

Airasia investment to expand

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



AirAsia is a Malaysian low-cost airline headquartered in Kuala Lumpur. It has been named as the world's best low-cost airline and a pioneer of low-cost travel in Asia. AirAsia group operates scheduled domestic and international flights to 78 destinations spanning 25 countries. Its main hub is the Low-Cost Carrier Terminal (LCCT) at Kuala Lumpur International Airport (KLIA).

Recently, AirAsia Group is buying another 100 Airbus planes for US\$9.4bil as it steps up its expansion in the core markets of Malaysia, Thailand and Indonesia and pushes ahead into the new markets of Japan and the Philippines.

However, the entering of Malindo Air in the Malaysian's aviation industry as a new low-cost airline might be a threat to AirAsia. Now, the entry of Malindo Air would enhance competition with other low-cost carrier that operates in Malaysia especially Air Asia. Before the entry of Malindo Air, Malaysian's aviation sector is monopolised by Malaysia Airlines and Air Asia. Now the market needs to be shared by the three airlines thus will increase in excess capacity which could lead the airlines having loss. Thus, is it appropriate AirAsia's decision to purchase another 100 planes when the market may be turning? Research objective: 1- Comment on strategies of Air Asia's market expansion by using Ansoff matrix. 2- Analysing Air Asia's Investment appraisal 3- Using the PEST analysis to analyse the external environment that may affect Malindo Air.

4- Determine the strength, weakness, opportunities and threats of Malindo Air to allow a clear view of the airline position and a view of the problems that it is facing. 5- Evaluating the perception of consumers toward Air Asia and its rival by using the positioning map. Methodology: The research are

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based on primary source such as surveys and secondary sources like the internet, articles, online surveys and extract from the company's website. 1- A survey will be conducted to obtain the perception of customers and potential customers towards Air Asia and its rival in the Malaysian's aviation industry. 2- Newspaper articles, annual report internet and surveys will be used to prepare the PEST analysis, SWOT analysis, investment appraisal, Ansoff matrix and the positioning map. 3- The business tools will be used to analyse and find the conclusion for the research question.

4- The research will be based on qualitative and quantitative data.

Limitations 1- Customer's survey might not be precise as they might give answer rather than what they really think. 2- The positioning map that will be produced is not a detailed research but just from the survey made to the customers and potential customers.