Building Small Commercial Airport Clusters to Increase Marketing Capability

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Building Small Commercial Airport Clusters to Increase Marketing Capability

Dixie Button, Patti Clark & Rachel Vigness
Introduction

- ERAU
  - Residential campus, Daytona Beach, Florida
  - Residential campus, Prescott, Arizona
  - Worldwide campus
    - College of Aeronautics
      - Dr. Patti Clark
    - College of Business
      - Dr. Dixie Button
      - Ms. Rachel Vigness, ABD
Introduction

• 381 commercial airports in the US
• 150 commercial airports enplane 100,000 passengers or less per year
• Airport classification – large, medium, small and non-hub
• Focus of the study was on non-hub commercial airports with one air carrier
• A cluster was defined as three or more commercial service non-competitive airports within 200 miles of each other
Research Approach and Goals

• Qualitative, exploratory research
• Conducted through examination of existing data, interviews, surveys and a SWOT analysis
• Explored the research questions:
  • How can non-competing similar sized commercial service airports in a regional cluster gain increased visibility with the air carrier?
  • Could aggregated marketing activities enhance the B2B communication?
  • What methods of communication, i.e. social media, etc., may garner more attention from the air carrier?
Study Cluster

• The selected airport cluster consisted of the following;
  • Valdosta (VLD) Regional Airport, Valdosta, GA
  • Southwest Georgia Regional Airport, Albany, GA
  • Brunswick-Golden Isles Airport, Brunswick, GA
• All of the airports are currently served by Delta Airlines’ regional contract carrier (Endeavor)
Background & Literature Review

• Regional airports operate as service actors

• ...in a complex ecosystem

  a “relatively self-contained, self-adjusting systems of resource-integrating actors connected by shared institutional logics and mutual value creation”

  ~ Vargo and Lusch (2004, p. 207)

• Innovation serves as an opportunity
Literature Review

• Requires a reflection of operations and development of competitive advantages

• Using technology and social media

• ...and stakeholder engagement

The Engagement Concept:
“the process of embedding engagement in the organization as a policy decision and ensuring that all strategies of the organization focus on engaging the customers and the employees, along with value maximization for all stakeholders.”
~ Kumar and Pansari (2016)
Literature Review

- Social Customer Relationship Management (CRM)
- Trusted and transparent business environments
- Engagement, communication, and information sharing
- Measuring social CRM
SWOT Analysis

• SWOT
  • Undertaken to determine the appropriate strategy and marketing methods
  • Cluster airports
    • Valdosta (VLD)
    • Brunswick (BQK)
    • Albany (ABY)
SWOT Analysis

• Strengths
  • Several Delta Flights per day
  • Aircraft operating at full capacity
  • Sufficient length/weight runways
  • Fast food/vending machines
  • Short term free parking
  • Availability of taxis/rental cars
SWOT Analysis

- Weaknesses
  - Lack of full service restaurant
  - Lack of relationship with Delta route planners
  - Spaghetti approach to marketing
    - Throw something against the wall to see what sticks
SWOT Analysis

• Opportunities
  • Market trends show increase in median household income
  • Increase in population in 2 of 3 counties (Valdosta/Brunswick airports)
SWOT Analysis

• Threats
  • Substitute transportation to hub airport (Weak)
  • Price increases versus price elasticity of demand (Medium)
    • Elastic for leisure passengers/inelastic for business travelers
  • Economic viability of community and airport dependent on government, military, and regional industries (Medium-Strong)
    • Potential decline in population/income would affect load factors and flight frequencies
Competitive Analysis

• Methodology
  • Survey and Interviews with airport managers
  • Identified gaps in methods of promotion by airports to Delta Airlines
Competitive Analysis

- Limited airport competitors
- Delta Airlines holds near-monopoly position
  - No equal competitors
  - Contestable monopoly
# Competitive Analysis

<table>
<thead>
<tr>
<th>Competitive analysis</th>
<th>Valdosta Regional Airport, Valdosta, GA (VLD)</th>
<th>Golden Isles Airport, Brunswick, GA (BQK)</th>
<th>Southwest Georgia Regional Airport, Albany, GA (ABY)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Airline</strong></td>
<td>Delta Airlines</td>
<td>Delta Airlines</td>
<td>Delta Airlines</td>
</tr>
<tr>
<td><strong>Market structure (monopoly, oligopoly, monopolistic competition)</strong></td>
<td>Delta monopoly</td>
<td>Delta monopoly</td>
<td>Delta monopoly</td>
</tr>
<tr>
<td><strong>Delta flight frequencies to Atlanta</strong></td>
<td>3 daily flights M-F, &amp; Su 2 on Sa</td>
<td>3 daily flights M-F, 2 on Sa &amp; Su.</td>
<td>3 daily flights M-F, 2 on Sa, 1 on Su</td>
</tr>
<tr>
<td><strong>Alternative commercial transportation</strong></td>
<td>Tallahassee International Airport (93 mi.)</td>
<td>Jacksonville International Airport (58 mi.) or Savannah International Airport (75 mi.)</td>
<td>Tallahassee International Airport (92 mi.)</td>
</tr>
</tbody>
</table>
# Digital Content Analysis

<table>
<thead>
<tr>
<th>Current Digital Marketing Activities</th>
<th>Valdosta Regional Airport, Valdosta, GA</th>
<th>Golden Isles Airport, Brunswick, GA</th>
<th>Southwest Regional Airport, Albany, GA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact/relationship with airline route planners</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Facebook</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Twitter</td>
<td>Yes-B2C</td>
<td>Yes-B2C</td>
<td>Yes-B2C</td>
</tr>
</tbody>
</table>
Results/Recommendations

• Valdosta Regional Airport (VLD)
  • Build stronger relationship with Delta
    • Utilize real estate department connections
    • Utilize sources/air service development experts at other larger airports (Savannah and Jacksonville)
  • Increase communication
    • Express Jet (contracted carrier) personnel
    • Communicate improvements/initiatives immediately via digital media
      – Apron expansion
      – New jet bridge
Results/Recommendations

• Valdosta Regional Airport (VLD)
  • Geographically separated reinforces need for stronger relationship and better communication
    • Vertical channel relationship: VLD provides only a small fraction of total enplanements for Delta
  • Strengthen relationship with Brunswick & Albany airports
    • Form cluster; Collective voice has more power
    • Ability to contract with an air service development firm becomes more affordable
Results/Recommendations

• Valdosta Regional Airport (VLD)
  • Digital communications
    • Monthly/quarterly email report to Delta on airport initiatives
      • Information on area growth, events, military movements
    • Post on Delta’s and VLD’s existing Facebook page
  • Monitor potential leakage of passengers to other larger airports
Phase 2

- Valdosta Regional Airport (VLD):
  - Growth phase
    - Determine goals, strategy, objectives, tactics
    - Develop digital media marketing plan
    - Strengthen relationship with upstream channel members (Delta) and downstream channel members, business and leisure passengers and customers, vendors
    - Explore options to heavy reliance on Delta
      - Another airline
      - Helicopter shuttle
      - ???
Questions
References


