

ADVANCED GCE
APPLIED TRAVEL AND TOURISM
Marketing in Travel and Tourism

G734/CS

CASE STUDY

Monday 25 January 2010
Morning

Duration: 2 hours



INFORMATION FOR CANDIDATES

- This is a clean copy of the Case Study which you should already have seen.
- You should refer to it when answering the examination questions which are printed in a separate booklet.
- You may **not** take your previous copy of the Case Study into the examination.
- You may **not** take notes into the examination.
- This document consists of **8** pages. Any blank pages are indicated.

Virgin Atlantic is the second largest long haul airline in the UK and the third largest European carrier across the North Atlantic. The route network has grown rapidly to include destinations in the USA, the Caribbean, Far East, India and Africa. Virgin Atlantic took to the air in 1984. On 20 December 1999, Richard Branson signed an agreement to sell a 49% stake in Virgin Atlantic to Singapore Airlines in order to form a unique global partnership. The cost of the transaction to Singapore Airlines was £600.25 million, which included a capital injection of £49 million and it valued Virgin Atlantic at a minimum of £1.225 billion. The deal was finalised in 2000. Richard Branson retains the controlling 51% stake in the airline.

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Competitors

As an independent airline, Virgin Atlantic successfully competes on all of its routes with most of the industry's major national carriers, these include: British Airways, bmibaby, American Airlines, Continental, Delta and United on transatlantic routes; British Airways and South African Airways to South Africa; British Airways, All Nippon Airways, Cathay Pacific and Japan Airlines to the Far East and British Airways to Delhi.

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Brands

Virgin Atlantic operates a two class system: Upper Class and Economy Class. Economy Class is segmented into Premium Economy, (a full fare separate economy cabin) and Economy covering all other economy fares.

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Flying Club

Flying Club is the frequent flyer programme, one of the most generous mileage and reward schemes around. Miles can be exchanged for free flights and other rewards. Flying Club members are rewarded with a host of other benefits, e.g., 'one call does it all' support service and clubhouse access.

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Passenger growth

Year	Total pax (passengers) carried
1984	124 711
2003	3 850 578

Fig. 1

Marketing

Mission Statement: 'To grow a profitable airline, that people love to fly and where people love to work.'

Target Market

The percentage of UK originating passengers varies from route to route, but on average there is a 60/40% bias to the UK. Upper Class passengers are predominately travelling on business and are male, 35 to 45 years old, ABC1 and earning £50k plus per annum.

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Passengers in Premium Economy are split fairly evenly between travelling for business or leisure; most are male, average age 41, ABC1. Those travelling on business are often doing so because their company operates an economy travel policy.

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Economy passengers are a much broader group, travelling mainly for leisure and are evenly spread across most socio-economic groups and age ranges.

Marketing Techniques

Virgin Atlantic uses a wide range of marketing techniques. Advertising activity in the UK includes TV, press, magazines, outdoor posters and taxi sides, all featuring its distinctive logo. Direct mail is also used to support above the line product or route messages. During traditionally low seasons, tactical promotions and price advertising are also used. In addition to communication to consumers, Virgin Atlantic markets to travel agents (who are the primary distribution source for airline seats). In addition to advertising in trade publications, it supports its sales team with a wide range of promotions, trade incentives, familiarisation trips and educational/social events.

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Virgin Atlantic undertakes press and TV advertising, mailings and a variety of offers and promotions, such as fare discounts. Advertisements are also placed in trade journals to encourage corporate clients and joint marketing activity is undertaken with travel agents. There is an in-house design team which produces everything from sales literature, trade material, newsletters and posters to photography and video production.

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Sponsorship is used to support new routes, e.g., the Notting Hill Carnival in London was the platform for Virgin Atlantic to launch flights to the Caribbean; whilst during 1997 Virgin Atlantic became the Official Airline for the Lions' rugby tour to South Africa and the launching of the service to Johannesburg.

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Research	
Virgin Atlantic commissions quarterly customer satisfaction studies which are conducted by the prominent market research organisation National Opinion Polls (NOP). These surveys monitor everything from the punctuality of flight departures to the length of check-in queues and the quality of the in-flight entertainment and service. Results of these surveys are fed back to managers globally.	40
Virgin Atlantic also participates in industry-wide surveys conducted by the International Air Transport Association (IATA), the Transatlantic Passenger Survey (TAPS) and the Survey of Passengers on Europe Asia Routes (SPEAR).	45
Database marketing	
Working with the Flying Club team, the Database Marketing team manages and maintains the extensive customer database. The database holds a wide range of information, including details provided by customers who register their interest in Virgin Atlantic when visiting its website.	50
Design	
The aircraft tailfins sport the Virgin logo, while the new silver fuselage features the Flying Lady, and the Union Jack adorns the 2m high winglets of the B747-400 aircraft.	55
Public Relations	
The Press Office handles all direct communication with the press, TV and radio, working loosely with Virgin Group's main Press Office in London.	

Fig. 2

Awards

The success of our three year strategy requires us to focus on the **business** and **leisure** markets and driving **efficiency** and **effectiveness**.

Here's a selection of our awards from 2006/2007.

British Travel Awards

We are pleased to announce that we picked up six awards at this year's British Travel Awards, including **Airline Of The Year**.

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Best Airline For Groups

Every category in the Group Leisure Industry Awards is voted for by readers of Group Leisure magazine. In September 2006 Virgin Atlantic beat fellow nominees bmibaby, easyJet and British Airways for the **Best Airline for Groups** award.

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Airline of the Year - Business

In September 2007 we won Airline of the Year - Business - at the Travel Trade Gazette Awards. More than 1300 guests celebrated the achievements of the best suppliers in the travel industry.

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Top Business Class on the Transatlantic Routes

The October 2006 issue of Conde Nast Traveller (US) featured a business travel poll focusing on the top hotels and airlines for business travellers. Virgin Atlantic Airways was named the top business class on the transatlantic routes, coming first in three separate categories: Amenities/Technology, Lounge Clubs and Frequent Flier Privileges.

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Best Business Class Airline

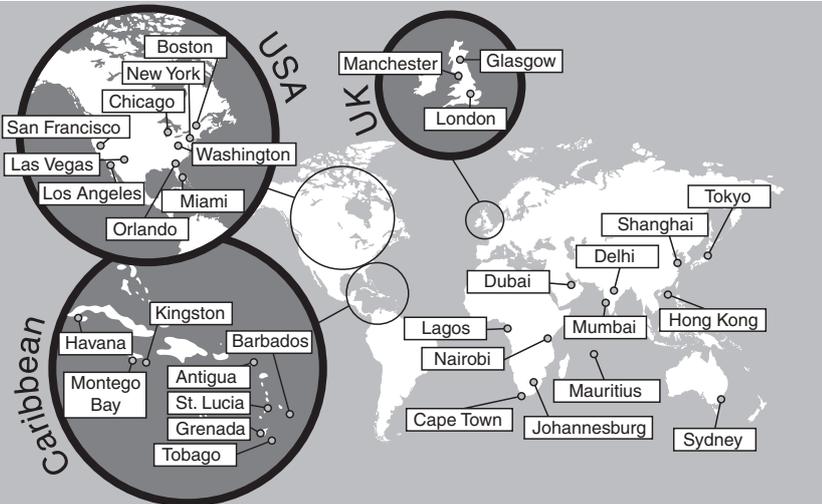
Virgin Atlantic won two of the top categories at the Business Traveller Awards 2007: **Best Business Class** and **Best Premium Economy** awards. The two awards show that Virgin Atlantic's innovative products, in Upper Class and Premium Economy, are the clear favourites for long haul travellers.

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Fig. 3

Web site extract:


High flyer



BOOK FLIGHTS

Round Trip One Way

From **London All**

To **New York All**

Departing 13 August August

Returning 14 August August

YOUR SHORTCUTS

Book Flights	My Booking
Book Hotels	Book Cars
Online Check In	Flying Club
Desktop Alerts	Flight Status

STOP DREAMING AND START FLYING

There are so many fantastic places in the world to spend your hard earned annual leave so don't waste it, let Virgin Atlantic fly you somewhere fabulous!

Flights to the USA

East coast, West coast and Florida are all waiting for you to discover at the end of a Virgin Atlantic flight.

Flights to the Caribbean

The beautiful islands of St Lucia, Grenada, Tobago, Barbados, Antigua and Jamaica all have a beach for you to stretch out and unwind on, and if the beach isn't your thing there's Havana to chill out in.

Flights to Africa

From the stunning Cape Town to the delights on offer in Johannesburg, Lagos and Nairobi, Virgin Atlantic is a great way to fly to Africa.

Flights to Asia

Virgin Atlantic flies to some amazing destinations, none more so than Shanghai, Hong Kong, Tokyo and Dubai, all of which never cease to amaze visitors. Then, there are two fantastic Indian destinations, Delhi and Mumbai to explore.

Flights to Australia

Sydney has it all, famous sites, fantastic shops, beautiful beaches and a wild nightlife.

Flights to Mauritius

Take a Virgin Atlantic flight to this island paradise in the Indian Ocean.

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Fig. 4

Web site extract:



Home > Flying Club

JOIN US, IT'S SERIOUSLY REWARDING

In the air and on the ground, Flying Club gives you better rewards than other loyalty programmes.

You can join and start earning without even having to take a flight. And as soon as you do fly with us, or one of our partner airlines, you'll receive regular updates, enjoy the very latest sale fares, exclusive member offers, special events and competitions. You'll start as a Red member but the more you fly with us you can quickly progress to Silver and then Gold membership and enjoy some fantastic benefits along the way. Join in; you deserve to be seriously rewarded.



JOIN NOW

EARNING YOUR MILES

Every time you fly with us, or one of our partner airlines, you'll earn Flying Club miles, which you can spend on great rewards.

Earn miles every time you fly

We want your Virgin Atlantic experience to be an ongoing one. Every time you fly with us you'll earn miles, which you can spend on a variety of great rewards.

Earn miles with our partners

You can also earn miles through our global network of partners in the air and on the ground. Enjoy a huge range of mileage earning opportunities with our partner airlines, hotels, and car hire.

SPENDING YOUR MILES

Spend your miles

When you join Flying Club there's a huge range of rewards to enjoy. Spend your miles on Virgin Atlantic reward flights, cabin upgrades and more. From a day of rally driving to a trip into space with Virgin Galactic, the choice is yours.

As a Flying Club member you don't have to wait long to reach rewards. You only need 2000 miles to combine with money for a great **Miles Plus Money** return flight with us, or you can **Buy Miles** to reach your rewards sooner.

JOIN NOW

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Fig. 5

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