passenger airline is wholly owned by Sorinet Group.

There are various Airlines that offer flights from Dubai to different cities of Iran. These airlines include Mahan Air, Iran Air, Taban, Aseman and Qeshm Air which are Iranian airlines and Fly Dubai, Emirates, Air Arabia and Qatar which are foreign airlines. Most of these airlines have more

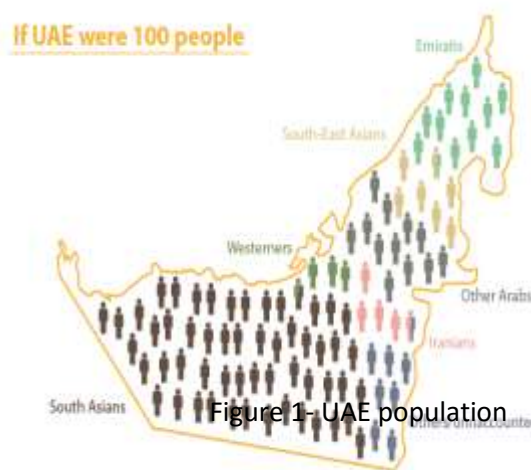
than one return flight per day from Dubai to different cities in Iran. Among these airlines, Fly Dubai and Air Arabia are two major competitors of Qeshm Air because of their similarity in ticket price. Ever since these two airlines started offering flights to Iran at relatively low prices, Qeshm Air has experienced a loss in sales and market share.

This research analyzes how Qeshm Air can increase its market share through a change in its marketing mix. Business tools chosen for this analysis include SWOT analysis, fishbone diagram and marketing mix elements as business tools through analysis of secondary and primary data results.

Finding and Analysis of Secondary Data

High Demand Travel to Iran

According to UAE's population –by nationalities (*BQ Magazine*), the UAE population growth started from 2004 and Iranians had a considerable effect on this growth. UAE faced a breakup of expat population from different countries which were most from South Asia (figure-1), announced by Abudhabi 2. At the moment, Iranians with a population of about 450,000 hold the sixth rank after India, Pakistan, UAE, Bangladesh and Philippines (table-1 & figure 2/app-1) announced by Abudhabi 2. Except Iranian people, the other nationalities travel to Iran for tourism, pilgrimage to holy places and Dubai visa extension. Therefore, providing air services to this population by different airlines seems logical. As mentioned before two of the main competitors of QA are Fly-Dubai and Air-Arabia which can impact QA's market share by the following strengths and opportunities.



Fly-Dubai SWOT (*Ghadeer, 2015*) & (*Strategic Management for Fly Dubai*)

The carrier was set up by the government of Dubai in July 2008. Despite the fact that Fly Dubai is not part of The Emirates Group, Emirates upheld Fly Dubai amid the underlying setting up stage.

Strengths

- Since their airline is owned by the government, they gain financial support.
- Their planes are new and better than many other airline companies in the world such as Boeing 737-900ER with 180 passengers' seat.
- Its service incorporated in the UAE airline companies which are significantly better than others around the world.
- Being a member of the Middle East Business Aviation Association improves their trustworthiness.
- Provide air services to different cities of Iran such as Ahwaz, Bandar Abbas, Hamedan, Isfahan, Lar, Mashhad, Shiraz, Tabriz and Tehran.

Opportunities

- Price competition in UAE is low as most airline carriers are relatively high in costs. However, Fly-Dubai has started with it.
- They can expand into international markets as their value added services and state of the art planes appeal more to customers.
- They can make contract with multinational companies whose executives need to constantly travel.
- They can easily set more flights a day in high season traveling to Iran.

Air-Arabia SWOT

Air-Arabia was set up on 3rd February 2003 turning into the primary low-toll carrier in the area. Its fundamental base is Sharjah International Airport. What differentiates Air-Arabia from many ease transporters is that it offers associations with many flights at its base in Sharjah (*Ahmad, 2013; The Air Arabia*).

Strengths

- Air-Arabia is the first low cost carrier in the GCC region.
- Sharjah Airport gives significant waivers to Air-Arabia in the form of landing and parking fees.
- It flies to Lar, Mashhad, Shiraz, Tehran, Abadan and Isfahan of Iran.

Opportunities

- The airline is expected to add more destinations as it is increasing its number of planes.
- UAE is focused on attracting tourists to the region which in turn expands Air-Arabia's market in the long term.
- They can easily set more flight a day in high season traveling to Iran.
- According to the above strengths and opportunities of these airlines, having new and high capacity planes and easily setting up of more than a flight a day have the biggest impact on QA's market share which will be used in QA fishbone diagram as well.

Finding and Analysis of Primary Data

Customers' Questionnaire Results

This research focuses on Iranian passengers as main customers, therefore a questionnaire (appendix 2

was designed to get their idea and opinions for increasing QA's market share. The most important results of 170 filled questionnaires(app-2) are as follow.

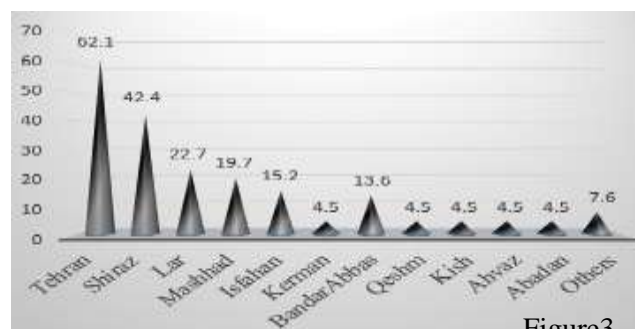


Figure 2

1- Respondents mostly flied to Tehran and shiraz (figure 3).

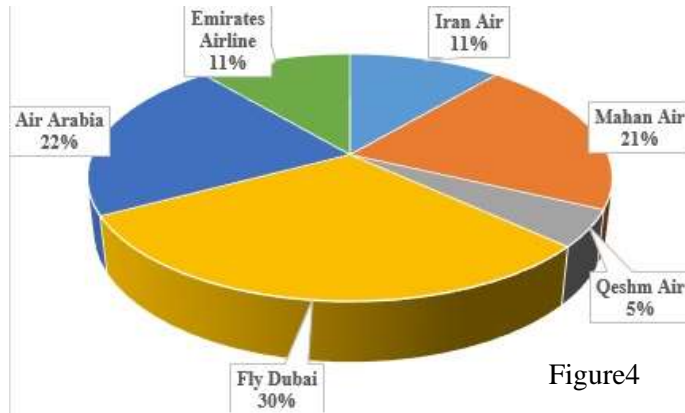


Figure4

2.Fly-Dubai is the most preferred airline while QA is the least preferred one (figure 4)

3- Respondents believed none of the Iranian airlines have an online booking service and do not offer long term booking with more discounts opposed to non-Iranian Airlines (figure 5).



Figure5

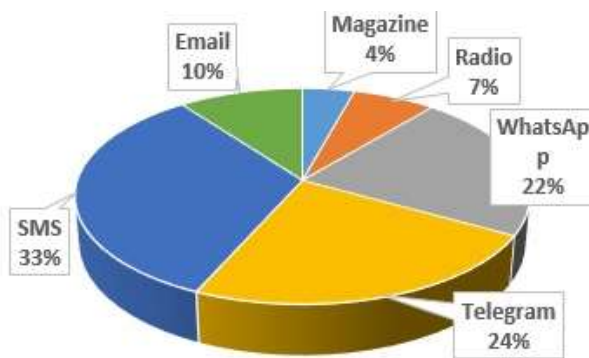


Figure 6- Preferred tools to make aware customers about special offers

4-Respondents preferred to be aware about offers mostly by telegram, SMS and WhatsApp

According to the results, the respondents selected Fly-Dubai and Air-Arabia due to the facilities which are provided by them; like online and long-term-booking of tickers with discount. This

result and preferred tools for offers will be used in part of setting marketing mix of QA for increasing of its market share.

SWOT Analysis of Qeshm Air's International Flights

This analysis is based on the interviews done with the authorities (app2-3&4) of QA and focuses on their international issues.

Strengths

- have customers' trust and satisfaction by safe and well services
- on-time flights with experienced pilots
- trained staff with great hospitality towards passengers
- the first Iranian airline to get the TCO license (Third Country Operator) for international flights to Europe
- never faced a technical issue in their flights
- Use of one big plane instead of two smaller ones to reduce costs during high seasons.
- Ticket price always stays same, unlike Fly-Dubai and Air-Arabia.
- more than 90% of their seats in flights are filled

Weaknesses

- forced to use second hand planes with high maintenance costs due to political issues and sanctions
- only about 10 percent on-line booking available through travel agencies
- Not using social networks to reach customers
- Lack of airline website that allows to direct sell of tickets.
- High plane maintenance costs due to the 5 different planes owned by the airline.
- Failure to add more flights a day in high-season such as traditional Iranian holidays or events due to difficulties in coordination with Dubai and Tehran airport.
- Cannot reduce its ticket price like the local carriers because of high maintenance costs.
- long-term-booking is not available to offer lower prices like Fly-Dubai and Air-Arabia.

Opportunities

- able to increase global flights with the TCO license for east Europe
- try to get same license for west and central Europe.
- access to a large number of customers with lower cost by social media like Telegram and WhatsApp
- open up a door of opportunities to increases their number of flights by opening of the Dubai second runway
- attract frequent flyers by skywards cards promotion
- offer discount flights with better programing plan

Threats

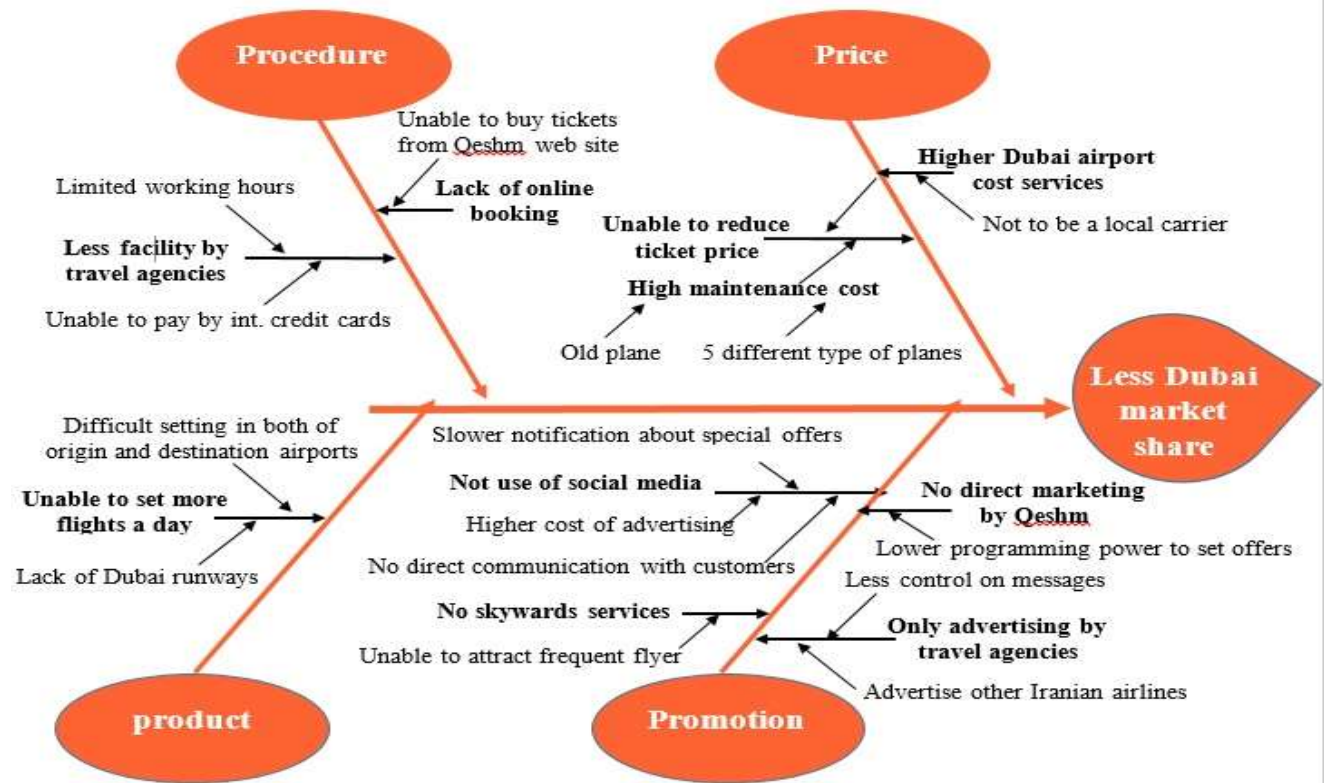
- much more up to date planes of UAE local carriers due to big budget and non-political issues

- provide more opportunities for local carries because of being a member of the Middle East Business Aviation Association
- Local carriers already have Iranian passengers covered and have gained their trust.

The strengths and opportunities of QA will be used in setting its marketing mix to increasing its market share.

Fishbone Diagram of QA’s International Flights

With the help of strengths and opportunities of Fly-Dubai and Air-Arabia, and Weaknesses and Threats of QA, a fishbone diagram has been designed to investigate the marketing causes of its low market share in Dubai.



Evaluations and Setting Marketing Mix

Based on the SWOT and fishbone analysis, the different marketing mix elements can impact QA’s market share.

The first one is the booking process. For international flights, Qeshm Air made an agreement with travel agencies (TA) to sell their tickets by the TA’s websites. This can cause payment problems (only by Iranian credit cards not international ones) and the limited TAs’ working hours can irritate customers so they will buy tickets from other airlines which solve these problems and provide more other efficient services; such as long-term-booking with discount which negatively impacts QA’s market share.

The ticket price is the second element of QA and is almost the same and can be an advantage over its competitors because their prices increase in short-term booking or high seasons, but this price cannot be reduced further due to high maintenance costs of old planes, high Dubai

airport services and Iran's political issues. If the political issues get resolved QA will purchase new planes and work to increase its market share.

The increase of number of flights a day as the product element will be difficult to set due to limitations of Dubai runway until the second runway opens

As promotional element, QA doesn't have direct communication with its customers through low cost social media which was shown before as the favorite communication tool of customers. On other hand, QA cannot control marketing done by TAs and sometimes they lose their market share because of TAs collusion with other airlines.

Conclusion and Recommendation

Conclusion

According to the customers' questionnaire results, the two major competitor of QA, Fly-Dubai and Air-Arabia possess a large market share of Iranian passengers in Dubai by

- new & big planes
- government financial support
- member of aviation club
- easily setting more flight per day in high season
- online & long-term-booking with discount rate ticket

QA has the chance to become popular among other airlines if it works on its marketing strategies. The fishbone diagram shows that the major problem of QA's low market share is because of two elements of the marketing mix, booking process and promotional strategies. These problems can be resolved with a detailed promotional plan and can increase QA's market share. A further study on cooperation of different Iranian airlines may be useful for QA-issue.

Recommendation

According to the evaluation and conclusion, the following strategy recommend to increase QA's market share.

- Set up a website and enable long term booking
- Use low cost social media apps to communicate with customers like Telegram and WhatsApp.
- Must be prepared to take advantage of the new runway that is going to open.
- Able to increase global flights with the TCO license for east Europe
- Attract frequent fliers by skywards cards promotion
- Offer discount flights with better programing plan
- Same type of planes can be used to decrease maintenance costs.

Limitations

- As mentioned in 3.1, the travelers to Iran are from other nationalities too, then one of this research limitations can be the lack of their responses to the customer questionnaire.
- The local carriers are competitors for other Iranian airlines in Dubai as well, then interview with their authorities may provide some more solutions.

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Appendices

Appendix-1

NATIONALS OF	POPULATION
India	2600000
Pakistan	1200000
UAE	1084764
Bangladesh	700000
Philippines	525530
Iran	4,50,000
Egypt	400000
Nepal	300000
Sri Lanka	300000
China	200000
All other countries	1696334
Total UAE Population	9456628

More than 50% of people come from South Asia

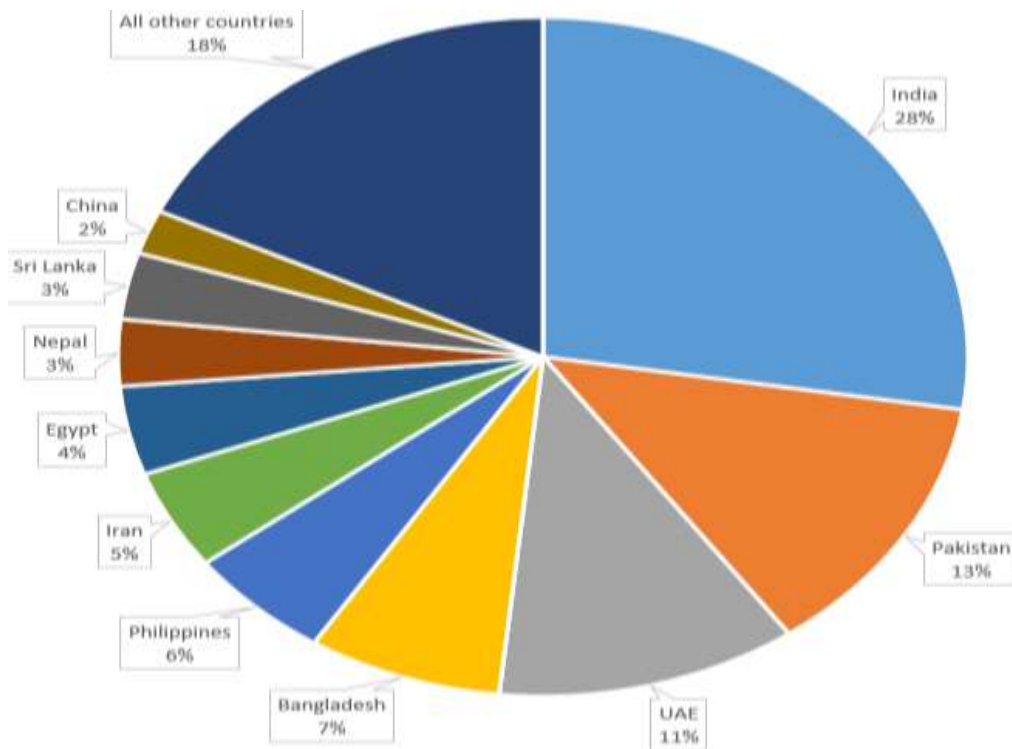


Figure 2- UAE population per percent