Review Article: Investigating Factors Affecting on Market Share of Air Passenger in Air Paths and Presenting a Model of “Case Study in Iran Airline Passenger Companies”

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ABSTRACT: Development and progress of science in all aspects and speed of changes in today’s turbulent and unreliable environments, increasing knowledge level of humans by expanding media technology (advertisement, satellites, Internet etc.), easy access to information and consequently changes in people’s expectations level are facts that have challenged all industries and services in the specialized fields, especially air passenger transport industry. It has proposed a subject under name competition that of course, is consistent with creation of man. It has also considered creating safe and stable environment with effort to survive and achieve increasing market share as main subject of the industries. This requires identifying strengths and weakness of company and suitable and logical reaction to threats and opportunities around company’s environment. The aim of this article is to review factors affecting market share of air passenger and present a model in this regard. Based on the provided materials and the conducted investigations, inter-organizational and intra-organizational factors affecting this process can be classified based on seven criteria, and then suggest a model based on the classification.

Keywords: Market share, Marketing, Air industry, Model.

INTRODUCTION

From December 17, 1930 that Wright brothers flew the first plane, air transport industry has experienced unprecedented changes, and this vehicle measured its evolution steps for 30 years (Official website of C.A.O). Process of evolution of this vehicle is such that it can be claimed today; many advances in technology of industrial materials have been achieved because of innovations of aviation industry. On the other hand, people gradually recognized airplanes as a quick and safe means of transportation. Thereafter, air travels were developed day to day.

Macro management believes that industry transportation is an appropriate infrastructure and ground for comprehensive development sustainable economic and it plays an important role in communication and intercourse of cultures, accelerate all affairs and develop optimal services for human.

By using modern technology, extraordinary delicate, complex and sensitive aviation industry wants to improve quality of services, satisfy all customers’ needs and consequently, capture more passenger market shares rather than other transportation industries (land and marine) worldwide.

Anyone will be success in this field who with reliance on the updated information estimates events logically and principally and consider rapid and suitable reaction about the factors. Attention in knowledge will result to assessment and flexibility in environment by helping science and technology, using experience, looking-forward and competitive advantage monopoly in the company, though for a certain time. Passenger airline transport industry plays an important role in economic development of countries with more than 683 active companies in the world (Official website of ICAO, IATA (The International Air Transport Association) as such often it is considered as one of features of growth and development of a country. Emergence of modern technologies, using other technologies and international organizations with principle of attention to variable expectations of particular customers to make planes has completely changed structure of air passenger industry. Manufacturing different kinds of airplanes for various goals and routes based on supply and demand, Global Distribution System (GDS), Computer Reservation System (CRS), E-Ticketing
Sales, providing high quality services before purchasing to decision-making, creating, attraction, keeping customers (especially loyal customers), marketing tricks and tools, innovations etc. are different challenges that airline companies will be faced with them. These factors are new windows to increase market share in field of airline passenger companies. Geographical field of airline industry includes the world. Therefore, airline companies want to get more shares of passengers markets in local, regional and intra-regional markets, by cooperating with their governments and solving problems. Activity field of Iran air commerce companies are to transport passengers and freight to Asia, Central Asia, Southeast Asia and Europe. Because of extension and variety of markets, serious attention must be paid to role of factors affecting passenger market share including strategy, performance management system, political and legal decisions made by countries like boycott, marketing, sales process systems, expert and committed human force, process of quality of services to passengers, using technology systems, machineries etc. Different powerful rival airlines such as Emirates, Turkish Airline, Qatar Airways, Lufthansa, Air float etc. have been able to increase their passenger shares in domestic markets of Iran by considering various management and marketing policies, consequently, they have driven to extremities for local airline companies. Domestic companies are facing with many challenges. During recent years, they have been lost several billion tumans, in addition to reduce their market share of passengers in international competitive arena, in comparison with foreign active companies in Iran (Official website of C.A.O).

In this study, it has been tried to analyze the conducted studies in air market share field and offer a model.

Combination of Results

Based on the conducted researches, inter-organizational and intra-organizational factors affecting market share of air passenger.

Strategic planning and management in Iran air passenger companies: strategic planning has been turned into managers’ art, while it was known as generals’ art previously. Examining environment is start point in strategic management process. There is studied both inside and outside environment in environmental examination. Foreign environment of organization includes factors affecting organization, which it cannot manage them directly. Therefore, businesses have just little effect on their outside environment; but can considerable effect on a company and its work conditions. Strategic management emphasizes on analysis and responding to external environment.

A strategic planning is a framework or bed to implement strategic thinking and operational guidance that led to realize obvious and planned results. More than 90% of strategies will be failed and they cannot access to their basic goals. The conducted studies in this regard have shown that more than 70% of cause of strategies’ failing is hidden in their implementation stage. There are two reasons for this problem: firstly, organizations are usually managed with management capabilities, while implementing strategy requires leadership more than management; secondly, there is a gap between strategic (leadership) and operational (management) layers of organizations.

The integrated decisions and activities are implemented to develop effective strategies as well as execute and control their results. Strategic management of an organization includes a cycle, which its main components are strategic planning, operational planning, budgeting, and supervision and performance assessment. Operational planning translates strategy of an organization for implementing and performing. Organization’s basic mission, perspectives and strategies are outputs of strategic planning, which they are used to manage mission and organization’s qualitative goals in operational planning stage.

Strategies form a comprehensive plan to provide reaching organization to announcement, perspective and long term goals. Company’s strategies can be considered as increasing quality, developing activity in geographical level, variety of activities, merging other companies, production and supply of product, market penetration, reducing costs etc. In fact, they want to maximize competitive advantages minimize competitive disadvantages.

Airline companies can keep their market share and profits by using best successful benchmarks and different strategic models in accordance with situation of the country and its sanctions including Porter competitive five-force model (2006), Porter general strategy, Porter value chain model (1985), Richard L. Deft strategic management model, Fred R. David comprehensive strategic management model, Mintsburg et al strategic/system/theoretical thinking, comprehensive management system and strategic management model and balanced score card of Kaplan and Norton, contracts of strategy of cooperation and membership in global union and agreements of airline companies, considering Communication Relationship Management (CRM) and Frequent Flyer Program (FFP), considering appropriate and flexible marketing strategy to satisfy and loyal customers.
Outsourcing programs of expensive and non-strategic sections in delicate and complex air transportation industry can help the companies to solve problem processes, productivity bad situation, problems of employees’ left. In long-term, it can be considered as a useful tool for saving time and cost as well as improve service quality and release resources. Therefore, there must be prepared specialized conditions and necessary bed for outside. Peter Drucker (1993) says: “in fact, it is a fundamental change in structure of future organizations. This means that it is not necessary large commercial companies, governmental administrations, hospitals and large universities to be changed into organizations with employing many people. Such institutions are changed to organizations that obtain excellent incomes and considerable results because they focus on their considered activities and they executive jobs related to their organizational goals exactly. They also do jobs that know their details and their wage based on value and credit. Other works of such organizations are assigned to external institutions and organizations”. Champy and Hammer (1993) consider reengineering as revolutionary thought in business processes. They believe that improving performance criteria such as cost and service quality allow policymakers to have new vision to logic and basis of these laws, and they can aside or rewrite them.

Basically, managers of governmental organizations such as I.R. of Iran Airline (HOMA) have no enough motivation to reduce costs and improve efficiency of operations. There are extended multiple management layers, concentrated and costly systems, many processes of controlling and regulations, difficult obstacles in ensuring efficiency, and consequently, resistance against coordination with mass changes and fear losing power because of natural problems of reengineering; as a result, adaptation will be happened less and later. At present time, different reasons such as major problems caused by sanctions, weakness of knowledge management, influences and non-professional and non-programmed dismisses and appoints have imposed problems and costs on the company (Raha, Behrooz and Amir Albadwi (2006).

Process performance of Iran Air (HOMA): Due to enter new competitors and rivals and developing activities existing ones, its market share has been decreased; therefore, by considering market realities and the current situation, it does not seem HOMA can compensate its lost share. Therefore, objectives will be identified based on maintaining the existing market share.

Human capital: Leaders strengthen human capital systems in their organization through leading, coordination, strengthening organizational culture, values, developing capability of staffs, creating a learning environment, management of knowledge creation, awareness and motivation.

Kaplan and Norton (2004) state: “If an organization can coordinate its intangible assets such as human capitals including its employees’ skill and knowledge with information capitals such as information management system of
human resources and organizational capital including teamwork and organizational culture, it can create a strong successful competitive advantage that competitors cannot copy it easily”. In Fig. 1, Henry Mintzberg has shown a company behavior in a dynamic environment based on logic of opportunity and strategic entrepreneurship:

![Figure 2. Company behavior in a dynamic environment, Henry Mintzburg.](image)

If a manager cannot predict future hundred days of an organization, there will be no future. Manager should do all duties based on organization’s expediency and in accordance with its long-term objectives and ideals. Wherever he/she cannot coordinate these two time dimensions, he/she should at least balance them. He must measure sacrifice materials and resources for future and vice versa. He must try to minimize these sacrifices as much as possible and repair damage(s) resulted by the sacrifice in the shortest time. The manager lives and acts in two times and he is responsible for institution performance that his performance is a part of it.

**Quality of Service Process:** Gronners (1984) considers service quality as a judgment consideration in a value process compared by customers; it results to their expectations with the perceived and received services. Gronners also suggested that service quality can two parts: executive quality (what has been done) and functional quality (how it has been done).

**Physical facilities (physical evidence):** In fact, physical evidences are material and tangible sections of services business including equipment, machinery, etc.

**Political, economic, social, cultural, competitors and technology environments (PESTE):** Concept of organization environment can be classified to inter-organizational and intra-organizational environments, according their effect on an organization. Undoubtedly, political and governmental environments as well as the determined matters by governmental organizations will affect businesses considerably. They can include formal and informal laws affecting organization’s activity environment. Organizations should consider some factors affecting political factor including analysis of tax policies, employment laws, environmental laws, tariffs and trade policies, political stability, military subjects’ risk, the determined frameworks for contracts, laws supporting intellectual properties, international trade allies, pricing policy, economic environment such as growth rate, inflation, income, foreign currency fluctuations and government interference in economy; they should also consider social and cultural environment including population age distribution, cultural differences, education; competitors and technology environment and progress of technology, research & development, environment and International.

There have been carried out many studies in this field to investigate the category. In his research, Ahmadi M (2003) shows that the best optimistic conditions, there is a large gap between expectations of HOMA European flights passengers and the provided services. To some extent, this can be caused by specific conditions of the company including susceptibility of the imposed boycotts by US -these boycotts prevent reconstructing the navigation, in one hand, and provide many difficulties to send pieces and equipment’s, on the other hand- governmental nature, educational problems, the company structure, high costs, lack of enough relationship with trade transportation industry and many other problems. By studying influence of distribution channels and marketing politics factors, Mansooria (2000) points out that ignoring or underestimating this section can result many losses. In his research, he analyzes a process of effective relationship between encouraging policies in airlines and air travel services offices. Based on the
obtained results by the researcher, independent measure variables such as implementing encouraging policies, marketer’s attention, coordination between various units, advertisement methods, spirit of cooperation and trends of sale agencies of those offices. Coordination in international flights (expanding flight network) are main factors that sale agencies prefer other foreign airlines on HOMA.

Some results show that there is a meaningful relationship between dimensions of service inadequacy and restoration strategies with behavioral intentions of passengers. In addition, findings of the present research show that guests perception about service inadequacy and service restoration strategies are factors affecting on consumer behavioral intentions (Samadi M, Farsizadeh H & Hajipoor B, 2008). Hermawan Cartajaya (2004) believes that marketing philosophy is based on four main principles: 1) given target market; 2) Determining customer needs from his/her point of view; 3) coordination marketing; and 4) gain profit through more and better meet customer needs.

Air Transport Management Seminar (2008) considered air marketing as part of organization performance to find customers’ needs, product specific features, and its price, relation with customer and delivery coordination. As a result, customer ensures product and meets company’s goals. Marketing is a civilized form of war that many words and ideas of war are gained with order and discipline. Marketing is a process related to whole of company that includes all company workers and sectors. Air marketing is different from services of other companies. Marketing air elements: products, price, promotion, distribution (place); marketing air service elements: physical facilities and evidence, people (staff), service process to customers, customers skill, customers services, personnel satisfaction, shareholders value; realities of airline market: desire of airlines to protect rights of shareholders, difficulty in balance between supply and demand, short cycle life of product, change of behavior and high expectations of customers, competitors, pressure of costly fringes, performance, affected by economic fluctuations and important. Realities of distribution of marketplace in airline industry: globalization, World Trade growth and international competitions, technology development, Internet, global connection platform, individualism (person to person marketing), access to all comprehensive information easily, consistent studying about airline companies by customers, ability to eliminate intermediaries, sensitivity of this industry to economic situation, business transparency, close competition between companies, role of air travel agencies. Strategies of marketing in aviation industry: market information/research to identify customers, their expectations and values, providing a product with a competitive price, how to gain income in a managerial environment while products cannot be deposited, creating an identifiable and competitive and sustainable advantage, distribution strategy, development strategy, demand fluctuations for air travel.

Other studies have shown that the credibility and facilities have positive effect on customer satisfaction considerably. In customer satisfaction there was understood significant determinant factor, in addition to this one. Airline companies should consider high quality physical equipment such as external and internal appearance of plane; they should consider entertainment facilities and programs during flight such as Internet, email, fax, telephone and reception facilities, as well as service facilities at airport (Gures, Arslan & Yucel Tun, 2013).

DISCUSSION AND CONCLUSION

The aim of this article was to review factors affecting market share of air passenger and present a model in this regard. Following organizational structure is one of the most important categories for success an organization. Unfortunately, implementing strategies will be faces with numerous obstacles. One of the most important challenges is organizational obstacles. Organizational obstacles to implement strategy prevent realizing organizational health as well as achieving organizational ideals and goals. Conversely, if components of organizational health are strengthen, execution of strategies will be more success and organization can overcome on organizational obstacles to implement strategies. This will be curtained by considering organizational culture. In this case, organization cultures not a suitable bed for implementing strategy, but establish a healthy organization and helps to employees’ morale, commitment and loyalty. It also results to suitable use of resources, participation in decisions, objectives, appropriate performance of management and leadership, strengthening communications, improving moral principles and organizational reputation. Therefore, organizations can guarantee success in implementing strategies by using the proposed model. They can also access healthy organizational implementation according strong cooperative organizational culture. This requires considering organizational obstacles to implement strategy and understand its role in organization administration (Rahimnia et al., 2012).

Services and process of service quality are features of survivorship and keep market share of organizations in age of competition. The scientific basis and the investigated history in this article indicated service importance, its characteristics, role of service quality, different kinds of theoretical models of service quality measurement and history of studies in this field. Therefore, services and service quality measurement have been considered as an irreplaceable standard of measuring performance, which it is one of importance objectives in accounting management. The present article found that in designing assessment tools of quality research services, it should be considered characteristics of services research, objectives, policies and expectations affected by research services in an advisable framework (Shahverdian, 2010). By considering the conducted studies, we found: 1) most organizations are very resistance against changes, especially governmental organizations. Political and social changes are the most important pressure lever for
their reengineering processes; 2) advertising in media and public information to response to public pressures is a suitable method because governmental organizations emphasize on reengineering project importance by their employees. It lets organizations’ employees to know about commitment of senior manager to improve their quality of services. It also encourages employees that senior managers interest to improve systems that results to unity all employees toward organizational objectives; 3) there can be created an attractive combination in reengineering team by employing the selected employees from neutral senior experts from other departments. This combination can help to overcome resistance those who have been affected by reengineering. Neutral senior employees can judge reengineering processes without prejudice and bias; 4) governmental organizations are suffering lack of a suitable prototype for their performance. The governmental sector should adapt index of service quality from private sector, but in line with its objectives. They can enhance their performance by prototyping from the best organizations; 5) approving redesigned processes is crucial for governmental organizations. In bureaucrat organizations, a patron head or manager is the most important factor to facilitate approving new processes. In many cases, it has been resulted to project success because supporting senior management from changes is the most important factor in human force and stimulation structures; 6) it is difficult to identify rate of improvement in governmental organization quantitatively. Executing and displaying processes in a test sample can help convincing next phase for allocating budget to real execution.

Analyzing market share and identifying influential environments are attempts consistent with efforts of global airline companies by deep concentration on target markets and using various types of models and mechanisms by helping main factors of the company’s i.e. customers and predicting their future needs. Successful airline company is a company that believes its customers, and it is obvious not in slogan but in the whole body of the company. Therefore, a customer will be loyal by the first communication emotionally, and the company should be able to transfer value by providing the first service.

The researcher derived his conceptual model from opinions of the company experts. There are many analytical models about factors affecting market share in investigating and history of the literature including strategy, dimensions of quality of services, marketing services’ combinations, customers’ satisfaction and loyalty. According the mentioned matters and the conducted investigations, we can classify inter-organizational and intra-organizational factors affecting this process based on seven criteria, which it can be proposed the represented model in Fig. 3.

Objectives and components of the used conceptual model in the research have been classified based on seven criteria in two factors (Fig. 1). a) Inter-organizational factors: 1. strategy/management; 2. human capital; 3. process of quality of services; 4. physical evidence or facilities. B) Intra-organizational factors: 1. political/economic environment; 2. Cultural/social environment; 3. competitors/technology environment.
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