

Chapter 13

Business Continuity and Marketing as Challenges in the Post-COVID-19 Aviation Industry

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ABSTRACT

The pandemic showed that any sector of economic activity should never underestimate the external environment, which in itself is an uncontrollable variable, thus leading companies to demonstrate flexibility and adaptability, without losing sight of the focus of profitability. There are no miracle recipes, but reinventing the business model is a matter of survival for companies. We live in the “age of experience,” where customers continue to be the focus of business strategy. That’s why it is imperative to ensure business continuity through preparation, response, and recovery from these incidents. This is the purpose of the ISO 22301 standard in helping organizations to minimize the risk associated with disruptive events, specifying the necessary requirements to plan, implement, monitor, and continuously improve a management system that allows quickly and effectively to respond to the challenges that may affect the organization. Once business continuity is assured, marketing has the path open to exercise its main objective: to create value for the customer of the new normal.

INTRODUCTION

In recent decades, tourism has become one of the most dynamic and fastest growing economic sectors in the world, being considered an engine for job creation and the promotion of local economic development, contributing to direct and indirect job creation.

According to The World Travel and Tourism Council Travel and Tourism Economic Report, in 2019, the sector represented around 330 million jobs (direct and indirect) worldwide, equivalent to 10.3%

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of total global employment and one in every 10 jobs worldwide, 144 million jobs are provided by accommodation and catering, and the majority of companies operating in the sector are micro, small and medium-sized companies.

The Covid-19 outbreak has had a devastating impact on the world economy and employment, with the tourism industry being hit hard by measures to contain the pandemic. Even after the progressive lifting of the containment measures, it is expected that companies will continue to face the challenges of a slow recovery. The Organisation for Economic Co-operation and Development (OECD) report “Tackling coronavirus (Covid-19): Tourism Policy Responses” says the pandemic and global efforts to contain the disease represent a 45-70% contraction of the international tourism economy.

From the perspective of the International Labor Organization (ILO) Monitor, considerable time will be needed to recoup investment and commercial operations, as all sectors where tourism has important multiplier effects in the aviation sector have been profoundly affected.

CONSUMER BUYING BEHAVIOR

The analysis of consumer behavior is not just about the moment of purchase, but with the before and after purchase. The purchase/consumption of a good or service is not normally a spontaneous and volatile act, it is the effect of a psychological process of internal conflicts (Richers, 1984). The literature analyzes two assumptions about consumer behavior. The first, consumer behavior can be influenced by multiple factors related to the environment, individual differences and influences and psychological processes (Engel et al, 1993). The second takes as a starting point the rationality of consumers in decision making and, therefore, they make the optimal choice between several alternatives. Avgouleas (2008) argues that consumers are not always rational in the decisions they make, often using heuristics to facilitate the entire process, understanding consumer behavior is critical to the success of a marketing strategy.

Given the various possible purchase decisions, it is essential for marketing understand what, where and when consumers buy. To this end, the marketers have to figure out what the various stimuli are like transformed into certain reactions. Marketing stimuli are constituted by 4Ps and other stimuli that include economic, technological, buyer’s political and cultural profile. According to Kotler and Armstrong (2017), these key elements will be transformed into actions such as: product choice, brand choice, dealer choice, frequency and purchase volume. Other uncontrollable factors that constitute the cultural, social, personal and psychological characteristics of the buyer can influence the consumer’s behavior, therefore, they must be considered when offering products and services. In periods of economic downturn Kotler and Caslione (2009), present three possible consumer behaviors:

- Move to lower-priced products and brands
- Reduce or postpone optional purchases
- Decrease travel with purchases closer to home and longer stay at home, purchasing more meals and looking for more entertainment at home, in particular television and the internet

Ang et al. (2000) state that economic crises affect consumers both psychologically and economically, highlighting the following behaviors:

- Less job security

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