

Emirates case study

Business



Airports combined with airlines create vast opportunities for the region. Not only the creation of new work places with new business ventures are developed on the base of airport, but also create opportunities for business. Long distance relations with business partners, cargo, travels – is not complete list of economical benefits of air related transportation. Creation of new strong airlines was an economically explained step, though it required a lot of Investments.

More than that, creation of Emirates could be a reaction on threat of Invention of the domestic market with powerful rivals – carriers from Europe.

Political and legal environment Inside the country was accompanying the creation of Independent airlines Tuba's government worked hard to build up the city's tourism base and establish It as a travel and logistics hub.

Strategic Investments In Infrastructure and number of high-profile projects, along with close coordination with the hospitality Industry helped create strong pull that attracted business and leisure tourists alike. Government maladapted strictly arms- length financial relationship with the airline through Its holding company, being a sole shareholder in The Emirates Group.

In general on Emirates example we can see company that was funded by government, and funded enormously. Government helped airport and airlines to develop it; s routes when Emirates needed regulatory approval to fly to new destinations.

Governed by bilateral Air Service Agreements, Global aviation resisted Emirates, but ALGAE government supported Emirate's entry into new

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markets by negotiating bilateral aviation agreement with foreign states whose markets Emirates wished to enter. These agreements benefited both Emirates and other AAU-based airlines. While I-JAW government was supporting Emirates.

Other countries were trying to protect their own companies, and showed negatively assistance to new entrant. When Emirates tried to ended new markets and compete with legacy carriers on international long-haul routes, protectionist aviation policies had surfaced in countries like Canada, Germany and others. The Canadian government was worried about the impact of additional Emirates and Edited flights on it's flagship carrier, Air Canada Air Canada claimed that Emirates enjoyed generous government subsidies and advantages found support from European airlines as well, claiming it to pay too little airport fees and fuel taxes.

Frankly speaking, all this was true and Emirates were a real threat to existing players, wreathing to take large amount of market share. To sum up I would like to add that without powerful governmental investments and negotiations company wouldn't achieve that level of success, so political-legal factor plays an important role In company's development. As a part of socio-cultural environment, Emirates were lucky to develop in 1 980-SE, when global economy bang allowed to connect In new ways. As emerging markets started to engage, to Join the digital world, their citizens began to want to travel.

Lots of companies missed this phenomenon.

Their alignment, structure and multi-level segmentation allowed them to be acceptable on new lows. Technological progress allowed company to use wide-body aircrafts, and Inspired It's strategy and structure. Using wide body aircrafts allowed them to build successful hub and spoke system Competition on this market is high, Heavy-weights such as KLM-Alm France, British Airways, Lufthansa, Air Canada were surprised by a new powerful entrant. Though the competition was high, companies remained on it's old markets, were slow and were not rushing to develop.

While Emirates showed powerful and aggressive growth strategy, competitors were forced to implement growth strategy. , though they hadn't had government and funds support s the new competitor had.

It led to few scandals in aviation world. Entry and exit barriers in Industry are high. Aircrafts are very expensive, regularly all aircraft operated by air carrier are leased, so it is to be implied that carriers have to pay interest on aircraft, while governmental subsidies allowed Emirates to reduce these costs, Lease agreements represent high exit barriers.

Power of buyers is high, that's why different regions invest in tourism.

Though these spending are not related to aviation in general, it creates demand for destination, increasing turnover of carriers. Power of suppliers is also high in industry.

Due to restrictions and laws only limited number of suppliers are allowed to act in airports, that reduces suppliers of fuel to one or two competitors, airports that provide services and facilities are highly regulated, and has a lot of power. Substitutes for the industry are well-developed.

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If it's almost important to compete in speed with long-ranged flights, the lower the distance, the higher the substitute competition. Modern high-speed trains and us routes can deliver you faster or at the same time to the city, but instead of airport, in the city center. Cost of these substitutes are less manifold.

Emirates try to rely on premium service experience. Differentiating itself through building passenger loyalty and reap subsequent value. It allows company to avoid direct competition with low- cost competitors based on price.

To enhance the in-flight experience, Emirates differentiate by providing luxury amenities, new planes fleet, luxury layouts as individual first-class suites, shower spas and full-service walk-up bar. When competitors copied it's strategy, Emirates found itself increasingly innovating on the service side, allowing crew to note frequent fliers preferences and subsequently personalize their experience. Aiming above average class, emirates rely on superior quality of service.

Strategy of Emirates is constant growth, expanding on new markets.

Achieving code share agreements with different companies, like Jet Blue, it increases market presence. Making researches on demand and capacity, Emirates launches new routes. Top management team consists of influence politicians that were in industry for decades, like chairman and CEO – Eased al Maximum, uncle of current ruler Sheikh Mohammed. Tim Clark served as President, began his carrier as Head of Airline Planning in 1985. Workforce consists of 55 000 employees.

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To lure rigorists, Emirates pattered with local tourism organizations to promote the city of Dublin as marketing strategy.

They tried to attract potential customers. After global renown, due to higher-profile projects such as Burj al Arab, the World and Palms etc. , Emirates positioned Caribbean and southern parts of Europe, with wintering Europeans seeking warmth, as main markets. Sponsorships in sport teams gave Emirates simple, cost-effective marketing advantage.

While Emirates used sports to generate brand awareness among the general public, its marketing theme was catered with a much more specific theme in mind: the premium in-flight experience. Emirates grew equally with Dublin airport, that helped them both to benefit and develop.

Making it its main hub Emirates eliminated problems related with competitors, laws Ana could effectively cut costs I en location AT ten alert approval unique opportunities to development: it could serve both largest markets European and Asian. Being in the middle, hub system was a successful choice, managerial decision enhanced with simultaneous development of both – airlines and airport, allowed to control capacity and demand of the airport and airline operations. Symbiotic operations allowed airport and airline not to compete and negotiate profits, UT to develop infrastructure, demand, and that is thanks to government support.

Business model written in 1986 was an inspiration for growth strategy of the company. Taking KILL strategy as a model, considering Singapore hubs system and implementing it together gave great results. Hard to say if success was a matter of location, aggressive growth strategy, marketing <https://assignbuster.com/emrates-case-study/>

strategy or management team, but for certain government regulations and government funding increased Emirates chances to obtain vast market share and continue conquering policy, ordering new aircraft for future expansions.