# MARKETING STRATEGIES IN THE SERVICE INDUSTRY:

## A CASE STUDY OF NIGERIA AIRWAYS LIMITED (WT)

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# MARKETING STRATEGIES IN THE SERVICE INDUSTRY:

## A CASE STUDY OF NIGERIA AIRWAYS LIMITED (WT)

BEING A PROJECT SUBMITTED TO DEPARTMENT OF BUSINESS ADMINISTRATION, AHMADU BELLO UNIVERSITY, ZARIA IN PARTIAL FULFILLMENT FOR THE AWARD OF MASTER IN BUSINESS ADMINISTRATION (MBA)

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DECEMBER, 1998

## DECLARATION

I hereby declare that this project was written by me, and that it is a record of my own research work. It has not been previously presented in any application for a Master in Business Administration programme.

All materials used from other sources and information not original to this research have been duly acknowledged in the references.

| ELLA, SAMUEL M. | | 11/01/2020 |
|---|---|---|
| **Name of Student** | **Signature** | **Date** |

## CERTIFICATTION

This project work entitled: **MARKETING STRATEGIES IN THE SERVICE INDUSTRY: A CASE STUDY OF NIGERIA AIRWAYS LIMITED (WT) BY ELLA, SAMUEL MUSA,** meets the regulations governing theaward of Master in Business Administration (MBA) of Ahmadu Bello university, Zaria. It is approved for its contribution to academic knowledge and literacy presentation.

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| Name of Supervisor | Signature | Date |
| Name of External Examiner | Signature | Date |
| -Name of The Dean | Signature | Date |

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DATE: 14/8/00

## DEDICATION

This Research Project is dedicated to my ever - loving family for their immense contribution through prayers and moral supports. God is Good All The Time (Amen)

## ACKNOWLEDGEMENT

Numerous students who have written projects of this nature would infact testify of the hardship and mammoth tasks involved in terms of data collection, arrangement of facts and figures, typing, binding etc.

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## ABSTRACT

Over the years, Nigeria has made giant strides in Aviation development. The rapid growth of the industry in the country in the last twelve years is unprecedented in black Africa.

The Federal Government of Nigeria has expended enormous resources to make this possible. The elevation of the Aviation in Nigeria from Category III status to Category II by the International Civil Aviation Organization (ICAO) confirm the progress it made in establishing an expansive Aviation base.

Nigeria today has twenty standard airports and over fifty airstrips. The airline industry has numerous operators engaged in scheduled, non-scheduled passenger and cargo services.

Nigeria Airways being the national carrier has every opportunity to grow both in size and quality of services using the advantages of the much improved Aviation facilities in the country. At the peak of the oil boom era, the national carrier, in spite of its expanded capacity and monopolistic power, was unable to meet the air transport demand of domestic passengers including the internationals.

The absence of total quality management influences the issuing of Air Transport licences to private operators in the early eighties to operate domestic scheduled and non-scheduled passenger services. The operations of these private airlines thus put an end to the monopoly of Nigeria Airways and engendered competition

in the domestic airline market. !n view of the developments of aviation and the role marketing is playing the airline business undertakings and while the development of the airline business in Nigeria by Nigeria airways as a business enterprise is important from the point of view of economic development, it is beset with the problem of how to develop unique marketing strategies that will guarantee it a pace better in the aviation industry.

The study is basically descriptive and historical. The main source of data and information is secondary data. Attempt is made to recommend possible marketing strategies if adopted will go along way to helping the airline achieve its set targets.

Although environmental change creates problems, it should be noted that it also creates opportunities. This is the more reason why the management of the national airline should not seat on the fence but should at all time review the activities of its competitors with a view to developing marketing strategies that will enable the airline to prosper and subsequently contribute to public welfare.

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# CHAPTER ONE

# GENERAL INTRODUCTION

## 1.1 INTRODUCTION

Air transportation is claimed to be one of the most, if not most difficult of all forms of economic enterprises to organise and manage successfully. This is arguable, but it is certainly true that transport in general, and air transport in particular have certain unique feature that give rise to structural and managerial problems not met with in other area of industrial or commercial activity. Essentially, an airline like Nigeria Airways for instance has to provide the performance of 3 main kinds of activity:

- Selling tickets, serving customers and handling traffic at Airports/airport charges;
- Flying aircraft over its routes
- Maintaining airframes, engines and their components

All these basic operating activities have all closely inter-dependent, distinctly different in character and are governed by very different organisational constraints. At the apex of it all, these activities aimed at providing service to customers of the airline. The nature of product of air transport. i.e service, is that it is:

- Perishable and cannot be stock-pilled;
- Largely intangible and cannot be inspected prior to delivery and
- Its production is widely dispersed and occurs continuously as aircraft traverse the route network.

The aviation industry is a very dynamic one, in which the airline's operations is affected by indirect cost and over-charging environment - legal competition, social, economic, political and cultural, it operates within one hand and on the other hand to ensure its set objectives. One main objective is profit making which in most cases is the essence of starting on business outfit; provision of service is not an end to itself but it is only when customer needs and wants are satisfied efficiently and effectively that the firm can realised the organisational objectives.

In the early days of commercial aviation prior to the world war II, airlines were small undertakings, had compact networks, were uncomplicated technically and management structures were simple - typically having 2 main departments - operations and sales with all activities planned and controlled centrally.

During the 1960's and early 1970's, increase pressures caused many airlines to elevate the importance of commercial and selling activities, and to redress the operational bias in the management. For example, in particular, Some leading US domestic carriers began to pay closer attention to:

- Improving customer service standards,
- Adopting concepts of marketing
- Modifying their organisational structures.

Nigerian Aviation Industry which has come of aged within the confines of our technological development, the Industry in the last seventy years has records of a significant growth, yet untapped potentials, abound. It is indisputable that Nigeria has some of the best professionals in the aviation world. A solid foundation has also been laid in infrastructural development. Nigeria Airways only need to build on what is on ground.

As I mentioned earlier, changes made, (US domestic carrier) just to mention a few includes:

- Creating of marketing division embracing all customer research, market planning, selling, traffic handling and customer service functions.
- Adoption of the "city-manager" concept, whereby all activities at any one place, both selling and airport ground operations, are placed under the command of the local marketing executive.

These developments eliminated some of the concepts of "functionalism" and introduced management structure with a strong marketing bias. As earlier mentioned or stated rather, airlines were structured on functional groupings especially in the 1950's and 1960's, which was the era of very rapid technological advance and commercial development. This was to accelerate the implementation of new equipment, and to refine procedures and techniques. Over this period, flight operations, traffic and line maintenance, were the main department.

Most companies embrace the marketing concept - marketing strategies so to say when faced with the following problems or developments:

- Sales decline;
- Slow growth;
- Changing buying patterns;
- Increasing competition;
- Increasing marketing expenditures;
- Routings

The role of marketing strategies occupying a prominent position in a market - oriented organisation like Nigeria Airways is filled with many pitfalls. The adoption of marketing strategies as a philosophy or a management orientation of the company is faced with:

(a) Organised resistance by the functional areas of the organisation

(b) Slow learning.

Marketing Strategies which is more or less a marketing enlightenment goes through stages: (these shall be distinguished in details later in the course of this project)

- as advertising, sales promotion and publicity;
- as smiling and a friendly atmosphere
- as innovation
- positioning (using symbols e.g "Eagle" to distinguish itself from others)
- marketing analysis, planning and control.

## 1.2 STATEMENT OF THE PROBLEM:

In view of the developments of aviation and the role marketing is playing in the airline business undertakings, with the birth of many domestic airlines and competitions facing Nigeria Airways, Internationally and on the West Coasts, and leaving aside political and social considerations, one may be tempted to ask can the National Airline with operating at profit as one of its objective in operating an airline business be expected to make a long term contribution to expansion in a free market economy?

It is pertinent to ask, "do an airline like Nigeria Airways operating in a developing economy with some technology constraints undertake product planning and marketing research"? "What pricing-fares methods and promotional techniques do the airline adopt in the marketing of its services to the up-coming competitions both on the domestic and international level"?

Owing to the development of aviation in general in Nigeria and some bottlenecks as a result of government interventions and the size of staff compared to the number of aircraft fleets available to the airline, does the distribution of route scheduling on both domestic and international need the ever-growing passengers (consumers) when and what services needed? Is the airline acquainted with tax and legal provision as regards operations of an airline in the foreign markets?.

Modern airline marketing involves heavy fixed costs or outlay. Is the airline able to cope with such costs in terms of advertising, provision of infrastructural activities, offering better services and adopting to change in technology? Does the government support, encourage or protect it against more advanced airlines from developed countries? Are the marketing functions in the operation of the airline business in Nigeria developed to the extent of expanding and competing favourably with advanced ones? How early are new services offered by the airline introduced into the market and how are these services followed up to ensure their success in the market?

Besides, the fact that financial constraints prevent an airline like Nigeria Airways from offering more services efficiently and thus rendering its operations less competitive with more advanced ones, is able to engage in aggressive marketing techniques such as offering competitive credit, attractive discounts, extensive advertising or better in flight services?

While the development of the airline business in Nigeria by Nigeria Airways as a business enterprise is important from the point of view of economic development, it is beset with a number of problems viz:-

- Finance
- Management
- Technology
- Infrastructural facilities
- and marketing.

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Nevertheless, solutions to these numerous problems will, to a large extent, accentuate the viable routes to be served, improvement on income received

by prospective travellers, encouragement of tourism and the industrialization is-a panacea for economic development which the country craves for.

## 1.3 OBJECTIVES OF THE STUDY

A different environmental conditions occasions different marketing strategies and techniques. It is the objective of this study to look at the current marketing environment as it relates to airline operations particularly in the aviation market and recommend what appropriate Marketing Strategies and tactics that can be employed by the airline in order to operate profitably.

## 1.4 SIGNIFICANCE OF THE STUDY

The importance of the airline cannot be measured solely in statistical terms, it is often the quietest sources of new ideas and inventions in terms of economic and technological development and it provides an important element of industrial flexibility. It brings global economy to finger tips at shortest time through provisions of quick services which have advantages in quicker decision making and lower overheads and at a time when there is increasing concentration on economic it provide opportunities for individual/collective initiative.

It had become quite clear even to a lay man that if we are to overcome the economic turbulence that has hit the aviation industry in Nigeria and Nigeria Airways in particular for the past years, it is time to develope a strategy for self-reliance. One way of doing this, of course, is through the development of marketing strategies and recognises the role of marketing in the airline business so that it will have a solid-base marketing oriented development.

The current pressures of environmentalism, consumerism and other issues of social responsibility (or responsiveness) call for understanding the Marketing Strategies that can be appropriated by the airline for profitable operation hence the relevance of the study.

Improving the quality of air travels will strengthen an importance sector for the economy and also contribute to the success of the airline's business. It is for this reason that the primary focus of this study is upon the marketing strategies necessary for the National Airline and the operation of airline business in Nigeria. Appropriate strategy determination is a tool for effective management of an airline business operations.

## 1.5 SCOPE OF THE STUDY AND LIMITATION

The study is intended to cover the marketing strategies as it relate to or for Nigeria Airways. Also to be covered is an evaluation of the current marketing environment in the aviation industry in Nigeria and the problems that confront Nigeria Airways as an airline business enterprise.

This study is not concerned with the creamy sales to this country's one percent sophisticated with Western tastes and the money to support them. Dealing with "ordinary" people and services in a study like this, one can only generalise and skim quickly over the enormous variety of problems. One may not be able to consider the marketing opportunities available in cargoes and related business. However, the same marketing principles apply to these as they do elsewhere. This study does not lay claim to an exhaustive discussion and analysis of the marketing strategies for the survival of the airliner, but however, it should stimulate further inquiry on research in this area.

## 1.6 HYPOTHESIS:

From the problems confronting the National Carrier operating the airline business in Nigeria, the following hypothesis (or generalizations) can be made:

(i) There is a near absence of Marketing research and product planning for better services offered to the consumers (passengers) as compared to its counterparts domestic/international network. The reason for this absence of these vital marketing tool is largely caused by professionals unwillingness to involve themselves in research works due to lack of adequate financial commitments by the management of the airline; may be for lack of trust and confidence. Instead it involves itself about day-to-day administration of problems than thinking of gathering information necessary for planning.

(ii) It has become difficult for the airline to contact foreign airlines for joint cooperation owing to its limited economic base as compared to more organised ones in the developed countries. This therefore, makes it difficult for multi-sector travellers because it is not able to meet some international regulations like tax, legal provisions in the foreign countries and acquisition of fundamental knowledge of marketing in the international markets becomes difficult for growth. The promotion of cargo transportation on the domestic and International routes should therefore, be one of the major concerns of the airline.

(iii) The airline seems to be ignorant of the role of distribution (assigning aircraft to viable routes/routes planning) in the marketing task. Advertising and other forms of promotion are seen with much cynicism by consumers (passengers) that some even think that they are smack of deliberate falsehood. The high rate of illiteracy and lack of access to rural communities by the modern methods of promotion make the situation worse. also prices of services are not equitably determined.

(iii) Lack of sufficient finance to undertake the high marketing costs stands as a stumbling block to the airline more especially in the foreign environments. This prevent it from offering services more efficiently and renders its operations less competitive. It also limits its ability to engage in aggressive marketing operations.

(v) The interventions of the government in the operations of the airline makes it fall short of an entirely commercially oriented airline business and therefore, makes it look like a baby who never have an opportunity to develop.

(vi) The marketing function in the airline is often under-developed because the marketing professionals are not given the opportunity.

This gives less opportunities to expand and compete favourably in the market. Very often, measures to adjust market changes are not taken enough (the introduction of new services occurs too late and is not properly followed up).

The problems of adoptation to technological changes and market trends which confront airline business in Nigeria as a whole seem to be more acute for the many because of their limited sizes and narrow economic base.

## 1.7 RESEARCH METHODOLOGY

This study is basically descriptive and historical. The main source of data and information is secondary data. The study has made an extensive use of various relevant books, magazines, newspapers and other publications in the libraries relating to airline marketing.

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Parts of the study are largely of a theoretical orientation which were drawn substantially from the works of prominent scholars and authors. Additional information sources include content analysis of journals, materials from operations at the airports.

## 1.8 DEFINITION OF TERMS

In a study like this, it is necessary to define, at the beginning, those terms and concepts that will be used in the study to avoid ambiguities. Such terms like passengers, consumers, tickets, reservations, WT/Nigeria Airways are used interchangeably in this study.

### 1.8.1 MARKETING STRATEGY

Marketing strategy is the fundamental logic by which the business unit intends to achieve its marketing objectives. Marketing strategy consists of a coordinated set of decisions on "target markets, marketing mix and marketing expenditure level".

- A marketing strategy, according to Scherve and Smith is, "a specific plan for allocating marketing resources to reach the marketing objective" [2]

Marketing strategy is different from marketing tactics which are the specific decisions and actions necessary for carrying out the strategy. The marketing resources refer to the product, price, place (distribution) and promotion. Proper allocation of these resources enables the organisation to successfully achieve its goals and objectives.

- Philip Kotler, however, views marketing strategy as "a consistent appropriate and feasible set of principles through which a particular company hopes to achieve its long term customer profit objectives in a particular competitive environment"[3]

A company's marketing strategy will have to take several factors into consideration: The company's competitive size and position in the market, the company's resources, objectives and policies, the target market's buying habits, the stage of the product life cycle and the character of the economy. For the purpose of this study, we shall adopt Philip Kotler's definition of marketing strategy which is - "a consistent appropriate and feasible set of principles through which a particular company, (including airline business no matter small), hope to achieve its long run customer profit objectives in a particular competitive environment".

### 1.8.2 THE MARKETING CONCEPT

It is necessary at this point, to find out what this commonly used but yet, most frequently misunderstood term is. Marketing concept, according to Stantons is, "a philosophy of business which states that the customer's want satisfaction is the economic and social justification of a company's existence"[4]. It is a concept which sees the satisfaction of the consumer of goods and services as the key to satisfying the profit goals of the organisation.

Kotler sees the marketing concept as "a management orientation that holds that the key to achieving organisational goals consists of the organisation's determining the needs and wants of target markets (through market research) and adopting itself to delivery the desired satisfactions more effectively and efficiently than its competitors".[5] Simply put, it is a customer - oriented philosophy which strives to satisfy the customer and in the process be able to achieve the profit motives of the company for the purpose of continuity in business. The achievement of this noble objective of the concept brings on integrated efforts of the organisation, not just the marketing department (as policies of other departments have direct or indirect effects on the customer). In other words, it is collective efforts of every employee of an organisation to make this philosophy work.

Marketing concept is, in essence, a way of thinking that embraces exchange activities conducted by individuals and organisations for the purpose of satisfying consumers and achieving the marketer's goals. The simple fact is that however well a product/service - any product/service is designed and suited to the customer's needs, however well it is made and attractively packed or presented, it is worth nothing unless is actually available when and where the customer wants it, because a taste not quenched or satisfied at the moment of need is a sale that is lost forever.

### 1.8.3 CONSUMER (Passenger/Forwarder)

Is he the person who purchase?

Is he the person who determine the needs or the user?

"A consumer is the individual(s) who exercises the right of acquisition and use over of goods and services offered for sales by marketing institutions"[6].

By this definition, it is clear that everyone is a consumer, though individual may be consumers of different products and services that may not necessarily be the same. The knowledge of this will go a long way to assist the airline in planning the marketing strategies that will yield expected results. The usefulness of the consumer(s) will be looked into, in subsequent chapter of this work. Airline consumers can be divided into two - passengers and forwarders.

### 1.8.4 PASSENGER

This term refers to any person except operating crew members, carried or to be carried on an aircraft with the consent of the carrier. Every passenger must travel under the cover of a valid passenger tickets. There are two main basis for passenger classification: They are; age and class of travel. These two basis determine the fare paid by a passenger.

Age classification fixed all passengers into three (03) groups viz:

- Adult
- child
- Infant

An adult passenger is a passenger who has attained the age of 12 years or more. He/she is expected to pay the full fare (100%) of the normal or

special fare. The child encompasses all passengers that have attained the age of 2 years but are less than 12 years of age. They pay 50% of the applicable fare. The infants are passengers below the age of 2 years. They pay 10% of applicable fare and are not entitle to seat on board the aircraft.

Airlines offers a range of classes of travel which are noticeable in the cabin being the demarcations/partitioning of the main and/or upper check(s) into smaller portions. The types of seats, the leg room and inflight services all vary along the classes offered.

The classes offered in the present day include:

- Supersonic class - found on supersonic aircraft only
- First class (F.P.A)
- Business class (J,C,D
- Economy class (Y.W.B.M.T.H.Q)
- Thrift class (K.L.V.)
- Shuttle (no reservations) (O)

The class of travel on an aircraft determine the fare which a passenger pays as no two separate classes on an aircraft attract the same fare.

Passengers are classified for two reasons and they are:

- The fare to be paid
- Weight and balance.

In the course of classification, it has been mentioned that each classification determines the fare paid. The fare to be paid on higher class of travel is normally more due to the additional services and comfort enjoyed by passengers in those classes. also, the younger a passenger, the less will be the services to be offered and in case of infants, they do not occupy seats on an aircraft. They pay mainly for insurance coverage.

Weight and age have a direct proportional relationship. It follows that more engine power and wear and tear is recorded on aircraft when it carries more adults then children. The converse of this situation is true. It is of interest to know too that various standards weight have been allotted to an infant, a child and adult.

### 1.8.5 SPECIAL CATEGORY PASSENGER:

Nigeria Airways limited aims always at rendering a high stand of service to its numerous customers. At the same time and subject to its regulations, the airline offers "special" handling to passengers who are either commercially important or who hold prominent positions in government as well as those who demand special requirement as a result of their nature. This last group includes; the young passengers, mothers with infant, expectant mothers, incapacitated passengers, special meal passengers etc. The objectives "special" as used in the subheading should not mislead the reader to believe that the list contains only the passengers that are special to the airline. All passengers are special to her but the adjective has been used

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here to qualify a group of passengers who demand some forms of extra handling requirement as a result of their nature or positions.

### 1.8.6 PASSENGER TICKET AND ITS DESCRIPTION:

The passenger ticket and baggage check, commonly referred to as "ticket", generally represents the final step of the sales. It is the evidence of the contract of carriage concluded between the carrier and passenger and is the passenger's receipt for money paid. It is also an accountable form and a message to all Airline which will be carrying the passenger on their services indicating the flight(s) booked, the class of travel and the type of fare(s) used.

The ticket therefore is a very important document and it is essential that is completed correctly and legibly. A clean legible ticket (legible through to the passenger coupon) is must for proper processing.

Every Airlines identifies its tickets by means of a special cover bearing its name and trade mark logo, and its name printed on each coup of the ticket. Nigeria Airways ticket has the Nation colour - Green - white - green with its name boldly written on it with an eagle as its logo (formally an elephant)

All coupons, with the exception of the last coupon - the passenger coupon are carbonised so that entries made on the coupon will be imprinted on all the following coupons. Each ticket contains the following coupons:

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- The Audit coupon (green): this coupon is for the airline revenue office. It must be removed after completion of the ticket and attached to the sales report.
- The flight coupons (BUFF): These coupons must be left in the ticket. Each coupon is valid for travel between the point specified in the relevant box.
- Issue office coupon also known as Agent coupon (pink): this coupon is for the office records, it must be removed after completion of the ticket and filed in the office.
- The passenger coupon (white): This is the passenger's copy. It is his/her record for the trip made and a receipt for the money paid.

International tickets also contain several additional pages including "condition of contract" and "Advice" to international passengers on limitation of liability, and information on requirements concerning reconfirmation or reservations.

### 1.8.7 TYPES OF FARE

There are two types of fare viz:

- Normal fare
- Special fare

**Normal fare**

Airfare change in the course of time. However, at any time and between any two points, the highest fare for a first or economy/tourist class services is called normal fare.

Special fare:

At any time and between any point, any fare which is not the normal fare is a special fare. They are usually cheap fares BUT with some restrictions or conditions that make them not available to all passengers. Examples are excursion and group fares.

In the next chapter, we shall review related literature on strategies available to the airline fore appropriation in order to survive and succeed in the ever-changing Nigerian Aviation business environment.

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# CHAPTER TWO

## LITERATURE REVIEW

### 2.1 MARKETING

Marketing is so basic that it cannot be considered a separate function. It is the whole business seen from the point of view of its final result, that is, from the consumer's point of view.

Marketing involves the systematic application of entrepreneurship to the almost constantly changing conditions of present age. Marketing refers to the activities that individuals and organisation perform to facilitate and encourage mutually satisfactory exchange. As such, marketing's major task is to satisfy consumer needs and wants.

The American marketing Association described marketing as "the performance of business activities that directs the flow of goods and services from producer to consumer or user.[1]

There have been, and still are, several definitions of marketing. Most of them leave something to be desired, as it is difficult to define succinctly a multi-faceted activity like marketing with its rather complete involvement with both the external and internal environments of the business in which it is involved.

The definition of the British Institute of marketing is as follows: "Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.

### 2.1.1 MARKETING MIX

The combination of controllable variables with which the marketing manager works is known as the marketing mix, that is, the way in which the firm decides to serve its market by means of a blend of product, promotion, price, and distribution.

A product, is the physical object, service, or bundle of ideas that is exchange for some other service, product (including money), or idea. To determine the most advantageous set of products or services that an organisation should offer calls for decisions on product additions, product deletions, product line, product design, packaging, branding, appearance, and the like.

Promotion refers to the way in which organisations communicate with their audience and could account for dealings with customers, stockholders, etc. it therefore, includes decisions on advertising, personal selling, publicity, public relations, and sales promotion activities.

Price encompasses the financial factors of product purchase or use. It includes management decisions such as the actual price charged, the markup, the discount structure, terms of sales etc.

Distribution refers to the act of bringing products to market. It includes decisions as to when, where, how, and by whom goods are made available.

### 2.1.2 MARKETING CONCEPT

CUSTOMER ORIENTATION IS THE CENTRAL THEME OF MARKETING. When this orientation is embraced from the inception of a product (or service) to its consumption, an organisation is said to be following what has become known as "the marketing concept'. It is a philosophy or orientation pursued in conducting one's business activities. Hence, the marketing concept relates to business operations of management in general rather than specific marketing activities alone.

### 2.1.3 MARKETING STRATEGY

A marketing strategy is "a consistent, appropriate, and feasible sets of principles through which a particular organization hopes to achieve its long-run customer and profit objectives in a particular competitive environment."[2] The airline can develop these sets of principles - unique to its operations - which can be employed over-time in achieving its customer and profit objectives.

The scope of possible marketing strategies is wide. Marketing and product strategies are inter-related. They are both developed in response to consumer demand. Among others, they include:

- Distribution
- Promotion - advertising, personal selling, and promotion and publicity.
- Market research
- Market segmentation
- Pricing
- Packaging
- Branding
- Specialization
- Tender Loving Care (TLC)

Pricing strategy is of great significance to an airline business and most often it is the responsibility of top management or the Government in the case of Nigeria Airways. Some of the commonly considered strategies for pricing are:

- Get as much profit as soon as you can i.e. skimmy strategy.
- Set a price that will discourage the advent of competitors - price war.
- Recover your development costs within a specified period.
- Set a price that will yield your `regular' rate of return.

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The sum total of all marketing activities is to increase sales and make profit. This can be accomplished by:

- Finding out what the customer need.
- Choosing the product or service you can offer to satisfy their needs.
- Promoting and advertising the goods or services.
- Selling the goods or services by placing them in the market, and
- Making a profit at the end of the whole process.

Systematic corporate and marketing planning based on an innovative perspective geared towards competitive action places the airline on an outstanding advantage. The corporate strategic plan is the master plan that provides guidance to executives about the direction in which the airline wants to go and the height it wants to attain. This plan sets the boundaries for all other planning. Functional strategy should be developed from grand strategy.

Marketing strategy should be based on corporate marketing objectives and should be implemented by a co-ordinated marketing action programme. The ideal marketing strategy would achieve what military strategist refer to as "a perfect economy of force." In economics terms, this would be the optimal strategy; that is, all resources of the airline including personnel, would be utilized so that it would be impossible to improve the efficiency of one part of the operation without decreasing the effectiveness of others. With perfect economy of force, the organization would correctly allocate

resources, including money, to all marketing elements. But because of the nature of consumption and competition, particularly the uncertain human elements, perfect economy of force represents an ideal rather than a practical planning goal.

Generally, people like something a little bit different from what their friends have, but not too different; people change their ideas slowly and like things which they know of and have grown up with. If you make something too different, only a few people will buy it. This is a lesson for the airline to learn.

In chapter three the role of Nigeria Airways in the economy, its importance to the owner and to other sectors of the economy will be considered.

## 2.2 AIR TRANSPORTATION

Air transport is essential to the economic development and social progress of all developing nations in which alternative means of communication are often rudimentary or non-existent. The world air transport system, which has progressed dramatically over the past four decades, rest on four main pillars: Co-operation, competition, communication and competency.

The developing nations like Nigeria for example, constitute a major segment of the world and its health and prosperity are complementary to those of the more developed countries. Civil air transportation forms the

back bone of most countries without which social and economic development, amongst other things, will not prosper. Air travel has proved to be a powerful and indispensable catalyst in promoting closer understanding and co-operation between peoples of this world.

One of the key issues which a Chief Executive of an Airline like Nigeria Airways has to be concerned is the relationship between the Airline and its share-holders which, in the present context, means the relationship between the airline and its government. One of the problems which frequently arises in the multiplicity of different requirements which a government may have on behalf of its national airline, for example:

- it must be profitable
- it must have low fares
- it must create employment
- it must increase foreign earnings
- it must provide essential services even if loss making
- it must play a leading role in tourist promotion
- it must provide communication with friendly States.

All of these issues impinge to some extent on matters of national policy. The development of airline corporate policy cannot, therefore, be formulated independently of government policy in these areas.

It is very important to recognise that many of these objectives can conflict with one another and that the onus rests on the airline to identify areas of conflict and where possible, to develop policies which will reconcile such conflict. In dialogue with government, the airline should endeavour to reach a common broad understanding as to its functions and objectives.

As for an example for this, Nigeria Airways has for a number of years operated on the basis of a defined function which is as follows:

**"TO OPERATE AND DEVELOP AN AIR TRANSPORT SERVICE WHICH WILL BE SAFE, EFFICIENT, RELIABLE AND PROFITABLE"**[1]

In this definition, the provision of a service is given priority. Project is an essential element in that service but it is seen as a means to an end rather than an end in itself. The requirement for profit in the business of the airline is to enable it provide a service and to provide for the continuation and growth of that service.

Subsequently, specific objectives were defined in the following areas:

- standards
- profitability
- growth and
- community benefit.

These statements of function and objectives are not quantitative and they do not of themselves solve all problems of conflicting objectives. They do, however, provide a framework within which detailed corporate objectives and policies may be developed.

In discussion with government the issue of community benefit generated by a national airline should arise. Mr. Arthur Brrow, Deputy Administrator of the United Nations Development Programme (UNDP), presented a paper at the 1983 IATA Annual General meeting in which he made the point very forcefully that aviation has a very important part to play in the economic development of many parts of the world. Far from being merely a matter of national prestige, the existence of a national airline like the Nigeria Airways is for an essential element of the national infrastructure, providing a vital service for the transportation internally and externally of passengers and freight.

One particular issue which has to be addressed is the extent to which a government may expect the airline to provide services which of themselves are not commercially viable or indeed to cross-subside unprofitable routes and profitable routes.

The relationship between the airline and government in its role as a shareholder needs careful attention. The responsibility for addressing this issue rests ultimately with the shareholder but it is fundamental importance to the airline. In particular, it is desirable to have clearly defined and unambiguous lines of authority and responsibility. Problems can arise if different government departments each try to exercise authority or if the Board and Chairman of the Airline are not directly involved in the line of authority. This does not imply that communication should not take place

with a number of different government departments, for example, Finance, Tourism, etc, but rather than the formal communications between government and the airline should be between the appropriate Minister and the Chairman of the Board.

It therefore, follows that the main policy issues for a national airline like Nigeria Airways are as follows:

- Financial structure
- Aircraft selection
- Route rights
- Technical standards
- Customer standards
- Training
- Inter-Airline co-operation.

The understanding of these policies will subsequently be basis of developing marketing strategies that would favour the airline and the government which will lead to the achievement of the airline specific objectives already defined.

In this chapter, some of the strategies for the survival of the National Airline will be examined. Emphasis will, however, be on the marketing strategies.

## 2.3 STRATEGY: DEFINITION AND IMPORTANCE

The Oxford Advanced Learner's Dictionary of current English defines strategy as "the art of planning operations in war, especially of the movements of armies and navies into favourable positions for fighting; skill in managing any affairs"[5]. It originated from a Greek word which mean strategies; and was later extended to include political and economic moves to improve the chances for military victory [6]. Tiles (1963), defined strategy as the set of goals and major policies of a business organization[7].

Alfred and Chandler (1962), states that strategy is the determination of the basic term goals and objectives in an enterprise and the a adoption of courses of action and the allocation of resources necessary for carrying out these goals[8].

Ansoff (1965), however, looks at strategy in a business context some what differently. He proposed a concept of strategy which (i) provides a broad concept of the firm's business; (ii) sets forth specific guidelines by which the firm can conduct its search; and (iii) supplements the firm's objectives with decision rules which narrow the firm's selection process to the most attractive opportunities.[9] This concept of strategy seems to separate strategy from objectives. Though strategy and objectives are presented as separable in nature, they are recognised as necessarily complementary in operation - strategy is employed in attaining objectives.

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Strategy, in the broadest sense, is a dynamic, action-oriented blue print to accomplish company mission, business goals and functional objectives. Strategy "is the catalyst, the main thread and thrust of the business."[10] Most importantly, it is the bonding agent that provides the systematic direction force to actualize desired relationship between the firm, and the environment. In the more specific contexts used throughout the business community, strategy has various shades of meaning, each of which leans toward the description given above but none of which touches it.

Some of the most basic decisions for an airline business like that of Nigeria Airways are those pertaining to its nature and relationship to its environments including that of international. The airline must answer the fundamental question: What type of business are we in? Which kind of business should we operate? What products or services should be cultivated? What channels of distribution should be employed? How should the market be captured, developed and maintained? How should the different strategies be financed and administered? In what ways will competition alter the strategies required for success in the market? These questions direct attention to the firm's relationship - relationship with customers and competitors.

The different uses of the term "strategy" by prominent business authors centre on how many of the policy - making and activity-directed processes are included in the definition. One common use of the term is in reference

to corporate strategy, which has been defined as "the pattern of objectives, purposes, or goals and major policies and plans for achieving these goals, state in such a way as to define what business the company is in or is to be in and kind of company it is or is to be[11]. Such a broad definition could be considered the grand strategy of the business.

Confusion with the concept of strategy usually comes from the two planes:

(i) The failure to recognize it as a two-level function, and

(ii) The problem of differentiating it from tactics. To complete the terminological profile, such a differentiation must be made explicit. Strategy is divided into concepts of grand strategy and function - marketing - strategy. Tactics are an out-come of functional strategy.

Grand strategy forms an interface with company mission, business goals and functional objectives. It is the integrating map that charts the development and use of resources to meet the challenges of fulfilling corporate mission, business goals and functional objectives.

Functional strategy grows out of grand strategy and is guided by the functional objectives. Simultaneously, alternative functional strategies and their probabilities of success are important inputs in deciding functional objectives. The two work as a bivariate sub-system within the larger system. Functional strategy (under the tittle of strategy) has been a topic of much research. Included in it are target components such as sales quotas

by market segment and product line (sales offices and number of passenger flown), quality control and so forth.[12]

Tactics, on the other hand, are the day-to-day use of resources that have already been committed within a strategy. It is no longer a matter of deciding what or how much shall be committed; rather, it is a matter of assigning specific actions to be taken, by whom, and when. Tactical planning in marketing directs the efforts of small groups or individuals and indicates the tactics and procedures to be used in a given marketing situation. A salesman for an airline, for example, may spend hours preparing his tactics for a half-hour sales interview. An advertising copywriter may spend several days on a particular price of advertising cope. Any one with management aspirations must first master the principles of tactical planning in his sub-function.

In planning for the future of an airline, it must (executives) should begin at the basic level that is relating to the airline products (aircraft) and/or services to the needs of the market and the offering of competitors. So an appropriate strategy determination or design by the airline is very important here.

Strategy determination or design refers to the process by which managers `size up' the general situation pertaining to the business as a whole and decide upon necessary changes of a functional nature.[13] Managers of

airlines - (Nigeria Airways in particular) are frequently unaware of the possibilities of such strategic planning and unappreciative of the value of spending time and effort in this endeavour. Reflection of this type appear academic and unrelated to the practical, urgent problems of the moment. Time is always at a premium, and it is easy to dispense with speculation and philosophizing about the future. Any type of long-range planning seems to involve a large amount of guess-work. As a result of such thinking, managers fail to see the study of strategy as a matter of any great importance.

Unfortunately, many of the changes that occurs on and surprise the Management are the types that can be detected only through an analytical approach to strategy. Obsolescence of product lines (aircraft types), aging of physical plant (equipment in the hangar and workshops), shift of market demand, new moves by competitors and determination of the business are examples of fundamental changes that may occur. Nevertheless, such changes are discernible, and the implications for the airline on the analysed strategy determination is concerned, however, not only with dangers to be avoided but also with opportunities to be exploited.

The airline strategy manifests itself in a number of ways depending on the nature of the business it is involved. The airline can be better off than its rivals by using tactics such as concentration on a routes that are viable,

development of a highly specialised product or service, schedule to meet the demands of a minority group, and provision of a product-service package, containing an unusual amount of services. This possibility of providing a different product or filling a special niche deserves serious consideration in the airline business planning. In fixing time for example, the airline should look for and emphasize the special niche it wants to fill. If it can get a corner on the market for a particular specialised services that needs a specialized aircraft type, it will be in an unusually advantageous position.

A comprehensive strategy of an airline business should satisfy the questions of WHO, WHEN, WHERE, WHAT and HOW, if it is to be effectively implemented for the purpose of survival and success. Experience in Nigeria is that a greater number of people who enter into the airline business world fail. This is because they do not either understand or fail to employ appropriate business strategies for the success of their airlines. The failure trend is not confined to new entrants only,, even the well established ones - especially airlines like Okada Air, GAS Air, HARCA Air, Harco Air, and in a way, including Nigeria Airway - are affected. Airline business strategy is concerned with those basic factors which spell the success or survival of the airline. The importance of strategy to a success or survival of airlines is viewed as a war. The airline can still be successful, even if a number of technical errors are made, provided the grand strategy is correct.

The survival and/or success of an airline, therefore, is dependent upon superior use of business or marketing strategies. Thus, the Executives/Managers must acquire thorough understanding, skills and experience in the formulation and application of business strategies. Developing a strategy for the survival and success of an airline like Nigeria Airways often seems difficult and the Executives may find the experience frustrating. The task involves:

- Questioning old methods
- Explaining unfamiliar environment
- Facing up to an objective evaluation of strengths and weakness
- Organisational re-arrangement; and
- Taking high risks with the airlines business capital intensive nature.

In developing the strategy; one approach the airline may take is to begin by asking a number of fundamental questions about the business and then thoughtfully produce answers to these questions. The questions on Appendix B have been proposed by Frank F. Gilmore as a framework for all business including airline business strategic planning session.[14]

Strategic decisions should be reduced to writing to ensure completion of the strategy determination process and to provide a basis for subsequent planning. The airline strategy, moreover, should be incorporated into more specific plans of action. In this way the airline can device a system that assures the implementation of strategic thinking. Periodic review and evaluation sessions should be devoted to measurement of progress in following strategic guidelines and dealing with problems that might emerge.

LIBRARY

## 2.4 SOME STRATEGIES FOR THE SUCCESS OF THE AIRLINE

From the forgoing discussion, there are many types of strategies in business. Some of these strategies will be considered in this study. The broad strategic areas are:

- Financial strategy
- Production and Engineering strategies
- Personnel and Training strategies
- Product strategy
- Growth strategy
- Marketing strategy

### 2.4.1 FINANCIAL STRATEGY

The specific nature of a proposed business venture governs the nature of its financial requirements. Understanding how to acquire the required finance and managing the one available are very important to the survival and growth of the national Airline. The ultimate test of all strategies is the financial strategy, because it accounts for the success and/or failure of all other strategies. Nigeria Airways run into debt problems from 1978 when the Federal Government could not make available 40m it promised the airline and the airline itself failed to use or manage the available financial resources well. Financial strategy covers areas such as:

- Obtaining funds
- Re-investment of unwanted assets
- Extent of customers' credit
- Financing basic researches
- Expenditure on major capital facilities.

Nigeria Airways right from the time it was established is 100% Government, so it does not lack adequate finance to secure necessary facilities that will contribute to its survival and success. The problem of insufficient capital stems from both the poor financial management of available financial resources and the inability of the airline to get at the appropriate time subvention from the Federal Government. If not recently the airline do not keep proper financial records as a result of putting wrong or unqualified person in the right place because of the federal character introduced in the airline. This creates the problem of understanding the basic principles of accounting and book-keeping or the interpretations and practical application of the accounting figures.

Added to this is the fact that even if they can understand and interpret accounting figures, most of the people involved do not consider it seriously important to keep accurate and complete records of financial transactions, may be, for selfish reasons in an attempt to cover up misdeeds. The implication is that the airline might not be able to have a way of knowing

what monthly or annual expenses are, what the periodic profit margins are, what the net worth or capital is at any moment in time. It will therefore, be operating in confusion, disarray and total ignorance and lack the control of its operations. Thus, the profit figures are over-stated most of the time and the expenses are under-stated. This gives a false impression of the financial position of the airline and can lead to extravagant spending in anticipation of high future profits.

### 2.4.2 PRODUCTION AND ENGINEERING STRATEGIES

Production planning and control are intended to secure the orderly and sequential flow of products through the plant at a rate commensurate with scheduled deliveries to customers. This strategy is very crucial to the airline business in that it guarantee safety and build customers' confidence to fly the aircraft that they are sure of their technical competence. The strategy is very crucial to the survival of the airline business for obvious reasons. It includes among others:

- Developing effective machinery and equipment replacement policies.
- Developing sufficient capacity for expansion.
- Developing better materials and inventory control.
- Improving product quality control.
- Proper utilisation of raw materials and parts.
- Developing more effective profit improvement (cost reduction) programme.

- Harnessing the best sequences of labour operation.
- Being on the forefront of technology and being scientifically creative to a very high degree.

To achieve these objectives, it is essential that work stoppages be avoided, planned schedule flights be encouraged, operational bottlenecks eliminated and machine (aircraft) and manpower utilized efficiently.

### 2.4.3 PERSONNEL AND TRAINING STRATEGIES

Since the employees are the greatest resources of most businesses, staffing a business is a process of critical importance to the airline because of its sophisticated and highly technical nature. Andrew Carnegie, an American steel magnate summed it up thus, "if you took away all of my steel mills and all of my money but left me my men, I would be a millionaire again within a year."[15] A wise organization should be sensitive to the human factors in dealing with people and also learn what motivates each employees. In the airline business operations, a lot of team-work must take place; much depends on the level of maturity of the employees hired. For the airline business to succeed, therefore, the managers should also have a good knowledge of personnel management. This involves describing the job to be done, finding prospective employees, selecting the most appropriate person, training and developing personnel, developing a pay scale, and evaluating employees.

Training is an element necessary for achieving efficiency, profitable operation and safety and is thus of critical importance to all airlines. Training is also instrumental to achieve self-reliance. The efficient provision and maintenance of transport infrastructure and daily operation of services will place increasing growing demands on the technical, administrative and managerial capabilities of the people.

The 4th Conference of Ministers of Transport, Communications and Planning recognised that many facets of the effort needed to improve transport conditions in Africa, require "software" (in human and institutional features) rather than "hardware" (physical) answers. It adds that the need to replace the institutional build-up stage of the 1960s and 1970s has now to be replaced by institutional strengthening whereby governments and aid donors need to concentrate in improving the quality of trainees, teaching methods and equipment of the existing institutions.

However, because of the high level of technological development in the airline industry most especially Nigeria, the most qualified middle and low management personnel are lacking until recently. For, this reason, the airline finds it difficult for some time to compete with large airlines.

Furthermore, work lethargy and indolence characterise the work attitude of the average Nigerian workers, so that without training and motivation, low

productivity results. There is no doubt that there are training needs for the employees of the airline, but the fact is that the managers of the airline may/do not understand the strategy of training employees which can be a great factor to the success of their business. Some do not see any reason why they should train their employees only to loose them to well established and bigger employers of labour. Even those who take the trouble of training at all, do not give their workers necessary motivation. In the absence of job satisfaction, security and/or motivation, efficiency dwindles. This situation also contributes to business failure.

Realising the fact that employees are very crucial to the success of any organization, there is need for the airline to develop necessary personnel and training strategies for its business. These will include:

- Establishing better personnel relations with employees.
- Ability to get along with labour union since the airline/employees belong to trade union.
- Better utilization of there employees' skills.
- Stimulating employees at all levels to continue to educate themselves in order to remain abreast of the development in the fields.
- Motivating employees for better performance.
- Ability to level peaks and valleys of employment requirement

- Ability to stimulate creativity in employees.
- Ability to optimise employee turn over.
- Ability to train, develop and evaluate employees.

From all indications Nigeria Airways have an organised ground training school that handles all training requirements for the airline.

### 2.4.4 PRODUCT STRATEGY

A product is anything that is seen as being able to satisfy a need or want. Stanton defines a product as "a complex of tangible and intangible attributes, including packaging, colour, price, manufacturers prestige, retailer's prestige, manufacturer's and retailer's services, which the buyer may accept as offering satisfaction of wants or needs."[14] The key idea in this definition is that the consumer is buying more than a set of chemical and physical attributes. Fundamentally, he is buying want satisfaction. Therefore, the appearance of a Nigeria Airways sales office could matter a lot in this case, the attention given to a passenger at the boarding gate of the airline, equally play a crucial role in a adding quality the aircraft itself.

It then follows, that an airline is best known by the product or service it offers. A product is its beginning. Its well-formulated action strategies are product strategies. The initial strategy for the airline that is just beginning is usually a fairly simply strategy of growth. It aim at effective

merchandizing or marketing to increase volume-as the primary means of growth profits - by establishing primary demand for the new airline. In the process of doing this, it braces up for the inevitable entry of competitive brands into its market.

Successful products go through a recognisable life cycle. They begin with an introductory stage of low customer acceptance and proceed through a growth stage - in which sales gains are rapid - to maturity. Eventually, a period of decline is encountered and sales fall off. This is exactly what Nigeria Airways in passing through. The length of each stage depends upon the nature of the product. Because of the rapid rate of technological development and the increasing pace in business change in the aviation industry, the average life of products (aircraft) continue to decrease.

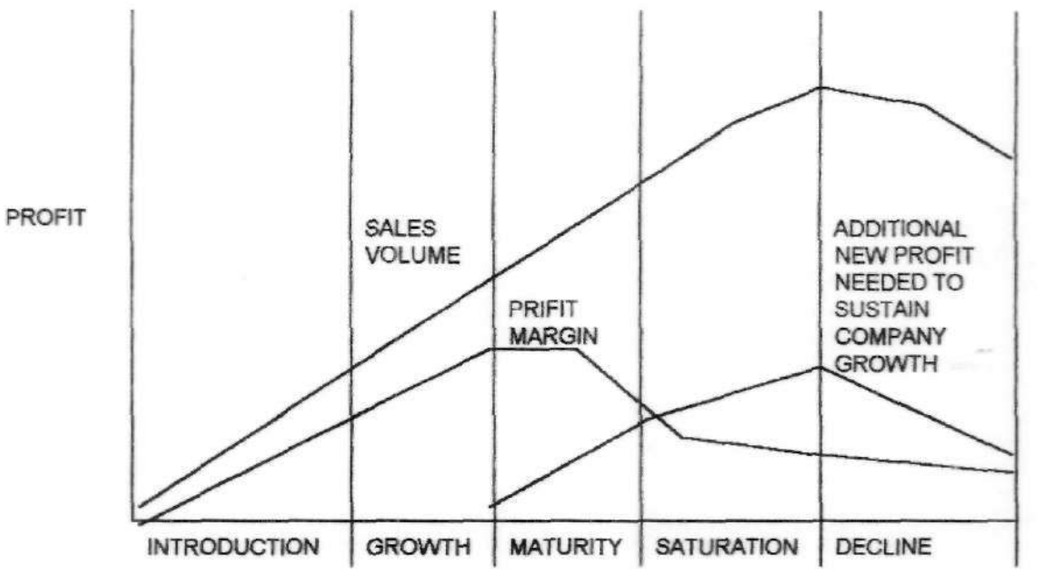



Figure 2.1: Basic life cycle of products.

If the airline is to survive, therefore, it must constantly examine and re-examine its product line. The rate of growth in the introduction of new aircraft and new routes, for example, may be declining; or sales for all routes may be leveling off. New or modified products are required to replace products that reach the final stage of their life cycles.

The outstanding categories among product strategies are: nature of the product line, new product development, quality, performance, obsolescence, dropping old products; and marketing and distributing processes.

### 2.4.5 GROWTH STRATEGY

Growth is the major objectives of most business organization. Nigeria Airways is not left out, even though it is not purely a commercial oriented airline like other operators. Growth strategy is aimed at increasing the volume or expanding the scale of operations, thereby providing greater profits and returns on investments. Generally, the principal growth approaches includes:

- Diversification into new markets with new products or services through internal development or acquisition. This is what Nigeria Airways is doing right now in Dubaih in the Middle East country apart from Jeddah.
- Penetration or saturat ion of existing markets with products or services.

- Expanding the geographic scope of operations from local to sectional, States or national level; or embark on international operations.
- Greater integration of the business by adding functions formerly purchased from other companies[16].

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# CHAPTER THREE

# CASE STUDY

## 3.1 HISTORICAL BACKGROUND ON NIGERIAN AIRWAYS

Air transportation is an indispensable tool for fostering the economies of the Country. Civil air transportation form the backbone of most countries without which social and economic development, amongst other things, will not prosper. Air travel has proved to be a powerful and indispensable catalyst in promoting close understanding and co-operation between peoples of this world.

Today, Nigeria Airways is a leftover of the West African Airways Corporation (WAAC) established by the British government in 1946. WAAC itself was an offspring of the British Overseas Airways Corporation (BOAC). The major objectives of which was to serve as a medium to facilitate easier movement of goods and personnel between the government in England and its West African Colonies of Gold Coast (Ghana), Nigerian, Sierra-Leone and the Gambia.

In 1957, Ghana gained its independence and decided to set up its National Carrier - Ghana Airways. This was so because at that time one of the major symbols of Independence for any sovereign Nation was the owing of a National Airline usually called "Flag Carrier".

With the withdrawal of Ghana from WAAC, the Federal Government of Nigeria, Elder Dempster and BOAC Incorporated WAAC Nigeria as a joint venture with a six million pounds share capital. A year later, in 1958 the Federal Government of Nigeria acquired all the shares of its partners and renamed the Company "Nigeria Airways Limited".

By the end of the Nigerian Civil War, Nigeria Airways has six (06) Folker F27 Aircrafts for its Operations which was then limited to the four functional Airports in the Country. For International Services, it relied on pooled or joint operations mostly with British Calidonia and other established European Carriers.

The post-war oil boom and the resultant catalystic effect on the National economy, rubbed-off on the airline as the Federal Military Government in consultation with the Airline's Management embarked on a massive Aircraft acquisition programme. Between 1978 and 1982, Nigeria Airways had 17 Aircrafts.

The objective of the Airline as a National carrier was to operate scheduled and chartered air transportation services for the carriage of passengers, cargo and mails and other related business in the most reliable, efficient and profitable manner on both domestic and International routes. Apart

from its commercial objectives, the Airline also has social, defence, security and political responsibilities to the government and people of Nigeria as the Nation's National Carrier. For almost two decades, Nigeria Airways single-handedly possessed the development of air travel and aviation in Nigeria. It handled all activities related to Airline business from flying to Airport Management and handling.

Nigeria Airways remains today the pilot around which Aviation development in Nigeria revolves. In addition to this, what other roles does the National Airline play in the development of the Nigeria economy?

A proper understanding of the function of transport in general will be vital in determining the role of the Airline. That is, the value of transport in monetary terms is that it moves goods from places where they are not required to places where they are needed, and in doing so may are considered to increase their value. Similarly, people move to places where benefit will accrue to them as when they travel for businesses or recreation. Transport is basic requirement of any civilization for society to advance it must involve specialization in an industrial sense, and this will mean a geographical spread of people and industry. In order to maintain a Country's Wealth, International trade, transport will certainly be required. Nigeria Airways performing this function in the air certainly falls into this vital role.

## 3.2 SURVIVAL OF NIGERIA AIRWAYS

Nigeria's Airline industry is said to be the biggest in Africa. In the last 12 years, the Industry had grown to a point where virtually all classes of air transport services required by the travelling public could be provided.

Aviation Industry in many developing Countries especially in Africa, more or less has the same beginning. Available historical information revealed that the inception of Aviation in Nigeria was a "Child of crisis".

The first flight into the Country was actuated by a political exigency arising from a feud between the then colonial administration under the leadership of Sir Clifford and the people of Kano.

During the crisis in mid 1925, a British Royal Airforce fighter landed on a polo field in Kano. This occurred 22 years after the first controlled and power driven flight operated by Orvilla Wright took place in North Carolina, United State.

After the first flight, the Royal Airforce then decided to operate to Kano and Maiduguri from Sudan once a year, relying on available intelligence reports and the navigational aids in the aircraft.

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At the end of the World war, the Royal Air Force (RAF) resumed flights to Nigeria, carrying passengers and mails on the Lagos-Portharcourt-Enugu-Jos route with an Aircraft charted from the British Overseas Airways Corporation (BOAC). The joint effort of RAF and BOAC was not limited to Nigeria, as it was extended to other English speaking West Africa Countries like Ghana, Gambia and Sierra-Leone.

The activities of BOAC in the Anglophone West African Countries led to a Commercial regional airline called West African Airways Corporation (WAAC) in 1947. WAAC played a very useful role in linking the British West African colonies with the United Kingdom through Sudan. It was also through the foresight of WAAC Management that expansive land areas were acquired in the present day Lagos State Government Reservation Area (GRA) and Murtala Mohammed Airport, which today constitute a big asset to Nigeria Airways.

Following the sharing of assets by WAAC, Nigeria inherited some aircraft and land property which were later acquired by WAAC (Nigeria), a company incorporated by Federal Government of Nigeria on August 23rd, 1955, in partnership with BOAC and Elder Dempster limited. In May 1961, WAAC Nigeria Limited was re-registered as Nigeria Airways Limited.

Uptill early eighties, the Nigeria Airways as Nigerian's National carrier continued to enjoy monopoly in scheduled domestic services. The Airline,

in the sixties tried to develop an extensive network of routes, flying to virtually all major towns in Nigeria where airports were available. More aircrafts notably Forker 27 an Forker 28 were acquired for this purpose.

It must be noted that just around the time Nigerian Airways came into existence, licence was given to a number of private companies to provide charter services. Some of the airlines are Aero Contractors, Pan African Airlines and Briton Helicopters. As monopolist, Nigeria Airways made it absolutely impossible for the other airlines to operate schedule services.

About twenty-two more fleets were introduced to the services of Nigeria Airways in order to cope with its ever-increasing volume of passengers on the both domestic and international routes. Also during the economic boom of the seventies, more foreign carriers discovered a profitable market in Nigeria. European airlines like Swiss Air, Balkan, Iberia, Sabena and many others joined the British Airways, KLM and Lufthansa in operating scheduled international flights to Nigeria. As at August, 1993 about 21 foreign airlines were flying into Nigeria. The figures has since dropped with the exist of airlines like Iberia, Air India, Varig, American Torans Air and Saudi Air.

At the peak of Oil boom era, the National Carrier, in spite of its expanded capacity and monopolistic power, was unable to meet the air transport demand of domestic passengers. The airline was bedeviled with

operational in-efficiency, lack of scheduled integrity and unprofitability which later resulted in a significant drop in capacity. When it became obvious that the Nigeria Airways could no longer cope with domestic air transport demand, air transport licences were given to private operators in the early eighties to operate domestic scheduled and non-scheduled passengers services. The first three beneficiaries of this policy were Okada Air, Kabo Air, and Gas Air.

The operation of these private airlines thus put an end to the monopoly of Nigeria Airways and endangered competition in the domestic airline market.

As at December, 1994, not less than twenty seven domestic airline have brought to the country different types of aircrafts for operations. The withdrawal of the monopolistic power from Nigeria Airways marked a turning point in the history of airline business in Nigeria and also the beginning of competition. As the number of the independent operators increased, the domestic market share of the National carriers began to dwindle, thus reducing the airline to a position in which it could both be described as one of the major airlines operating in the domestic competitive market.

However, the Nigeria Airways still retain its status as the only Nigeria carrier which operates scheduled inter-continental flights. Domestic operators, because of market competition, tried to expand their market share and gain more passenger patronage by providing services package to satisfy the taste and social status of different classes of passengers. Some of the airlines introduced executive charter services for corporate executives. An examples here is EAS Airline which used to be in all-cargo business. Others are Bellview, Trans-sahel, options, Express Airways and Kings Aviation.

There are however, strong indications that the domestic airline market is depressed. One of the most obvious indicators here is the high rate of entry and exit from the market by most airlines. Quite a number of airlines have crashed out no sooner than they entered the market. Airline analysts have attributed the high exit rate to a number of factors. One is the failure of investors to do a good feasibility study on the viability of the business before committing resources to it. It has also been discovered that some personalities are ownership of an airline as ego booster.

As for genuine operators in the industry, it is a mis-information to say that they are immune to the depressing state of the economy. Now that the airlines are sourcing their foreign exchange from the autonomous market at

a very high rate of exchange, the naira revenue has become grossly inadequate to meet operational expenses like insurance, spare parts, major maintenance work etc, which are often paid for in dollars.

By virtue of her position as the world's largest black population and oil producing nation, Nigeria is no doubt a lucrative market for international airline operators. Presently no fewer than 15 European and African carriers are operating scheduled international flights into the country. Nearly all these airlines are national carriers of their respective countries who have signed Bilateral Air Services Agreement (BASA) with Nigeria.

One problem these foreign carriers had to contend with in the recent past was their inability to remit their proceeds to their home countries because of the regulated nature of the economy then. It was this handicap which forced the number of foreign carriers down to 15 from over twenty. This short falls gave

Nigeria Airways competitive advantage since most passengers can buy their tickets in the local currency of the country instead of the hard currency forced by other many foreign airlines.

Nigeria Airways is the only Nigeria airline with a mandate to operate schedule international flights, hence having monopoly of servicing all the BAAS signed by Nigeria. The revenue realized from these lucrative routes are indirectly used to service non-lucrative routes, which subsequently keeps the airline moving ahead.

The domestic private operators have kicked against this special privilege enjoyed by Nigeria Airways. They have therefore repeatedly pressed for a review of the bilateral agreements to allow either for multiple designation or replace Nigeria Airways with willing and capable domestic carriers in some of the agreement.

Airline analysts argue that a review of the agreements to accommodate multi designation may put Nigeria in a disadvantaged position, especially against European carriers who have the advantage of the most modern equipment and enjoy economics of scale. With this, it believed that foreign airlines could afford to charge lower forces in order to control the market.

Nigeria Airways has gone through many hurdles which ranges from public outcry to face out the airline, stiff competitions from other operators and unstable management, etc, yet it has remained forefront and pace setter for other airlines.

## 3.3 NIGERIA AIRWAYS TODAY

By the end of the Nigeria civil war, Nigeria Airways has six(6) Forkker F-27 aircraft for its operation which was then limited to four functional airports in the country. For international services, it rallied on pooled or joint operations mostly with British Calidonian and other established European carriers.

The post-war oil boom and the resultant catalystic effect on the national economy, rubbed-off on the Airline as the Federal Military Government in consultation with the Airline's management embarked on a massive aircraft acquisition programme. Between 1978 and 1982, Nigeria Airways had 17 aircraft as shown in table 3(a)

**TABLE 3(a)**

AIRCRAFT ACQUIRED FOR WT BY FEDERAL MILITARY GOVERNMENT BETWEEN 1970 AND 1978

| AIRCRAFT TYPE | NUMBER (OWNED/LEASED) |
|---|---|
| F-28 | 8 |
| B-737 | 2 |
| B-727 | 2 |
| B-707 | 3 (1 Pax/2 Freighter |
| DC10-30 | 2 |
| TOTAL | 17 |

The economic boom was not limited to aircraft acquisition as it also led to rapid development of airports across the country. As Nigeria Airways was then enjoying a monopoly, it could not cope with the growth. This led to the acquisition of more aircraft - this time mostly on "Leases".

In 1983, the national airline was operating 30 aircraft including eight (8) leased ones as shown in table 3(b).

**TABLE 3(b)**

**NIGERIA AIRWAYS FLEET SIZE 1993**

| AIRCRAFT TYPE | NUMBER (OWNED/LEASED) |
|---|---|
| F-28 | 7 |
| B-737 | 8+6 LEASED |
| B-727 | 2 |
| B-707 | 3 |
| DC10-30 | 2 |
| B-747 | -+2 LEASED ONES |
| TOTAL | 22+8 = 30 |

The increase in fleet eventually became a problem as the fleet types were many and by 1981 the airline was operating seven (7) different aircraft types viz: F-27, F-28, B-737, B-727, DC-10 and B-747. As expected, each of these aircraft type has its peculiar problems and in most cases needed peculiar tools, spares and even know-how. This led to so much problems that then management decided to rationalize the fleet to only three or four aircraft types.

First, the F-27s were faced out in 1982. Next were the F-28s and B-727s which were to go. In 1984 Four (4) A-310s were acquired.

The acquisition of the A-310s which are medium range jets to complement the services of the two (2) DC-10s led to the return of the leased B-747. The last phase of this exercise was the return of the leased B-737 aircraft. Nigeria Airways fleet by 1986 was, therefore, composed of fifteen(15) aircraft fully owned by the airlines as shown in table 3(c).

**TABLE 3(c)**

**NIGERIA AIRWAYS FLEET 1986**
**(AFTER FLEET RATIONALIZATION)**

| AIRCRAFT TYPE | NUMBER (OWNED/LEASED) |
|---|---|
| B-737 | 8 |
| B-707 | 3 (1 Pax/2 Freighter |
| DC 310 | 4 |
| Dc 10-30 | 2 |
| TOTAL | 15 |

Presently, the Airline has thirteen (13) aircraft composed as follows.

TABLE 3(d)

**NIGERIA AIRWAYS FLEET SIZE – 1996**

| AIRCRAFT TYPE | NO SERVICEABLE | NO SERVICEABLE |
|---|---|---|
| B-737 | 2 | 4 |
| A-310 | 1 | 3 |
| B-707 | - | 2 |
| DC10-30 | 1 | - |
| TOTAL | 4 | 9 |
| Grand Total | 4+9 = 13 | |

Out of the above number, only four (4) are presently operational:

. 1 A - 310

. 2 B - 737

. 1 DC-10-30

From reliable source, maintenance/rectification works have reached advanced stages on 2 B-737 and 1 A-310.

Nigeria Airways is currently carrying a colossal debt burden. In September 1995, the total debt was totalled, 245,371,059.20 and $91,922,482.00. These debts have constituted a stumbling block to all the management's efforts and projections. Unless these debts are addressed whatever financial gains the airline make would be used to service the debts thereby making it extremely difficult for it to achieve any meaningful progress.

For instance, from September 1995 to April 1996, the management of the airline paid out a total of $6,076,410 and $85,213,788.42 to various creditors from its internal generated efforts without subvention from any quarters. These amounts could have been used to bring back about three aircraft to the operating line.

As things stand, these debts would continue to rise because of interest rates.

### 3.3.1 ORIGIN OF NIGERIA AIRWAYS DEBTS

The origin of Nigeria Airways debts can be traced back to 1978. Prior to this period, all aircraft purchase were made by the Federal Government and handed over to the Airline. Also before then, it was learnt that, an annual subvention was made to the Airline. The purchase of the two (2) F-28 in 1978 and those of the six(6) B-737, Four(4) A-310 and one (1) B-747 was financed by internally generated funds and loans guaranteed by the Federal Government. On the four(4) A-310 and six(6) B-737 alone, the loan was $300m.

It was further gathered that when in 1979 the Federal Government signed a management contract agreement with the KLM Royal Dutch Airline for the management of the Airline, part of the agreement was that the Federal Government would inject 40m into the Airline. All attempts to get the funds

failed. The Dutch Airline team therefore, resorted to bank overdrafts and Loans to run the Airline. Thus the Airline's bank overdraft position rose from 1.8m in 1979 to over 40m by the time the KLM team departed in 1981.

Another major contribution to the Airlines debt portfolio was management recklessness. It was discovered that some of the debts have been left to accumulate over many years with no attempts made whatsoever to address them. This situation is even most worrisome because some of these creditors are organisations the Airline can hardly do without their services.

Opinions as to what should be done with these debts differ. Some have advocated debt forgiveness while others believe the Federal Government should convert these debts to equity.

After a thorough analysis of the debt situation and an in-dept study of the available resources of the Airlines, the management of the Airline during Capt. Abba-Gana come up with an opinion it believes was most appropriate given the position of the Nation's economy then. It therefore, in July, 1996, made a proposal to the Government in which it requested the Government to take over these debts, convert them to loan and grant the Airlines a three to four years moratorium after which the Airline shall commence paying the loan. The management further suggested that, during the period of moratorium, it hopes to put its house in order by re-organising its operations and services.-

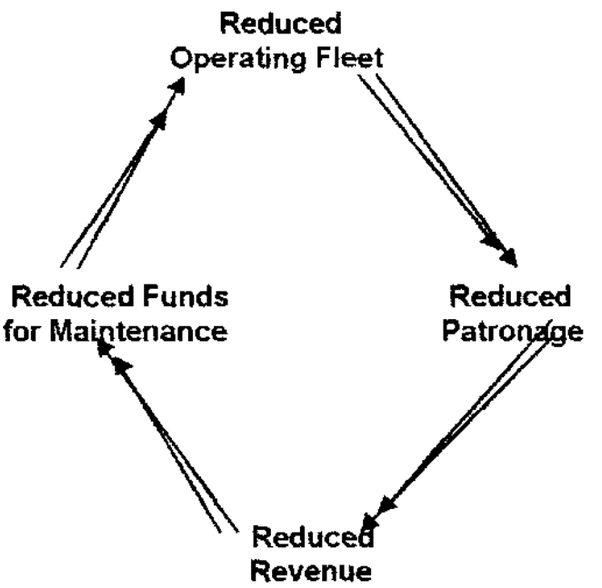
### 3.3.2 DEPLETED FLEET

Though the Airline's fleet rationalization exercise of the early eighties had its merits, the exercise failed in many ways. For instance, in place of the seven F-28s and two B-727s, four A-310s were acquired. This in essence meant that short-haul aircraft were replaced with medium range aircraft. These aircraft types sure not meant to provide the same type of service, and as such, the Airline lost its cost effective and efficient short-haul aircraft without adequate replacement.

With the traffic growth pattern in Nigeria whereby most passengers prefer direct flights no matter the aircraft type, the Airline found itself unable to meet these passengers expectations. This led to dissatisfaction with the Airline's performance, loss patronage and the rise in the number of private domestic airlines. The decrease in the Airline's fleet also led to decrease in traffic uplift and revenue. Thus, funds for checks on aircraft became even more difficult to earn, leading to more aircraft being grounded. The Airline, therefore, found itself in a vicious cycle which it has not been able to free itself.

TABLE 3(e)

NIGERIA AIRWAYS OPERATING VICIOUS CYCLE




Source: Corporate Planning, Nigeria Airways

Thus for any meaningful progress to be recorded in the Airline, and to be backed up with any meaningful marketing strategies, there is a need to beef up the operating fleet. A critical examination of this situation will suggest a conclusion that a fleet recovery programme will be inevitable.

From a reliable source, it was learnt that already efforts are on to bring pact two B-737 and one A-310 to the operating line as soon as possible. In line with this, the Airline has identified cargo operations as a very big revenue source which it have to explore full. To this and, therefore, the Airline is making plans to acquire a B-707F since the Airline's two B-707s aircraft are

beyond economic repairs. Once the Airline is able to put back four (4) B-737, two (2) A-310s, one (1) B-707 and one (1), DC-10 into the service, its revenue earning capabilities would be much healthier to enable more aircraft to be recovered. Careful planned marketing strategies will even make the company's revenue capabilities more healthier.

### 3.3.3 INADEQUATE AIRCRAFT MAINTENANCE FACILITIES

From observation and careful survey, it was discovered that the Nigeria Airways Aircraft Engineering/Maintenance personnel are among the best in the sub-region. Unfortunately, these staff cannot give in their best due to inadequate maintenance facilities and tools available. The present maintenance hangar being used by the Airline was built over 30 years ago for the Airline then. Today, this hangar is grossly inadequate for the modern jets in the Airline's services.

The fact-as it was learnt has been identified by successive management and even the Federal Government, but no noticeable action has been taken to address the issue. This thus, leaving the Airline in a position where it must send its medium long-haul aircraft to foreign maintenance bases for most of the major checks which are mandatory every 12 months - with its attendant problems.

Due to the heavy cost associated with building a new hangar, what Nigeria Airways needs is not a new hangar but an extended hangar equipped with modern facilities.

In 1982, this project was put at 13.8m. By 1985, it jumped to 24m. When the same project was re-assessed in 1990, the cost was put at 59m infrastructure and 2.9m pounds for tools/equipment. Yet in 1993 the project was estimated to cost 230m.

If the fact that the Airline spent over $41.5m on foreign maintenance alone is true, one will understands the need to give this hangar priority attention.

### 3.3.4 HUGE OPERATING DEFICIT

The introduction of SFEM in September, 1986 resulted in a massive devaluation of the Naira, a huge dilution of the Nigerian domestic airfare and an equally huge jump in the Naira equivalent needed to service the Airline's many foreign debts. With an already depleted fleet, the Airline could no longer earn enough Naira to service its debts since over 80% of its revenue are earned while over 90% of its services are paid for in foreign exchange.

The net effect of this became a seriously deficient operations which continued to magnify monthly and yearly to huge losses. Till date, the situation has hardly changed. For instance, aircraft fuel which accounts for over 38% of the Airline's operating costs, has continued to rise. In 1986 the Airline paid 30k per litre of fuel but in 1994 this same quantity of fuel cost 6.70k. Presently, National Oil and Chemical Company charges 17.46k per litre.

For a one hour flight, about 25,000.00 value of fuel would be required on a B-737 operation. With airfares at the present value of about 3600.00 per one hour flight, and considering other operating costs, the break-even load factor comes up to about 75% or 100 passengers. One would wonder how many domestic flights would attract such huge patronage in the present competitive Nigerian aviation market. This accounts for the many airlines that have had to fold up within last few months. The ways out of this mounting losses include:

- An increase in the domestic airfare
- A downward review of the other operating parameters like aircraft fuel, landing/parking fees or
- For the Government to grant the Airlines concessions in the purchase of foreign exchange at the official rate.

Of all these, the third option seems most expedient because of the social and political implications of the first two. I feel and believe that Nigeria Airways deserves some concession in the purchase of foreign exchange. Even in the developed countries, their National Airlines still enjoy a lot of concessions.

### 3.3.5 STRUCTURAL/ADMINISTRATIVE FLAWS

Prior to the advent of the present administration of the Airline, Nigeria Airways administrative structure was found to be deficient. The increase in aircraft fleet in 1982 resulted in a uncoordinated increase in staff size which also gave rise to units and personnel with nothing in common in both

training and experience being lumped under one section. Also the administrative structure then, did not see the need to expand the revenue base of the Airline so as to enable the Airline derive maximum benefit from its many investments in non-core aviation services.

The recent reforms in the Ministry of Aviation and its parastatals identified these flaws and set out to address them by re-structuring the Airline into six Directorates viz:

- Airline operations
- Commercial Ventures and Investments
- Finance and supplies
- Engineering and Technical services
- Administration and Managing Director's office

One major achievement of this reforms was the bringing together of all core Airline services under one Directorate and creation of a Directorate for all other commercial activities. But the greatest danger was the swallowing of the marketing Division completely by a Directorate that have no marketing professionals. The mistake was later corrected.

In any case, base on the above reforms four (4) subsidiary companies which would function not only as cost centres, but as independent companies distinct from Nigeria Airways limited were identified and incorporated.

These Companies are:

- Skypower Aviation and Ground Handling Company
- Skypower Hotel and Catering
- Skypower properties
- Skypower Printing and Publishing Company

Having operated these Companies for one year, it was discovered that the decision to establish them as subsidiaries was wise because their potentials are enormous and prospects high.

In order to ensure that these Companies are not tied to the apron of Nigeria Airways, the Airline is reaching out to both foreign and local investors who are interested in joint venture business to come and join.

Presently, Nigeria Airways has about 4,200 staff. With four (4) serviceable aircraft, the aircraft/staff ratio is obviously not the best.

# CHAPTER FOUR

## PRESENTATION AND ANALYSIS OF DATA

### 1.4 INTRODUCTION

In today's competitive world, the two main problems faced by airline industry in general and Nigeria Airways in particular, are:

- Getting the mix of different fare types right and
- Minimising dilution and discounting in the market.

So what is the single most important factor leading to success in commercial business today? Accountants will answers such as return on asset or turnover of asset. Other will mention growth, labour productivity or control of overheads.

Research in Europe and North America suggest that probably the single most important factor is profit margin on sales. A consistently reasonable profit margin on sales will undoubtedly be successful. In a simple terms, the future for Nigeria Airways business is in profit margins. That converts into yield multiplied by number of passengers and tons of freight minus costs of all kinds.

Marketing has become an increasingly important activity within the Nigeria Airways in recent years. This can be ascribed to the realization on the part of managers - The airline managers for instance, that the airline profit, as in indeed its very survival, are inevitable tied to the satisfaction of consumer wants and needs. Peter Drucker has summarised this concept by saying:

> "until the consumer has derived final utility, there is really no "product; there are only raw materials: And the "Marketing view" looks at the business as directed toward the satisfaction of a customer wants and as a surveyor of a customer utility".[1]

When considered from such a broad perspective, marketing is perhaps a desirable force that should pervade the entire activity of Nigeria Airways. It should enter into the thinking and behaviour of all decision makers regardless of their level within the organisation and functional area. When this is not the case the Airline will be merely a series of pigeon-holed parts, with no consolidating sense of purpose or direction. When this thinking pervades the Airline, it is said to be adjusting the marketing concept.

Despite the obvious logic of the marketing concept, it is relatively a new idea even in advanced market economies. In less developed markets economies it is often easy to be tempted to regard this simple economic logic as illogical. And you cannot equally blame those who fall into the trap because what is the logic for advertising a flight departure time that people cannot always catch their flights for one reason or the other.
We have always hear the question:

Why advertising Nigeria Airways Services when it cannot keep time to meet the demands of passengers? Is not a waste of money?

Advertising the scarce services of the Airline is difficult to explain, but it is certainly not a waste of money. To understand why it should advertise when the services are scarce we should ask ourselves this question; what is the purpose of advertising?

In Nigeria Airways, as in any progressive marketing Airline, the purpose of advertising are many. Increasing sales is normally an important consideration whether it is in the short or long term. But normally increasing sales is only one of a myriad of reasons why the Airline may advertise. If increasing sales were always the only reason, then of course, the Airline Marketing hard-to-come-by services would be right to discard advertising at the soonest opportunity.

Let us take a look at some reasons when an airline marketer like Nigeria Airways want to advertise:

- Remind consumers (passengers) to always ask for Nigeria Airways services;
- Introduction of new service routes
- Assure or reassure passengers that they are making the right choice
- Increase sales
- Create, maintain and extend a corporate image
- Encourage switching to advertiser's service
- Development of passenger loyalty

- Expand total market for the classes of travel.
- Persuade the travel agents (middlemen) to stock and sell the airline tickets and services.

A close look at the above possible advertising objectives reveals that there are many reasons other than immediate sales stimulation for advertising a service.

Many of these reasons hold whether or not the services are available at the material time a passenger(s) is or are exposed to a particular service route advertising. It may well be argued that the strong preference shown for particular services of the Airline (in preference to competitive services of other airlines) could well be the result of previous marketing effort.

This marketing efforts has ensured or given birth to successful products. It would therefore be illogical to discontinue such effort.

There is a widely held misconception that marketing is about selling what is being produced. It is much more than that. Marketing is involved in deciding what should be produced as well as how it should be sold. As such it is the linchpin of any industry. The role of Airline marketing is to bring together the supply of air services which each airline can largely control with demand, which is both profitable and meets the airline's corporate objectives.

The essence of marketing is to identify and satisfy customer needs; to be consumer or market oriented. If an airline like Nigeria airways concentrates on merely selling what services it can offer before identifying what customers want and are prepared to pay for, it is doomed to failure.

The first step in marketing is to identify markets and market segments that can be served profitably. To do this one uses the whole range of market research methods from desk-based statistical analyses to surveys of current and prospective users of air services.

The aim is to gain an understanding of needs of different market segments and also the degree to which such needs are not currently being satisfied. This leads on naturally to the production of traffic forecasts, which should be as detailed and segmented as possibly.

The second stage of marketing is to decide, in the light of the proceeding market analyses, the air services that should be offered in the market and their features, both in the air and on the ground. This is product planning. Pricing is the most critical of the product features, but there are many other aspects of the airlines product that must also be decided on. Product planning is related to three key factors: the market needs, which have been identified, the current and expected product features of competing airlines and the costs of different product features. In accessing the costs

of proposed products, the supply and demand sides of the Industry are brought together or there is a trade-off between the two. The product planners must balance desired product features against their costs and what customers are prepared to pay for.

The third stage is to plan and organise the selling of the products on the basis of a marketing plan. This will involve setting up and operating sales and distribution outlets both the airline owned, such as sales offices or travelling sales people and through a range of agents and sub-agents.

In order to attract potential customers, the marketing plan will also include a detailed programme of advertising and promotion activities.

Lastly, Marketing is concerned with reviewing and monitoring both the degree to which the Airline has been able consistently to meet the service standards and product features planned and customers' responses to them. Such monitoring through weekly sales figures, customer surveys, analyses of complaints and other market research techniques should enable the airline to take short-term corrective action, where possible, and also to make long-term changes in the services and products features. It should be noted that complaints should be looked at as opportunities for building goodwill.

The question has always been asked (and at time with must cynicism), "what is this whole idea about marketing in an economy of scarcity of virtually every good service by the airline; should the airline operators in the economy not to think more about how to increase productivity capacity of the airline industries than on how to dispose of scarce commodities? Legitimate as these questions and arguments may appear, there is overriding importance of marketing as a tool for greater consumer satisfaction even in periods of scarcity. It is worth mentioning that, even though the genesis of this concept was the mass production era, there is a general consensus among students and practitioners of marketing on the applicability of the concept in period of scarcity and, even, recession.[2] Marketing is, therefore, an adaptable concept which finds application in any economic situation without loosing the main trust of its philosophy.

Gone are the days when Nigeria Airways for example used to assume that competition was a thing to be avoided. Airline business have come to accept that competition is part and parcel of business activities, and therefore, the emphasis has shifted from avoiding markets where competition exists to designing deliberate strategies for survival in competitive environments.

Different environmental conditions occasion different marketing strategies and techniques. Attempt is thus made in this chapter to evaluated the current marketing environment in the aviation market in Nigeria and recommend appropriate marketing strategies and tactics that can be employed by Nigeria Airways to operate profitably in it.

KASHIM IBRAHIM LIBRAR

addition to conventional passenger services, many Nigerian licensed airlines now offer charter, all cargo, passenger-cargo combined, ambulance services, and other specialized support services, employing either fixed or rotary wing equipment. As at 1994 not less than twenty seven (27) domestic airlines have brought into the country different types of aircraft for operations. Many of these operating airlines are into scheduled and non-scheduled passenger services. The number of active airlines is expected to be increasing continually because not less than 150 air transport licenses have been issued by the Federal Aviation Authority of Nigeria (FAAN).

This explosive growth in the airline Industry was prompted by Federal Government's resolve to encourage private initiative in airline passenger services by partially deregulating the industry. This government decision invariably brought to an end Nigeria Airways monopoly in the provision of domestic passenger services.

The withdrawal of this monopolistic power marked a turning point in the history of airline business in Nigeria and also the beginning of competition. As the number of independent operators increased, the domestic market share of the Nigeria Airways began to dwindle, thus reducing the airline to a position in which it could best be described as one of the major airlines operating in the domestic competitive market.

By virtue of Nigeria's position as the world's largest black population and oil producing nation, Nigeria is no doubt a lucrative market for international airline operators. Presently no fewer than 15 European and African carriers are operating scheduled international flights into the country.

The airlines are Swiss Air, British Airways, Lufthansa, Air France, Air Afrique, Air Gabon, Ethiopian Airlines and Balkan. Others are KLM, Cameron Airlines, Ghana Airways, Sabena, Aeroflot, Alitalia and Egypt Air.

In looking at some of the differing circumstances, emphasis will not be placed on the creating sales to this country's negligible percentage of sophisticated passengers with western tastes and the money to support them. Dealing with "ordinary" people and the domestic air travel, therefore, we can only generalize and skim quickly over the enormous variety of problems. Much must be left unsaid, to say the least. However, it should be noted that the same marketing strategies (or principles) apply to the marketing of airline business domestically as they do elsewhere.

### 4.2.1 THE DEATH OF MARKETING RESEARCH

There is a near absence of research by most of the Nigeria Airways' Sales outlets. In a research conducted around Zaria, Kaduna and Kano respectively, [3] it was found out that none of the Sales outlets have any laid

down efforts for marketing research. Even, at the head office and some other bigger offices like Port Harcourt, the research department is not pronounced. In other word, the research activities in these offices are on the limited level.

Most of the offices bothered themselves too much about the day-to-day administration of problems as they come up and hardly give any thought to gathering information necessary for planning. Unfortunately, the more difficult the problems of marketing (and other departments) to be tackled, the more essential it is to undertake market research at every necessary step.

The Airline need information about their customers. For instance, what benefit do customers seek? what services do they expect to be attached to flights of a particular routes?, How do they buy their tickets? For what purposes do they buy them? When is the buying decision made?, where do they get the information about the Airline and Services offered?, what is the frequency of purchase?, why do they prefer one aircraft type to the others?, who takes the buying decision and who does the actual buying?. In trying to do this, some interviews have to be conducted or questionnaires used. Sampling, however has to be programmatic. Mostly, a good spread of interviews meeting broad demographic criteria is sufficient for the questions to be answered. Picking a small sample of customers and

asking them the above questions will yield a very well and vital information that is necessary for planning what service/aircraft to market on a particular route, what fare to charge, what promotional message to send and what media to use, and which resellers (agents) to use to reach the target market.

### 4.2.2 DISTRIBUTION

It is not difficult to obtain high attention, interest and knowledge about the availability of new services/aircraft and operation of new routes in Nigeria - even the latest routes that are recently introduced. The only problem is establishing a purchasing habit of most travellers. for instance, in the far north it is difficult to know when an, Emire is travelling from a particular emirate council and also not easy to approach them to ask questions earlier considered. airlines therefore, live at the mercy of the middlemen who are versed in the culture and behavioural patterns in these areas to mediate between them and their customers. That word "middlemen" is anathema in Nigeria. Its abuse is justifiable considering some of excesses of the middleman but unjustifiable given the ignorance of the role played by distribution in the marketing task.

The middleman in Nigeria has either been tagged "valiain"[4] or seen as "irrelevant"[5] in the chain of distribution. He is sometimes seen as a "cog in the wheel of progress of the Nigerian consumers."[6] It now looks as if "he who says marketing, says profiteering"[7] It has been accepted by the government that the elimination of the middleman (Registered IATA agent) is inevitable.

### 4.2.3 PROMOTION

The ideals of promotion have been and should still be, the provision of information to the consumers (passengers or travelling publics) about the availability of the airline's services in taking a decision that enhance their satisfaction. However, advertising and other forms of promotion have come to be seen with so much cynicism by consumers (Travelling public) that some think it is a smacks of deliberate falsehood.

Apart from this, the high rate of illiteracy and lack of access to rural communities by the modern methods of promotion as television advertising makes the situation worse. Dealing with the thing of the mind requires that the marketer finds the most concrete ways of putting the message across. This requires an appreciation of the cultural and environmental factors affecting the audience.

### 4.2.4 PRICING

The price of any product or service is the money value that the buyer of any product or service exchange for the satisfaction he derives from the product or service. This suggests an equitable exchange transaction between the seller and the buyer. However, our situation is that the consumer (passenger) perceives prices (fares) between origin and destination as being higher than his perceived value for the service. He may not be completely wrong because incidents abound of consumers paying higher fares than those recommended by the airline operators. (This is rampant when flight are tight).

It has come to be accepted that we have a two-price (fare) structure in operation, viz: The "official receipt fare on the travelled or passenger ticket" and the "actual fare" paid. The former is the fare which is reflected on the official receipt (passenger ticket), while the later is the actual price-fare paid by the passenger which is always higher than the official ticket fare for obvious reasons - touting.

This is the type of consumer environment under which every marketer like Nigeria airways is operating in Nigeria - an uninformed any cynical customer population about promotional messages, the equity of fares, the dishonesty of middlemen, and the quality of products/or services marketed. Under these operating circumstances, how would an Airline like Nigeria Airways operate successfully? what marketing strategies or techniques are available to the Airline to operate in the environment? This is the main thrust of this study.

## 4.3 THE MARKETING STRATEGIES

It will not be an overstatement to say that any airline business which operates not on the basis of sound information and judgement, but on mere intuition, is causing disaster. Likewise, any marketing strategy that is not based on a thorough knowledge of the consumer or (market) is bound to fail. Though some airlines have tried under this condition without recourse to sound marketing strategies, they have benefited only from the benevolence of the economy - scarcity or sellers' market condition - which

is a very temporary state. An increase in the number of airlines offering various services on different routes removes that benevolence and business failure is inevitable. Okada Air, Harco, Harka are good examples that abound of a high failure rate of airlines which have become competitive.

The key to the success of any strategy used is the adaptation of the tools that the airline uses to meet the needs of each customer unit served. Any attempt to apply one strategy or set of strategies across the board will alienate some consumers. This is because consumers differ in their tastes for product/services; the way they perceive and interpret messages, the way they react to price (fares) - whether high or low - and in where they go to buy their tickets. This is due to the fact that they have different cultures, incomes, values systems, location, life styles, motives, etc.

The necessary strategies that could be employed by the airline among others, include market segmentation strategy, product strategy, promotion strategy, specialization and tender loving care (TLC).

### 4.3.1 MARKET SEGMENTATION STRATEGY

The strategy of marketing where the airline strives to satisfy the different needs of customers by dividing these customers into homogenous groups is technically referred to as market segmentation.

Wendell R. Smith is known to have used market segmentation along with differentiation. According to him, segmentation is "a National and precise adjustment or user requirements", while differentiation is "bending demand to the will of supply".[7] Our emphasis, however, is on segmentation. Kotler defines Market Segmentation as "the subdividing of a market into distinct subsets of customers, where any subset may conceivably be selected as a target market to be reached with a distinct marketing mix".[8] This requires that the company identifies different bases for segmenting the market, develope profiles of the resulting market segments, and develope measures of each segment's attractiveness. The second step is target marketing. This is the act of selecting one or more of the market segments and developing a positioning and marketing mix strategy for each. The power of this concept is that in an age of intensive competition for the mass market, individual sellers may prosper through developing offers for specific market segments whose needs are imperfectly satisfied by the mass market offerings.

For the airline, the first step in successful marketing is to identify who its customers are. It must know where they are located, their level of income (high, middle or low), their life styles, their cultural backgrounds and what products or services they are looking for.

The basic question to ask is the benefits consumers want from the product or service. This information can be got using the strategy of market research.

The pragmatic thing to do is to get a small sample of the market the airline wants to serve and get information from them to use. This is better than not collecting any information at all.

Market segmentation involves the creative search for the most useful segmentation variables. The objective is to identify the casual elements which influence behaviour in the market and which can be used to group customers.

Market segmentation reveals the extent of market heterogencity and the opportunities facing the airline from target marketing. The airline can choose from among three broad strategies for responding to the revealed market structure: Undifferentiated Marketing, differentiated marketing and concentrated marketing.

The whole aim of market segmentation is to maximise the satisfaction of the customer(s). Achieving this, of course, will lead to cost reduction, effective utilization of both human and material resources and maximum profit level will be achieved by the airlines.

### 4.3.2 PRODUCT STRATEGY

A product is a complex tangible and intangible attributes, including packaging, colour, price, manufacturer's prestige, retailer's prestige and manufacturer's and retailer's services, which the buyer may accept as offering satisfaction of wants or needs.[9] It can also be seen as "the sum of the physical and psychological satisfactions it provides the buyer." [10] To sell successfully, the characteristics of the product should be adjusted to match the needs and desires of the customer. This is more reason why Nigeria Airways has to change its logo from flying elephant to flying eagle.

Kotler sees a product as "anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a need. It includes physical objects, services, personalities, places, organisations and ideas"[11]. Other names for a product could be offer, value package, or benefit bundle. As a bundle of utility, a product must be seen to include every activity that a marketer performs to convey satisfaction - from the first recognition of a market's need to the ultimate evaluation of the product by consumers.

Identifying the need of the market enables the airline marketer to plan to get the goods/offer services that will satisfy those needs. The attributes needed must be included in the product.

The idea of an elephant flying had created a negative feelings in the minds of passengers, therefore, any reason for disappointment would always, be traced to that fact that an elephant cannot fly, hence the change of logo to flying Eagle.

The attributes needed may be durability, style, comfort, taste etc. If there is a mismatch between the needs of the customers and these attributes, then the product may not sell. The following table helps to explain why the airline should consider product strategy seriously

**Table 4.3.2(1)**

PASSENGER TRAFFIC TREND DOMESTIC

| YEAR: | NO. OF PASSENGER |
|---|---|
| 1978 | 1,115,318 |
| 1979 | 1,293,934 |
| 1980 | 1,688,048 |
| 1981 | 1,904,568 |
| 1983 | 1,808,400 |
| 1984 | 1,973,308 |
| 1985 | 1,767,656 |
| 1986 | 1,378,772 |

**SOURCE**: FAAN

The drastical fall of passengers' traffic was attributed to the inability of the airline to match the needs of the passengers with the product (Aircraft) attributes.

Decision on what type of aircraft to put on a route and when to introduce it is very vital activity essential to meet the dynamic and innovative competition which is shortening the product's life cycle.

Product planning does not necessarily involve only the creation or requiring new aircraft; but, also, the development of changes in old ones to make them suitable to changed consumer demand.

### 4.3.3 PRICING STRATEGY

Pricing is often one of the most visible elements of the airline's marketing mix. Potential passengers examine prices/fares more closely than they do promotional messages, product quality or features.

Even though fares for air travels are standardized and influenced by AITA- an International body and the government for the purposes of avoiding wasteful competition and put a solution to price wear, a suitable fare/price has to be set for the routes.

The strategy to use in assessing the likely reaction of customers to price is technically referred to as test marketing. This involves taking a small sample of the market and selling the product to the consumers at different prices and then finding out their reaction by observations and questionnaires or/and interviews.

The price to be set for the product will be determined by the price preferred by the sample and other management judgements. Most airline set this fares after assessing the cost per seat, fuel, landing, packing etc by adding a mark-up to these costs.

Few elements of the total strategy of the marketing mix command so much managerial and social attention on pricing. Few criticisms, of marketing are so severe as those about prices/fares and their distribution costs. Inflation presents special problems. In today's inflationary economy, pricing/fares must be faster and more flexible than any time in the recent pasts.

Thus, the impact of pricing decisions on sales and profits requires understanding pricing concepts and approaches by the airline management.

### 4.3.4 PROMOTION STRATEGY

Promotion is the coordination of all Seller - initiated efforts to set up channels of communication and persuasion in order to facilitate the sale of a product or service or the acceptance of an idea.

The airline marketers, therefore, communicate to influence and encourage passengers accept or adopt services or ideas. In terms of promotion, the airline has four strategies of getting consumers to have the necessary information to take a purchase decision. There are the use of advertising (Television, Radio, Billboards, Magazines, Newspapers, etc), Sales Promotion (Vans, Seasonal Sales like execution, Appex during Christmas, Sallah periods, etc); personal selling (the use of salesmen to canvas for sales) and publicity (unpaid-for information by media houses).

To determine which of the strategies to use, the airline must find out the means of information that its market is accessible to. It will be useless, for instance, to advertise the airline's services in a village where the inhabitants don't travel at all. Even if you do the market for the airline is predominantly in urban and this information will not get to a substantial part of the population due to lack of electricity for the use of television sets and/or low income of the market to afford television sets.

### 4.3.5 DISTRIBUTION STRATEGY

Distribution is an important element of providing satisfaction in the market place. It involves the physical movement of products to ultimate consumers. For an airline it involves routes planning. The most innovative product at an attractive price, for instance, is worth absolutely nothing if it is

not available to the buyers when they want it. No matter how safe an airline operates, if the airline does not plan its routes well to make plane available where, when and at the time needed, there will be no value attached and the airline will be operating at a loss. Distribution, therefore, bridges the gaps of space and time between production and use or consumption.

The major decision area is how the airline can physically get its service/product to the market (consumers); that is, how does it select channel of distribution. This will call for the establishment of sales offices closer to the market by the airline that will make the purchase of tickets and getting other information on reservations easier for travellers.

### 4.3.6 SPECIALIZATION STRATEGY

The strategy to specialise entails several considerations. On the one hand, the airline can specialise by concentrating on the particular needs of the customer and matching these needs with the uniqueness of its outputs. Nigeria Airways adopting this strategy converts a passenger Jet plane 707 to cargo in the 70s which is yielding results. Records holds that in 1991 alone the airline made 9,623,586.36 from cargo sales. The 727,310 DC fleets are used for passengers/cargo and about 120,871,100.40 was realised in 1991.

On the other hand, the airline also specialised by attempting to establish special linkages between its products/services and the production processes of the buyers. Furthermore, it can specialise by stressing product quality and reliability.

### 4.3.7 TENDER LOVING CARE (TLC)

The airline also has some strategic advantages over other airlines in being able to emphasise tender loving care to its passenger/customers. First, the entire organisation can be more flexible in terms of basic purposes, market scope as well as implementation considerations such as production alterations and distribution modifications. Thus, it can more quickly adopt to the prevalent technological, economic, social and political environmental trends. Secondly it can react more quickly to the changing needs of its individual customers.

To be effective, the strategy of treating the customer with tender loving care presupposes an appropriate initial customer selection and adaptation of ways to handle them that will make them look so special. This can be encouraged at all the sales offices which are first point of calls across to the point of boarding and on board till their destinations.

Buyers well suited to the TLC strategy would also have lower concerns for prices/fares because they value the following dimensions that TLC encompasses: Facilitating purchasing, personal attention and commitment.

TLC and specialization are strategic options which affect the determination of the airline's basic purposes within its political - Legal, economic, technological and social cultural environment. The main aim of their

mission is to obtain greater profitability for the airline by cultivating customers who value unique outputs that may fell within the present and future capabilities of the airline.

In the last chapter, we shall summarise and conclude the study. A number of recommendations believed that are able to enhance the effective application of marketing strategies for the success and survival of the Nigeria Airways and thus contribute to the development of Nigeria will be made.

## 4.4 ANALYSIS OF DATA AND FINDINGS

From inception of the Aviation Industry to the early 1980s, the National Carrier - Nigeria Airways constituted the Industry and the Industry was the National Carrier. From deregulation, the numbers of industry participants have grown. The registered number of airlines is about 150; the resources base of the industry is enviable. The Nigeria Airways alone is worth over 12 billion (Twelve Billion naira) as lame as it is.

**TABLE 4.4 (a): NIGERIA AIRWAYS REVENUE TRAFFIC STATISTICS**

**1981 - 1987**

| Stats, Variable | UNIT | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 |
|---|---|---|---|---|---|---|---|---|
| Kms flown | 000 | 26170 | 22409 | 24207 | 28498 | 31696 | 29536 | 27336 |
| A/c Dept | NO | 37779 | 26658 | 28627 | 31797 | 37462 | 32603 | 30138 |
| Hrs flown | NO | 43329 | 56780 | 54127 | 58547 | 60144 | 55121 | 45180 |
| Pax CRD | NO | 2313160 | 213838 | 2223122 | 1967720 | 257504 | 2132242 | 161443 |
| Fret Tons Crd | NO | 4220 | 5188 | 7955 | 6090 | 8806 | 12802 | 15031 |
| Pax kms flown | 000 | 2318250 | 2252270 | 242561 | 196691 | 234376 | 2260912 | 1631613 |
| Aval Seat kms | 000 | 3924120 | 433609 | 519332 | 4350983 | 52002 | 490567 | 3152001 |
| Pax LD. Facts | % | 59.1 | 51.9 | 46.7 | 45.2 | 45.00 | 45.1 | 458 |
| **Ton-kms** (INUL BAGG) | 000 | 216063 | 202704 | 21831 | 18185 | 216170 | 283481 | 14685 |
| Freight | 000 | 16990 | 25525 | 34366 | 25994 | 25189 | 44364 | 37231 |
| (INUL EXPE. | 000 | 1268 | 1407 | 995 | 780 | 819 | 2060 | 5378 |
| Mail | 000 | 234321 | 229639 | 253670 | 208623 | 242175 | 249904 | 190455 |
| Tgotal | 000 | 573635 | 674115 | 800903 | 65221 | 776302 | 295383 | 643484 |
| Aval Tons kms | | | | | | | | |
| Weight load factor | % | 40.8 | 34.1 | 31.7 | 31.6 | 31.2 | 31.4 | 29.6 |

**Source: Nigeria Airways**

NIGERIA Ahmadu Bello University

Between 1968 and 1983, the Aviation industry grew by 3,636%, 36.36 times given an average annual grow rate to 242.41%, from 45,186 passengers in 1968 to 1,704,803.

From 1983 to date, the number of aircraft brought into the national are transport fleet has been enormous.

**TABLE 4.4(b) TOTAL PASSENGER UPLIFT BY NIGERIA AIRWAYS FROM KADUNA AIRPORT (1993 - 1997)**

| MONTH/YEAR | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|
| JAN | 1,376 | 1110 | 479 | 1290 | 08 |
| FEB | 2,003 | 673 | 520 | 1150 | NIL |
| MAR | 1,332 | 72 | 1037 | 734 | 51 |
| APR | 1814 | 974 | 1154 | 109 | 726 |
| MAY | 1853 | 1005 | 820 | 609 | 205 |
| JUN | 1272 | 629 | 1197 | 470 | 85 |
| JUL | 1709 | 554 | 1632 | 147 | 50 |
| AUG | 1437 | 548 | 1650 | 83 | 100 |
| SEPT | 1367 | 1119 | 1553 | 137 | 27 |
| OCT | -- | -- | -- | -- | -- |
| NOV | 975 | 707 | 1499 | 48 | -- |
| DEC | 1665 | 809 | 1405 | 18 | -- |

**sources: NA Statistic Section (Kaduna)**

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From the data above, Nigeria Airways started recording poor passenger upliftment from 1996. 1997 is not encouraging either.

From our finding it was discovered that the downward trend was as a result of wrong schedulings and timings by the airline which private airlines operating out of Kaduna Airport used to their advantage. Other reasons

included, establishment of additional private airline like Chanchangi operation at a very low fare compared to that of Nigeria Airways, absence of culturised Marketing efforts and host of others.

## TABLE 4.4(c) PASSENGER MOVEMENT 1980 - 1990

| CITY | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ABUJA | -- | -- | -- | 63838 | 27137 | 27820 | 36845 | 84772 | 98040 | 108289 | 153768 |
| AKURE | -- | -- | -- | -- | -- | -- | 4554 | 175 | -- | -- | -- |
| BENIN | 346538 | 397512 | 259670 | 270398 | 273203 | 368841 | 392292 | 285454 | 156863 | 77782 | 23325 |
| CLABAR(DOM) | 72218 | 100932 | 88615 | 114742 | 116199 | 151516 | 137228 | 113372 | 78872 | 94145 | 81976 |
| (UNIT) | 24349 | 34026 | 28873 | 31708 | 26523 | 21226 | 18433 | 27830 | 1451 | 9217 | 9198 |
| ENUGU | 248193 | 253663 | 258219 | 274858 | 208064 | 286928 | 298684 | 237320 | 141909 | +100823 | 123763 |
| IBADAN | 17786 | --- | -- | 15996 | 16140 | 21765 | 2925 | 1353 | 615 | 1300 | 950 |
| ILORIN | 26405 | 49090 | 106195 | 205372 | 155645 | 178011 | 111455 | 51904 | 8299 | 514 | 1917 |
| JOS | 891999 | 135025 | 157527 | 188600 | 156197 | 211700 | 216600 | 183983 | 133438 | 153007 | 132948 |
| KADUNA | 272198 | 34961 | 404488 | 324219 | 493583 | 280798 | 522015 | 477944 | 207445 | 186671 | 201190 |
| KANO (DOM) | 259035 | 273025 | 251464 | 355803 | 416255 | 455596 | 457279 | 396222 | 247201 | 217214 | 225579 |
| KANO (INT) | 81362 | 254902 | 225230 | 224051 | 146424 | 1364333 | 7000 | 116515 | 111562 | 121078 | 11467 |
| MAKURDI | 287633 | 39648 | 52086 | 64841 | 43214 | 3 | 50436 | 41595 | 2248 | 12341 | 19077 |
| MAIDUGURI | 297633 | 149681 | 138251 | 176017 | 167298 | 57022 | 25453 | 169296 | 108849 | 105959 | 91481 |
| LAGOS (DOM) | 1477587 | 1649724 | 1695145 | 1793531 | 2032375 | 23300 | 719039 | 2238355 | 1455325 | 119989 | 132185 |
| LAGOS (INT) | 898361 | 1034566 | 831739 | 1121145 | 1038416 | 2717008 | 1124137 | 169619 | 755342 | 768668 | 75707 |
| P/HARCOURT | 316649 | 395798 | 466072 | 542095 | 512470 | 867063 | 632957 | 455806 | 347058 | 333110 | 384646 |
| (DOM) | -- | --- | 109852 | 123485 | 86051 | 642371 | 33775 | 10662 | 13117 | 24562 | 36187 |
| P/HARCOURT (INT) | 45366 | 81976 | 57990 | 96420 | 73474 | 48039 | 88028 | 78419 | 29303 | 40252 | 37947 |
| SOKOTO | 45366 | 57416 | 63515 | 66668 | 64630 | 105360 | 61168 | 55412 | 41426 | 41613 | 39983 |
| YOLA | | | | | | 59782 | | | | | |

SOURCE: Federal Office of Statistics

Table 4.4(c) show the movement of travellers through the country network between the 1980 - 1990. The movement represent 75% of total passenger carried for those years., The remaining 35% were carried by private airlines.

From the table above it will be clearly observed that air transportation constitutes the most important means of transportation for foreign visitors to Nigeria. Based on the Federal Office of Statistics Annual Abstract of statistic 1996 edition, there were 2,548,212 movement by foreign nationals in Nigeria between 1987 through 1990. Of these 2,241,639 representing 87.8% were by air. In fact, about 9 of 10 visitors to Nigeria do so by air. Road transport and sea transport account for 10.9% and 1.3% respectively. the impact of air transportation and its multiplier effect on our lives and economy are tremendous. Imagine the impact of about 2.3 million foreign movement in four years would have on Nigeria's tourism, business, finance, cultural interchange and other industrial commercial activities.

This could afford Nigeria Airways to seriously plan its marketing activities very well with the aim to maximising profits.

**TABLE 4.4 (d): CHOICE OF TRAVEL BY VISITORS TO NIGERIA**

| YEAR | AIR | LAND | SEA | TOTAL |
|---|---|---|---|---|
| 1987 | 390382 | 65145 | 1866 | 457393 |
| 1988 | 471900 | 51680 | 467 | 524047 |
| 1989 | 854261 | 108691 | 1 | 962953 |
| 1990 | 525096 | 50216 | 28507 | 603819 |
| TOTAL | 2241639 | 275732 | 30841 | 2548212 |
| % SHARE | 87.76 | 10.93 | 1.31 | 100 |

**Source: Federal Office of Statistics: Annual Abstract of Statistics 1993/96 edition**

A breakdown of the number of foreign visitors into reasons for the visit may give a clear picture of the impact. About 57% of all foreigners coming to Nigeria do so to visit; 20% for private reasons and 16.4 for business. This implies that of the 2.55 million foreign visitors who came to Nigeria within the period of the study, 1,452,487 were tourists, 509,644 private visitors and 407,715 were for businesses.

Since air transportation provides the most comfortable and convenient means of transportation suppliers of service are not only most organised, but also spend much time, effort, and money to satisfy its clients in order to have a competitive edge in the market place. This is why the National Airline should change from its traditional ways of operating flights without consideration to value of time, in-flight services etc. The challenges from other competitors are becoming more pronounced and this should be a matter of concerned to airlines Marketing executives to begin to think of the possible marketing strategies that will make the airline retain its market place.

**TABLE 4.4(e) NIGERIA AIRWAYS DOMESTIC OPERATIONS (1959 - 1978)**

| Stat. Var | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | 1966 | 1970 |
|---|---|---|---|---|---|---|---|---|
| Kms.Flown | 2056 | 1455 | 1392 | 1752 | 2200 | 1959 | 2321 | 2453 |
| A/C Dept. | -- | -- | -- | -- | 7801 | 6907 | 7853 | 6850 |
| Hrs. Flown | 8652 | 6363 | 6258 | 7763 | 8633 | 7214 | 8255 | 8205 |
| Pax crd | 45780 | 44971 | 46640 | 52373 | 67847 | 72396 | 84656 | 11279 |
| Pass.km flown | 22863 | 21284 | 21146 | 23550 | 28883 | 32066 | 38077 | 52575 |
| Avd seat kms | 40784 | 35088 | 34348 | 41665 | 60920 | 609451 | 72379 | 285691 |
| Pax load fact | 56.1 | 60.5 | 59.85 | 56.5% | 47400 | 52.6% | 52.6% | 60.7% |
| Pax (inch) | 2124 | 2023 | 2009 | 2242 | 2740 | 3094 | 3676 | 5024 |
| Aval Ton km | 4164 | 3574 | 3574 | 4297 | 3645 | 6586 | 7740 | 9120 |
| Weight load factors | 63.5% | 65.8% | 65.28 | 61.1% | 47.0% | 54.0% | 54.5% | 62.8% |

Source: Nigeria Airways

The performance in 1978 represents the growth, maturity and sophistication of the industry. Using two DC-10s, two B-707s. three B-737s, two B-727s, Seven F-28s and eight F-27s the airline achieved this remarkable performance. The average daily utilization of these aircraft varied from five and half hours to over ten hours. From the foregoing, it can be seen that equipment utilization was far below industry average. It meant there were two much equipment for the market served and consequently over capacity and capacity under utilization.

**TABLE 4.4(f): NIGERIA AIRWAYS SAFETY STATISTICS/RATES (1981 - 1995)**

| | |
|---|---|
| **Number of Accident** | 17 |
| Number of Fatalities | 66 |
| Number of aircraft movement | 340,624 |
| Number of kilometres flown | 287,255 |
| Number of hours flown | 533,728 |
| Number of passengers carried | 21,126,137 |
| Number of passenger km flown | 23.56921 bill |
| Average annual accident | 1.0625 |
| Average annual fatalities | 4.125 |
| Aircraft movement per accident | 20036.7 |
| Aircraft movement per fatality | 5160.97 |
| KM flown per Accident | 16,897,352 |
| KM flown per fatality | 4,352,348.4 |
| Aircraft hours flown per accident | 31395.764 |
| Aircraft hours flown per fatality | 8,086.79 |
| Passengers carried per Accident | 124713.9 |
| Passengers carried per fatality | 32092.98 |
| Pass. km flown per accident | 1.386 billion |
| Pass. km flown per fatality | 3571092 |
| Probability of light completed successfully | 99.99971% |
| Probability of flight accidents | 0002906 |
| Ratio of aircraft movement to Passenger movement | 1:612:02 |

**Source: Nigeria Airways**

The above statistics shows a good accident record for the airline operation which recorded 1,242,713.9 flights per accidents; 3.88 casualty per accident and .00029% probability of a passenger ending up as a casualty or 99.99971% probability of completing a flight;' all indicating reasonable safe operations as per statistical records. From the Nigeria airways operations there are 20,038.7 take-offs and landing per accident; 16,897,352 km flown per accident; 242,773.9 passengers carried per accident; probability of an accident occurring is .00029% or of a flight completed safely is 99.99971%.

Looking at the statistics critically one can anticipate growth in the system to rise by about 15 million passengers by the year 2010 who are expected to travel by air. This, therefore follows that the marketing department will be face with the problem of what kind of marketing strategies to adopt to accommodate this growth in order to have a sustainable market share for the airline.

TABLE 4.4(g) NIGERIA AIRWAYS REVENUE PASSENGER TRAFFIC

(1959 - 1966)

| YEAR | DOMESTIC | WEST COAST | INTERNATIONAL | TOTAL |
|---|---|---|---|---|
| 1959 | 45780 | N/A | 12086 | 57866 |
| 1960 | 44971 | N/A | 37458 | 82429 |
| 1961 | 46640 | N/A | 38039 | 84679 |
| 1962 | 52373 | N/A | 38098 | 90471 |
| 1963 | 67847 | N/A | 51303 | 119150 |
| 1964 | 72396 | N/A | 62314 | 134700 |
| 1966 | 84656 | N/A | 58440 | 143098 |
| 1968 | 45861 | 26651 | 29106 | 101618 |
| 1969 | 102343 | 30211 | 40565 | 173119 |
| 1970 | 111279 | 27662 | 34104 | 173045 |
| 1971 | 148458 | 32662 | 45941 | 227061 |
| 1972 | 208628 | 36870 | 49271 | 286769 |
| 1973 | 231802 | 37836 | 44458 | 314096 |
| 1974 | 342696 | 40462 | 47148 | 430306 |
| 1975 | 483211 | 47397 | 63671 | 594279 |
| 1976 | 666850 | 55130 | 78785 | 800765 |
| 1977 | 914944 | 106952 | 71956 | 1093852 |
| 1978 | 1230876 | 63091 | 150469 | 1444436 |
| 1979 | 1352210 | 86543 | 146587 | 1585340 |
| 1980 | 1637753 | 99940 | 200635 | 1938328 |
| 1981 | 1893656 | 137266 | 282251 | 2313173 |
| 1982 | 1713455 | 160791 | 264132 | 2138378 |
| 1983 | 1704803 | 218994 | 299325 | 2223122 |
| 1984 | 1568152 | 202876 | 196692 | 196720 |
| 1985 | 2089510 | 249251 | 236277 | 2575038 |
| 1986 | 1616521 | 234976 | 280745 | 2132242 |
| 1987 | 1304427 | 172088 | 137336 | 1613851 |
| 1988 | 776866 | 101591 | 115589 | 994329 |
| 1989 | 647841 | 107784 | 102757 | 858382 |
| 1990 | 711000 | 108000 | 116600 | 935600 |
| 1991 | 741000 | 115000 | 121000 | 977000 |
| 1992 | 752000 | 122000 | 126000 | 1000000 |
| 1993 | 833000 | 136000 | 143600 | 1112600 |
| 1994 | 436252 | 105140 | 123376 | 664768 |
| 1995 | 178019 | 20382 | 75456 | 273857 |
| 1996 | 155016 | 29899 | 36305 | 221220 |
| TOTAL | 24,435,426 | 2,883,546 | 3,678,960 | 30,997,932 |

Source: NIGERIA AIRWAYS.

The above parameters of performance measurements, the number of International and domestic passenger fell dramatically. In terms of domestic passenger, 45,780 domestic revenue passengers, were carried in 1959 while 67,847 were carried in 1963; representing a 48.2% increase in five years. By 1970 about seven years later, passenger figures entered the six digit figure when 111,279 were recorded for 1970; a 64% increase in traffic at about 9% average annual increment.

The upsurge in domestic passenger movement continued an impressive climb when 148,458, a 33.4% increase was recorded in 1971. The seven digit figure was first witnessed in 1978 when 1,230,876 passengers were carried; a massive increase of 1,008,318 passenger or 96.12% increase in eight years. This is equivalent to 113.3% annual increase. The highest domestic traffic figure of 2,089,510 was recorded in 1985. Like other performance indicators, decline set in thereafter. In another ten years passenger figures for the national airline on the domestic scene had plummeted to 178,019; a drop of 1,911,491. This is a 1073,76% decline in ten years or 107.38% average annual decline. The 155,016 passengers carried by the airline in 1996 can only be compared to the 148,458 of 1971, the year the civil war ended.

The declining passenger patronage was not limited to the National airline, it was a reflection of industry as a whole. For example, in seven year period between 1978 and 1985, 12,649,000 passenger enplanement were recorded, how between another eight years period 1987 - 1995, witnessed only 3.00m passenger traffic.

The performance on the West Coast was not different. The 29,899 passenger traffic on the African route network in 1969 is equivalent to 1996 level of 30,261 passengers. Similarly, the 36,305 international passengers carried by Nigeria Airways shows a performance equivalent to 1969 when 40,565 passengers were carried. The highest number of international passengers carried outside of the African regional routes was 299,325 in 1993. In this aspect, decline actually started after 1986 when 280,745 was carried. The performance of the National airline is therefore, about 13.8% of what it was a decade ago, (1986) at par at 1961 to 1962 level of activity; a massive decline of 86.2% or 8.2% average annual decline.

Critically looking at the analysis above, a concerned marketer will not sleep well until a coordination of marketing mix activities is worked out for the success of the airline.

**TABLE 4.4(h) NAMES OF PAST AND PRESENT MANAGING DIRECTORS OF NIGERIA AIRWAYS AND THEIR RESPECTIVE TENURES:**

| | NAME | TENURE |
|---|---|---|
| 1. | D. MELCOM BROWN | 1956 - 1958 |
| 2. | CAPT. L.V. MESSENGER | 1959 - 1964 |
| 3. | T.V. KUMA | 1964 MAY - JULY 1964 |
| 4. | CAPT L.V. MESSENGER | 1964 JULY - DECEMBER 1964 |
| 5. | CAPT R.I. REECHOHL | 1964 - 1966 |
| 6. | B. GROELUND | 1966 - 1969 |
| 7. | VAN H. SHULTS | 1969 - 1970 |
| 8. | CAPT G. PATWARDRAM | 1970 - 1972 |
| 9. | L.L.T LAWSON | 1972 - 1976 |
| 10 | WG. CDR USMAN MUAZU | 1976 - 1977 |
| 11 | CAPT PAUL THAHAL | 1977 - 1977 |
| 12 | GROUP CAPT. A.D. BELLO | 1977 - 1979 |
| 13. | SAN SMITH (KLM) | 1979 - 1981 |
| 14. | ALH. M.T. BATURE | 1981 - 1983 |
| 15 | GROUP CAPT B. BANGA | 1984 - 1986 |
| 16 | AVM. A.E. OKPERE | 1986 - 1987 |
| 17. | MAJ. GEN O. BAJOWA (rtd) | 1988 - 1989 |
| 18. | CAPT. WILSON ATABO | 1989 - 1990 |
| 19. | CAPT. J.B. IBRAHIM | 1990 - 1992 |
| 20. | MOHAMMED SOJI | 1992 - 1993 |
| 21 | ENGR. ANDREW AGOM | 1993 - 1995 |
| 22. | GROUP CAPT. PETER N. GANA | 1995 - 1997 |
| 23. | ALH. SANI IBRAHIM | 1997 MARCH – |

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The frequency of management changes at the Nigeria Airways constitutes a major problem. Between 1956 to 1997 a period of 41 years, 23 Managing Directors have passed through the airline. The average tenure has been 1 to 2 years. Between 1976 and 1997 a period of 21 years, there have been 14 Managing Director. A short tenure deprives an executive who otherwise may have been able to do a good job. It takes an average of nine months to comprehend a situation and another six months to have a plan of action ready for implementation. By the time a Chief Executive has been schooled enough for two years at the airline and is then ready to work, he is out for one or several reasons. The obvious is always the case, it will have to take a fresh marketing plans for the airline.

A quick change or alteration of a marketing mix that has already been developed with the custom as the focus, performance standards will be difficult to monitor and the evaluation and analyses to ensure compliance with set standards and goals will be difficult to achieve.

The necessary marketing strategies that must be developed to fight for competitive advantage, for the purpose of maintaining an acceptable share of the market will critically be highlighted in the next chapter.

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# CHAPTER FIVE

## SUMMARY, CONCLUSION AND RECOMMENDATIONS

### 5.1 SUMMARY

This study has been carried out to examine the issue of marketing strategies that Nigeria Airways, operating an airline business can employ to service and succeed vis-a-vis its competitors in a rapidly changing business, economic and social environment most especially such as Nigeria.

In this study, attempt was made at examining the background of the study and some hints on the Nigeria Aviation industry and the history of aviation in Nigeria and the birth of Nigeria Airways. We found out that the first flight into the country was actuated by a political exigency arising from a feud between the then colonial administration under the leadership of Sir Clifford and the people of Kano. During the crisis in mid 1925, a British Royal Air Force Fighter landed on a Polo Ground in Kano. This occurred 22 years after the first controlled and sustained power-driven flight operated by Orville Wrights took place in North Carolina, United States. Today's Nigeria Airways has its root in the British Royal Air Force. It was fully registered as Nigeria Airways Limited in May, 1961.

The development of an airline business in Nigeria as an enterprise is important from the point of view of economic development, but it is beset with a number of problems. It was observed during the study that those problems ranges from finance, management, technology, infrastructual facilities and marketing. From these numerous problems confronting the Aviation Industry, the National Carrier is not left alone. The followings were therefore the hypothesis:

- Absence of good marketing research;
- business contact with foreign airlines for joint co-operation became difficult because of its limited base;
- distribution's in marketing task was ignored;
- insufficient finance to undertake high marketing costs;
- the interventions of government in its operations, etc.

The current pressures of environmentalism, consumerism and other issues of social responsibilities which call for understanding the marketing strategies that can be appropriated by the airline for profitable operations makes the relevance of the study.

We also try as much as we can to limit the study to cover the marketing strategies as it relate to or for Nigeria Airways, although, an attempt was

made to cover an evaluation of the current marketing environment in the aviation industry in Nigeria and problems that confront Nigeria Airways. The study was as well descriptive and historical in nature which had main source of data and information from secondary data.

Attempts were made also to look at the definition of marketing strategy and the general concept of marketing. We tried also to define a consumer and the classification of passengers/classes of travel. Description of ticket and types of fares available was equally discussed in details.

We further examined and reviewed related literature on the marketing strategies for the survival and success of Nigeria Airways. We discovered that why the airline today fail to make reasonable impact on the economy is mainly due to inappropriate and ineffective development and employment of strategies for survival in the competitive and dynamic environment.

Strategy, in the broadest sense, is a dynamic, action-oriented blue print to accomplish company visions, business goals and fundamental objectives. Strategy is the catalyst, the main thread and thrust of the business. Most importantly, it is the bonding agent that provides the systematic directing force to actualise desired relationships between the airline and the environment. Strategy is divided into concepts of grand strategy and functional, that is, marketing strategy.

Tactics are an outcome of functional or marketing strategy. Tactics are the day-to-day use of resources that have already been committed within a strategy. It is assigning specific action to be taken by whom and when. Tactical planning in marketing directs the efforts of the airline and indicates the tactics and procedures to be used in a given marketing situation.

We noted that marketing strategies should be based on corporate marketing objectives and should be implemented by a co-ordinated marketing action programmes. The ideal marketing strategy would achieve what military strategists refer to as a perfect economy of force. In economic terms, this would be the optimal strategy; that is, all resources of the airline including personnel, would be utilized so that it would be impossible to improve the efficiency of one part of the operation without decreasing the effectiveness of others.

Strategic decisions should also be reduced to writing to ensure completion of the strategy determination process and to provide a basis for subsequent planning. The airline's strategy should be incorporated into more specific plans of action and should be reviewed and evaluated, periodically to measure progress in following strategic guidelines and to solve problems that emerge. Strategy has become such an important aspect of business management that an incredible attention of the academic and business world is being devoted to it.

The role of the national carrier - Nigeria Airways in the economy, its importance to the economic development were also examined. We also noted that competition create advantages for passengers in terms of choice making, competitive fares and specialization of the airline which will enhance safety and technical competence and good quality of service.
Finally, we looked into the marketing strategies that the Airline can adopt and apply in the Nigeria business environment with particular attention to the Aviation market.

The current marketing environment in Nigeria was evaluated. It was noted that there are a near absence of marketing research (dearth of marketing research) by the airline. The distribution system is appalling. The middleman in Nigeria has earned a lot of name tags. They are referred to as "villain", "irrelevant" in the chain of distribution or seen as a cog in the wheel of progress of the Nigerian consumer. Marketing has been equated with profiteering. It has almost been accepted that elimination of the middlemen is inevitable. In the areas of promotion, advertising and other forms of promotions are seen by consumers as elements of deliberate falsehood. The high rate of illiteracy and lack of access to rural communities by modern methods of promotion make it difficult to reach consumers in such areas. The situation, as regards price, is that the consumer perceives prices/fares as being higher than his perceived value for the product.

We noted that the necessary marketing strategies that can be employed by the airline in Nigeria under these operating circumstances include market segmentation, product, distribution, pricing, promotion, specialization and Tender Loving Care (TLC) strategies.

## 5.2 CONCLUSION

It is an ambitious but essential project to predict the economic scene likely to confront the airlines operating in the aviation market in Nigeria, most especially the craze to float private airlines in the country. As it is impossible to escape from forecasting when making current decisions about many aspects of the airline business, it is better for the National Airline -Nigeria Airways to make an explicit and logical based forecast with the aids of past marketing experience than to rely solely upon hunches and intuitions.

Today, the aeroplane is the most effective means of communication and it makes a powerful contribution to the exchange of ideas amongst the people of this world. The executive of the Nigeria Airways should know that the airline play an essential role in the development of tourism and trade, which are of great importance to the developing nation like Nigeria.

One of the main factors which contributed most significantly to efficiency, profitable operations and safety with the airline industry is the competence of the airline personnel to understand the trends in the markets and to subsequently develop marketing programmes that will enhance the chances of the airline in remaining in business. This should be pursued with all seriousness by the management of Nigeria Airways.

If Nigeria Airways should survive and compete for a niche in the world of airlines, it is not sufficient to have the jet-age aircraft, its workforce must be vibrant and modern in management.

The National Carrier should not exist solely for national prestige - it should also contribute to the national economy. This is why it will be of profitable idea for the airline to think of marketing strategies to adopt in order to achieve this noble objective.

This is why Nigeria Airways Management should take the commercial group of the airline seriously since they are responsible for the marketing and selling the services of the airline. Marketing the airline includes product definition and pricing policy as well as the increasingly important function of yield management. It is a case of looking for marketing opportunities. Customer needs are intangible, so one should sell dreams rather than necessities. Passengers want pampering, luxury, exclusivity.

It is worth offering a discernable product difference - a distinct improvement which the market wants and make those differences obvious. Therefore, for the airline to be successful it must go for the top of the market, or find people with money to spend.

It will therefore, be beneficial to the airline if the key areas of the scheduling (allocating resources) and also routes planning and fleet evaluation should be carried out in the marketing department since it is an industry where production and consumption occur at the same instant. Production and consumption meet in the schedule while it is actually being flown. This means that the schedule must satisfy an array of conflicting objectives and simultaneously be operationally efficient, while also being marketing effective.

## 5.3 RECOMMENDATION

In today's competitive world, the two main problems faced by the airline industry in general, and the National Carrier in particular are:

(a) Getting the mix of different fare types right; and

(b) *Minimising dilution and discounting in the market.*

So what is the single most important factor leading to success in any commercial business today is profit margin on sales. A consistently reasonable profit margin on sales will undoubtedly be successful. In simple terms the future for Nigeria Airways is in profit margin.

It will not be an overstatement to say that a particular strategy that is successfully employed by certain airline may fail if employed by Nigeria Airways. In selecting the strategy, therefore, the airline should realise that there are many similarities amongst strategic factors necessary for success amongst airlines. What is important is the airline's ability to identify and define the problem for which the strategy should be devised. When a specific problem is identified, the necessary strategy for solving it will be developed and then properly implemented. It is very important also that when strategy or strategies to be adopted by the airline is or are clearly quantified, it or they should be written and communicated to the employees without ambiguities; that is, it should be consistent. This, therefore, calls for the strategies to be commensurate with the size of the airline.

For the airline to survive and compete for a niche in the world of airlines with the aim of maintaining a consistently reasonable profit margin on sales the following marketing strategies will be recommended:

(i) Pricing Strategy

Pricing is the art of translating into quantitative terms (Naira and Kobo) the value of product/service to customers at a point in time. Broadly speaking a firm may go for more than one objective in an

attempt to adopt pricing strategy. The objective could be profit oriented, volume oriented and status quo objectives. In adopting pricing strategy, the national carrier should take note of the following points as guides to getting fare increase or improving yields:

The airline should not increase fares by too much at any one point in time. Generally, the best measure should be the level of inflation. Move something down when it moves something up. As the saying goes "search for a little oil to lubricate the parts of the customers' minds under going friction." This involve introducing a restricted promotional fares for a limited period. Get the focus of attention on the promotional fares rather than the increase, which would point out where it have just lowered some fares or introduced new low fares.

c. The airline should look after key customers and agents. Advance notice of fare changes should be given in good time. Delayance of effective selling date to enable preferred customers to avail of lower fare for a while longer will help.

d. There should be provision of sound and true explanations on changes in fares. It is unnecessary to be arrogant - talk about cost

increase - talk about airport costs, fuel costs. And if this has been achieved, talk about productivity improvements and were it not for improvements then customers could be paying a lot more so why not tell them.

(ii) Total Quality Management Strategy

This involves offering quality standard at all level of the airline operations starting from the sales outlets, the handling of passengers at airports, care on board the plane, luggage handling, time management (departures and arrivals time should be consistent - punctuality).

(iii) Market Segmentation Strategy

This involves subdividing of the airline's market into homogeneous subsets of customers in which any subset may conceivably be selected as a market targeted to be reached with an organised marketing mix.

(iv) Product Strategy

A product is anything that is seen as being able to satisfy a need or want. Products communicates to the consumers. The airline management could find out the most profitable information and then fashion the aircraft to convey it to the passengers.

If these strategies are employed properly by the National Carrier, there is no doubt in the mind of this researcher that the airline will in no small measure contribute in rapidly developing further the economy of the country and enhance the much needed quality, safety, and efficiency which can be compared to any other developed airlines in the world.

The airline, therefore, need to have a thorough understanding of the different cultures, incomes, value system locations, life styles, motives etc, of its customers so as to appropriately adopt the tools necessary to meet the need of each customer unit served in order to stay in business.

This study has been conducted to examine the issue of marketing strategy for Nigeria Airways and to some certain degree, this has been achieved. However, further research can be conducted in this area and others such as management, technical and financial problems of the Airline.

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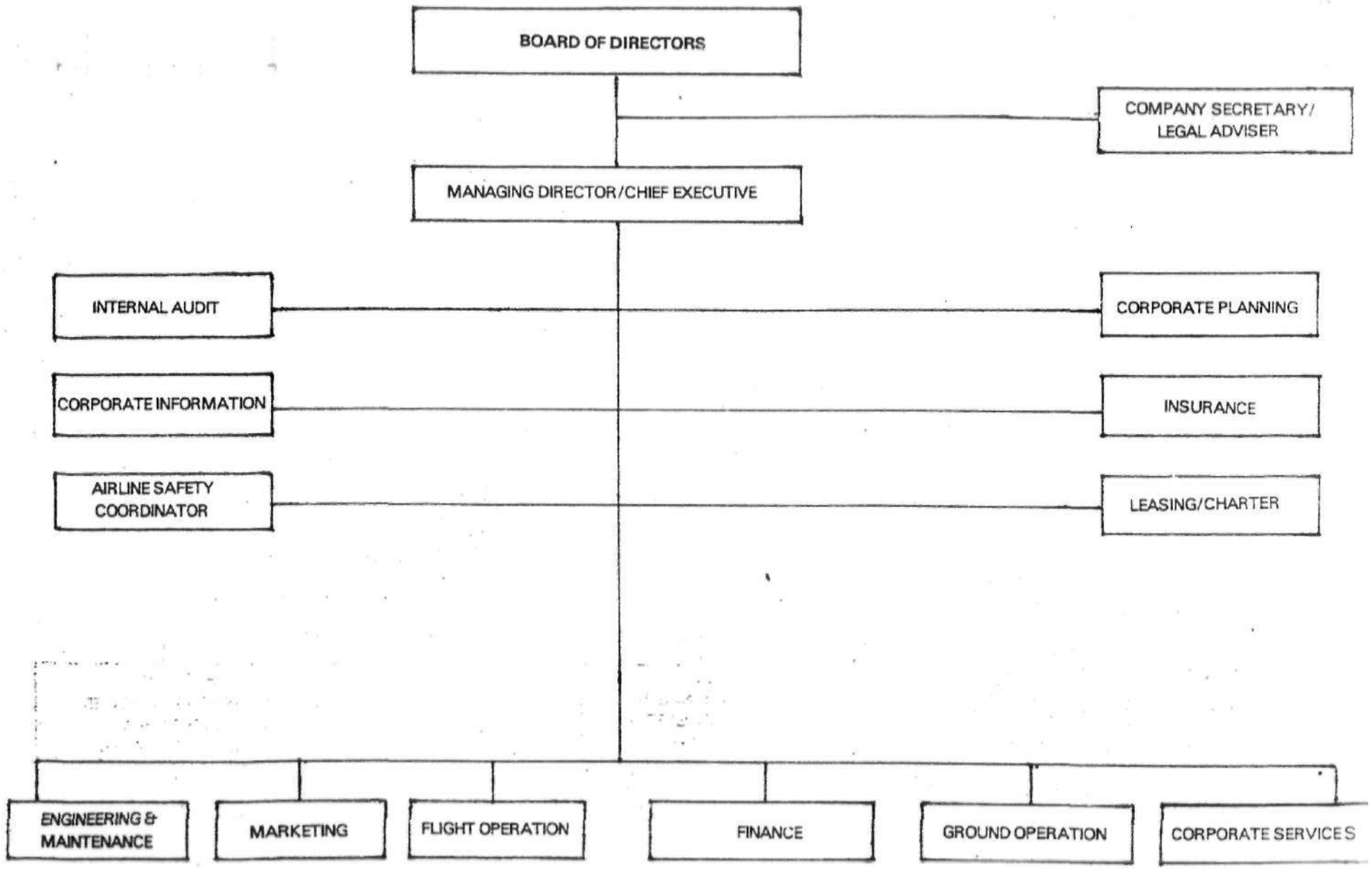
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# APPENDIX B

## QUESTIONS TO USE IN FORMULATING STRATEGY

1. Record current strategy:
   a. What is the current strategy?
   b. What kind of business does management want to operate (considering such management values as desired return on investment, growth rate, share of market, stability, flexibility, character of the business and climate)?
   c. What kind of business does management feel it ought to operate (considering management's concepts of social responsibility and obligations to stockholders, employees, community, competitors, customers, suppliers, government, and the like)?

2. Identify problems with the current strategy:
   a. Are trends discernible in the environment that may become threats and/or missed opportunities if the current strategy is continued?
   b. Is the company having difficulty implementing the current strategy?
   c. Is the attempt to carry out the current strategy disclosing significant weaknesses and/or unutilized strengths in the company?
   d. Are there other concerns with respect to the validity of the current strategy?
   e. Is the current strategy no longer valid?

3. Discover the core of the strategy problem:
   a. Does the current strategy require greater competence and/or resources than the company possesses?
   b. Does it fail to exploit adequately the company's distinctive competence?
   c. Does it lack sufficient competitive advantage?
   d. Will it fail to exploit opportunities and/or meet threats in the environment, now or in the future?
   e. Are the various elements of the strategy internally inconsistent?
   f. Are there other considerations with respect to the core of the strategy problem?
   g. What, then, is the real core of the strategy problem?

4. Formulate alternative new strategies:
   a. What possible alternatives exist for solving the strategy problem?
   b. To what extent do the company's competence and resources limit the number of alternatives that should be considered?
   c. To what extent do management's preferences limit the alternatives?
   d. To what extent does management's sense of social responsibility limit the alternatives?
   e. What strategic alternatives are acceptable?

5. Evaluate alternative new strategies:
   a. Which alternative *best* solves the strategy problem?
   b. Which alternatives offer the *best* match with the company's competence and resources?
   c. Which alternative offers the *greatest* competitive advantage?
   d. Which alternative *best* satisfies management's preferences?
   e. Which alternative *best* meets management's sense of social responsibility?
   f. Which alternative *minimizes* the creation of new problems?

6. Choose a new strategy:
   a. What is the *relative significance* of each of the preceding considerations?
   b. What should the new strategy be?

# DOMESTIC AIRLINE OPERATORS

| AIRLINES | OPERATIONAL POINTS | FLEET |
|---|---|---|
| ADC Airlines | LOS, ABV, PHC, CAL, KAD. Accra, Monrovia, Freetown, Banjul | (3) BAC 1-11, (2) DC-9 (1) Boeing 707 (F) |
| Aero Contractors | Mainly Charter Basis, Daily Operations to Warri and Port-Harcourt | (1) HS-125-300, (2) HS-125-600 (1) HS-125-800 (1) Falcon 20F, (2) F27, (1) Twin-Otters (12) AS 365C DAUPHIN, (2) AS 365N |
| AIEP Group of Coys | All airports and airstrips in Nigeria | DO-228, AG-CAT 164B SCHWEIZER |
| Bellview Airlines | LOS, ABV, PHC, Abidjan, Conakry, Dakar, Freetown, Accra | (1) YAK 40, (2) DC-9-32 |
| Bristow Helicopters | PHC, Eket, Calabar, Warri, Lagos | (1) Bell 206, (18) Bell 212, (1) King Air (1) Fixed Wing DHC 6 |
| City Link Airlines | PHC, ENU, ABV | Banderante E110, E120 |
| Executive Airline Services | Worldwide Charter Services and All approved airports in Nigeria | (3) HS-125 |
| Express Airways | Minna, KAD and LOS | (5) BANDARANTE |
| Gen Air | All approved airports in Nigeria | (2) BAC 1-11 (Rombac) |
| Harco Air Services | LOS, KAD, KAN, SOK, ABV, PHC, OWR, YOL. | (1) YAK 40, (2) TU 134, (2) YAK 42, |
| Harka Air Services | LOS, KAN, KAD, SOK, Minna, ABV, Jos, PHC, OWR, ENU, MAK, YOL | (5) Tupolev 134A, 3 Yakolev 40, (1) Antonov 1 |
| Kabo Air Services | KAN, KAD, JOS, SOK, YOL, ABV, PHC MAID, ENU. | (5) 727 100, (2) 727 200, (4) BAC 1-11 200 series |
| Kings Aviation | As required for charter | (1) HS-125-600 |
| Kol-Kol Airlines | ABV, KAD, PHC, KAN. | (2) Tupolev 134A |
| Maina Air | KAN, KAD, ABV, JOS, OWR and LOS | (2) Tupolev 134A |
| Nigeria Airways | ABV, KAD, MAID, YOL, MAK, CAL, SOK, Douala, Accra, Abidjan, Kinshasa, Nairobi, Lome, Banjul, Dakar, Conakry, Libreville, London, Rome, Jeddah, Amsterdam (cargo) | (7) Boeing 737, (4) Airbus 310, (1) Boeing 707, (1) DC-10 |
| Okada Airlines | Benin, LOS, ABV, JOS, KAN, KAD, YOL, PHC, ENU | (1) B747-100, (1) 707-320 (freighter), (3) 727-200, (26) BAC 1-11,-500, (4) Skoll Helicopter |
| Oriental Airlines | PHC, LOS, ABV, ENU, OWR. | (2) BAC 1-11 |
| Pan African Airlines | All approved airports in Nigeria | (13) BELL 206 Helicopters (1) Cessna Caravan, (1) Cessna 402 |
| Trans Sahel Airlines | Operates Worldwide (Charter) | (5) YAK 40, (1) BAC 1-11 |
| Triax Airlines Limited | ENU, LOS, PHC, ABV, OWR | (2) Boeing 727-100 |
| United Air Express Services | LOS, MALABO, ABV. | (1) BANDERANTE E101 |

# Foreign Airlines Operating Scheduled Services To Nigeria

| AIRLINE | TYPE OF AIRCRAFT USED | FREQUENCY (FLIGHTS/WEEK) | CONTACT MANAGER IN NIGERIA |
|---|---|---|---|
| AFRICAN AIRLINES | | | |
| Air Afrique | Airbus A310-30/F100/B.737 | 5 | Mr. D. Joseph |
| Air Gabon | B.727 | 4 | Mr. S. A. Bello |
| Cameroon Airlines | B.7373/B.747 | 9 | Mr. A. Ajuo |
| Egypt Air | B.767 | 2 | N/A |
| Ethiopian Airlines | B.757/B.767 | 4 | Mr. A. Tadesse |
| Ghana Airways | DC.9/DC10 | 7 | Mr. K. Amissah |
| EUROPEAN AIRLINES | | | |
| Aeroflot (Russian Airlines) | TU 154 | 2 per month | Mr. R. Balasanian |
| Air France | B.747 | 3 | Mr. J. Dreveton |
| Alitalia | B.767 | 3 | Mr. G. Marra |
| Balkan (Bulgarian Airlines) | TU 154 | 2 | N/A |
| British Airways | B.747 | 7 | Mr. Andy Stern |
| KLM (Dutch Airlines) | MD-11 | 6 | Mrs. Adeyina |
| Lufthansa (German Airlines) | Airbus A320 | 4 | Mr. W. Graessle |
| Sabena (Belgian Airlines) | Airbus A310 | 3 | Mr. Mackelenbergh |
| Swissair | MD-11 | 4 | Mr. Waegeli |

*Most of these flights are direct between Nigeria and home countries of the airlines.

# 1991 MARKETING OBJECTIVES

After the formal launching of the Airline 1991 Marketing Strategy by the Chairman/Chief Exécutive in January this year, it became necessary to further detailise the strategy in such a manner as to blend it with local needs and environments. By this, it is intended that our marketing thrust will be directed, in the first place to all conceivable geographical areas where we have reason to believe that there is market (Pax/Cargo). In the second place our out-reach will be extended to passengers in their own domain and not the other way round. The operative word therefore is Aggressive Marketing. We have a target for every station and every Zonal Area that must be met. Career advancements for Marketing Managers/Area Marketing Managers will henceforth be enhanced by performance records, and achievements. Individual resourcefulness, initiative and innovativeness is what is demanded from all and sundry.

Specific guidelines, specific task, time limit and functional responsibility have been carefully worked out to further facilitate the task ahead. It is our belief that all Managers will appreciate the spirit and play the game to the rule.

This document which you can safely refer to as the Airline Marketing Objectives for 1991 is very comprehensive and Management is not unmindful of the enormity of the responsibility, and has in response therefore given its nod to a package of incentives designed to motivate all Managers to whom this clarion call has been directed. This is not definitely the time to complain about stations being unviable. Turn them into viable stations — you have the tools to do so now. This document is however not meant for public consumption, so treat it as such.

My fervent hope is that we will succeed in the fulness of time as I believe in you all. Remember "NOTHING IS IMPOSSIBLE".

Good luck.

DIRECTOR OF MARKETING

APPENDIX F

# MARKETING PLAN 1991
# NIGERIA REGION

1. **OBJECTIVE**

In the context of "nothing is impossible" in 1991 which is the slogan of our Department for this year's plan, the following shall be our primary goals:

1.1 To ensure that the travelling public in every nook and corner of this country feels the impact of our field sales effort.

1.2 To increase our total sales turnover by 45%.

1.3 To achieve a load factor on traffic uplift of 65%.

2. **STRATEGIES**

To achieve the above stated objectives, the following strategies will be pursued vigorously.

2.1 Ensure an improved and consistent customer services.

2.2 Maximise passenger, Cargo and Mail uplift during the year.

2.3 Guage competition by market studies and ensure that Nigeria Airways has an upper hand.

2.4 Ensure staff are equiped with appropriate orientation programmes and training to cope with their tasks.

2.5 Project Nigeria Airways image and effectively defend its policies through active participation in social, and economic life of your various communities.

2.6 Ensure that Sales Offices, and Agents adhere strictly to Nigeria Airways and IATA Rules and Regulations with particular reference to prompt sales remittance aimed at checking fraud.

2.7 Re-awaken the interest of Government Parastatals and other Institutions, and in particular, the Oil Sector of our economy i.e. sell the new Nigeria Airways.

2.8 Seek and work towards getting the cooperation of all staff especially those in other Departments and Sections that have direct or indirect bearing on our sales effort.

| NO. | CRITICAL AREAS | STRATEGY | ACTION PLAN |
|---|---|---|---|
| 1. | **PRODUCT**<br>a) Aircraft | To offer the tool to aid | — Selling features available in the Aircraft.<br>— Provide adequate Cargo space palletized/containerized for shipment.<br>— Provide adequate capacity on continous bas all routes. |
| | b) Schedule | " " " " | — Marketing staff must have a sound knowled Nigeria Airways product.<br>— Availability of working Time-Table Ma (TIM, ABC, APT etc).<br>— Ensure priorities are given to Assotiate partners offering convenient transfers to N Airways routes. |
| | c) Route | " " " " | — Availability of Nigeria Airways route map world Geography to enable locate on the ma on-line and off-line cities Nigeria Airways served |
| | d) Passenger Service | To provide high quality service to customers. | — Personal attention to the customers.<br>— Courteous behaviour<br>— Correct information<br>— Prompt reaction to questions and complaints.<br>— Clean uniform where applicable.<br>— Comportment.<br>— Obtain intelligent information from passengers. |
| | e) Fares | To offer competative pricing in Air fares | — Always offer excursion or special fares du their validity.<br>— Ensure Nigeria Airways carry longer sector.<br>— Meet competitors fares quotation in accorda with IATA Rules. |
| 2. | **INTERLINE** | Increase in passenger growth. | — Effective reservations system (Computerise).<br>— Restriction on sales (Excursion SPL Fares) ( ing peak period).<br>— Endorsement on Revenue Documents.<br>— Billing (Proration to ensure Nigeria Airways c longer sector).<br>— The new "Fifth Freedom" routes to be opened. |
| 3. | **TOURISM** | Tourism Expansion | — To develop and study Tourism activities so t Nigeria Airways have a higher share of grow International Tourist market.<br>— Secure good Hotel Accommodation. |
| 4. | **"TEAM SPIRIT"** | Develop Corporate Indentity | — Create a more attractive working climate Seminars.<br>— Training staff to do their functional job.<br>— Create a sense of belonging and total comm ment on the part of all staff. |
| 5. | **SALES DRIVE** | Aggressive Sales | — Marketing Personnel should be out in the fi looking for new markets.<br>— Peretrate into untapped markets.<br>— Always visits reputable Companies.<br>— Prompt report of sales activities at an agre period.<br>— Effective communication system and mobility. |

APPENDIX H

AIRCRAFT MOVEMENT (12 YEAR STATISTICS)

| AIRPORTS | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ABUJA DOM | 1,948 | 3,710 | 4,105 | 5,391 | 6,718 | 11,922 | 14,282 | 12,994 | 15,386 | 17,295 | 16,502 | 17,664 |
| AKURE | 678 | 678 | 574 | 432 | 352 | 384 | 312 | 408 | 345 | 360 | 454 | 419 |
| BENIN | 9,475 | 6,745 | 5,696 | 4,559 | 3,566 | 3,946 | 4,253 | 3,296 | 2,493 | 2,076 | 2,064 | 1,556 |
| CALABAR DOM | 5,014 | 3,732 | 3,460 | 3,496 | 2,806 | 4,120 | 4,660 | 3,286 | 2,746 | 2,873 | 3,141 | 1,726 |
| CALABAR INT. | 436 | 410 | 330 | 132 | 200 | 384 | 362 | 190 | 90 | 60 | - | - |
| ENUGU | 3,157 | 4,498 | 4,405 | 3,571 | 4,510 | 6,317 | 6,447 | 7,446 | 6,726 | 6,811 | 4,748 | 2,697 |
| IBADAN | 1,110 | 485 | 475 | 854 | 456 | 544 | 698 | 507 | 729 | 539 | 425 | 431 |
| ILORIN | 4,197 | 4,775 | 2,574 | 1,050 | 804 | 662 | 980 | 732 | 729 | 772 | 484 | 610 |
| JOS | 5,592 | 4,641 | 4,075 | 4,097 | 3,956 | 4,554 | 4,529 | 4,971 | 4,193 | 4,668 | 2,528 | 2,392 |
| KADUNA | 13,933 | 14,668 | 8,713 | 8,088 | 7,551 | 9,826 | 11,954 | 11,227 | 10,289 | 8,465 | 5,659 | 5,659 |
| KANO DOM. | 10,380 | 10,932 | 5,613 | 5,640 | 6,788 | 10,190 | 14,809 | 14,228 | 10,449 | 8,960 | 8,202 | 5,541 |
| KANO INT. | 4,856 | 4,462 | 3,173 | 3,390 | 3,620 | 3,488 | 4,292 | 4,372 | 3,727 | 2,666 | 1,736 | 2,703 |
| MAKURDI | 1,626 | 1,088 | 784 | 514 | 698 | 730 | 734 | 534 | 662 | 564 | 516 | 355 |
| MAIDUGURI | 4,768 | 3,483 | 2,730 | 1,984 | 2,334 | 2,738 | 3,500 | 3,252 | 3,200 | 2,658 | 2,516 | 2,026 |
| LAGOS DOM. | 51,678 | 44,721 | 38,257 | 34,040 | 38,296 | 52,172 | 62,240 | 61,080 | 51,923 | 47,849 | 46,772 | 42,474 |
| LAGOS INT. | 14,919 | 13,406 | 12,108 | 11,880 | 12,759 | 11,898 | 11,813 | 10,991 | 12,157 | 11,782 | 10,278 | 10,773 |
| P/H DOM. | 12,500 | 11,849 | 10,984 | 10,604 | 11,428 | 14,407 | 18,024 | 18,390 | 14,756 | 14,026 | 11,048 | 8,566 |
| P/H INT. | 909 | 331 | 175 | 264 | 411 | 600 | 750 | 611 | 617 | 448 | 269 | 859 |
| SOKOTO | 2,168 | 2,418 | 1,512 | 1,416 | 1,266 | 1,700 | 2,292 | 1,680 | 1,298 | 1,266 | 1,197 | 864 |
| YOLA | 167 | 3,432 | 1,512 | 2,323 | 2,376 | 2,319 | 3,258 | 2,668 | 1,737 | 1,275 | 1,246 | 838 |
| MINNA | - | 3,432 | 2,640 | 2,523 | 1,418 | 2,312 | 1,972 | 1,616 | 1,054 | 868 | 738 | 496 |
| KATSINA | - | - | - | - | - | 2,512 | 1,972 | 342 | 338 | 348 | 250 | 180 |
| OWERRI | - | - | - | - | - | - | - | - | 1,289 | 4,651 | 3,390 | 1,721 |
| TOTAL | 149,511 | 143,896 | 113,895 | 106,278 | 112,313 | 147,725 | 174,033 | 164,819 | 146,933 | 141,080 | 124,363 | 110,550 |

PASSENGER MOVEMENT (12 YEAR STATISTICS)

| AIRPORTS | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ABUJA DOM | 38,845 | 84,772 | 98,040 | 106,289 | 153,768 | 259,574 | 409,372 | 410,203 | 493,639 | 574,291 | 578,607 | 571,849 |
| AKURE | 4,554 | 1,699 | 175 | - | - | - | - | 179 | 61 | - | 316 | 316 |
| BENIN | 392,292 | 283,454 | 156,863 | 77,782 | 23,325 | 51,487 | 56,804 | 38,683 | 21,017 | 14,285 | 14,642 | 1,387 |
| CALABAR DOM | 137,228 | 113,372 | 78,872 | 94,145 | 81,976 | 133,852 | 162,859 | 126,358 | 97,798 | 130,373 | 123,825 | 46,438 |
| CALABAR INT. | 18,433 | 27,830 | 17,451 | 9,217 | 9,148 | 21,401 | 14,312 | 5,233 | 2,270 | 841 | - | - |
| ENUGU | 298,684 | 237,320 | 141,909 | 100,823 | 123,762 | 219,673 | 209,437 | 210,502 | 166,500 | 198,978 | 183,083 | 73,107 |
| IBADAN | 2,925 | 1,653 | 615 | 1,300 | 950 | 1,244 | 1,228 | 1,106 | 2,126 | 1,065 | 472 | 471 |
| ILORIN | 111,455 | 51,904 | 8,299 | 514 | 1,917 | 1,312 | 3,166 | 1,266 | 1,776 | 3,713 | 665 | 3,392 |
| JOS | 210,600 | 183,983 | 133,438 | 153,007 | 132,948 | 163,643 | 168,505 | 160,354 | 111,471 | 151,377 | 101,928 | 54,762 |
| KADUNA | 522,015 | 477,944 | 207,425 | 186,671 | 201,190 | 271,748 | 313,086 | 303,696 | 262,289 | 273,445 | 195,095 | 142,744 |
| KANO DOM. | 457,279 | 396,222 | 247,201 | 217,124 | 222,579 | 306,453 | 360,455 | 378,148 | 219,444 | 261,742 | 236,292 | 161,320 |
| KANO INT. | 70,007 | 116,515 | 111,562 | 121,878 | 114,677 | 116,564 | 105,169 | 149,781 | 123,989 | 123,464 | 81,599 | 139,336 |
| MAKURDI | 50,436 | 41,595 | 2,248 | 12,341 | 19,077 | 18,968 | 18,026 | 177,239 | 11,403 | 11,042 | 9,852 | 1,870 |
| MAIDUGURI | 23,453 | 169,233 | 108,849 | 105,959 | 91,487 | 126,297 | 170,763 | 14,017 | 119,682 | 137,038 | 99,089 | 57,925 |
| LAGOS DOM. | 2,719,039 | 2,238,355 | 1,445,325 | 1,199,987 | 1,321,850 | 1,819,147 | 1,824,102 | 1,990,346 | 1,551,972 | 1,664,485 | 1,693,567 | 1,158,783 |
| LAGOS INT. | 1,124,137 | 769,619 | 755,342 | 768,069 | 757,071 | 827,303 | 825,719 | 758,077 | 776,470 | 709,117 | 715,879 | 764,224 |
| P/H DOM. | 632,957 | 455,806 | 347,058 | 333,110 | 384,646 | 546,368 | 636,321 | 628,669 | 446,063 | 422,106 | 462,644 | 261,650 |
| P/H INT. | 33,775 | 10,662 | 13,117 | 24,562 | 36,187 | 46,310 | 23,140 | 14,898 | 14,643 | 13,171 | 14,239 | 28,927 |
| SOKOTO | 88,028 | 78,419 | 29,302 | 40,252 | 37,947 | 56,145 | 69,985 | 58,213 | 42,791 | 35,922 | 17,282 | 4,630 |
| YOLA | 61,168 | 55,412 | 41,426 | 41,613 | 39,983 | 52,048 | 83,722 | 74,717 | 40,410 | 45,325 | 34,568 | 12,767 |
| MINNA | - | - | - | - | 10,372 | 31,068 | 20,503 | 12,379 | 3,729 | 1,794 | 2,227 | 523 |
| KATSINA | - | - | - | - | - | - | - | 1,682 | 1,723 | 2,433 | 2,905 | 1,078 |
| OWERRI | - | - | - | - | - | - | - | - | 36,123 | 142,724 | 121,076 | 29,437 |
| TOTAL | 6,997,310 | 5,795,969 | 3,944,517 | 3,594,643 | 3,764,860 | 5,070,605 | 5,476,674 | 5,515,746 | 4,547,389 | 4,918,731 | 4,689,852 | 3,516,936 |

## CARGO MOVEMENT STATISTICS (1987-1997) - Kg.

| AIRPORTS | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ABUJA | 8,172 | 2,588 | 18,764 | 8,672 | 21,247 | 93,290 | 39,077 | 50,404 | 42,543 | 49,514 | 101,425 |
| AKURE | - | - | - | - | - | - | - | - | - | - | - |
| BENIN | 127,956 | 90,085 | 39,351 | 17,803 | 60,242 | 57,396 | 52,741 | 22,604 | - | - | - |
| CALABAR DOM. | 227,857 | 82,930 | - | 145,499 | 92,776 | 44,715 | 26,140 | 4,005 | - | - | - |
| CALABAR INT. | 83,100 | 176,989 | 159,923 | 22,956 | 20,514 | 22,277 | 17,018 | 1,701 | - | - | - |
| ENUGU | 455,712 | 158,624 | 181,928 | 126,522 | 110,589 | 95,855 | 47,543 | 10,974 | 33,636 | - | 2,943 |
| IBADAN | 395 | - | - | - | - | - | - | - | - | - | - |
| ILORIN | 2,776 | 490 | - | - | - | - | - | - | - | - | - |
| JOS | 141,996 | 124,512 | 139,414 | 219,659 | 301,886 | 323,926 | 358,694 | 226,848 | 372,597 | 181,876 | - |
| KADUNA | 96,641 | 38,210 | 63,460 | 233,673 | 110,288 | 101,291 | 565,941 | 371,361 | 250,111 | - | - |
| KANO DOM. | 1,965,781 | 1,359,861 | 842,671 | 826,722 | 2,398,995 | 1,044,424 | 256,396 | 63,309 | 388,282 | 393,216 | 86,986 |
| KANO INT. | 15,127,788 | 7,864,909 | 6,161,435 | 6,200,051 | 6,188,971 | 9,917,829 | 7,661,413 | 5,132,015 | 4,101,927 | 4,415,637 | 2,237,661 |
| MAKURDI | 132,842 | 16,703 | 5,033 | 14,987 | 9,406 | - | - | - | - | - | - |
| MAIDUGURI | 17,085 | 230,028 | 33,471 | 78,073 | 2,489 | - | - | - | - | - | - |
| LAGOS DOM. | 75,232 | 3,839,863 | - | 73,995 | 75,302 | 65,643 | 2,456,287 | 403,945 | 452,637 | 226,458 | 88,255 |
| LAGOS INT. | 28,267,181 | 25,113,732 | 20,222,549 | 21,138,542 | 23,214,368 | 18,681,972 | 25,321,868 | 213,064,537 | 39,095,129 | 19,065,575 | 16,906,122 |
| P/H DOM. | 961,156 | 691,715 | 44,528 | 906,794 | 1,591,689 | 334,657 | 747,670 | 1,123,884 | 237,089 | 3,469 | - |
| P/H INT. | 2,024,345 | 1,207,046 | 1,743,921 | 2,101,208 | 2,818 | 3,310,978 | 4,251,237 | 2,109,230 | 3,381,763 | 3,281,381 | 3,627,487 |
| SOKOTO | 40,317 | 20,803 | 29,935 | 7,239 | 2,818 | 1,289 | - | - | - | - | - |
| YOLA | 30,755 | 108,668 | 118,475 | 195,022 | 202,420 | 245,771 | 331,605 | 197,906 | 363,360 | 134,337 | 114,452 |
| MINNA | - | - | - | 6,334 | 8,148 | 36,062 | 9,549 | 6,725 | 4,794 | 3,494 | 3,770 |
| TOTAL | 49,786,187 | 41,127,756 | 29,804,858 | 32,323,651 | 34,414,966 | 34,377,375 | 42,143,199 | 222,789,448 | 48,723,868 | 27,754,957 | 23,169,101 |

APPENDIX K

MAIL MOVEMENT STATISTICS (1987-1997) - Kg.

| AIRPORTS | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ABUJA | 10,600 | 11,797 | 16,081 | 16,636 | 43,086 | 53,887 | 14,264 | 7,876 | 8,932 | 28,711 | 53,099 |
| AKURE | - | - | 2,245 | - | - | - | - | - | - | - | - |
| BENIN | 45,427 | 81,566 | 18,014 | 8,641 | 331 | - | - | - | - | - | - |
| CALABAR DOM. | 50,523 | 32,593 | 54,530 | 43,107 | 36,752 | 19,588 | 12,533 | - | 12,909 | - | - |
| CALABAR INT. | 8,079 | 15,068 | - | 3,786 | 3,167 | - | - | - | 4,218 | - | - |
| ENUGU | 103,572 | 44,720 | 71,060 | 75,458 | 73,216 | 52,182 | 33,012 | 2,197 | 18,791 | - | 2,058 |
| IBADAN | - | - | - | - | - | - | - | - | - | - | - |
| ILORIN | 1,834 | - | 30 | - | - | - | - | - | - | - | - |
| JOS | 61,528 | 81,625 | 57,485 | 97,818 | 78,216 | 65,883 | 27,868 | 1,200 | 22 | - | - |
| KADUNA | 5,876 | 69,831 | 40,031 | 108,381 | 45,379 | 22,291 | 94,934 | 156,876 | 188,421 | 190,580 | 254,413 |
| KANO DOM. | 71,623 | 81,711 | 117,422 | 85,506 | 84,341 | 50,615 | 20,398 | - | 309,282 | 287,838 | 8,025 |
| KANO INT. | 85,111 | 45,514 | 39,625 | 21,419 | 26,958 | 58,793 | 25,858 | 13,884 | 19,020 | 14,381 | 16,925 |
| MAKURDI | 15,751 | 26,538 | 10,309 | 17,582 | 9,196 | - | - | - | - | - | - |
| MAIDUGURI | 9,547 | 6,924 | 27,616 | 22,918 | 7,447 | - | - | - | - | - | - |
| LAGOS DOM. | 23,581 | 15,637 | - | 23,151 | 24,404 | 18,655 | 22,045 | 18,333 | 16,637 | 12,202 | 51,703 |
| LAGOS INT. | 940,006 | 816,245 | 1,019,822 | 1,374,790 | 1,294,829 | 957,126 | 1,045,357 | 918,018 | 2,445,062 | 1,020,346 | 1,402,818 |
| P/H DOM. | 90,867 | 77,919 | 63,402 | 36,742 | 45,578 | 67,983 | 28,301 | 10,086 | 69,980 | 19,970 | - |
| P/H INT. | 9,252 | 29,746 | 10,688 | 14,996 | 7,840 | 28,802 | - | 3,924 | 58,831 | 35,952 | - |
| SOKOTO | 13,788 | 15,674 | 20,025 | 6,950 | 6,711 | 2,822 | - | - | - | - | - |
| YOLA | 10,171 | 22,303 | 26,012 | 32,190 | 23,994 | 28,019 | 1,440 | 8,584 | 43,827 | 4,306 | 10,494 |
| MINNA | - | - | - | 2,145 | 1,157 | 819 | 429 | 298 | 145 | 99 | 133 |
| TOTAL | 1,557,236 | 1,475,411 | 1,594,397 | 1,992,216 | 1,812,622 | 1,427,465 | 1,324,439 | 1,141,276 | 3,196,077 | 1,614,385 | 1,801,668 |

## APPENDIX L

### COMPARATIVE AIRLINE FLEET STATUS (1994/1997)

| AIRLINE | FLEET SIZE | |
|---|---|---|
| | 1994 | 1997 |
| 1. NIGERIA AIRWAYS | 7 B737, 1 B707 | 1 B727, 2 B737 |
| | 4 A310, 2 DC10 | 1 A310, 1 B707 |
| 2. ADC | 2 BAC1-11, 4 DC-9 | 2 B727, 1 B707 |
| | 1 B707 | |
| 3. OKADA | 26 BAC1-11, 4 B727 | 1 BAC1-11 |
| | 1 B747, 1 B707 | |
| 4. KABO | BAC1-11, B 727 | 4 B727, 4 BACX1-11 |
| 5. HARKA | 3 YAK 40 | 2 YAK 40 |
| 6. GAS | 3 BAC1-11 | |
| 7. CHANCHANGI | | 1 B737 |
| 8. PREMIUM SHUTTLE | | 3 YAK 40 |
| 9. HOLD TRADE | 4 BAC1-11 | |
| 10. BELVIEW | 1 YAK 40, 1 DC-9 | 1 DC-9 |
| 11. TRANSAHEL | 1 YAK 40, BAC1-11 | |
| 12. TRIAX | 2 B727 | B 727 |
| 13. YVIC | 1 YAK 40 | |
| 14. CONCORD/UAE | 4 F27 | |
| 15. ORIENTAL | HS 125, BAC1-11 | 2 BAC1-11 |
| 16. AFRICAN TRANSAIR | 1 B727 | |
| 17. HARCO | 2 YAK 42 | |
| 18. FASSEY ROYAL | | 1 BAC1-11 |
| 19. KOLKOL | | 1 TU 134 |
| 20. SKYPOWER | E 110 | E 110 |
| 21. EAS | HS 125, BAC1-11 | HS 125, B707 |

Source: FAAN Unpublished Report.

# ...RPORT CITIES BY PASSENGER TRAFFIC/CARGO VOLUME/AIRCRAFT MOVEMENTS

## JANUARY - DECEMBER 1997 (Percent change *on* previous year)

| | AIRPORT | PASSENGERS | % Chg | AIRPORT | CARGO | % Chg | AIRPORT | MOVEMENTS | % Chg |
|---|---|---|---|---|---|---|---|---|---|
| 1 | CHICAGO, IL (ORD) | 70 294 601 | 1.6 | MEMPHIS, TN (MEM) | 2 255 496 | 15.5 | CHICAGO, IL (ORD) | 883 758 | (2.8) |
| 2 | ATLANTA, GA (ATL) | 68 205 769 | 7.7 | LOS ANGELES, CA (LAX) | 1 672 128 | 8.9 | DALLAS FT WORTH AIRPORT, TX (DFW) | 858 101 | 0.4 |
| 3 | DALLAS FT WORTH AIRPORT, TX (DFW) | 64 468 715 | 4.2 | HONG KONG, CN (HKG) | 1 813 122 | 14.0 | ATLANTA, GA (ATL) | 794 621 | 4.4 |
| 4 | LOS ANGELES, CA (LAX) | 60 142 558 | 3.7 | MIAMI, FL (MIA) | 1 765 827 | 2.5 | LOS ANGELES, CA (LAX) | 763 493 | 2.0 |
| 5 | LONDON, GB (LHR) | 57 974 931 | 3.8 | TOKYO, JP (NRT) | 1 726 795 | 6.9 | DETROIT, MI (DTW) | 541 216 | 0.1 |
| 6 | TOKYO, JP (HND) | 49 302 268 | 5.9 | NEW YORK, NY (JFK) | 1 661 466 | 1.6 | MIAMI, FL (MIA) | 533 664 | (0.5) |
| 7 | SAN FRANCISCO, CA (SFO) | 40 499 947 | 3.2 | SEOUL, KR (SEL) | 1 567 639 | 15.1 | PHOENIX, AZ (PHX) | 521 688 | (3.9) |
| 8 | FRANKFURT, DE (FRA) | 40 262 891 | 3.9 | FRANKFURT, DE (FRA) | 1 514 276 | 1.1 | OAKLAND, CA (OAK) | 519 564 | 0.4 |
| 9 | SEOUL, KR (SEL) | 36 757 260 | 5.9 | CHICAGO, IL (ORD) | 1 407 569 | 12.1 | ST LOUIS, MO (STL) | 516 554 | 0.6 |
| 10 | PARIS, FR (CDG) | 35 293 681 | 10.9 | SINGAPORE, SG (SIN) | 1 368 644 | 12.1 | MINNEAPOLIS/ST PAUL, MN (MSP) | 491 273 | 1.5 |
| 11 | DENVER, CO (DEN) | 34 972 936 | 6.3 | LOUISVILLE, KY (SDF) | 1 345 348 | (1.8) | BOSTON, MA (BOS) | 482 488 | 5.8 |
| 12 | MIAMI, FL (MIA) | 34 553 268 | 3.8 | ANCHORAGE, AK (ANC) | 1 289 635 | 9.4 | DENVER, CO (DEN) | 477 364 | 7.4 |
| 13 | AMSTERDAM, NL (AMS) | 31 569 977 | 13.6 | LONDON, GB (LHR) | 1 266 621 | 10.5 | LAS VEGAS, NV (LAS) | 472 127 | (6.5) |
| 14 | DETROIT, MI (DTW) | 31 520 656 | 4.6 | AMSTERDAM, NL (AMS) | 1 209 282 | 7.3 | PHILADELPHIA, PA (PHL) | 468 892 | 11.2 |
| 15 | NEW YORK, NY (JFK) | 31 226 956 | 0.3 | NEWARK, NJ (EWR) | 1 048 954 | 9.5 | SANTA ANA, CA (SNA) | 464 750 | (0.9) |
| 16 | NEWARK, NJ (EWR) | 30 636 334 | 6.0 | PARIS, FR (CDG) | 1 035 902 | 5.8 | NEWARK, NJ (EWR) | 464 786 | 2.4 |
| 17 | PHOENIX, AZ (PHX) | 30 536 601 | 0.5 | TAIPEI, TW (TPE) | 913 520 | 14.2 | PITTSBURGH, PA (PIT) | 455 410 | 1.2 |
| 18 | LAS VEGAS, NV (LAS) | 30 305 582 | 0.0 | ATLANTA, GA (ATL) | 867 424 | 8.0 | LONG BEACH, CA (LGB) | 450 512 | (0.2) |
| 19 | MINNEAPOLIS/ST PAUL, MN (MSP) | 29 070 460 | 4.9 | DAYTON, OH (DAY) | 812 440 | 0.1 | CHARLOTTE, NC (CLT) | 446 679 | (0.4) |
| 20 | HONG KONG, CN (HKG) | 29 029 369 | (3.9) | DALLAS FT WORTH AIRPORT, TX (DFW) | 810 621 | 4.2 | LONDON, GB (LHR) | 443 449 | 0.1 |
| 21 | HOUSTON, TX (IAH) | 28 701 092 | 8.4 | SAN FRANCISCO, CA (SFO) | 795 923 | 9.6 | SAN FRANCISCO, CA (SFO) | 437 634 | 2.2 |
| 22 | ST LOUIS, MO (STL) | 27 657 026 | 1.4 | BANGKOK, TH (BKK) | 771 344 | 9.2 | CINCINNATI, OH (CVG) | 417 391 | 4.0 |
| 23 | ORLANDO, FL (MCO) | 27 305 249 | 6.9 | TOKYO, JP (HND) | 695 457 | 4.1 | HOUSTON, TX (IAH) | 405 618 | 4.6 |
| 24 | LONDON, GB (LGW) | 26 961 453 | 10.6 | OAKLAND, CA (OAK) | 678 959 | 9.3 | PARIS, FR (CDG) | 402 718 | 9.2 |
| 25 | TORONTO, OT, CA (YYZ) | 26 682 713 | 7.5 | INDIANAPOLIS, IN (IND) | 672 952 | 18.8 | TORONTO, OT, CA (YYZ) | 396 458 | 5.7 |
| 26 | TOKYO, JP (NRT) | 25 667 577 | 1.0 | SYDNEY, AU (SYD) | 655 855 | 8.2 | FRANKFURT, DE (FRA) | 392 121 | 0.9 |
| 27 | BOSTON, MA (BOS) | 25 457 752 | 1.7 | BRUSSELS, BE (BRU) | 586 722 | 14.4 | SEATTLE-TACOMA, WA (SEA) | 385 098 | (2.3) |
| 28 | SINGAPORE, SG (SIN) | 25 174 348 | 2.7 | TOLEDO, OH (TOL) | 529 704 | 50.9 | SALT LAKE CITY, UT (SLC) | 373 815 | (0.9) |
| 29 | BANGKOK, TH (BKK) | 25 142 879 | 0.6 | PHILADELPHIA, PA (PHL) | 498 249 | 0.3 | MEMPHIS, TN (MEM) | 368 641 | 2.6 |
| 30 | PARIS, FR (ORY) | 25 059 211 | (8.4) | MANILA, PN (MNL) | 485 276 | 24.0 | AMSTERDAM, NL (AMS) | 367 525 | 9.4 |
| 31 | ROME, IT (FCO) | 25 003 038 | 8.5 | HONOLULU, HI (HNL) | 483 906 | 4.1 | ORLANDO, FL (MCO) | 364 593 | 7.1 |
| 32 | SEATTLE-TACOMA, WA (SEA) | 24 678 614 | 1.5 | BOSTON, MA (BOS) | 480 879 | 7.5 | HONOLULU, HI (HNL) | 358 784 | (3.6) |
| 33 | HONOLULU, HI (HNL) | 24 646 293 | (1.2) | DENVER, CO (DEN) | 427 416 | 12.1 | NEW YORK, NY (LGA) | 354 230 | 2.7 |
| 34 | MADRID, ES (MAD) | 23 601 727 | 8.0 | DUBAI, AE (DXB) | 425 157 | 15.1 | NEW YORK, NY (JFK) | 350 173 | (1.4) |
| 35 | CHARLOTTE, NC (CLT) | 22 792 594 | 4.3 | ONTARIO, CA (ONT) | 416 709 | 5.6 | VANCOUVER, BC, CA (YVR) | 343 068 | 3.9 |
| 36 | PHILADELPHIA, PA (PHL) | 22 446 692 | 16.2 | KUALA LUMPUR, MY (KUL) | 410 375 | 9.8 | WASHINGTON, DC (IAD) | 339 562 | 5.1 |
| 37 | NEW YORK, NY (LGA) | 21 595 336 | 4.3 | COLOGNE, DE (CGN) | 399 403 | 16.4 | PORTLAND, OR (PDX) | 319 352 | 7.3 |
| 38 | SALT LAKE CITY, UT (SLC) | 21 109 512 | 0.2 | SEATTLE-TACOMA, WA (SEA) | 396 465 | 1.4 | ANCHORAGE, AK (ANC) | 318 139 | 7.9 |
| 39 | PITTSBURGH, PA (PIT) | 20 789 723 | 1.1 | MINNEAPOLIS/ST PAUL, MN (MSP) | 359 089 | 5.0 | CLEVELAND, OH (CLE) | 310 256 | 2.1 |
| 40 | SYDNEY, AU (SYD) | 20 621 826 | 1.3 | CINCINNATI, OH (CVG) | 342 591 | 18.8 | WASHINGTON, DC (DCA) | 308 676 | 2.2 |
| 41 | CINCINNATI, OH (CVG) | 20 366 500 | 8.0 | SAO PAULO, BR (GRU) | 336 211 | (15.1) | SAN JOSE, CA (SJC) | 302 909 | 5.3 |
| 42 | ZURICH, CH (ZRH) | 18 291 882 | 12.6 | ZURICH, CH (ZRH) | 255 301 | 4.5 | COPENHAGEN, DK (CPH) | 283 621 | 4.9 |
| 43 | MUNICH, DE (MUC) | 17 894 704 | 14.1 | JAKARTA, ID (CGK) | 255 253 | 2.6 | DAYTONA, FL (DAB) | 277 655 | 1.9 |
| 44 | MEXICO CITY, MX (MEX) | 17 853 094 | 9.6 | WASHINGTON, DC (IAD) | 251 296 | 13.6 | SYDNEY, AU (SYD) | 277 654 | 1.3 |
| 45 | BEIJING, CN (PEK) | 16 917 958 | 3.2 | MELBOURNE, AU (MEL) | 249 408 | 4.7 | BRUSSELS, BE (BRU) | 277 000 | 5.0 |
| 46 | COPENHAGEN, DK (CPH) | 16 837 115 | 8.2 | HOUSTON, TX (IAH) | 237 778 | 5.6 | ZURICH, CH (ZRH) | 274 151 | 7.0 |
| 47 | PALMA DE MALLORCA, ES (PMI) | 16 557 622 | 7.7 | DETROIT, MI (DTW) | 221 992 | (1.5) | LAS VEGAS, NV (VGT) | 270 429 | 5.6 |
| 48 | MANCHESTER, GB (MAN) | 16 167 915 | 9.1 | SHARJAH, AE (SHJ) | 219 470 | 36.9 | MUNICH, DE (MUC) | 267 814 | 14.6 |
| 49 | KUALA LUMPUR, MY (KUL) | 16 028 704 | 38.5 | PHOENIX, AZ (PHX) | 214 653 | 10.6 | BALTIMORE, MD (BWI) | 266 104 | (1.3) |
| 50 | TAIPEI, TW (TPE) | 15 993 293 | 2.4 | BEIJING, CN (PEK) | 211 364 | 23.6 | CHICAGO, IL (MDW) | 263 572 | 3.9 |

Passengers — Total passengers enplaned and deplaned, passengers in transit counted once
Cargo — Loaded and unloaded freight and mail (in metric tonnes)
Aircraft Movements — Landing and take-off of an aircraft
n.a. — Data not available

For further information on ACI statistics please contact Maria Elisa Jos, Manager, Statistics and