

Airline with a competitive advantage

[Environment](#), [Air](#)



Nothing else, other than Qatar Airways, can be the most suitable airline for the given analysis as it is one of the latest and best players of the industry. Moreover it has been awarded as the “ World’s Top Airline” during final Global Airline Rankings in the World Airline Awards for the year 2012 which makes it even more significant among the competitors. It started its operations in 1994. The airline was re-launched in 1997 by The Emir, Sheikh Hamad bin Khalifa Al Thani, with a dream to make Qatar Airways a leading global airline.

Akbar Al Baker, appointed as CEO of the airlines in 1996, has worked hard in developing and converting Qatar Airways into high-quality carriers and attaining staggering growth in fleet size and passenger’s number.

Qatar Airways has already reached over 100 destinations in its global route map with the help of its code-share associates and strategic coalitions with other corporations. In the year 2011 it was recognized as Airline of the Year 2011 at the annual Skytrax World Airline Awards. The airline added another feather to its cap in the year 2011 by taking delivery of its 100th aircraft.

Qatar Airways Group includes Qatar Aircraft Catering Company, Qatar Aviation Services, Qatar Distribution Company, Doha International Airport, Qatar Executive, Qatar Airways Cargo and Qatar Duty Free

The given brief description of Qatar Airways and its achievements are sufficient to prove that the airline possesses the best combination of resources and capabilities. Following are some of the broadly categorized resources and capabilities, which are an integral part of the working of any Airlines.

Financial resources and capabilities

These are the funds (money) available with the Airlines for its smooth functioning. It also includes their capacities for generating funds through internal and external sources as per requirements. Qatar Airways' strengths can be identified in its good financial position. Petrodollars provided an easy access to working capital.

Physical resources and capabilities

It includes plants, offices, and equipment, their geographic locations, and access to raw materials and distribution channels. Qatar Airways has achieved remarkable growth in fleet size and passenger's number. From four aircraft in 1997, the group grew to a fleet size of 42 in September 2005 and by 2015, the fleet size is expected to get almost triple to 110 aircraft. From its hub in Doha, Qatar Airways has developed a global network of destination

Technological resources and capabilities

There are skills and resources that create leading edge products and services supported by trademarks, patents, copyrights, and trade secrets. Qatar Airways has a fleet size of over 100 aircraft carriers. Brand new fleet improves customer confidence. Qatar airline has recently added airbus A330 carrier in fleet for its new routes; these new aircrafts are well equipped with business class products. An agreement with Wipro Infotech, in September 2012, is another step in the development of its technological strength.

Organizational resources and capabilities

Organizational resources of any Airline consist of its technology, people, monetary assets and its equipments etc. that helps its management to work

smoothly and perform its various functions. Qatar Airways management, under the guidance of its CEO Akbar Al Baker, have positioned the airlines, of just 4 aircraft in 1997, to such a high level in these few years. It is the perfect example of its organizational resource allocation strategy.

Intangible resources and capabilities

Such resources do neither physically exists nor can be easily valuated but there presence within organisation can be easily felt in their daily working and is also reflected in there performance. Qatar Airlines is also not exception to it.

Human resources and capabilities

Experience, talent and trust etc. can be developed by any organisation in due course of time and it can effectively guide their future actions. Qatar Airways has a strong base of experience and talent, which can be felt in its worldwide success and achievements.

Innovation resources and capabilities

To lead the industry, there is constant urge of research and development of new product and services. Organizations acquiring updated assets and technical know-how can easily innovate and change their ways of organizing. Some Airlines are well known for innovations and Qatar Airlines is one of them.

Reputational resources and capabilities

For an organization, in order to succeed in competitive corporate world, must possess the technique of developing its reputation as a best service provider,

smart employer and a social corporate citizen. Qatar Airways has a good reputation in the Qatar market and some of the Asian market such as Singapore and UAE and has already built public image worldwide which is a medium for having volumes of sales for the company

Some of the prominent resources and capabilities available with Qatar Airlines:

Global Network and Expansion

Qatar airlines have developed a worldwide network of more than 100 destinations. In Doha, which is the capital of the Qatar, they have developed the hub from where they cover Europe, Africa, Middle East, Asia Pacific, South Asia, North America and South America. They have more than 110 passenger and cargo aircraft modernized with latest technological advancements.

Qatar Airways launched the longest non-stop flight in the world, with flying time of 16 Hrs, from Doha to Houston, in March 2009.

In 2010, Qatar Airways launched flights to 10 new worldwide destinations

In 2011, Qatar Airways launched flights to 15 new destinations with a focus to make its extension in Europe.

For 2013, Qatar Airways is planning to further expand its global network of destinations to countries like Saudi Arabia, Iraq, Cambodia, China

Young Fleet

After a re-launch in 1997 with just four aircrafts, the airline grew to a fleet size of 28 aircraft by the end of 2003. Presently the airline operates over 110 aircraft to more than 120 destinations globally. By 2015, they are expecting their fleet size to around 170 aircraft, which will cover its global network of destinations.

Qatar Airways has one of the industry's youngest fleets. Its average aircraft ages less than four years. It has several different Airbus and Boeing aircraft types, to name the few; the long-range Boeing 777 passenger and freighter aircraft, the new Boeing Airbus A340, A330, A300, A300F

In 2009, Qatar Airways launched its executive subsidiary Qatar Executive to operate corporate jets.

Airline is looking forward to buying new generation Airbus and getting delivery of over 250 new aircrafts in the near future.

Premium Terminal

Company's philosophy to be innovative has made the airline to built and operate terminal at Doha International Airport, which is specifically for its premium passengers. It is only one of its kinds in the world.

In 2009, the Premium Terminal was expanded to accommodate over 80 per cent additional seating space.

Global Achievements

Qatar Airways have been named Airline of the Year 2011 and 2012 in the annual Skytrax World Airline Awards. Over 18 million travellers worldwide cast their votes in the survey by the leading global airline industry audit.

Qatar Airways recognized as third best airlines in the globe by Skytrax in 2010. The 2011 results declared Qatar Airways as Airline of the Year. It was a result of utter dedication and hard work by the entire workforce of the Airline. Retaining the award, further in 2012 was an outstanding triumph.

The five star ranking, in the service excellence, by Skytrax, has also been awarded to Qatar Airways. In 2012, it has also been awarded, for the sixth year in a row, as the Best Airline in the Middle East

Safety

In 2003, Qatar Airways became first airlines to score 100 % compliance, in the International Air Transport Association Operational Safety Audit.

Qatar Airways passed the test again, for 2 years renewal period, in the year 2005, 2007, 2009 and 2011

New Doha International Airport

To meet the airline's expected growth requirements; more than US\$1 billion has been invested in development and improvement of infrastructure at Doha International Airport.

Corporate Social Awareness

Qatar Airways Group is also involved in social work activities for the welfare of the society, country and the world as a whole. Leading the research and production of new generation fuel, made from natural gas, is one of the major outcomes in its discharging of social responsibility.

Qatar Airways created history by taking the world's first commercial passenger flight powered by a fuel made from natural gas.

In 2009, Qatar Airways played major role in creation of global policy to deal with aviation emissions.

Evaluating internal resources and capabilities of Qatar Airways for sustainable competitive advantage

Now the problem is how one can able to out-compete its rivals in such a difficult industry. Airline service is hard to distinguish and price competition is the custom and thus shocking earnings for the whole industry, then how can a small number of high flyers rise in such an unattractive industry?

The solution to this problem is competitive advantage. It is an advantage to any organisation over its competitors, which allows it to capture maximum share of market sales and retaining comparatively more customers. It provides an edge over the competitor. Such an advantage can be of costing, the product or service itself, network of distribution, customer support. There are mainly two types of competitive advantages, it can be the comparative or cost advantage, where the company has the ability to produce and sale a product or service at a cost which is less then that of its competitor or it can

be differential advantage where the company's product or service itself differ and seen as better than that of the competitor's.

It means that is there must be certain resources and capabilities specific to companies such as Qatar Airways that are not possessed by its competitors.

Here we will analyze these resources and capabilities using SWOT analysis. It is one of the leading tools in global business, which outline firm's strengths (S), weaknesses (W), opportunities (O), and threats (T).

The institution-based view agreements with the outer Opportunities and Threats while the resource-based view concentrates on the internal Strength and Weakness to recognize and influence sustainable competitive advantage

Strengths

It is a flag carrier of Qatar. It is among the Middle East's three big airlines with tremendous fleet and expansion plans. It links approximately 100 international destinations from its base. Its services are extended all over Europe, Africa, Far East, India, S. America and Oceania.

Qatar Airways follow value-based theory by offering affordable tickets to its customers. This will help it in becoming an aggressive airline in the industry in Qatar and around the world by attracting and sustaining customers.

Qatar Airways main strength is, establishing a market in airline industry by developing a good strategic plan and enjoying the large economies of scale.

Qatar Airways has a good reputation, which can be classified as its strength because the firm has already built public image, which not only is a medium

for having volumes of sales for the company but also does restricts incurring additional advertising expenses for its promotion.

Qatar Airways has a strong capital base

Another important strength of this airline is its excellent air service, extraordinary business, and a world-class terminal on Doha Airport along with its generous lounges.

Weaknesses

One of its major weaknesses is that it does not have horizontal flat beds in its aircrafts

Airline is jointly controlled by the government sector and the private sector. There is always an ambiguity over the actual profitability of the airways, as carrier never declares the same.

The airlines offers only one class of travel, it may be a threat because other customer's tastes and preferences has not been taken into consideration.

Opportunities

Qatar airway is looking to launch IPO in next few years, after enjoying consecutive years of profitability.

Qatar airways is expected to expand, by adding new aircrafts and new routes to its global network, due to above stated extreme carrier growth, aggressive fleet approach, support by the government. The new addition of flights will further open more options for the passengers.

Airline is also trying to explore Asian continent, which is considered to be a strong economic giant in the world. The countries in this continent are considered as manufacturing countries of most of goods and people here travel a lot in connection with their businesses. Therefore, chances of the company attaining its goals and objectives in the continent are very high.

Qatar Airways is trying to make its presence in the Chinese market. It will be a great opportunity to also consider other destinations in the world that it can infiltrate and be a market leader.

Qatar is one of the most technologically advanced countries. The airline can utilize benefits from the available technology.

Threats

Many external threats for example; increase in fuel price; terrorism, etc. have a direct impact on the working and performance of on Qatar airways.

Being an economical airline, it can be misunderstood by the customer's that the services provided by the company are not upto quality and expectation. Therefore, it is a threat that the company may not be well accepted by customers.

It would be a great threat to Qatar Airways, if the government does not allow the airlines to make a market entry and the airline fails to accomplish customer's loyalty in the Asian market.

Using outdated technology and not adopting latest expertise by Qatar Airways or not using the one, which is compatible with world airline markets, can also be a threat to the airlines.

Conclusion

A competitive advantage enables the airline to produce better value for its customers and bigger profits for itself. A resource-based view emphasizes that an airline utilizes its resources and capabilities to generate a competitive gain that eventually results in higher value creation of the business. Generally all the airlines has resources and work processes, system to do whatever it is in business to do, but not every airline is either able to effectively exploit its resources and capabilities or obtain resources and capabilities it needs. Some airlines are able to develop unique capabilities.

Investigating the relationship of airlines resources, capabilities, and competencies, the above analysis emphasizes the presence of all the factors to possess core competencies is crucial for gaining and sustaining competitive advantage.

Qatar Airline's strategy, from the beginning itself, was to acquire new resources and innovate new capabilities and competencies to turn weaknesses into strengths. The management had already analyzed the structure of the aviation industry in which they were competing. A convincing Value scheme and market positioning are critical foundations for building sustainable competitive advantage and profitability.

Technology is an important source of competitive advantage. Qatar Airlines need to further reduce costs and to protect and sustain competitive advantages. This could include developing new aviation technology, inventing new internet marketing activities, improving customer relationship management techniques and many other technological developments.

Employees, not only are an expensive and vital resource for any airline but also a great source of sustaining competitive advantage. Skilled worker and professional management with credibility provide any business, long-term success. Qatar Airline must aggressively manage recruitment and selection, training and development, and rewards and remuneration. The H. R. strategy must be backed with the driving force of mission and objectives of the organization.

Qatar Airlines profitability is the result of its gaining and sustaining competitive advantage through strategy. For an Airline, to be able to influence a strategy into competitive advantages must possess core competencies. It allows the managers to manipulate the underlying drives of profitability. To obtain a competitive advantage, an airline must have competencies that allow it to create higher perceived value than its competitors or to provide the same or similar services at a lower cost, or to do both simultaneously.