

Analysis of air asia assignment

Environment, Air



AirAsia's vision: To be established as the leading low-cost carrier in the Asian region. AirAsia's mission: A low-cost airline carrier that offers five-star service with 95% of on-time performance. To be able to provide affordable airfares, at the same time promoting Malaysian hospitality and local food. To focus on customer's needs by stimulating demand and offers the lowest fares, comprehensive distribution channel and developing various products and services. AirAsia's objective: Aims to carry 70 million passengers a year, within six years starting from 2014. Turn the low-cost carrier terminal at the KL International Airport into the regional hub for budget travel. Plans to introduce more routes, add frequencies and develop the existing ones. b) AirAsia's competence: A low-cost no-frills airline, with an extensive regional network in Asia that caters people of all income levels. AirAsia's core competence: • Offers low-cost and affordable airfares • Offers in-flight services that promote Malaysian hospitality and a huge variety of the local food. • Offers internet and mobile services as mediums for check-in and booking. AirAsia's distinctive competence: A low cost carrier which offers five-star service where everybody can fly. c) Opportunities: • AirAsia will have the opportunity to promote Malaysian tourism, which in return will increase the company's revenue. • Within the South-East region, AirAsia can tap on a lot of opportunities since there is huge potential for customers that consist of foreign workers from neighbouring countries such as Indonesia, Myanmar and Vietnam. • AirAsia will be chosen as the first choice in the alternative of travelling especially during economic turmoil, since this company offers low-cost airfares.

Threats: • Economic recession reduces the urge for people to travel by air as it is the most costly alternative for travelling. • Emergence of new- entrance in the low-cost carrier sector like Firefly and Jetstar. • Inconsistent oil prices adversely affect the fuel surcharge. d) Air Asia's value chain activities: e) i) Business model focuses on how to make money in a particular business and the capability of achieving good bottom line results. It also indicates whether revenues and costs came from the planned business strategy can be sufficiently profitable and feasible. i) AirAsia's business models: • Fast turnaround times, for full utilization of aircrafts. • Land at smaller uncongested airports, which incur a lower landing fee. • Direct sales of tickets, to avoid fees and commissions charged by travel agents. • All passengers sit in the same class. • Free seating encourages passengers to board early and quickly. • Aggressive fuel hedging programs. • Uses one type of aeroplane only (A320), thus reduces training and maintenance costs. • Minimal set of optional equipment on the aero plane, eliminating luxury and optional equipments to reduce costs. Profit from in-flight sales/services such as ala carte food sales, and commission based products like AirAsia t-shirts and souvenirs. • Employees working multiple roles; flight attendants are also in charge of cleaning the aircraft and work as gate agents, hence personnel costs are reduced. • Offer various promotions frequently that attract customers like the RM 0. 99 ticket promotion. f) AirAsia needs alliances to attain global market leadership because: • Improve its supply chain efficiency • Build on company's strength to compete with rivals. Improve its access to financial resources available in existing or new markets. • Spread risks and costs among partners. • Penetrate the market in

other countries/region. g) Two specific defensive actions taken by AirAsia: • AirAsia is in the lookout for potential joint-venture opportunities like in Philippines and Vietnam where there are symbiotic benefits for the parties involved. By joint-venturing, AirAsia can penetrate the market in other countries by covering more routes, sustaining and strengthening the firm's position as a low cost carrier. • AirAsia plans on introducing more routes, add frequencies and develop existing ones.

This will fortify AirAsia hold on the budget carrier market as its network is vastly expanding to other major cities, providing access to more locations while maintaining the low ticket price. GLOMAC 2. a) Competence: • Preserving a developing land for township, residential and commercial purposes, targeting medium and high-end projects in the areas of Klang Valley and Kuala Lumpur. Core competence: • Projects done by Glomac are sold out upon being launched. • Develop properties that are highly in demand (strategic location), since the projects being done had not been badly affected by the current situation of economic turmoil. Specializes or have expertise in residential, township and commercial development. Distinctive competence: • Glomac has 1000 acres of land bank, and with gross development worth about RM 3.5 billion. b) Opportunities: • Since Glomac is generating growing revenue, the firm can attain better access in the technology, research and development, qualified personnel and etc. to strengthen their bargaining power amongst other property developing companies. • Unstable economy may cause smaller firms to drop out of the market, giving way for Glomac to conquer and gain control of the segment. The firm can expand their business by penetrating the market in the Middle

East by joining ventures with Al Batha Group of the United Arab Emirates.

Threats: • Recession period could adversely affect the sales of Glomac's projects, since the number of potential buyers will decrease as people will prefer low-cost properties, thus lowering the bargaining power of the firm. • Unstable oil price may increase the costs of the material and machinery used. • Economic turmoil may lead people to purchase properties or housing areas on rental instead of purchasing the unit. The business of Glomac which is focused more in Klang Valley area have a risk of the natural disaster such as landslides and floods that occur occasionally. Destruction of the property will of course means more cost in redeveloping the land. c) Glomac need such alliances because: • To gain economies of scale in production and/or marketing • Al Batha Group of the United Arab Emirates (UAE) will have more knowledge on the culture of the Middle East, thus Glomac can use their knowledge to gain access in the their country's market. Al Batha Group of UAE will have better connections or network on the companies in the Middle East that supply the technology needed for property development. Glomac can use this as a resource to avoid from importing technology which will eventually lead to the increase in cost. • Can help build, sustain or enhance a core competence or competitive advantage • By joining venture with Al Batha Group of UAE , Glomac can alleviate significant risks to their business since the risks are shared with the firm's partner. Better selling power as the people in Middle East are more familiar with the brand name of Al Batha Group of UAE as opposed to Glomac. d) i) Glomac continues to launch its high-end niche products as the takeup rate of such projects had not been as badly effected by the current situation (inflationary pressure and slowdown

in demand) in the market. By having this differentiation factor, Glomac will be able to command a premium price, increase unit sales and build the brand loyalty thus resulting in having a competitive advantage. i) For residential properties, people would be interested in buying land that is convenient. Saying this means the land has to be close to places with job opportunities, recreation, entertainment and commercial values. Thus two applicable niche strategies for Glomac in view of the current challenging environment are:

- Shopping complex where residents can go there to purchase supplies or to find entertainment.
- Office/shop buildings will increase the job opportunity in the area thus attracting people to stay in the residential area close by.

) FOUR of the ten commandments on how to craft successful business strategies for Glomac in order to sustain growth in property development:

- i) Invest in creating a sustainable competitive advantage, for it is a most dependable contributor to above-average profitability.
 - Glomac should keep investing in the high-end niche as this is what differentiates Glomac from other property companies.
- ii) Employ bold strategic moves in pursuing differentiation strategies so as to open up very meaningful gaps in quality or service or advertising or other product attributes.
 - Glomac should ensure that there is a significant difference in the quality and services they offer of the properties they developed. Tiny differences from rivals may not be apparent to buyers or potential buyers.
- iii) Be prompt in adapting and responding to changing market conditions, unmet customer needs and buyer wishes for something better, emerging technological alternatives, and new initiatives of rivals. Responding late or too little often puts a firm in the precarious position of playing catch-up.

Glomac should be sensitive and updated to the market condition and customer's needs in order to stay ahead in the property developing industry.

iv) Place top priority on crafting and executing strategic moves that enhance a firm's competitive position for the long-term and that serve to establish it as an industry leader. • Glomac should concentrate on ensuring the company's long term profitability with a strategy that strengthens the company's long term competitiveness. ————— Reservation Waiting

Hall Check in On board Departure Arrival Check Out

Can be made via online or phone A place where people wait until boarding time Ticket and luggage check-in Usually on-time (95%) 5-star services, Malaysian hospitality and a variety of local food Dependent on departure time, smooth and safe landing Collect luggage Figure 1: Primary activities in Air Asia Preparation Human Resource Administration Transportation Figure 2: Support activities of Air Asia Nur Izzati Idris 8423 Nur Izzati Idris 8423 Nur Izzati Idris 8423 Nur Izzati Idris 8423 Nur Izzati Idris 8423 Nur Izzati Idris 8423 Nur Izzati Idris 8423 Nur Izzati Idris 8423