



Igniting a Virgin American Revolution:
How Virgin America Can Build Brand Awareness
within the U.S. Airline Industry

Integrated Marketing Communications | Ruth Harper



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Executive Summary

We the **people**. Life, liberty, and the pursuit of **happiness**. Give me **liberty** or give me death. No taxation without representation.

These may be some of the most successful “taglines” ever — the taglines for the American Revolution against Great Britain. These slogans are deeply ingrained into most Americans’ brains, creating a feeling of independence and patriotism within our country.

On the contrary, although its parent brand Virgin is quite well-known in the U.S., **Virgin America needs to make more Americans aware of its brand not by appealing to its crazy partying youngsters but by appealing to the average American looking for a good value.** As the famous slogan “No taxation without representation” implies, Americans know when they’re getting their money’s worth.

The Virgin Brand

Virgin Group is headquartered in London, U.K., but operates in more than 200 companies in countries worldwide, including the U.S., France, and Australia. In addition to national and international airlines, the Virgin Group is involved with many industries, including financial services, mobile telephones, wines, cosmetics, and entertainment (Datamonitor 4).

The privately held company owned by famed millionaire Sir Richard Branson reported approximately \$8,000 million in revenues during the March 2005 fiscal year. Some other Virgin Group strengths include a well-known brand image and a strong market position (Datamonitor 4-5).

Corporate Values

We value four essentials: people, planes, price, and brand (Pugatch 36). All together,





these values add up to show we value quality service, a good value, and innovation (Pugatch 36).

What is Virgin America?

Consumers respond

“I have never flown Virgin America, and I don’t know anyone who has. Are they associated with that millionaire?”

“I thought it was maybe a Christian group promoting virginity.”

“I’ve heard of Virgin Atlantic more.”

“I think of it as a more expensive airline.”

Current Brand Perceptions

Perceptions of Virgin America are quite mixed with a large majority of Americans unaware of the airline compared to its biggest competitors, jetBlue and Southwest. A 50-respondant survey and interviews with nine subjects revealed most don’t really know much or anything about the airline. Many survey respondents associated the name with Virgin Atlantic, a British-based airline that flies worldwide. Others asked about the price. Only about four of those surveyed said they had a concrete idea of Virgin America.

Vision

Our company will reinvent what it means for Americans to fly on an airplane. Instead of being an exhausting task, flying Virgin America will become synonymous in the U.S. for an independent, fun, comfortable, and technological transportation method that doesn’t break customers’ banks. We are the next generation, and we will become the No. 1 choice for flying within America (Pugatch 34).

Purpose and Role

Virgin America is a state-of-the-art, entertainment-based commercial airline.

Our airplanes feature touch-screen TVs with numerous movie and music choices, wireless Internet connection available, power outlets at every seat, mood-lighting, and comfortable seating. Easy-to-obtain snack choices are ordered by computer touch screen and delivered by our friendly flight attendants. Our main target audience members are independent-minded and technologically savvy young adults. Customers can purchase flight tickets online or by phone and can fly to and from more 10 cities within the U.S. as of October 2009.

Target Audiences

Current Audience

Virgin America’s current audience is upper-middle class 18-30-year-olds who enjoy having a crazy, wild time and fly four to six times per year (Greenberg). There is a good chance they were frat boys and sorority girls in college.

Prospective Audience

While people may tend to think of the frat boy image as “cool”, it isn’t a normal person, and is not something all people in the U.S. aspire to be. However, most young Americans *do* strive to exhibit their own independence and patriotism.

Target Consumer Profile:

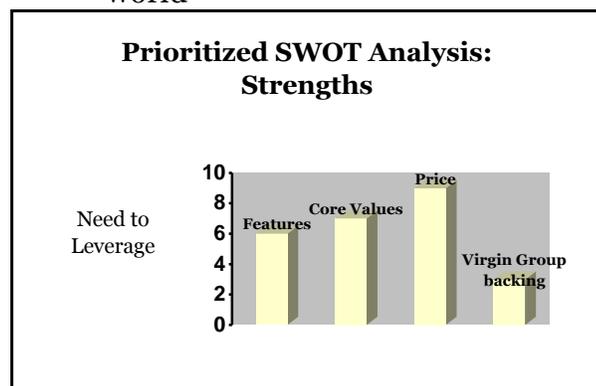
- Middle-class young urbanites (age 18-30)
- Technology and entertainment lovers
- Young adults in college or have recently graduated that are working toward independence but still may depend on their parents for some things.
- Independent thinkers who aren’t afraid to question authority (Armour)

Virgin America needs to shift its focus away from the edgy, risqué young adult to the hard-working, driven college student and young professional.

SWOT Analysis

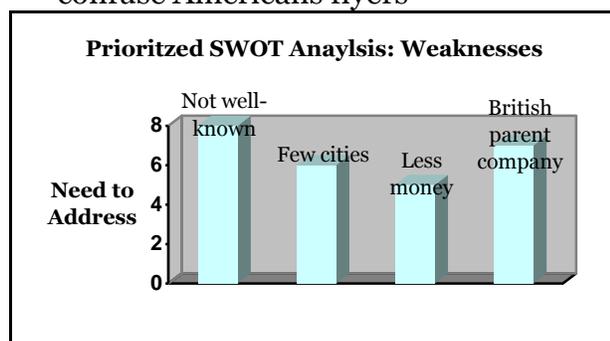
Strengths

- Abundant amount of flight features emphasizing comfort, fun, and independence
- Core values revolve around people (customer-oriented), planes (technology), and price (great value)
- Backing from the Virgin Group, one of the most well-known brands in the world



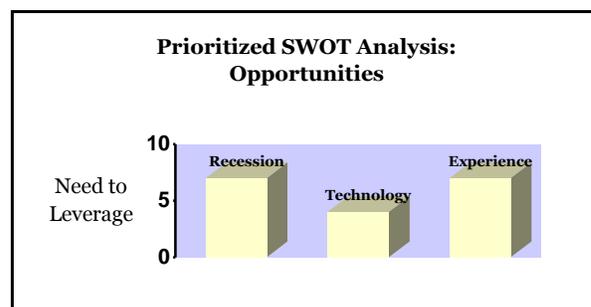
Weaknesses

- Relatively new airline that's not very well-known
- Only located in 10 cities
- Fewer marketing dollars to spend compared to competitors
- English-based parent company could confuse Americans flyers



Opportunities

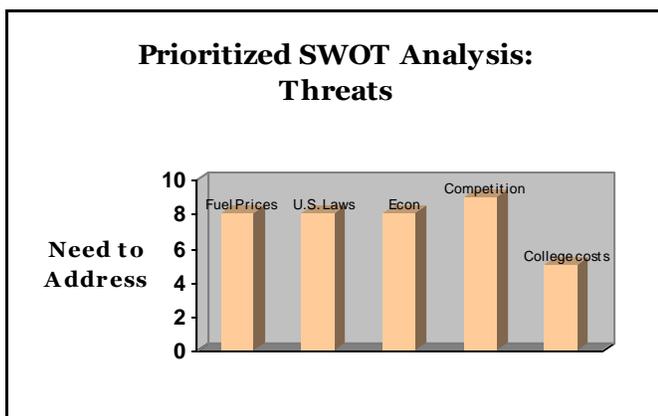
- The economic recession may mean those who travel are going to want to save money.
- Technological advances with consumer electronic devices are being invented frequently, which means there will continue to be opportunities for Virgin America to include new technologies.
- Flying isn't typically perceived as a fun experience but rather an exhausting transportation method; Virgin America could reinvent the idea of flying by making it more enjoyable and comfortable.
- The exchange rate for U.S. dollars to Great Britain pounds or Euros isn't great right now, so perhaps more people will be likely to stay within the U.S. when vacationing.



Threats

- Fuel prices presented a problem when Virgin America launched, and, although they have gone down a bit, they still create a large expense for the airline.
- Because Virgin America's parent company is based in England, legal concerns come into the picture. A U.S. law says airlines operating within the U.S. must be at least 51% owned by Americans who have at least 76% voting control (Pugatch 36).

- Because of the economy, consumers may not travel as much as in the past, decreasing the demand for flight tickets.
- Costs of attending college are rising, which may mean college students and recent graduates are less able to travel.
- The low-cost airline industry is extremely competitive.



MC Objectives

- Create 75% more brand awareness among target market within one year
- Increase sales by 20% within one year
- Establish Virgin America as an independent, American airline among 50% of the target market within one year
- Add flight locations in each of the following cities: Orlando, Pittsburgh, Denver, Austin, and Atlanta.

Caution! While it is important to distance Virgin America a bit from the Virgin Atlantic brand to create a Virgin America brand image of its own, we must be careful not to cannibalize our other brands, especially Virgin Atlantic.

Strategies

The **media mix** strategy should focus heavily on the following (in order of importance, with one being the most important):

1. *Direct marketing* using “snail mail” pieces delivered to the target’s mailboxes
2. *Interactive* online activities
3. *Publicity* through Internet blog articles and newspaper articles that are available online (i.e., USA Today, The New York Times, The Wall Street Journal)
4. Magazine and TV *advertisements*

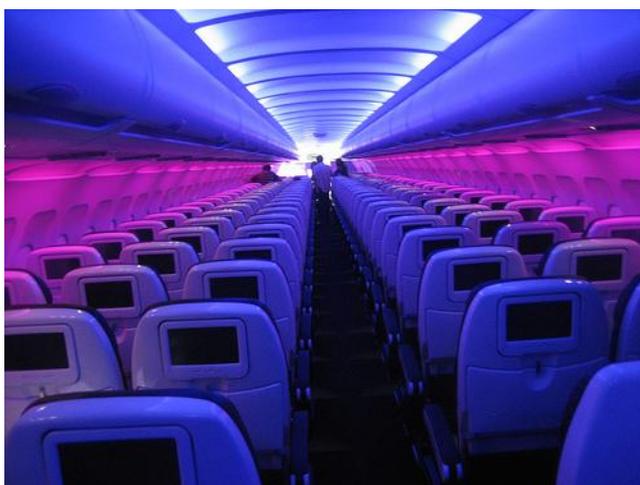
Media mix rationale

- The target audience is hard to reach, but they are likely to spend more time with traditional mail as opposed to e-mails or online advertisements (Duncan 582).
- Most of young Americans’ online time is spent having fun or relaxing, not working or planning future events (Smith). Virgin America will use interactive online activities as online “advertisements” to encourage surfers to engage with the brand in a much less pushy manner.
- Young Americans are skeptical of mass media, including TV and newspapers (Huntley 4). While these media are still powerful and shouldn’t be ignored, they need not play as large of a part in this campaign for the campaign to be a success.

Competitive Brand Strategy

Because the domestic low-fare airline industry is relatively established, Virgin America will need to use a late-entry competitive brand strategy to differentiate itself from the established brands. One way it could do this successfully is through using an innovation strategy.

An innovation strategy creates “a new standard through product innovation” (Tybout 86). By continuing to advance its technological on-flight options, Virgin America can surpass the competition. This technological advantage featuring services like mood lighting, touch screen ordering, and free WiFi will allow flyers to enjoy their time more while updating their land-loving friends on the flight via Twitter, Facebook, or another social media site (Chang).



The Big Idea!

Having witnessed the Sept 11, 2001, attacks at a relatively young age as well as seeing the inauguration of the first African-American president in 2008, Generation Y is quite receptive to a patriotic theme and will respond to political messages if reached on their level (think the Obama campaign).

The purpose of this MC message is to convince young adults (and the young-at-heart) that Virgin America is an independent, entertaining, caring domestic airline that's a good value, too, because of the planes' features. The tone of the message should be independent, patriotic, and helpful.

Execution (just ideas!)

1. Interactive

Virgin America could create a mini section on their Web site titled something like, “While you’re in the air.” It will have fun interactive activities to do, including sending e-postcards to friends from the airplane or the hotel room. It will also have an option where flyers can take pictures from the plane and send them via text message to the Web site. Users can then put them on a pre-made postcard template or make their own template to distribute to friends online.

2. Direct Marketing – Snail mail

Virgin America will send postcard-sized advertisements to college students and young adults in or near cities when new locations open. These postcards will simply inform the consumer of the location addition and show them a cool place they could go. For example, if a new location opened in Buffalo, it might send out a postcard announcing the opening and showing where the customer could fly—in Buffalo, someplace warm and tropical might be a good idea.

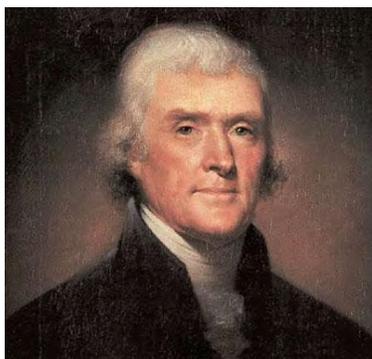
3. Publicity

Virgin America PR professionals will work to get stories featuring the company into important blogs that reach young adults who are interested in politics or current events, technology, and entertainment. A few examples include David Pogue’s personal technology blog.

4. Advertisements

One TV ad idea would feature an actor dressed up like Thomas Jefferson on a Virgin America flight. He would be giving a semi speech about “Life, Liberty, and the Pursuit of Happiness”. When he mentioned life, he would say it’s about being able to exist peacefully, and the ad would show a

flight attendant aiding a customer. When he mentioned liberty it would show a few customers doing different things: one watching a movie, one listening to music, one choosing a beverage on the touch screen, and one surfing the web. When Jefferson mentions the Pursuit of Happiness, it would show some one customer leaving the airport with a bright smile on his/her face and a whole city on the horizon.



Setting the Budget

Hoovers sets Virgin America at \$166.1 million in sales (Gilmer). Considering the economic recession the country is currently in, the company may consider cutting the marketing communications department budget slightly; this considered, 10% might be a good starting point. Based on this, the MC department would be looking at about \$16 million for its budget.

Virgin America should use objective-and-task budgeting, which Duncan defines as “an estimate of the cost of each MC task identified by zero-based planning” (Duncan 195).

Online interactivity promotions	35%	\$5.81 mil
Direct Mailings	35%	\$5.81 mil
Print/Broadcast advertising	15%	\$2.49 mil
Publicity	15%	\$2.49 mil

Evaluating Effectiveness

To see if the campaign has been effective, Virgin America will need to keep a close tab on its target audience throughout the year to see if it has reached its main goal of increasing brand awareness (Duncan 170).

Virgin America will need to conduct two surveys throughout the year—one in May and one in September. These surveys will allow the company to make adjustments that may need to be made along the way. The company must also conduct a larger-scale test to evaluate the entire plan toward the beginning of December to see what should be done moving forward.

Finally, Virgin America should attempt to receive constant feedback from customers on their experiences as well as being available to answer questions potential customers may have. The company can do this by monitoring and engaging with others via social media tools like Twitter and Facebook.



APPENDIX

Strategic Business Plan for Virgin America

This document comprises a strategic plan for Virgin America. It reviews its strengths, weaknesses, threats and opportunities; presents a series of fundamental statements relating to Virgin America's vision, mission, values, and objectives; and sets out Virgin America's proposed strategies, goals, and action programs.

Strengths, Weaknesses, Threats, & Opportunities

This strategic plan addresses the following key strengths, weaknesses, threats, and opportunities that apply to Virgin America now and in the foreseeable future:

Strengths:

- Innovative
- Affordable
- Connection to the Virgin Group
- Technological features on flight

Threats:

- Fuel prices
- Already-established airlines
- Legal issues facing foreign companies
- The economic recession may mean fewer people are traveling.

Weaknesses:

- Not well-known; only flies to nine cities
- Not as much money as competitors
- England-based parent company

Opportunities:

- The economic recession may mean those who do travel are looking to save money.
- Technological advances and new consumer electronic products are being invented often.
- Flying isn't known for being a good experience, so they could reinvent the idea of flying by making it more enjoyable and comfortable.

Vision



The promoters' vision of Virgin America in four years' time is:

Our company will reinvent what it means to fly on an airplane. Instead of being a simple transportation method, flying Virgin America will be an independent technologically entertaining, comfortable way to travel that doesn't break customers' banks. We will become the number one choice airline in America.

Mission Statement

The central purpose and role of Virgin America is defined as:

Virgin America is a state-of-the-art, entertainment-based, commercial airline. Our airplanes feature touch-screen TVs with numerous movie and music choices, a wireless Internet connection, electrical outlets at every seat, mood lighting, and comfortable seating. Easy-to-obtain snack choices and superb service are available. Our main target audience is technology-savvy young adults and families looking to keep children entertained. Customers can purchase flight tickets online or by phone and can fly to and from nine cities within the U.S.

Corporate Values

The corporate values governing Virgin America's development will include the following:

In short, people, planes, price and brand. So this means:

- We value every person as an individual.
- We value technological innovation and change.
- We value giving our customers a worthy experience.
- We value have two-way, meaningful relationships with our customers.

Business Objectives

Longer term business objectives of Virgin America are summarized as:

- Increase brand awareness, especially among urbanites
- Increase sales and profits
- Increase the number of cities we fly to and from
- Create long-lasting relationships with current and future stakeholders, especially customers

Key Strategies

The following critical strategies will be pursued by Virgin America:

1. Increase advertising efforts to include a larger audience
2. Increase the number of markets by flying to and from more U.S. cities
3. Turn flying from not-so-enjoyable to something customers look forward to

The following important strategies will also be followed:

1. Continue to add innovative technologies to our planes
2. Establish Virgin America as an American company, not international or British
3. Continue to take measures to make flying Virgin America even cheaper (while still respecting employees, of course)

Major Goals

The following key targets will be achieved by Virgin America over the next four years:

- Increase sales by 15 percent to about \$191 million from \$166.1 million (Gilmer)
- Increase the number of locations from 10 to 25 by December 2012.
- Increase awareness of the brand among 50 percent of the target audience.

Strategic Action Programs

The following strategic action programs will be implemented:

- Begin operating from five more cities each year so by the end of 2012 Virgin America will fly from 15 additional cities than it currently does
- Conduct research to identify new technologies that customers will want to have on flight
- Evaluate the company to find cost-saving measures, such as energy efficiency, that could help make flights less expensive
- Create a detailed IMC plan that will increase brand awareness among the target audience
- Redefine what it means to fly in an airplane across the country by making seats and atmosphere more comfortable and by adding new technologies.
- Hold monthly brainstorming sessions where employees will consider new innovative ideas to draw in customers based on their interactions.
- Increase the amount of American shareholders and, while not completely abandoning or hurting the parent company, try to move away from the British parent by increasing sales for Virgin America.

Creative Work Plan

1. Key Fact

Nationwide (especially in the Midwest and on the East Coast), educated young adults aren't aware of Virgin America and the reasons to fly our airline.

2. Problem advertising must solve

The advertising must make the primary target audience more aware of the airline and its benefits over the competition.

3. Objective of the Advertising

To communicate interactively that consumers are getting more (entertainment and comfort) for less money compared to competitors.

4. Creative Strategy

a. Prospect Definition

Educated young adults (ages 18-30) who live in or enjoy visiting big cities and who enjoy consider themselves technologically savvy and connected because of the Internet.

b. Principal Competition

JetBlue focuses on offering the lowest prices from coast to coast (Box).

Southwest Airlines focuses on offering high-quality service (Hoffer).

c. Promise

Those who fly Virgin America will not only reach their destination safely but will also reach it rested, relaxed and prepared to have an amazing vacation or wow managers at a business meeting. They will be able to do this because of Virgin America's independent and fun atmosphere as well as with its abundance of technological features.

d. Reason why

Virgin America has:

- Mood-lit cabins
- Custom-designed leather seats
- "The most advanced in-flight entertainment system in the sky."
- Stylish design
- Innovative technology
- Upscale experience for less
- Guest-controlled entertainment and food and drinks
- Free fleet-wide Internet

<http://www.virginamerica.com/va/html/virgin-america-corporate-fact-sheet.pdf>

Mandatories & Policy Limitations



The Virgin America logo should be carried over because its color and font are fairly recognizable and allow the consumer to fit it into the Virgin Group parent brand while seeing a new image of the Virgin America brand is fairly recognizable.

Summary Creative Statement

The purpose of this MC message is to convince young adults (and the young-at-heart) that Virgin America is an independent, entertaining, caring domestic airline that’s a good value, too, because of the planes’ features. The tone of the message should be independent, patriotic, and helpful.

MC Objectives Planning Chart

Key SWOTs	MC Objectives	Best MC Function	Rationale
<i>Brand Awareness</i>	Create 75% awareness among target	Advertising	Reach out to get basic message to a large audience because too many people are unaware of the brand
<i>Availability</i>	Add five more flight locations: Orlando, Pittsburgh, Denver, Austin, New Orleans, Atlanta	Direct Mail	Build curiosity to target and inform of changes
<i>Foreign Parent Company</i>	Create 25% more awareness of Virgin America being an American company	TV and Online advertising	Inform target of what Virgin America is— and isn’t
<i>Competitive low price</i>	Establish Virgin America as a low-cost leader with 25% of target	Online Advertising	Inform target of what price bracket Virgin America belongs in because many are unsure
<i>Flying Experience</i>	Establish Virgin America as the fun and relaxing domestic airline among 50% of target	Internet and Interactivity	A fun airline should have a fun Web site or some kind of fun activity online

Media Mix Planning Chart

MC Functions	TV	Radio	Newspaper	Magazine	Mail	Internet	Outdoor
Advertising	XX X	X		XX	XXX	XXX	XX
Publicity	X	X	X	XX		XXX	
Sales Promotion				X	XX	XXX	
Events						XXX	
Direct Response					XXX	XXX	
Sponsorships				XX		XXX	
Personal Selling					XXX	XXX	

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