

Delta Air Lines Marketing Analysis Research Report

Jemar Lee

Morningside University

February 15, 2021

Delta Air Lines Marketing Analysis Research Report

Delta Air Lines is a major airline based out of Atlanta, Georgia in the United States. The airline company provides domestic flights to over 300 destinations that touch 60 different countries and with that, about nearly 200 million travelers travel Delta to where they're going (*About Delta*, n.d, para 1). It is noted by Delta that their mission is about "Making connections" (Gay, 2020, para 1). Furthermore, it is said that the company's values are, "Honesty: always tell the truth...Integrity: always keep your deals...Respect: don't hurt anyone...Perseverance: never give up...Servant Leadership: care for everyone" (*Delta Air Lines Mission, Vision & Values*, 2021, para 1). This report will delineate Delta's key marketing strategies, their marketing environment, environmental trends that influence Delta, and how Delta markets effectively to retain its loyal customer base and attract new consumers. While reading this paper, one will deepen their understanding of how Delta's marketing strategies and techniques have allowed the company to be a leader in the airline industry, and how the airline has upheld their values and mission to successfully make connections.

Marketing Strategy

Delta Air Lines gives no clear mission anywhere on their website or within the reports and publications that they have released. A mission statement found on Comparably, that was also noted on a myriad of other sources, states their mission as follows, "We—Delta's employees, customers, and community partners together form a force for positive local and global change, dedicated to bettering standards of living and the environment where we and our customers live and work." As noted above, it then states that their values are, "Honesty, always tell the truth...Integrity: always keep your deals...Respect: don't hurt anyone...Perseverance: never give up...Servant Leadership: care for everyone" (*Delta Air Lines Mission, Vision &*

Values, 2021, para 1). On the official Delta website, it notes in various sentiments that their mission is “making connections” (Gay, 2020, para 1). At the essence of the two missions that are published, a consumer could expect that Delta is working to connect consumers around the world while making the world a better place. When a consumer interacts with Delta, they can expect to be connected to parts of the world that they wish to be, as one of their missions is about making connections. However, this could also be in the context of making connections, similar to building a relationship with a customer. This is also aligned with their values of Perseverance and Servant Leadership. Based on their mission statement, when a consumer travels and does business with Delta, they know that they are a consumer of a business trying to fulfill their corporate responsibility of making the world a better place. This is completed by bettering their own standard of living and the environment in which they live in—all of which is mentioned in their mission.

Moreover, in the Delta Air Lines 8-K report, which was released on January 14th, 2021, the company posits actions that they are executing in response to the Coronavirus (COVID-19). COVID-19 has been a substantial determining factor for how Delta operates during unprecedented times. That, within itself, has made it inevitable for Delta not to create and adapt its marketing growth strategy. Based on findings within their 8-K, Delta is currently utilizing a market penetration strategy. During the pandemic, Delta has worked to create solutions that would increase its market share amongst customers. For example, the 8-K states:

- Blocking middle seats through at least March 30, 2021 – the only major U.S. airline to make such a commitment;

- Launched the industry's first COVID-tested flights from Atlanta to Rome and Atlanta to Amsterdam with no quarantine on arrival;
- Created a Global Cleanliness organization and implemented the Delta CareStandard, our ongoing, organization-wide commitment to cleanliness and safety;
- that includes mask requirements, regular sanitization of surfaces, onboard use of industrial-grade HEPA filters, and more than 100 other measures to ensure
- a safe travel experience;
- Eliminated change fees for U.S. customers and discontinued redeposit/re-issuance fees for SkyMiles members; extended Medallion member benefits through January 2022;
- Unveiled Phase I of the new Salt Lake City airport, with accelerated investment in Los Angeles and New York-LaGuardia airports to provide customers state-of-the-art facilities across our domestic network. (*Financials*, 2021, para 19)

All of these are examples of how Delta is penetrating the market with new ways to continue retaining their customers, by showing customers that they are taking COVID-19 seriously and are doing nearly everything they can to ensure safe and healthy travel.

For Delta to continue to be a leader in the airline industry, the airline needed to ensure they recognize their key strengths and act upon them. With that, Delta prides itself on building customer loyalty and value. One of which is through their SkyMiles Loyalty Program. For context, "With SkyMiles, every trip and purchase can bring you closer to the next place on your travel wish list. Earn miles for flying and everyday activities, then use miles toward travel on any Delta Air Lines flight or toward a Delta Vacations package with no blackout dates or for rewards like upgrades, premium drinks at Delta Sky Club and once in a lifetime experience" (*Safer*

Travel, n.d, para 2). SkyMiles encourages people to spend money to build points with Delta. In return, customers receive incentives and gain superiority within Delta's customer base that grants consumers benefits when flying with them (e.g. free upgrades, free checked bags, priority boarding, free flights). Additionally, Delta offers an extensive list of other incentives that help strengthen customer value such as "Premium seats with ample legroom. Wi-Fi, where available, and personalized service. Premium menu offerings (on select flights), healthier snacks, Starbucks coffee, plus complimentary beer, wine, and spirits. Access to complimentary premium entertainment with Delta Studio where available" (*Onboard Experience Fact Sheet*, n.d, para 4). All of these incentives can be found as strengths that Delta exhibits, as they create a high level of consumer value; each of these strengths enhances and can bring ease to one's travel experience.

Furthermore, Delta has various competitive advantages that aid the airline to stay in competition with its competitors such as, United Continental Holdings, Inc, Southwest Airlines Co., and American Airlines. One competitive advantage of Delta is that the company is successful at utilizing the product/service advantage. Delta works to create an experience that is valuable and unique for its consumers. Delta accomplishes this goal by leading the way with technology to build better relationships with customers, create more ease, and an efficient travel experience for consumers. For example, "Delta launches first domestic digital identity test in the U.S., providing touchless curb-to-gate experience" (*Delta launches first domestic digital identity test in U.S., providing touchless curb-to-gate experience*, 2020, para 1). This example shows how Delta is standing apart from competitors by offering superior technology to create a more satisfying travel experience (e.g. facial recognition for check-in). Hence, it can lead to attracting more consumers or creating greater satisfaction for their loyal customer base.

Lastly, within the airline industry, comes an exhaustive list of environmental concerns and questions. Consequently, for Delta to build their brand image, the corporation utilizes a green-marketing strategy. Delta is working to decrease the negative effects on the physical environment that are caused by aircraft, with the goal to help improve the environment. It is noted in an article by CNBC that:

Delta Air Lines CEO Ed Bastian told CNBC on Friday the company is going “fully carbon neutral” starting March 1. “It’s a big challenge and it’s a big commitment,” Bastian said on “Squawk Box.” Delta is committing at least \$1 billion over the next decade to reduce environmental impact, focusing on clean technological investments for engines and carbon removal, he added. (Bursztynsky, 2020, para 2)

It is evident that Delta is taking a stance to help improve the environment through investments and actions that will help reduce pollution and create a cleaner world. For those consumers who find environmental and sustainability efforts by corporation’s imperative, Delta is branding itself as one that takes sustainability seriously and an advocate to help tackle environmental issues.

Marketing Environment

Delta Air Lines is consistently challenged and faced with environmental trends that alter the way that the company interacts with its consumers. For Delta, three factors are currently the most pertinent to the company. These include consumer demographics (e.g. Black Lives Matter movement), social factors (e.g. COVID-19), and the advancement of technology and innovation.

To start, since the beginning of the recent social justice movement, also known as the Black Lives Matter movement, that continued to make news in early 2020, Delta has taken strides to be an ally of the movement and people of color. In May of 2020, the death of George

Floyd, who was an African American killed by a white police officer due to an incident of police brutality, sparked civil unrest. After the videos of the incident surfaced onto the internet and mainstream media, riots and protests began to erupt throughout the United States. This was a catalyst of one of the largest racial social movements that has occurred in recent centuries.

Within this movement came pressure from individuals to have corporations acknowledge their part in racial inequity and take a stand to dismantle it. Hence, it has changed consumers' perceptions of how racial inequity is addressed by corporations they support. As evidence, the Harvard Business Review states that “Today’s consumers are vocal about social issues, and they are quick to take disingenuous corporations to task. A majority of Americans of all generations — 60% of the U.S. population— say that how a brand responds to racial justice protests will influence whether they buy or boycott the brand in the future. Additionally, 60% say brands should take steps to address the root causes of racial inequity and 57% say brands must educate the public” (Menon & Kiesler, 2020, para 12). Delta taking a stand to support and help dismantle racial inequities has enabled the company with the opportunity to create change, attract customers, and hold onto its existing customer base.

Delta Airlines has taken steps to review and change how they interact with the social justice movement internally and externally. This was not just a few employees at the bottom or top of the company taking a stance on efforts to advance social justice; it has emerged as a company-wide effort, one that is starting to be authentically integrated into their culture.

According to Delta’s CEO, Ed Bastian, “Amid the global reckoning over historic racial inequality and injustice, we have been listening, learning, and taking steps toward becoming an anti-racist, anti-discrimination organization. Those steps have included a series of virtual Town

Halls on racial justice, updated Equal Opportunity and social media guidelines, a new library of anti-racism resources on Deltanet, and our advocacy for Georgia Hate Crimes legislation and police reform in Minnesota” (Bastian, 2020, para 1). Though beyond just conversations, guidelines, resources, training, and appearance for Delta internally, they have also committed to supporting people of color by creating one million jobs for the demographic—cementing their support externally. It is stated in a Delta Diversity and Inclusion Article that, “Delta announced an expanded partnership with Operation HOPE on Thursday to support its One Million Black Business and Entrepreneur Initiative (1MBB), a program designed to create 1 million new Black business owners and entrepreneurs by 2030 and help close the wealth gap caused by racial inequality and social injustice” (*Delta signs on to initiative committed to creating 1 million new Black businesses by 2030*, 2020, para 2). This posits how Delta is committed to growing beyond its core and supporting black individuals and businesses while also working to dismantle one of the greatest impediments of black people’s success—the racial wealth gap. This initiative by Delta can also be known as a cause-related marketing strategy. Delta is partnering with the non-profit, Operation HOPE, to spread awareness of the crucial need for black owners and entrepreneurs while providing funds to increase that population.

Secondly, as with all companies, in the year 2020, Delta had to quickly alter the way they did business due to COVID-19. With the expeditious halt to everyday normalcy, came a significant decrease in air travel. Hence, there was a plummet in sales that required Delta to find new ways to continue to encourage customers to fly and generate revenue amidst the pandemic. COVID-19 was a threat to the Airline industry, though Delta's efforts to ensure safe and healthy travel was an opportunity for them to generate revenue and grow in the short and long run.

Support to that claim is noted in Delta's 10-K that, "The unprecedented, widespread and persistent impact of COVID-19 and the related travel restrictions and social distancing measures implemented throughout the world have significantly reduced demand for air travel" (Delta Air Lines Corporation, 2021, p. 30). The financial document then stated, "As a result of reduced demand and lower capacity, we retired 227 aircraft in 2020 and have temporarily parked approximately 125 aircraft as of December 31, 2020" (Delta Air Lines Corporation, 2021, p. 31).

The number of retired and temporarily parked aircraft portray the consequences of the substantial decrease of consumers traveling during the pandemic. Because of this, one of the only few incentives for individuals to continue air travel during the pandemic was to enhance and reinvigorate health and safety measures, and Delta found itself in a position to do just that. Delta is taking the burden off travelers for any travel disruptions that may occur during one's trip. Delta stated that "Peace-of-Mind Purchasing through Spring: We are extending our change fee waiver for all flights purchased through March 30, 2021" (*Safer Travel*, 2021). For those traveling, change fees may be a large bar to experiencing smooth and easy travel, and in the context of COVID-19, it can also enhance safety measures, keeping those who may feel ill off their planes. Additionally, to ensure as much social distancing can be performed as possible while traveling, Delta has decided to block their middle seats through March 30th, 2021 to mitigate the risk of exposure to COVID-19. (Delta Air Lines Corporation, 2021, p. 4). As reported in the airline's 8-K, the airline took leadership and invested in creating a Global Cleanliness organization to support the health and safety of their travelers. It is noted that Delta, "Created a Global Cleanliness organization and implemented the Delta CareStandard, our ongoing, organization-wide commitment to cleanliness and safety that includes mask requirements,

regular sanitization of surfaces, onboard use of industrial-grade HEPA filters and more than 100 other measures to ensure a safe travel experience” (Delta Air Lines Corporation, 2021, p. 4).

Each of those measures taken by Delta was taken to ensure that the company was adapting to the new realities that COVID-19 brought into the world of travel.

Lastly, Delta has exhibited that they continually work to stay up to pace and be a leader in the technology and innovation trends within the air travel industry. As evidence of this prevailing trend, it is noted in *Forbes* that, “Ten years from now, look for even bigger changes, say experts. Futurologist Ray Hammond predicts the number of airline passengers will double by 2040, and consumers will demand a faster and more efficient travel experience” (Elliott, 2020, para 4). The article went on to state that one of the most compelling technologies that could enhance the customer's experience would be “Instant check-ins that use facial recognition. The technology, already in experimental use at airports, will become widespread throughout the travel industry. No need for a confirmation number — or ID” (Elliott, 2020, para 5). Being at the forefront of this trend is a positive opportunity for Delta as this can allow them to: stand out against their competitors, attract new customers, and please their current loyal customers. Also, this can grant Delta customers with leading-edge technology that can result in a more efficient travel experience and enhance the customer's experience. With correlation to the sentiments from *Forbes* posited above, Delta Air Lines is positively reacting to the trend of technology and innovation within the airline industry. Delta was one of the initial airlines to adopt digital identity technology that has allowed customers access to state-of-the-art technology while checking-in for boarding passes or to check a bag. Instead of interacting with a customer service representative, one can quickly scan their face to complete the task that they are working to

accomplish. For example, “Delta launches first domestic digital identity test in the U.S., providing touchless curb-to-gate experience” (*Delta launches first domestic digital identity test in U.S., providing touchless curb-to-gate experience*, 2020, para 1). Delta is standing apart from competitors by offering innovative technology to create a more satisfying travel experience (i.e. facial recognition for check-in). Hence, it can lead to attracting more consumers or creating greater stratification from their loyal customer base. To add, it is not just about how fancy the technology is, but what it can enable the customers and the company to achieve. It is said that there has been largely much success with the biometric technology: “less than two percent of customers opt out of this process and CBP has a match rate of more than 97 percent. At boarding, this technology can save an average of nine minutes when boarding a widebody aircraft, or two seconds per customer when compared with traditional boarding” (Steele, 2019, para 7). Nine minutes may not seem like a great deal of time, but nine minutes in the airline industry is quite a bit of time—every second counts.

Furthermore, Delta has also committed to investing in research beyond technology for the check-in counter and boarding gate. The airline is in partnership with Georgia Tech and the Curiosity Lab to complete research regarding autonomous vehicles. This research sets Delta apart. “As autonomous vehicle research advances across the world, Delta sees potential applications for autonomous cars, trucks or buses at airports and beyond. For example, autonomous vehicles could help customers make tight connections across an airport, they could deliver delayed baggage to customers or transport aircraft parts to airports” (*Innovation in transportation: Delta partners on autonomous vehicle research with Georgia Tech, Curiosity Lab*, 2019, para 4). Having autonomous vehicles driving people across the terminal if they have a

tight connection, picking up or taking bags across the terminal, and for general transportation can enable a more satisfying travel experience.

Conclusion

Delta has strived to be a leader in air travel and provide their consumers with a distinguished travel experience that is efficient, reliable, and safe. Delta's success is due to executing a marketing growth strategy, effectively harnessing their competitive advantages, and ensuring that they stay up to pace with the external environment and trends such as: demographics, social, and technological innovation. By doing such, it has allowed Delta to successfully fulfill its mission of making connections. Delta's marketing success has resulted in providing high-quality and safe travel experiences for 200 million individuals each year. COVID-19 required Delta to adapt quickly, sustainability has encouraged Delta to execute a green-marketing strategy, innovative technology has enhanced Delta to create more efficiencies for consumers, and lastly with the corporation being reflective and supportive of trends that matter most to their consumers, such as the Black Lives Matter movement. All of this has had a positive impact on the firm's success which has allowed them the opportunity to generate new consumers and continue to build value and loyalty to their existing customers.

References

About Delta. Delta Air Lines. <https://www.delta.com/us/en/about-delta/overview>.

Bastian, E. (2020, August 11). *Ed Bastian memo: Taking action on racial justice, diversity*.

Delta News Hub.

<https://news.delta.com/ed-bastian-memo-taking-action-racial-justice-diversity>.

Bursztynsky, J. (2020, February 14). Delta Air Lines CEO announces the carrier will go 'fully carbon neutral' next month. CNBC.

<https://www.cnn.com/2020/02/14/delta-air-lines-ceo-carrier-will-go-fully-carbon-neutral-next-month.html>.

Delta Air Lines Corporation. (2021). 2020. *Delta Air Lines Annual Report*. Delta Air Lines Corporation.

<https://d18rn0p25nwr6d.cloudfront.net/CIK-0000027904/4062dcf6-2f8c-4727-afc8-55f364c951f3.pdf>

Delta Air Lines Corporation. (2021). 2020. *Delta Air Lines Report 8-K*. Delta Air Lines Corporation.

<https://d18rn0p25nwr6d.cloudfront.net/CIK-0000027904/1f6ba81a-0da9-4d2e-85d9-16cc52220528.pdf>

Delta Air Lines Mission, Vision & Values. (2021, January 7).

<https://www.comparably.com/companies/delta-air-lines/mission>.

Delta launches first domestic digital identity test in U.S., providing touchless curb-to-gate

experience. Delta News Hub. (2020, November 19).

<https://news.delta.com/delta-launches-first-domestic-digital-identity-test-us-providing-toucheless-curb-gate-experience>.

Delta signs on to initiative committed to creating 1 million new Black businesses by 2030. Delta News Hub. (2020, December 17).

<https://news.delta.com/delta-signs-initiative-committed-creating-1-million-new-black-businesses-2030>.

Elliott, C. (2020, December 16). *Does The Travel Industry Have A Future?* Forbes.

<https://www.forbes.com/sites/christopherelliott/2020/03/15/does-the-travel-industry-have-a-future/?sh=74302aa62367>.

Gay, C. (2020, July 31). A mission-driven brand: Global impact in Delta's Corporate Responsibility Report. Delta News Hub.

<https://news.delta.com/mission-driven-brand-global-impact-deltas-corporate-responsibility-report>.

Innovation in transportation: Delta partners on autonomous vehicle research with Georgia Tech, Curiosity Lab. Delta News Hub. (2019, October 22).

<https://news.delta.com/innovation-transportation-delta-partners-autonomous-vehicle-research-georgia-tech-curiosity-lab>.

Menon, G., & Kiesler, T. (2020, October 1). When a Brand Stands up for Racial Justice, Do People Buy It? Harvard Business Review.

<https://hbr.org/2020/07/when-a-brand-stands-up-for-racial-justice-do-people-buy-it>.

Safer Travel. Airline Tickets & Flights: Book Direct with Delta Air Lines - Official Site. (2021, February 1).

<https://www.delta.com/us/en/travel-update-center/overview#:~:text=Flexibility%20in%20Times%20of%20Change,redeemable%20for%20a%20longer%20period.&text=eCredits%3A%20Delta%20continues%20to%20offer%20eCredits%20for%20canceled%20flights>

Safer Travel. Airline Tickets & Flights: Book Direct with Delta Air Lines - Official Site.

<https://www.delta.com/us/en/skymiles/overview>.

Steele, K. (2019, October 8). *Delta expands optional facial recognition boarding to new airports, more customers*. Delta News Hub.

<https://news.delta.com/delta-expands-optional-facial-recognition-boarding-new-airports-more-customers>.

Onboard Experience Fact Sheet. Delta News Hub.

<https://news.delta.com/onboard-experience-fact-sheet>.