

SUKHOI CIVIL AIRCRAFT COMPANY:  
MARKETING PLAN

Student first and last name  
Course number (including section number)  
Date (Month Day, Year)

## **Introduction**

Established in 2000, the Sukhoi Civil Aircraft Company's (SCAC) goal has been the promotion and development of the Superser 100 aircraft by facilitating its development, production, maintenance, and sales. This year, the company decided to join Irkut Corporation as a branch (SCAC 2020). SCAC is one of the divisions of Sukhoi Corporation, which is headquartered in Moscow and is one of the major aircraft manufacturers in Russia, particularly for military aircraft. The corporation was instituted following the merger of Sukhoi, Irkut, Ilyushin, Mikoyan, Yakovlev, and Tupolev (CAPA n.d.). The journey of Sukhoi began way back in 1939, when the company, under the leadership of Pavel Sukhoi, created one of the most advanced and innovative fighter jets of its time. As of now, Sukhoi has several projects under its wings, such as the development of an unmanned aerial vehicle called the Sukhoi Zond-1 (Aircraft Compare 2020) and other passenger jets in the hopes of acquiring their share in the massive international narrow-body passenger jet market. One of the largest aviation markets is that of the United States, the country that is home to the aircraft manufacturing giant, Boeing.

## **Company Analysis**

Albeit SCAC is a relatively new company and has a limited product range, Sukhoi enjoys a rich history and a splendid reputation that has been build over decades and through numerous successful aircrafts designs and releases. Sukhoi is the world's largest Russian aircraft supplier that not only caters to the majority of tactical airpower in Russia but also provides aircraft for defense and combat worldwide. Furthermore, Sukhoi renders its buyers other related services such as repairs, restoration, aircraft life extension, upgradation, and pilot training (UAC 2020). SCAC and the development of passenger jets is one of the many projects undertaken by Sukhoi.

SCAC's most prominent aircraft is the Sukhoi Superjet 100 (SSJ100), which is a hundred seater airliner created by fusing the latest systems from the best aerospace manufacturers from all over the world and Russian aviation design and production. The key selling feature of the SSJ100 is the design of its airframe and engines, whose combination aims to optimize performance. The aircraft first took flight on 19th March 2008 and was created in partnership with Finmeccanica-Alenia Aermacchi. Equipped with two SaM 146 turbofans, the SSJ100 has a maximum operating cruising speed of Mach 0.81 and can climb to a maximum altitude of 40,000 feet. The basic version of the aircraft required 1,731 meters of runway to take off and had an operating range of 3,048 kilometers. The fly-by-wire system reduces crew workload, improve fuel efficiency, and enhances passenger comfort. The goal of the SSJ100 is to provide "standards of economy, performance, environmental efficiency, and passenger comfort never seen in a 100-seat airliner" (SCAC 2020). SCAC has plans to launch various other passenger aircraft, including a business jet. However, for the purpose of this marketing plan, the focus will be the airliner SSJ100.

### **Market Analysis**

When construing the market of large airliners, Airbus and Boeing enjoy a duopoly worldwide. Nevertheless, the regional jet market is expected to grow, with the US to account for an estimated 70% of the world's regional jets between the years 2017 and 2032. Moreover, the forecasted market value is \$270 billion. Currently, out of all the domestic flights operated in the US, 43% of these flights are conducted by operators with smaller jets to provide connectivity to the mainline hubs. Considering this along with traveler preferences and the economics of short-haul routes, smaller jets are likely to increase in demand. Embraer is one of the biggest competitors in the American regional jet market. As reported by Tobias Caldas, Embraer's

market analysis director, Embraer's E-jets are high in demand with 1835 orders, and the company is facing a backlog of 400 units.

Furthermore, future releases of Embraer aircrafts such as the E-175-E2 and E-195-E2 with 70-90 and 130 seats respectively are intended to have greater cabin room, generate less noise, and most importantly, provide greater fuel efficiency when compared to their predecessors (Brothers 2018). Additionally, Embraer has struck a deal with the aircraft manufacturer giant, Boeing, for a joint venture. This venture will allow Boeing, a popular manufacturer in the US, to produce regional jets and provide value to stakeholders and positioning themselves in such a way so as to generate maximum value for themselves. The production of the regional jets will be integrated with Boeing's well-established supply chain and assembly line (Jansen 2018).

Another competitor in the American regional jet market is Bombardier. Following their acquisition of Canadair, Bombardier launched the Canadair Regional Jet (CRJ) program, which marked the manufacturer's entry in the market of regional jets. Major American airlines such as Delta, American, and United Airlines operate Bombardier aircraft as a part of their fleets. Nonetheless, poor market forecasts, delays, and cost overruns made the program challenging for Bombardier to hold on to, causing the manufacturer to divest entirely and continue with its other ventures. Mitsubishi, a new entrant in the regional jet market, has purchased the CRJ program in order to push its new regional jet named Spacejet and gain access to Bombardier's customer base (Pallini 2020). This recent acquisition makes Mitsubishi a strong competitor in the American regional jet market. Overall, the local jet market in the US is heavily saturated, and entry is difficult unless backed by an established manufacturer.

## **SWOT Analysis**

### Strengths

- Globally reputed and established parent company.
- Innovative and reliable aircraft design and the latest systems from the best international suppliers.
- Fuel efficient, provides good performance and passenger comfort, and reduces environmental impact.
- Competitive price when compared to rival manufacturers such as Embraer (Aviation Business News 2019)

#### Weaknesses

- No alliance with an instituted manufacturer in the US, making the entry barrier high.
- Less experience in commercial aviation.
- Mechanical issues faced by the only western airline operating SSJ100, Interjet and their decision of reducing operations with SSJ100 (Yeo 2019) reduces consumer confidence.

#### Opportunities

- Entry into one of the biggest aviation markets, the US, through a joint venture or any other form of alliance with other established and large manufacturers such as Airbus to decrease entry barriers.
- Sukhoi can build on its goal of becoming the first Russian manufacturer who uses digital technology to fully design its aircraft to gain a competitive advantage (Dassault Systems 2020).
- Provide prompt technical and maintenance assistance in the American market by instituting a local maintenance center in the US.

#### Threats

- New entrants that have alliances with established manufacturers in the US; this provides them with an existing customer base.

- Mechanical issues requiring parts and maintenance without having a local facility can deter airlines from purchasing due to increased risks of delays and higher costs.

### **Marketing Objective**

Sukhoi's marketing objective in the American airline industry is to grow its footprint in western markets and take advantage of the growing regional jets market in the US. Moreover, Sukhoi aims to improve its reputation as a commercial aircraft manufacturer by rectifying the issues experienced with Interjet.

### **Segmentation and Target Market**

The US aviation market has several regional carriers, many of which operate as a subsidy or are in alliance with larger carriers. For example, the largest regional airline in the US is Skywest, which has alliances with all major American Airlines, whereas Envoy Air is a subsidy of American Airlines. Considering this, airlines that operate as subsidies are more likely to have a more extensive network due to their parent company, therefore requiring more aircraft. In addition, such airlines are more resilient to bankruptcy, saving Sukhoi from loss and losing a valuable customer. Thus, Sukhoi's target consumers are regional airlines that are wholly owned subsidies of major American airlines.

### **Marketing Strategies**

Concerning Sukhoi's product strategy, the product range is very limited, with only one airliner release; however, the company provides a basic and long-range version of the aircraft. Following the success of SSJ100 in the American market, Sukhoi can consider introducing new jets according to customer requirements. The pricing strategy of Sukhoi is highly competitive as the SSJ100 is lesser prices compared to rival regional jets from Embraer. Sukhoi can further reduce maintenance costs by establishing a local facility within the US. Furthermore, to facilitate

distribution, Sukhoi can partner with an instituted manufacturer such as Airbus to take advantage of Airbus's assembly lines and production facilities in the US. SCAC's current website is relatively lackluster and doesn't urge the viewer to know more about the company and its products. Sukhoi can make use of digital marketing to spread awareness about its commercial aviation branch., its existing jets, and future launches.

### **Conclusion**

The American regional jet market is projected to grow substantially within the next few years, and increasing passenger demand further reinforces this growth. Although the entry barrier is high concerning regional jet manufacturers, certain strategies such as partnering with an existing and dominant manufacturer can provide new entrants such as Sukhoi with an opportunity to add their jets to the fleets of American regional airlines. Additionally, an alliance with a reputed commercial aircraft manufacturer will allow Sukhoi to repair their reputation concerning commercial aircraft. Consequently, increased consumer confidence paired with local production and maintenance services will ensure that the SSJ100 becomes the most successful regional jet in the American regional jet market.

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