Near East University

Faculty of Economics and Administrative Sciences

Department of Business Administration

GRADUATION PROJECT

Efficacy of the Marketing Mix Planning in Practice

MAN 400

Student : Barış Aybar
Student no : 980162
Submitted to : Ahmet Ertugan

Nicosia -2003

pCONTENTS

ACKNOWLEDGEMENTS

Firstly I would like to thank Mr. Ahmet Ertugan who was helping me during the project, and another thank to my parents because they always supported me during my studying time. Finally I thank business administration department teachers who have interested to us either of project time or during our studying time.

ABSTRACT

This project was about putting forward a structure to study the marketing mix elements and their applicability in practice. The underlying aim was to understand marketing strategic thinking and to observe the efficacy of the marketing mix planning as part of an overall marketing strategy. The project has conducted some literature review to formulate a problem statement. Objectives for the proposed study included further literature search for a deeper understanding of marketing strategy and the observation of marketing mix planning in a company case that is to be selected. Finally, it was proposed to take a sample of customers of the selected company's products to test the impact of marketing mix planning in practice.

In this project we got some theory for marketing mix which were product is satisfy the consumers' needs and wants, place/distribution mix the most important thing is the easy achieve to get a product, the promotion which important thing is the good communication between a company and its target customers and is devoted to this important area, the pricing mix is the competitive tool for every sector.

After then we analyzed the marketing mix of Turkish Airlines then we achieved some information about it. As a result of this we can say Turkish Airlines is applying the marketing mix very well.

1. MARKETING STRATEGY

The term "marketing strategy" is not a new term in the marketing literature. Although it is difficult to determine exactly when the concept was introduced, Leverett S. Lyon (1926:3) is generally accredited with being the first person to use the concept in a comprehensive manner.

Observation of the social conditions, which influence the activities of a business unit, and the factors within a trade and a business, which limit the work of the marketing manager, leads towards the view of marketing strategy, which it is desired to present. The conditioning environment of marketing management is ever re-arranging itself. As a result, a constant readjustment of policies and methods to meet an ever-changing situation is necessary. Marketing management, therefore, may be conceived of as the continuous task of re-planning the marketing activities of a business to meet the constantly changing conditions within and without the enterprise.

A review of the marketing literature led Boyd and Larréché (1978) to conclude that not only has the word "strategy" been used in a variety of ways, but that a hierarchy of strategies could be defined. They identified the three levels of strategies as: marketing strategies, marketing element strategies, and product-market entry strategies.

A strategy is a plan that integrates an organization's major goals, policies, decisions and sequences of action into a cohesive whole. It can apply at all levels in an organization and pertain to any of a functional area of management. Thus, there may be production, financial, marketing, personnel and corporate strategies, just to name a few. If we look specifically at marketing then there may be pricing, product, promotion, distribution, marketing research, sales, advertising, merchandising, and etc. strategies. Strategy is concerned with effectiveness rather than efficiency and is the process of analysing the environment and design in the fit between the organization, its resources and objectives and the environment (T. Proctor; Strategic Marketing; 2000: 1).

Strategy and its definitions vary by organizational level. Strategic thinking and the resultant strategy formulation occur at three levels in the organization (Vancil and Lorange, 1975). These three levels are corporate, business, and functional.

Michael Porter (1979, 1980, and 1981) is certainly the most influential of the researchers addressing the central role of industry and firm economics in strategy formulation. Quite apart from identification of cost economics and competitive positioning at the firm level, much work is now being carried out at the industry level. The notions of such strategic influences as mobility barriers, strategic groups, industry structural characteristics, and strategic positioning have enabled the development of theory concerning firm profitability in the strategic group and industry context. Other industry studies such as Hatten and Schendel (1977) and Schendel and Patton (1978) have examined and tested similar notions. Porter believes that through an understanding of industry structure and competitive economics, the company can identify certain generic strategies.

In simple terms, the thrust behind the work of Porter (1980), Abell (1980), Biggadike (1981), and Handerson (1981) is the identification, measurement, achievement, and retention of sustainable competitive advantage for the firm. Their pioneering efforts are leading to theories, approaches, and empirical studies, which address the nature of competition in several different industries and also examine the benefits of alternative diversification strategies and multi-business forms of organizational structure (Harrigan, 1979; Rumelt, 1974; Newman, 1978)

1.1. Problems of Marketing Strategy

Strategy is one of the most widely used words in business. Unfortunately, it is also one of the widely misused words as well. The term "strategy" is often used to mean exactly the same as "plan", "tactics" or "ideas", yet each of these has a different, specific meaning in the business context. Any discussion of marketing strategy, therefore, should begin with a careful consideration of the meaning of the term. Although the definitions given in different textbooks and journals vary, they tend to contain similar key features, suggesting that a marketing strategy is forward-looking, long-term, carefully considered and relevant to the circumstances of the specific business. This clearly differentiates a strategy from a short-term tactic from an instant reaction to chancing circumstances (T. Proctor; Strategic Marketing; 2000; p: 1).

The second problem is the paperwork morass usually created by planning processes. Unless care is taken to simplify input and output, the process frequently becomes one of completing countless forms and producing lengthy documents that confuse more then clarify basic issues and decisions to be made.

Practical, cost-effective solutions to these problems have been available for some time using computerized decision support systems. For example, several years ago we developed an interactive system for storing, analyzing, and displaying- upon demand-critical strategic management information for any segment of the company. Plans developed by operating units were stored in computer files and mechanically transferred to the corporate data file to minimize paper handling. Once the individual plans were present in corporate data files, they could be consolidated quickly and used in simulation models to analyze strategy alternatives and the compatibility of bottom-up plans with top-down corporate objectives.

It is argued that strategic marketing provides an organized and cohesive framework for understanding and improving the managerial approach to marketing and the total practice of marketing citation (Howard Thomas and David Gardner; Strategic Marketing and Management; 1985; p: 1-41). If a decision is made to serve a particular target market, that decision is based both on demand and on the organization's ability to supply that demand. Given that decision, the marketing concept becomes central to implementing the market entry (Howard Thomas and David Gardner; Strategic Marketing and Management; 1985; p: 1-41).

A review of the definitions of strategic marketing and marketing strategy combined with the use of these terms is confusing. Obviously, these definitions are directed at different aspects, and in several cases appear to have minimal or no overlap with other definitions. But even more unfortunate is the seeming lack of meaningful definitions. Consequently, without boundaries, these terms could easily become vacuous and, thereby, useless. Moreover, an opportunity to expend our knowledge of marketing and to improve the practise of marketing may slide away.

1.2. Importance of Marketing Strategy

Both marketing thought and practice are being heavily influenced by the application of a planning oriented philosophy that has the potential not only to clarify what marketing is and does, but also to significantly alter and hopefully improve the theory and practice of marketing. This planning oriented philosophy is what has come to be known variously as strategic marketing or marketing strategy (H. Thomas and D. Gardner; Strategic Marketing and Management; 1984, p: 1).

Marketing strategies can take many forms, even within the same business. At any one time, a firm could be following different marketing strategies for each of its products. It is very unusual for every product produced by a firm to have an identical marketing strategy. The strategy for a new product entering a competitive market and facing severe competition from rival products is likely to be different from that of a well-established product, which dominates a mature market.

Nevertheless, there ought to be a common thread running through each strategy. This common link is a relationship to the overall strategy from the firm. If the overall strategy of the firm is to establish itself as a market leader in all its fields of operation, for example, then the marketing strategies for each of its products must reflect that aim. Different products, however, may require different strategies to reach this target. The strategy chosen for a particular product or business area will be absolutely crucial to its success. Ultimately, it may not matter what the price is or where the product is distributed if the strategy itself is wrong. Firms competing in declining markets or with a weak competitive position will struggle whatever they do. By comparison, firms, which have identified strong growth areas, which build on their skills and assets, are more likely to succeed. If the strategy is correct good tactical decisions should follow on naturally (I. Shift; Marketing; 2000; p: 24).

A major payoff from these tools is the increased capability they provide for the analysis of alternatives. It is difficult to overemphasize this aspect of strategic management. In fact, the analysis of option is the key to creative strategy.

Few people would question the need for involvement and commitment of operating management in all aspects of business, and it is especially critical in the implementation of strategic management (Howard Thomas and David Gardner; Strategic Marketing and Management; 1985; p: 1-41).

However, business strategy formulation may not necessarily be facilitated by extensive analyzes of the size and extent of competitive advantage. It may still require those rare managerial abilities of perception and articulation of a strategy for competitive positioning and for adapting to business movements through time. Strategy probably starts as an idea or an intended pattern in the mind of the strategic decision-maker. This idea can be aided and refined by the existence of strategic intelligence and competitive analysis. However, it is unlikely that such ideas can emerge solely through the use of strategic planning tools.

There is a need to recognize that strategy problems are characterized not only by stochastic uncertainty about variables and outcomes but, more importantly, by considerable uncertainty about problem structure. Lippman and Rumelt (1981) have advanced an additional proposition about "option uncertainty" in the context of strategy problems. They are interested in the notion of "uncertain imitability", which means that firms in a competitive environment may face uncertainty about their ability to imitate the strategy of, say, the initial entrant in the market. Given this uncertainty about problem structure, options, variables, and outcomes, there is a need to devise richer planning and strategy process. Essential features would be the encouragement of a dialogue and debate process about options and the provision of quantitative analyses acting as decision support and information systems for strategic decision making. It is argued here that approaches such as strategic assumptions analysis (Mason and Mitroff, 1981), which rely on dialectical inquiry systems, can improve the quality of strategy options and solutions. In conclusion, we would argue as Mason and Mitroff (1981: 302) do that planning and strategy processes must incorporate analytic models, information gathering and structured debate processes.

The key issue in strategy formulation is thus the design of a strategic inquiry system for generating and resolving strategic inquiry system for generating and resolving strategic options. New developments in quantitative analytic models should take the focus of strategic intelligence systems, since quantitative analyses can only test or confirm hypotheses about strategies already conceived judgmentally they cannot meaningfully generate strategies.

2. MARKETING MIX

The marketing mix, a concept central to modern marketing, has been defined by Kotler and Armstrong (1989, p: 45) as "the set of controllable marketing variables that the firm blends to produce the response it wants in the target market".

The marketing mix is comprised of the tools available to a marketer in order to optimise the return from the exchange of value with customers and consumers. It does not relate simply to the elements of a product or service-rather it identifies all the variables over which a marketer has control.

A product is defined and analysed in terms of a series of levels. Products, including goods and services, are classified for ease in understanding. Every product has a life cycle, and this is evaluated in terms of its importance to marketing managers. The way in which the market adopts a new product is evaluated.

Pricing strategies and tactics are considered including the many factors that affect the price placed on a product or service. The way in which products are made available to customers is by distribution and this is introduced as an important part of customer service. An overview of this important concept is studied in terms of the level of customer service offered, a long side the different methods of distribution.

Promotion covers the communication between an organization and its target audiences and is devoted to this important area. The physical surroundings in which a service is delivered or a product sold are also considered, a long with the people involved in the process of ensuring customer and consumer satisfaction. These must all be brought together to provide a seamless and positive support to every transaction (Kelley and Lazer; Managerial Marketing, p: 247-248).

The organization has to communicate with the customer through the strategic window. This can be achieved in a variety of ways ranging from spoken and written communications (advertising, selling, etc,) to more symbolic forms of communication (the image conveyed in the quality of the product, its price and the type of distribution outlet chosen). This is the function of the marketing mix. The point is that the elements of the marketing mix should not be seen as individual entities, but as a set of interrelated entities, which have to be set in conjunction with one another and in the context of the strategic window presented.

Positioning products in people's minds and making them attractive to market segments requires careful formulation of the marketing mix. Getting the right blend of the product, promotion price and distribution is essential to put the carefully carried out analysis into operation. The aim is to portray an image for the product and service that will match with how one wants the product to be visualized in people's minds, i.e. its positioning. Image is not only reflected in the promotional messages which are directed towards the market target but also in the pricing strategy, the mode of distribution and, of course, in the appearance of the product or the service itself.

The product as a complex entity, stressing the quality dimensions. Attention is also given to the strategic implications of product mix policy. Distribution is a critical element in the marketing of products and services and we examine the different types of decision that have to be made with regard to channel strategy. Pricing is not just a mechanistic process involving knowledge of costs and the addition of a profit margin. There are strategic pricing decisions to be made and pricing is inherently limited to product quality specification. Finally, strategic considerations with respect to marketing communications are considered. This is a very complex area since there are several promotional methods and each requires detailed consideration of matters relating to qualitative marketing communications as well as, in the case of advertising, choice of media (T. Proctor; Strategic Marketing, p: 212-213)

2.1. Managing the Market Mix

Competitive pressure requires that marketing executives design and manage the total market offering of the firm to meet the demands of the marketplace. The environment in which this takes place is extremely complex continually changing. The marketing manager is faced with a wide variety of variables, which are the determining factors of success. The marketing mix is generally considered to include the systematic organization and control of those variables over which the firm has influence. Each variable must be evaluated singularly and then integrated and coordinated with every other variable, in order for a unified course of action with the success of the entire organization as a common goal to be the result.

In developing the marketing mix, the marketing manager must initially consider the needs of the consumer. His success and that of the entire firm depends on the allocation of a limited amount of resources in a manner, which will continually satisfy consumer wants and needs.

Essentially all of the variables, which concern the marketing manager, can be placed in at least one of the components of the marketing mix. These are the product and service mix, the distribution mix, and the communications mix. The product and service mix has control over the elements that are directly related to the product. While each of these elements is normally considered separately, they must eventually be integrated with one another to provide the most suitable product offering. Included in the wide variety of elements in this mix are the composition of the product line(s), pricing, packaging, labelling, product planning and development, guarantees, and servicing of the product.

The distribution mix is divided into two components: channels of distribution and physical distribution. The former includes those institutions employed by the company to promote and /or sell their products to members of the trade, or in some cases to the ultimate consumer. Some of the possible middlemen whom a company may use in the channel of distribution are representatives, wholesalers, and distributors. The physical distribution system is concerned with the logistical problems of moving and storing the product during the period from the time the product is completed by the manufacturer until it is available to the ultimate consumer. Warehousing, modes of transportation, level of inventories, and distribution centres are some of the areas involved with this physical flow of goods.

Advertising, promotions, and personal selling are the activities, which the marketing manager employs in managing the communications mix. These three areas are of prime importance to the firm since they provide the major link between the consuming public and the manufacturer.

Every element of the marketing mix is dependent upon the other variables within the mix. Every decision must be evaluated in terms of the combined effect on the various marketing objectives of the firm. This interdependency requires the marketing manager to plan, evaluate, and coordinate the functions of the marketing mix as a set of mutually dependent variables.

The goal of the marketing manager is to devise an overall marketing mix that can optimize system performance. Considering the infinite number of possible combinations, the only way to approach optimal performance is through a well-coordinated and executed marketing plan. However, even after a well-planned mix has been developed, its execution must contain provisions for readjustment as market conditions dictate. Irrespective of the quality of the initial marketing plan, it is unreasonable to expect that it will continue to meet expectations over a long period of time. It is therefore necessary to incorporate into the marketing plan a system to: (1) monitor results and changing conditions in the product environment, (2) evaluate alternative courses of action, and (3) make any necessary changes in the marketing plan to accommodate these changes (Kelley and Lazer; Managerial Marketing, p: 365-366).

2.2. Importance of Marketing Mix

The marketing mix is one of the central concepts in the study of marketing. In the form first proposed by McCarthy in the 1950s, the marketing mix consists of four Ps- Product. Promotion, Placing and Pricing. Like so many ideas that catch the imagination, the concept appears a simple one, and yet it hides considerable depth and insight. The four Ps briefly describe the basic marketing decisions that need to be taken in order to produce a coherent marketing strategy. To be successful, the element of the marketing mix must be integrated and should complement each other. The marketing mix consists of all the aspects of a product or service, which contribute to its appeal to customer. All elements of the marketing mix are crucial. It is not possible to be successful without a product or service, if consumers do not know what you are offering, or if they cannot get hold of it. You cannot make a profit without a price.

Unfortunately, the simplicity that gives rise too much of the appeal for the four Ps models has also caused some marketing analysts to feel that the model is limited. In restricting the development of the marketing to four basic features, it has been argued that other key factors have been missed (I. Swift; Marketing, p: 86)

2.3. Developing Marketing Mix

Marketing mix consists of four major components: product, place, promotion and price. These components are called marketing mix decision variables because a marketing mix manager decides which type of each component to use and in what amounts. A primary goal of marketing manager is to create and maintain a marketing mix that satisfies consumers' needs for a general product type. Marketing mix is built around the buyer and that the forces of marketing environment affect the marketing mix variables in many ways.

Marketing mix variables often are viewed as controllable variables because they can be changed. However, there are limits to how much these variables can be altered. For example, because of economic conditions or government regulations, a manager may not be free to adjust prices daily. Changes in sizes, colours, shapes and designs of most tangible goods are expensive: therefore, such product features cannot be altered very often. In addition, promotional campaigns and the methods used to distribute products ordinarily cannot be recruited or sacked overnight.

Marketing managers must develop a marketing mix that precisely matches needs of the people in the target market. Before they can do so, they have to collect in-depth, up-to-date information about those needs. The information might include data about the age, income, ethnic origin, and sex and education level of people in the target market, their preferences for the product features, their attitudes towards competitors' products and the frequency and intensity with which they use the product. Armed with these kinds of data, marketing managers are better able to develop a product, service package, distribution system, promotion programme and price that satisfy the people in the target market (Dibb, Simkin, Pride, Ferrell; Marketing Concepts and Strayegies, p: 22).

2.4. Definitions of 4P's

2.4.1. Product

A product can be good, a service or an idea. The product variable is the aspect of the marketing mix that deals with researching consumer's product wants and designing a product with the desired characteristics. It also involves the creation or alternation of packages and brand names and may include decisions about guarantees and repair services. The manufacturing of products is not a marketing activity. Product variable decisions and related activities are important because they directly involve creating products and services that satisfy consumer's needs and wants. To maintain a satisfying set of products that will help an organization achieve its goals, a marketer must be able to develop new products, modify existing ones and eliminate those that no longer satisfy buyers or yield acceptable profits. For example, after realizing that competitors were capturing large shares of the low calorie market, Heinz introduced new product items under its Weight Watchers name.

The marketing mix can never be static. The market, in which a product is sold, like the whole of the business environment, is dynamic. Successful marketing must be adapted to meet changing circumstances (Dibb, Simkin, Pride, Ferrell; Marketing Concepts and Strayegies, p: 22).

Although each aspect of the mix ix undeniably important and all are interrelated, the product or service itself might be considered of primary importance. A poor product is highly unlikely to succeed. A good product may fail due to shortcomings in the other element of mix, but maybe strong enough to survive whilst these other factors are altered. An inappropriate price for a product can quickly be remedied and poor distribution network can also be altered. If the product it self is fundamentally inappropriate it may be less easy to put things right.

By considering a typical manufacturing firm, it can be seen just how much time and effort goes into the design, development, testing and production of the finished articles. To achieve a coherent marketing mix, which allows the firm to fulfil its marketing objectives and its ultimate business goals, all the factors must work together in harmony. Nevertheless, it can be argued that they build around the product itself.

The relative importance of the different elements depends on the particular circumstances facing the firm. For example, in a recession consumers may be more prices sensitive may be less concerned about packaging and may switch away from heavily branded items to own label products.

The elements of the marketing mix are interdependent. Once a firm settles on one aspect, this narrows down the range of options available for the other elements. Deciding to portray a high-class image, for example, restricts the pricing decision; the price should be high. Small firms with limited production capacity would not aim for the same scale of distribution as a multinational (I. Swift; Marketing, p: 94)

2.4.2. Place/Distribution

The aspect of the marketing mix that deals with making products available in the quantities desired to as many customers as possible and keeping the total inventory, transport and storage costs as low as possible.

To satisfy consumers, products must be available at the right time and in a convenient location. In dealing with the place/distribution variable, a marketing manager seeks to make products available in the quantities desired to as many customers as possible and to keep the total inventory, transport and storage costs as low as possible. A marketing manager maybe involved in selecting and motivating intermediaries, establishing and maintaining inventory control procedures, and developing and managing transport and storage systems (Dibb, Simkin, Pride, Ferrell; Marketing Concepts and Strayegies, p: 23).

Distribution is a more informative term for 'Place'. (It just doesn't happen to begin with 'p'!) The task of distribution is to make product and services easily available to customers Christopher (1991, 378) has written widely on this aspect of the mix and states that 'we have to come to recognize that a crucial source of competitive advantage can be achieved through superior market place service'. People and offerings have to be brought together in the market place. Either the offering must be delivered to the consumer, or the consumer must be encouraged to come to the offering. The cost of distribution must include everything, which physically assists in the movement of offerings from point of manufacture (even services are made) to the consumer. Getting as far as the customer is not enough-the offering has to be used if it is to be repurchased.

If the product or service is new, and new routes to the market have to be found, then the cost will be very high. It is considerably cheaper to route a new product to through existing channels to the consumer. No matter the number of benefits being offered, nor the quality, if the distribution strategy is weak it will invalidate all other aspects of the mix. And if a product is promoted and the consumer then can't find it, a lot of damage will be done to a brand or organization's image. Sales will, of course, be lost (H. Thomas and D. Gardner; Strategic Marketing and Management, p: 347-376)

2.4.3. Promotion

The promotion variable relates to communication activities used to inform one or more groups of people about an organisation and its products. Promotion can be aimed at increasing public awareness of an organisation and of new and existing products. In addition, promotion can serve to educate consumers about product features or to urge people to take a particular stance on a political or social issue. It may also be used to keep interest strong in an established product that has been available for decades (Dibb, Simkin, Pride, Ferrell; Marketing Concepts and Strategies, p: 23).

The promotion of a product or service communicates something about it to consumers. Without promotion, potential customers would not even know about the product. The greatest product in the world will not sell if no one knows it exists. However, what a matter is not necessarily the amount of promotion a firm undertakes but the quality of the promotion. This involves constructing an appropriate promotional mix. Many people focus exclusively on advertising when asked about promotion but, in fact, promotional activities are more far reaching than this; for example, they include personal selling, public relations and sales promotions. In the case of an industrial good, for example, personal selling could be much more relevant and effective than advertising. Sales promotions may work as well for certain consumer goods, but maybe less appropriate for some services. A firm must, therefore, consider its promotional aims to select from the range of promotional tools and then devise an appropriate mix. Promotion must fit the other marketing mix elements- a discount on an exclusive product may actually damage the brand, rather than enhance it, for example (I. Swift; Marketing, p: 98)

2.4.4. Price

The price variable relates to activities associated with establishing pricing policies and determining product prices. Price is a critical component of the marketing mix because consumers are concerned about the value obtained in an exchange. Price often is used as competitive tool; in fact, extremely intense price competition sometimes leads to price wars. For example, airlines like United, British Airways and Virgin Atlantic Airlines are engaged in ruthless price cutting in the battle for transatlantic routes. Price also can help to establish a product's image. For instance, if Chanel tried to sell Chanel No. 5 in a two litre bottle for $3, consumers probably would not buy it because the low price would destroy the prestigious image of Chanel's de luxe brand (Dibb, Simkin, Pride, Ferrell; Marketing Concepts and Strayegies, p: 23).

All the elements of the mix must be integrated with each other for the product or service to succeed. What consumers are really looking for is good value for money: this means that the price charged must match the benefits offered. If the benefits are high enough people will be willing to pay a lot. The problems only come when the price is high but the benefits are not- this leads the customer dissatisfaction. So the price relative to the benefits available is more important that the price itself.

Having said this, there are times when consumers become more sensitive to the price. For example, price is likely to be more important in recession when consumers may have less income. Price is also more important for shopping goods than convenience items. Consumers are more likely to compare prices if the goods are close substitutes and are not heavily branded; if, by comparison, the goods are highly differentiated and consumers cannot easily switch from one to another, the price is less likely to be a major factor (I. Swift; Marketing, p: 94)

2.5. Critics for Marketing Mix

Criticism against McCarthy's 4P model exists. According to Liswood (1987:73 77) and Gronroos (1994:4) the 4Ps focuses on consumer acquisition. Acquisition is important, but marketing emphasis has to move to the retention of consumers and managing customer loyalty. For example, an important application to sport marketing is that sponsorships might be aimed at increasing loyalty among fans, spectators and even participants towards events, teams and individual athletes.

According to Donath (1991:14) there is an overemphasis on price and product as marketing instruments and an under emphasis on place and promotion. A danger exists that organizations will therefore make a misallocation of organizational resources between the four marketing mix instruments (Chintagunta & Vilcassim, 1994:87). The 4P of McCarthy was acceptable in the past but increasing criticism places the need to review and extend McCarthy's model (Van Waterschoot & Van den Bulte, 1992:83 93).

Van Waterschoot & Van den Bulte (1992:83 93) did an evaluation on McCarthy's 4Ps and suggested a new classification which can be applied more effectively for theoretical development, empirical research and management decision making. The basic findings of their evaluation are:

The marketing mix consists of a basic mix (product, price, distribution, and communication). The communication mix consists of mass communication, personal communication, and publicity instruments or elements; and a promotion mix, which consists of a product promotion mix, a price promotion mix, a distribution promotion mix, a mass communication promotion mix, a personal promotion mix, and a publicity promotion mix.

These views indicate some discomfort with McCarthy s traditional 4Ps model. One of the possibilities might be that the Ps needs to be extended to enable management to adapt quicker to a fast changing environment.

3. AIRLINE INDUSTRY

3.1. Description of the Industry

The airline industry is an important component of today's global economy. Over 1.25 billion passengers per year rely on the world's airlines for business and vocation travel. Approximately a quarter of the world's manufactured exports by value are transported by air. Since the first jet airliner flew in 1949, use of commercial aviation has expanded more than 65 times.

The industry is mature but is still changing and growing. The passenger segment of the airline industry is the largest. In 1995, it accounted for over $69 billion is revenues or 73.7 percent of the industry's total revenues. Other major segments include freight and express (9 percent), charter (3.5 percent), and mail (1.3 percent). Economically, the airline industry is an in long-haul passenger traffic. Several dozen small carriers compete for short-haul flights. The Department of Transportation classifies air carriers by the size of their revenue base.

<u>Major Airlines</u>: Annual revenues exceed $1 billion American, United, Delta, Northwest, Southwest, and US Airlines. Each has fleets of 300 or more aircraft.

<u>National Airlines</u>: Annual revenues are between $100 million and $1 billion more regional in focus with smaller seating capacities.

<u>Regional Airlines</u>: Annual revenues are less than $100 million commuter lines and start-up carriers.

3.2. Financial Analysis

From 1994 to 1996, the growth rate in the airline industry averaged 6.7 percent each year. In 1997, the growth rate averaged 7.1 percent per year, with an average load factor of just over 70.6 percent. Compared to other transportation industries, this rate is high, due to the fact that regional and international airlines continue to increase their service to underserved destinations.

The airline industry includes high barriers to entry. It requires a huge capital investment, not only for purchasing aircraft but also for labour, gate fees, advertising, fuel, etc. Nonetheless, the airline industry is easier to enter now than it was before 1978 when deregulation was passed. Flight equipment accounts for more than 62 percent of total airline assets.

3.3. Competitive Structure

Ten major airlines currently account for over 75 percent of all operating revenue and 90 percent of passenger revenue. The other 10 percent are made up of over 100 airlines. The market share of other airlines has been increasing at the expense of the major airlines.

The competitiveness in the airline industry was enhanced by deregulation in 1978. Deregulation allowed airlines to fly wherever they wished. It also allowed new small airlines to compete with the existing major airlines. Some small airlines, like Southwest, have done well with point-to-point, short-haul, and high frequency operations.

Airlines do not sell a tangible product but are simply suppliers of transportation. Aside from certain frills, the service airlines provide is basically undifferentiated. Some of these frills are more legroom, better food, newer movies, telephone service, and most recently hookups for fax and online telecommunication. Frequent flyer programs and rewards are also used to distinguish airlines from their peers. Passenger pricing has become more and more transparent, particularly due to consumer access to fares on the Internet. In sum, the airline industry is highly competitive.

Besides competing with each other on service and price, airlines competes with a variety of transportation models, including automobiles, railroads, and buses. For business travellers, the frequency of flights during a particular time of day is critical. Schedule reliability also influences airline sector. Smaller airlines unable to obtain gate space during peak travel times are unable to attract business travellers.

Airlines use frequent flyer programs to build brand loyalty and distinguish themselves from the competition. Frequent flyer programs have been developed in an attempt to gain customer loyalty and promote repeat business. Frequent flyer programs only 8 percent of the total number of passengers. The miles they fly equal 45 percent of all miles flown. Satisfying these passengers can be key to an airline's success.

3.4. Background of THY

On 20th May 1933, Turkish Airlines was founded under law no. 2186 in Ankara under the name "State Airlines Administration" as a department of Ministry of Defence. The administration was turned over to Ministry of public works in 1935. The name was changed to "General Directorate of State Airlines" and was operated under Ministry of Transportation in 1938. First international flight was Ankara-Istanbul-Athens in 1947. Far-east flights started with the addition of the Singapore route to our flight network in 1986. First class service started on A-340-300 aircraft in August and THT (Turkish Air Transportation) incorporated company merged with Turkish Airlines in September of 1993. In 1998 On March 30th Turkish Airlines became a member of "The Qualify Group". In 2000 Code share flights started in October to 10 domestic destinations in the USA via New York, Miami and Chicago as a result of the agreement signed with American Airlines at the end of February and New Frequent Flyer Program "Miles&Miles" was launched in October. In 2001 Reservation Call Centre (444 0 THY / 444 0 849) service started.

3.5. Market Overview on THY

On 01st March 1956 TK was reorganised and operated under a special legislation and renamed Türk Hava Yollari A.O. with a capital of 60 MILLION TL. In 1984 the company was reclassified as a "State Economic Enterprise" and the capital was raised to 60 Billion TL. In 1987 the capital was raised to 150 Billion TL in July. In 1990 the capital was raised to 700

Besides competing with each other on service and price, airlines competes with a variety of transportation models, including automobiles, railroads, and buses. For business travellers, the frequency of flights during a particular time of day is critical. Schedule reliability also influences airline sector. Smaller airlines unable to obtain gate space during peak travel times are unable to attract business travellers.

Airlines use frequent flyer programs to build brand loyalty and distinguish themselves from the competition. Frequent flyer programs have been developed in an attempt to gain customer loyalty and promote repeat business. Frequent flyer programs only 8 percent of the total number of passengers. The miles they fly equal 45 percent of all miles flown. Satisfying these passengers can be key to an airline's success.

3.4. Background of THY

On 20th May 1933, Turkish Airlines was founded under law no. 2186 in Ankara under the name "State Airlines Administration" as a department of Ministry of Defence. The administration was turned over to Ministry of public works in 1935. The name was changed to "General Directorate of State Airlines" and was operated under Ministry of Transportation in 1938. First international flight was Ankara-Istanbul-Athens in 1947. Far-east flights started with the addition of the Singapore route to our flight network in 1986. First class service started on A-340-300 aircraft in August and THT (Turkish Air Transportation) incorporated company merged with Turkish Airlines in September of 1993. In 1998 On March 30th Turkish Airlines became a member of "The Qualify Group". In 2000 Code share flights started in October to 10 domestic destinations in the USA via New York, Miami and Chicago as a result of the agreement signed with American Airlines at the end of February and New Frequent Flyer Program "Miles&Miles" was launched in October. In 2001 Reservation Call Centre (444 0 THY / 444 0 849) service started.

3.5. Market Overview on THY

On 01st March 1956 TK was reorganised and operated under a special legislation and renamed Türk Hava Yollari A.O. with a capital of 60 MILLION TL. In 1984 the company was reclassified as a "State Economic Enterprise" and the capital was raised to 60 Billion TL. In 1987 the capital was raised to 150 Billion TL in July. In 1990 the capital was raised to 700

Billion TL in March and TK was included within the scope of the privatization in September. In 1991 registered capital was raised to 2 Trillion TL in September. In 1995 registered capital was raised to 10 Trillion TL in March. In 1996 registered capital was raised to 50 Trillion TL in December. In 1999 registered capital was raised to 175 Trillion TL in November.

3.6. Targeted customer segments and customer profiles of the THY

Segmentation is essentially the identification of subsets of buyers within a market who share similar needs and who demonstrate similar buyer behaviour. The world is made up from billions of buyers with their own sets of needs and behaviour. Segmentation aims to match groups of purchasers with the same set of needs and buyer behaviour. Such a group is known as a 'segment'.

After the market has been separated into its segments, the marketer will select a segment or series of segments and 'target' it/them. Resources and effort will be targeted at the segment. It's like looking at a dartboard or a shooting target. You see that it has areas with different scores - these are your segments. Aiming the dart or the bullet at a specific scoring area is 'targeting'.

Positioning is undoubtedly one of the simplest and most useful tools to marketers. After segmenting a market and then targeting a consumer, you would proceed to position a product within that market. At the following analyse those information were obtained at www.thy.com.

3.7. Situation Analysis

Target 1

Name:	Business Executives
Profile:	25-45 years old executives or salesmen of Turkish and European businessmen who are use air transportation for short-haul and Long-haul travel.
Critical Success Factors:	Convenient and fast checking-in facilities Ground transport Accommodation arrangements In-flight office-like facilities
Product offered:	Business Class

Current Marketing Mix Policies

Product Design:	Full service to care for needs (transport, accommodation, office facilities, etc.). The aim is to offer a "flying" hotel with an office.
Pricing Policies:	Competitive pricing on long-haul travel Cost plus pricing in domestic flights Instalment policies in shape of credit cards (Miles&Miles). Trade discounts to tour operators and travel agents
Promotion Policies:	Membership discounts and service facilities to regular customers.
Place:	Travel agents Online sales Telephone sales

Target 2

Name:	Students
Profile:	18-26 years old Turkish university students who are studying abroad.
Critical Success Factors:	Price Cargo limit On-flight service
Product Offered:	Economy Class

Current Marketing Mix Policies

Product Design:	Basic air transportation needs of people.
Pricing Policies:	Charter prices at occasions Discounts when the student ID cards shown.
Promotion Policies:	Charter flights during long and short holidays.
Place:	Travel agencies Online sales Telephone sales

Target 3

Name:	Tourists
Profile:	25+ years old people and families with children who use air transportation to see places of the world.
Critical Success Factors:	Price Cargo limits Duty-free sales In-flight service
Product Offered:	Economy Class

Current Marketing Mix Policies

Product Design:	Basic air transportation needs of people.
Pricing Policies:	Charter prices at occasions Discounts for 0-12 years old children.
Promotion Policies:	Arranging charter flights during holidays. Providing discounts for customers using weekly flights Offering instalments for payment.
Place:	Travel agencies Online sales Telephone sales

Target 4

Name:	Cargo
Profile:	Businesses and some individuals. Mail and freight of usually businesses and less frequently of individuals.
Critical Success Factors:	Punctuality. Fast, reliable service. Insurance
Product Offered:	Cargo

Current Marketing Mix Policies

Product Design:	Basic cargo transportation
Pricing Policies:	Charge by weight of cargo at cost plus.
Promotion Policies:	Trade discounts for regular users.
Place:	THY Airport desks Cargo agents

3.8. SWOT Analysis

Segment: Business Class

Strengths

- Different kind of time schedule.
- Excess baggage allowance.

Weaknesses

- Many firms in this industry
- Private sector

Threats

- Fear of terrorists attack.
- Instability in fuel prices.
- Economic crises.

Opportunities

- The frequent of flight during a particular time a day.
- Punctuality.

Segment: Economy Class

Strength

- Suitable price.
- Punctuality.
- Online reservation.

Weaknesses

- Many firms in this sector

Threats

- Instability in Euro and Dollar currency.
- Economic Crisis in Turkey

Opportunities

- Price competition
- Increasing in tourism sector

Segment: Cargo

Strengths

- Quick service.
- Care for punctuality.
- Liability for non-damage.

Weaknesses

Opportunities

- Customs union.
- Small courier companies enter the market

Threats

- Small courier companies open their own cargo companies.

4. CONCLUSION

In this study we analyzed the marketing mix strategy of Turkish Airlines and we found some results about this company's marketing mix strategy. Then in this part we will compare of these results and we will decide to Turkish Airlines marketing mix is applicable or non applicable for the airline sector.

The marketing mix consists of a basic mix (product, price, distribution, and communication). The communication mix consists of mass communication, personal communication, and publicity instruments or elements; and a promotion mix, which consists of a product promotion mix, a price promotion mix, a distribution promotion mix, a mass communication promotion mix, a personal promotion mix, and a publicity promotion mix.

These views indicate some discomfort with McCarthy s traditional 4Ps model. One of the possibilities might be that the Ps needs to be extended to enable management to adapt quicker to a fast changing environment.

A product can be good, a service or an idea. The product variable is the aspect of the marketing mix that deals with researching consumer's product wants and designing a product with the desired characteristics. It also involves the creation or alternation of packages and brand names and may include decisions about guarantees and repair services. The manufacturing of products is not a marketing activity. Product variable decisions and related activities are important because they directly involve creating products and services that satisfy consumer's needs and wants. To maintain a satisfying set of products that will help an organization achieve its goals, a marketer must be able to develop new products, modify existing ones and eliminate those that no longer satisfy buyers or yield acceptable profits.

As we see the definition of this, the main aim of product is satisfy the consumers' needs and wants. Companies must be arranging their products about it. When we look at the Turkish Airlines strategy we can easily see this event. Because, every people want to different things. For example in business class, business people want to full service to care for needs and they want to fly as in a hotel and Turkish Airlines can answer to these wants with their target analyse. The other example of this event is the economy class. In this situation people want to basic air transportation needs of people and Turkish Airlines answer it again.

When we compare theory and company's strategy, we saw the Turkish Airlines strategy is a good one for the product. Because the theory said product is important for satisfy consumers' needs and wants and Turkish Airlines is doing the best service to satisfy peoples' needs and wants.

The aspect of the marketing mix that deals with making products available in the quantities desired to as many customers as possible and keeping the total inventory, transport and storage costs as low as possible.

To satisfy consumers, products must be available at the right time and in a convenient location. In dealing with the place/distribution variable, a marketing manager seeks to make products available in the quantities desired to as many customers as possible and to keep the total inventory, transport and storage costs as low as possible. A marketing manager maybe involved in selecting and motivating intermediaries, establishing and maintaining inventory control procedures, and developing and managing transport and storage systems.

If a person wants to buy a ticket in Turkish Airlines he/she easily achieve this. Because every people can achieve to get a ticket with online sales, telephone sales and travel agencies. For Turkish Airlines the most important sector in Turkey, so they have many branches in Turkey for get a flying ticket.

In this situation Turkish Airlines is applying their marketing mix strategy is well. Because in the place/distribution mix the most important thing is the easy achieve to get a product. Then when we look at the company's strategy they have phone sales, online sales, and they have many agencies in the different part of Turkey. So as a result of this we can say Turkish Airlines is applying place/distribution mix is well.

Promotion covers the communication between an organization and its target audiences and is devoted to this important area. The physical surroundings in which a service is delivered or a product sold are also considered, a long with the people involved in the process of ensuring customer and consumer satisfaction. These must all be brought together to provide a seamless and positive support to every transaction.

The organization has to communicate with the customer through the strategic window. This can be achieved in a variety of ways ranging from spoken and written communications (advertising, selling, etc,) to more symbolic forms of communication (the image conveyed in the quality of the product, its price and the type of distribution outlet chosen). This is the function of the marketing mix. The point is that the elements of the marketing mix should not be seen as individual entities, but as a set of interrelated entities, which have to be set in conjunction with one another and in the context of the strategic window presented.

When we look at the targeting strategy of Turkish Airlines we can see some promotion policies. For example in business class they do membership discounts and service facilities to regular customers, in economy class they have some different promotion policies for student and tourists. After than they apply a promotion policy for cargo as trade discounts for regular users.

In this mix the most important thing is the good communication between a company and its target customers and is devoted to this important area. When we look at the Turkish Airlines promotion mix we saw some deficiency. When we compare Turkish Airlines and the biggest airline company's promotion mix we found that information. Because the other companies have many kinds of promotions but in Turkish Airlines we can see only one or two promotion event. So as a result of this Turkish Airlines must develop itself in this mix but it is enough for Turkey capacity.

The price variable relates to activities associated with establishing pricing policies and determining product prices. Price is a critical component of the marketing mix because consumers are concerned about the value obtained in an exchange. Price often is used as competitive tool; in fact, extremely intense price competition sometimes leads to price wars.

All the elements of the mix must be integrated with each other for the product or service to succeed. What consumers are really looking for is good value for money: this means that the price charged must match the benefits offered. If the benefits are high enough people will be willing to pay a lot. The problems only come when the price is high but the benefits are not-this leads the customer dissatisfaction. So the price relative to the benefits available is more important that the price itself.

When the targeting analyse looked we can see some pricing policy of Turkish Airlines. They arrange some policy for all segments and all of the policies are different kind. For example they apply competitive pricing on long-haul travel, cost plus pricing in domestic flights, instalment policies in shape of credit cards, trade discounts to tour operators and travel agents for business class and they apply charter prices at occasions, discounts for 0-12 year's old children for economy class.

When we look at the company's pricing mix it has many kinds of pricing policy for each segments. The pricing mix is the competitive tool for every sector and the company's prices are cheaper then the other biggest companies, and it gains to more competitive advantage to Turkish Airlines. As a result of this decision we can say that Turkish Airlines pricing mix is enough for competition in the airline sector.

Finally we analyse for all of the marketing mix strategy of Turkish Airlines we can easily say that there strategies is very well and all of the strategies can applicable. But I think they must develop themselves in promotion mix. So when we look at the analyses of airline sector we can see Turkish Airlines is the 4th biggest company in this sector. And this information is proving of this.

REFERENCES

Dibb, Simkin, Pride, Ferrell; Marketing Concepts and Strayegies, p: 22

Dibb, Simkin, Pride, Ferrell; Marketing Concepts and Strayegies, p: 23

Harrigan, 1979; Rumelt, 1974; Newman, 1978

H. Thomas and D. Gardner; Strategic Marketing and Management, p: 347-376

Howard Thomas and David Gardner; Strategic Marketing and Management; 1985; p: 1-41

I. Shift; Marketing; 2000; p: 24

I. Swift; Marketing, p: 86

I. Swift; Marketing, p: 94

I. Swift; Marketing, p: 98

Kelley and Lazer; Managerial Marketing, p: 247-248

Kelley and Lazer; Managerial Marketing, p: 365-366

T. Proctor; Strategic Marketing; 2000, p: 1

T. Proctor; Strategic Marketing, p: 212-213

Van Waterschoot & Van den Bulte, 1992:83 93

www.atag.org

www.air_transport.org

www.iata.org

www.raa.org

www.thy.com