ASSIGNMENT 1st SEMESTER : PRACTICE OF MARKETING (M2)

STUDY UNITS COVERED : MODULES 2, 4 and 7

DUE DATE : 3.00 p.m. 16 March 2010

TOTAL MARKS : 100

INSTRUCTIONS TO CANDIDATES FOR COMPLETING AND SUBMITTING ASSIGNMENTS

The complete 'Instructions to Students for Completing and Submitting Assignments' must be collected from any IMM GSM office, the relevant Student Support Centre or can be downloaded from the IMM GSM website. It is essential that the complete instructions be studied prior to commencing your assignment. The following points highlight only a few important notes.

1) You are required to submit ONE assignment per subject.

2) The assignment will contribute 20% towards the final examination mark, and the other 80% will be made up from the examination, however, the examination papers will count out of 100%.

3) Although your assignment will contribute towards your final examination mark, you do not have to earn credits for admission to the examinations; you are automatically accepted on registering for the exam.

4) Number all the pages of your assignment (e.g. page 1 of 4) and write your name and surname, student number and subject at the top of each page.

5) The IMM GSM requires assignments to be presented in a typed format, on plain A4 paper. Unless otherwise specified, this assignment must be completed within a limit of 1500 words, excluding the bibliography.

6) A separate assignment cover, which is provided by the IMM GSM, must be attached to the front of each assignment.

7) Retain a copy of each assignment before submitting, in case the original does not reach the IMM GSM.

8) The assignment due date refers to the day up to which assignments will be accepted for marking purposes. The deadline is 3:00 p.m. on 16 March 2010. Late assignments will be accepted, but 25 marks will be deducted from the maximum mark, if received after 3:00 p.m. on 16 March 2010 and up to 5:00 p.m. the following day, after which no assignments will be accepted.

9) If you fail to follow these instructions carefully, the IMM Graduate School of Marketing cannot accept responsibility for the return of the assignment. It may even result in your assignment not being marked.

Results will be available on the IMM GSM website: www.imm.co.za on Friday, 7 May 2010.
SPECIFIC INSTRUCTIONS
This assignment is based on Mango, one of Southern Africa's newest low-cost airlines. The case study below provides some basic background information. You are however encouraged to source more information about the low-cost airline concept, the Southern African airline industry and Mango's key competitors, Kuklula.com and 1Time.

TEN MARKS (10) WILL BE ALLOCATED FOR THE TECHNICAL QUALITY OF THE ASSIGNMENT AND STUDENTS WILL BE PENALISED IF THE ANSWERS EXCEED THE MAXIMUM LENGTH REQUIREMENTS.

QUESTION 1 [20]
Identify and briefly describe four (4) trends in the macro environment that will have an influence on the low cost airline industry.

Structure your answer using the following table format:

<table>
<thead>
<tr>
<th>TREND</th>
<th>DESCRIPTION OF TREND</th>
<th>IMPACT ON INDUSTRY</th>
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</tbody>
</table>

Note: Economic, social, international and technological factors are labels to classify a trend. High inflation is an example of an economic trend, demand for 'green products' is an example of an environmental trend and the empowerment of women is an example of a social cultural trend. Please do not use the terms: technological, economic, social/cultural, demographic or international as names of trends. Define the specific trend: i.e. state that consumers have more disposable income instead of just stating economic trend.

Maximum length: 400 words

QUESTION 2 [20]
Identify and describe four key success factors of the low cost airline industry. Assess how Mango performed on these KSFs.

Maximum length: 400 words
**QUESTION 3**

Use the 6W model to perform a customer analysis of the low cost airline, Mango.

Maximum length: 400 words

**QUESTION 4**

With your knowledge of the market growth – market share matrix, explain:

4.1 Why you think Mango Airlines does not fall into the ‘Dogs’ category. Motivate your answer. (10)

4.2 In which category would you classify Mango Airlines? Motivate your answer. (Draw the figure below in your assignment and indicate the category in which you would put Mango.) (10)

<table>
<thead>
<tr>
<th>STARS</th>
<th>QUESTIONMARKS</th>
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<table>
<thead>
<tr>
<th>CASH COWS</th>
<th>DOGS</th>
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Maximum length: 200 words

**PRESENTATION** [10]

**ASSIGNMENT TOTAL: 100**
FLY MANGO – AFFORDABLE FLYING

BACKGROUND

Mango’s first flight took to the skies on 15 November 2006 – 15 days after it was launched as the first true low-cost airline in South Africa. It was obviously what people had been waiting for, as during the first ten minutes of going live, the company’s website recorded a record-breaking 15 000 booking requests, making it one of the biggest e-commerce events in South Africa's history.

Living up to its mandate to make air travel more accessible to the millions of South Africans who have never been able to fly, the airline has entrenched its leadership status by pioneering a number of innovative special offers such as a R1 fare and successful daily lunchtime Happy Hour during June, among others.

In fact, since its first flight, Mango has become a firm favourite among South African travellers.

KEY STRATEGIES TO REMAIN AT THE TOP OF THE GAME

- To deliver even more affordable, convenient and readily accessible air travel operations, Mango has partnered with various market leaders.

- Through its partnership with Edcon, South Africa’s leading fashion and lifestyle retail chain, the airline offers guests not only affordable flights, but also an additional, even more convenient means to pay.

- Holders of Edgars, Jet, Boardmans, Legit, CNA, Temptations, Jet Shoes, Prato, Jet Mart and Red Square store cards are able to purchase air travel on these cards.

- Late last year Mango made travel even easier when the airline announced its partnership with Shoprite and Checkers and Checkers Hyper stores, where bookings may now be made at all Moneymarket kiosks at these stores.

- Mango also recently launched its first stand-alone booking kiosk in Soweto.

- Vodacom credit card holders can save up to 25% on Mango flights, while Tempest SIXT, the no-frills, no-fuss car rental company, offers Mango customers various savings offers on www.flymango.com or through its call centre.

- The Southern Sun Hotel group also offers preferential rates through the airline’s website and call centre.

THE COMPETITORS OF MANGO

SAA said it welcomed the competition. “This allows us to further improve and sharpen our customer service to attract more business customers,” said spokesperson Robyn Chalmers. “We continue to offer a full business class product
on our domestic route network.”

Comair, which operates no-frills airline kulula.com and a British Airways franchise in SA, said that it was not fazed by Mango’s new product. It said Kulula was the first budget airline to introduce the hybrid class in SA about three years ago. “It has been doing very well,” said Comair joint-CEO Gidon Novick.

In a bid to consolidate its position as the largest discount airline in SA, Kulula said last week it would soon add flights to Port Elizabeth and Durban from Lanseria International Airport. The airline offers flights between Johannesburg and Cape Town from Lanseria, the small airport north of Johannesburg.

**MARKET SIZE**

Mango operates services to the following destinations:

- Johannesburg
- Cape Town
- Durban
- Bloemfontein.

**MARKET GROWTH**

Mango CEO Bezuidenhout says that although he remains cautiously optimistic given his airline’s current strong performance, it is prudent to manage revenue expectations in a market where unpredictability is the only sure bet.

"By September this year, compared to 2007, the industry has seen a decline of approximately 128 000 passengers flying domestically. This represents a 14 percent decline that indicates a contracting pie in the industry," he says.

Already fierce competition between the country’s three low cost carriers — Mango, 1Time and Kulula — is set to increase. "Mango has in fact shown a 15 percent growth in passenger volumes during this period which leads to the conclusion that our competitors are losing customers to us," says Bezuidenhout.

He says that Mango’s continued affordable fares have also prompted many business travelers to switch from legacy travel to more affordable low cost options. The airline currently operates on load factors averaging 85 percent.

**REFERENCES**

