

Task 3

Advise in your report how UK Regional might address, and be able to sustain, competitive advantage over its nearest competitors?

UK regional is a low-cost airline established in 2003 and was having a profits in the record years of 2007-2008 and in the meanwhile also introduced the fly-bonus strategy and Boeing 737 craft but then due to the market down turn face a loss and done a merger with the German airline "Air Berlin" in 2010.

Sustainable Competitive advantage is an advantage that companies are having over its competitor's for longer period which give them higher profits and retention of more customers than its competitors and is somehow critical for the airline managers to obtain it.

Due to the rapid change in the economy, the businesses will have to analyze the methods to achieve the sustainable competitive advantage over its competitors. UK Regional can only achieve this through earning high rate of economic profit than the average economic profit in the industry. For gaining the competitive advantage the firm should analyze the understanding of its position in the market and then focus on gaining the competitive advantage and they implement different strategies. The firm can use a Porter's generic strategies.

- **Cost Leadership** – It defines as gaining a profit and carrying the production functions at a low cost. Cost leadership can be achieved through various methods, some of them are:

Economies of scale: the company can achieve this through lowering its production cost like by buying the plane's parts from the low cost companies etc which would give the company, high profit margin through the achievement of its goals and can more focus on its current strategy i.e. low cost airline and can use secondary airports with lower fees. **Human resource management**: the UK regional can train its employees to be more effective and then if its hiring new employees then it will have to clearly analyze their skills and should be given work accordingly.

Technology: The UK regional airline can change its operations with the advancement of the technology like booking of the tickets online, by providing an e-ticket which will be convenient for the customers as there will be no travel agent reservations which can give competitive advantage to the company.

- Identification of the target market
- Determination of the communicating objective
- Designing a message
- Selection of the media
- Collection of feedback

UK regional airline is low cost and thus will have an advantage in the electronics advertising as its more creative but now UK regional has done a merger with the Air Berlin (German airline) which is a budgeted airline so now it's important for it to effectively integrate within and with the German airline with the company in terms of all information through co-ordinate marketing.

After merger, it is also necessary for the UK regional Airline to target its new customers and let them know about the services it is offering and it can be best done through the methods in fig 4.1. In airline industry, initially Advertising is most commonly used to gain a market attention through the creative and meaningful advertising on TV about the provided services which will attract the customers. UK regional airline can also use various methods

- Personal selling to attract the businesses especially by doing a face-to-face selling through giving them presentations
- Direct marketing to the attract consumer market through sending them direct mails and mobile messages about the promotions or any new scheduling of the flights also through online marketing – Internet display ads like banners etc as it will help the UK regional airlines to create a relationship with its customers.
- Public relation – people who brings goodwill for the company and attract the customers by providing them information without any cost.