

Management strategy and policy of etihad airways tourism essay

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



Q1-What is the mission of Etihad Airways?

The mission of the airline is to maximize profitability by implementing effectual business methods for optimal yield, minimum transit times, maximum load-factors, seamless and immediate information to the airline community, administration and increase customer service.

Q2-What is wrong with this mission?

In the mission stated above, few of the major issues that are missing:

- Increasing the strength of aircrafts in the airlines
- Implementing software solutions to enlance quality of service
- Creating new partnerships
- Expanding with overtaking
- Advancement in hospitality standards

Q3-What is the vision of Etihad Airways?

“ As the nationalized Airline of the UAE (United Arab Emirates), the company seek to imitate the best of national hospitality – warm , cultured, considerate and generous – in addition to improve the status of Abu Dhabi as a focus of hospitality connecting East and West”.

Q4- EXPLAINS Porter's Five Forces of Etihad Airways.

The threat of substitute competitors:

In the recent years the threat due to its substitute competitors was almost nullified. They stood nowhere in front of Etihad. The other substitutes kept on declining and the company Etihad kept on improving talking in terms of profit in the market. The other companies could not offer such a low fares as compared to Etihad whose fares were remarkable.

The threat of the entry of new competitors

There had been a constant threat from the upcoming new competitors. Every now and then many new companies were launched along with the existing ones. They all tried to match up to the level of Etihad but ultimately failed to continue on a long run. They met with huge loss and ultimately ended up in increasing the cost. All these competitors tried to copy Etihad based on service it provides, but they failed to regulate them on a regular basis based on public satisfaction and demand.

The intensity of competitive rivalry

Though Etihad continued to dominate the market in the recent years, it had not been an easy job. It always had to keep itself alert and changing. Though the new competitors were not enough to challenge Etihad, there was still some kind of threat because the numbers of such competitors were increasing day by day. Etihad had to keep a survey of the prevailing market conditions and take safe decisions to keep going. Marketing aspect of the company became crucial in maintaining the market position.

The bargaining power of customers

Considering the bargaining power in case of Etihad is a mere thing if we compare it with the facilities it provides and the lack of able competitors. People were not much into bargaining because Etihad had been the best available among all the others. However, in times of strong competition by some new rivals there had been some kind of bargaining by the customers, which was gracefully accepted for that period.

The bargaining power of suppliers

Suppliers in this case refer to the stock holders of the company. They also got a huge discount on available stocks. Also the amount of available public stocks was considerably increased. They also get a good amount of annual dividend. Also due to expansion of their business the stock holders made a huge profit.

Q5- PEST Analysis: What are the political, Economic, Social, Technological Factors of Etihad Airways?

Political: Etihad Airways, like other aviation firms, has to follow strict government regulations.

Economical: The Company also has some social responsibilities to follow. The reason is as Aviation co-exists with country's hospitality industry, it has to make sure that hospitality industry does not get suffered.

Social: As the company's staff and passengers both come from the society, there is a social obligation in the company to work for the welfare of the public.

Technological: As the technology changes, the employees who can deal with new technology are needed in every aspects of work.

Ethical: There are some Ethical constraints like cannot limit on work hour etc.

Legal: Aviation laws, labor laws, governments rules form the legal periphery for Etihad Airways.

Q6- SWOT Analysis of Etihad Airways

Strengths:

Considering the case of Etihad, the low cost fare plays a crucial role in gaining the public interest. The low cost carriers are so effective that they helped Etihad win Merit Award for CAPA Low Cost Airline of the Year 2006 and the World Airline Award for Best Low-Cost Airline in the Middle East in 2007.

The reason for Etihad being so popular among all the regions of the world is its award winning strategies. These awards add a great deal in their marketing strategy which helps to bag future success.

Etihad has been able to advertise its business in the following ways:

Travel agency commissions stopped

Removal of interline, code-share relationships

Usage of secondary or alternate city airports

Weakness:

The greatest weakness that most of the airlines companies are facing nowadays is that they have not been able to live up to their expectations. On many occasions, Etihad has agreed on certain flying to certain destinations but it has not lived up to it.

Some of the major accessories as expected by the passengers in Etihad in spite of its low cost are as follows:

Amenity Kits

Air Sickness Bags

In-flight socks

Eye shades

Blankets

Headsets

Opportunities:

High GDP Growth Rates: Petroleum extraction and refining operations have been on an all time high in the UAE in the past few years. This has helped in the boost of the economy of UAE. Etihad can take advantage of this fact and can help make the use of its low cost carriers more prominent.

Strong Tourism: The energy and entrepreneurial spirit of the middle-east region is attracting tourism and business traffic in its own right.

Advertisement can be done with all the tourism companies so as to make the tour highly affordable for the tourists.

Threats:

The biggest threat that Etihad has is from its competitors. The reason for the same is that once a company gets a remark of dissatisfying its customers by not doing as advertised, the competitors take advantage.

Q7- The Value Chain of Etihad Airways.

As per the description of value chain, the inbound logistics is contributed by internal movement of logistics like suppliers who look forward for inventories in the airlines. The operations of the company are determined by cargo and flights operations at airports. In marketing and sales terms, the company relies heavily on promotions through newspapers and TV ads. The services of the company comprise of passenger flights and cargo flights over 40 destinations.

Q8- How Porter's Five Forces and PEST could be applied in external environment

Porter's five forces show the impact of external agencies or environment on the company. Talking about Etihad airlines, the bargaining power of suppliers can be considered as that of its co-service providers like hospitality partners etc. The bargaining power of customers refers to that of its passengers.

Threat of substitute service is nothing but the new services launched by its competitors. The threat of new entrant is the possibility of new airline in the market.

Talking about the PEST analysis, political factors comprise of government regulations. Economical factors comprise of investor, social factors can be the company's constraint towards maintaining the hospitality and image of the country and technological factors can be constantly developing technologies and increase use of technology in the industry.

Q9- How can Value Chain applied in internal environment

Value chain in internal environment can be applied by developing Human resource management, better infrastructure, and use of efficient technology and by using procurement policies.