

2020

Individual assignment

Total Marks: 100

Marketing research

SUBMISSION DATE:

Potchefstroom and Vanderbijlpark-students - during the class sessions on 29/31 August. Mafikeng students submit latest Monday 31 August at Campus.

AT LAST – FLYING TO AND FROM THE NORTH-WEST PROVINCE!

The purpose of this assignment is to guide students towards discovering the important marketing concepts of *marketing research and report writing*.

The page limit is 20 pages of content (excluding the reference list).

The North-West Province lies a bit off the beaten track (well in airline terms), yet there is a lot of traffic traveling to and from the province to Johannesburg, Durban and Cape Town. However, despite fully functional airport facilities in both Potchefstroom and Mafikeng, there are no flights from Potchefstroom and virtually none from Mafikeng.

Potchefstroom's airport facilities were upgraded with the 2010 Soccer World Cup when the city hosted the cup-winning team from Spain. The airstrip can now safely handle a Boeing 737 or equivalent as per Spain's request. The city council paid for this upgrade with resident taxpayers' money and promised that the upgrade will lead to a functioning commercial airport. As usual, these promises stayed promises, and no commercial airport was established. This was to the dismay of many eager potential flyers who still have to travel by road to either Lanseria or OR Tambo to fly to distant destinations.

In Mafikeng, very limited flights are offered and the airport is for practical reasons a non-functional airport. In addition, flying from this airport is also risky. Many passengers have experienced the shock of arriving for a flight to Johannesburg's OR Tambo airport, only to be told that they are going to be transported by an airline bus. This happens because not enough seats were sold on the flight – so there will be no aeroplane, get on the bus! This is a travel warning not to book a flight from Mafikeng!

It is also noteworthy that flying to Potchefstroom and/or Mafikeng could also open up new destinations in the Northern Cape such as Kathu and Upington. (In fact, private charter planes fly regularly – and profitably - from Lanseria to Kathu).

In previous years, SAA successfully engaged smaller destinations in two ways. Firstly, by smaller flying turbo-prop planes to these destinations, or by employing a "milk train" approach whereby the plane lands at a number of destinations. The most famous historical "milk train" flight was the Johannesburg, Kimberly, Bloemfontein, East London flight where the plane landed to pick up and offload passengers at their desired destinations.

The Premier of the North-West realises that to improve transport, tourism and business in his province, air travel needs to be part of the deal. He proposes to analyse the market for air travel in the North-West Province (with a possibility to extend these flights into the Northern Cape), and this is where you come in. The

Premier believes this is a worthy cause with potentially many air travellers from the business such as the NWU (both in Potchefstroom and Mafikeng), Senwes, the mines, NWK Limited (in Lichtenburg), and the Government sector (Mafikeng) to name but a few. Also, it is obvious that to start off with large jet-propelled engine planes such as a Boeing 737 would not be profitable; the situation calls for starting off with a smaller passenger contingent and then to grow the flights and passenger numbers into full-fledged airline destinations.

The Premier tasks you, as an astute MBA student, to analyse the market needs for air travel as discussed above. You have four project options to do your analysis. Choose any one of the four options below and state clearly which analysis you are performing on your cover page of your assignment.

1. Analyse the market needs for the Potchefstroom airport.
2. Analyse the market needs for the Potchefstroom airport.
3. Analyse the market needs for the combined Potchefstroom and Mafikeng airports (Milk train 1 approach).
4. Analyse the market needs for the Potchefstroom, Mafikeng and then on into the Northern Cape airports (Milk train 2 approach).

In your assignment, you need to follow the instructions and structure as explained below:

1. Do a literature study on air transport to small destinations. Follow a case study approach whereby you identify similar situations in the world where airlines are required to transport smaller numbers of passengers to and from destinations to larger airports. Your literature study should also include a part dealing with typical aeroplanes would be suitable for the job (6 pages approximately in total).
2. You are also required to design an empirical research study to determine the number of potential flying passengers, the preferred days of the week, and the preferred times that they would like to fly to and from the destination you chose above (this will differ between the different options). Also investigate what the passengers are willing to pay for these seats from the destinations you chose above. The study can be quantitative or qualitative – even mixed – in nature. In your research design you should indicate the population, sample and method of data collection (1-2 pages in total).
3. Now, distribute 10 questionnaires (or conduct interviews) with the target population to collect the data you need for your report.
4. Analyse the data and prepare a professional management report for the Premier clearly indicating your recommendations.
5. Using information gathered from your literature study on the different aeroplanes and their profitability, also suggest an aeroplane(s) you think would be suitable. Substantiate your recommendation by showing the break-even analysis in terms of passengers and cost. (Hint: use only the operational cost per seat for the analysis and do not include capital costs in your calculations)
6. Finally, advise the Premier if this is a feasible service. Based your final recommendation on your break-even passenger (units) cost analysis, the number of passengers per flight as estimated from your research, and the passengers' amount that they are willing to pay for the service.

The page limit is 20 pages excluding the questionnaire (which is added as an appendix) and references. It is not required to also submit your completed questionnaires.

Take note of the fact that the **Harvard referencing technique (as prescribed in the NWU reference guidebook)** needs to be applied strictly in both text references as well as in the list of references. Incorrect referencing will be penalised.