

Company overview of qantas airways limited management essay

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



Qantas means Qantas airways limited which is the national airline of Australia. The original name was " QANTAS", comes from the initial letters of Queensland and Northern Territory Aerial Services Limited. The Small named " The Flying Kangaroo", the airways is based in Sydney, with its central hub at Sydney Airport. It is Australia's biggest airline and the world's oldest continuously working airways. The Qantas headquarters are located in Mascot suburb, Sydney, New South Wales. Qantas is the world's next oldest airline and is Australia's main home and worldwide airline. This report tries to analyze the value and the part of Qantas Airways limited since the point of view of a possible investor. The report has use allocate valuation technique to put a value on the split of the company and recommend whether a prospective investor should invest in the business at the existing marketplace or not. The report doesn't in a straight line suggesting an existing investor's about off-load his/her asset in the company. The report has working top-down move toward to share evaluation – it begins with financial analysis, earnings to industry analysis and ends at essential or company analysis followed by the restrictions of the analysis and recommendations. Financial analysis is indicative of a slowdown in the Australian economy because of increasing inflation and foodstuff price. Interest rates are probable to continue the same in the present year amid doubts of grim economic bend. Overall, Australian economy is still well located as compare to its western counterpart and is likely to be elastic on the back of supplies sell to other countries like China and India.

Introduction

Foundation of Qantas

- On 16 November 1920, Hudson Fysh, McGinness, and grazier Fergus McMaster founded Qantas registered in Brisbane.
- 1931 Qantas linked with Imperial Airway. The two airlines begin regular Australia-UK mail service.
- 1934 Qantas Empire Airways Limited was formed, with Imperial Airways (IA) holding 50%. Qantas employs approximately 35, 000 staff across a network that spans 141 destinations in Australia, Africa, Americas, Asia-Pacific, the UK and Europe

Be a Government-owned airline.

- The company expanded rapidly after WWII. In 1947 the Australian administrations buy the share detained by IA, plus all remaining shares. Qantas turned to be a government-owned company
- The 1960s bring rapid development. In 1967, the airline's given name altered to Qantas Airways Limited.
- A Qantas airplane fly abroad for the initial point in February 1935, from Brisbane to Singapore.

Privatization

- Later, the significant change of Qantas is it privatized its operation from government-owned company to wholly-privatized business. It experienced in two stages processes.
- The Australian administration in year 1991, announced it would sell 49% of Qantas and 100% Australian Airlines

Appearance of Budget carrier

one of the most important faults that large airlines were face with was to of overcapacity. Quite simply, unfilled seats convert into lost earnings. During the late 90s there was a quite large bang in the procurement of new airplane. Strong require pushed this tendency to tremendous limits. It reaches a position where present was just too lots of aircrafts out there with too a small number of passengers to complete utmost capacity. The tail-end of the 90s bare this serious capacity error and begun to unenthusiastically affect boundaries and hurt base line earnings. A most serious time came after 9/11 when customers noticeably limited their journey behavior, which in turn badly affected the whole aviation business. Given this drift, a new shape of airline take a trip fashioned called " budget carriers". These scale down planes paying attention first and foremost on economical point-to-point journey. This inventive version to the marketplace brought about earnings even in the most turbulent period. These budget carriers totally efficient the normal airline industry mold by given that a easy, no bells and whistle service, better fare charge, provision journey agents and promotion straight more the internet. The 2 key factors that have lead to the account carrier's achievement were: " the internet, and the varying nature and priority of clients".

Objectives

Among the most experienced of the world's airlines, Qantas is a premium, full-service air transport provider providing such payback as a worldwide network, First, Business Premium Economy and Economy seating on global

services and Business and Economy on domestic services. The Airbus A380 is also now in the air main Qantas route. Other payback comprises Frequent Flyer program, in-flight meals and airport lounges. Qantas manages a full sales and distribution network on behalf of the Qantas Group, including qantas.com -a leading travel website. Qantas is also a founding member of the one world global airline alliance. It was understandable that every airline had dissimilar reason for amalgamation the union but the common thread that connected them all was the want to increase their geographic system in the well-organized way. Star Alliance members established on this unity and virtually overnight improved the scope of their services. The reason that the variety of services or the capacity to cover every place of the world was so main was best sum up in the following line by bmi airways: " So that a person can go to any main city worldwide without ever in the air any other airline external of the ' brand'. A single ticket, one chief frequent flyer plan, clubrooms at all main airport, coordinated list and a formation of dependable quality-these are the aims of the grouping network," Since taking to the skies in 1920, Qantas has been proud of its reputation as the safest airline in the world. To reinforce this achievement, the Qantas leadership team recognised the need to improve employee safety and committed to deliver the same performance in occupational health and safety as their exemplary record in the air. Achieving that goal required the organisation to overcome such challenges as: More than 7000 employee injuries occurring every year. High loss of productivity due to more than 40, 000 lost work days pa. Unsatisfactory workplace safety audit results by Government agencies. High costs in equipment damage directly related to workplace safety incidents. A

safety improvement program called be safe! was developed to achieve the goal of " No Injuries to Anyone at Any Time." Qantas partnered with DuPont to help manage the behavioural safety aspects of this program. Known as People Safe, this initiative has been instrumental in driving the safety cultural reform process across Qantas.

Products/Services.

Qantas Airways:

A Leading long distance international and domestic airline and one of the strongest brands in Australia. • Part of the One World Alliance, which includes British Airway, American Airlines, Cathay Pacific, Aer Lingus, and Finnair • Parent company to the following subsidiary holdings known as Qantas Group.

Qantaslink:

• Convenient intrastate, interstate and international connections • Access to the Qantas worldwide reservations system • Affiliation with the Oneworld™ alliance • Qantas Frequent Flyer points • Access to Qantas Club lounges • E-ticket availability from most ports to all domestic and selected international ports Through baggage check for Qantas domestic and international connections

Qantas Freight:

Equipped to handle any type of freight., from primary produce to high technology products. • Cargo • Mail • Express Services On all international sectors of Qantas flights

Express Ground Handling:

A wholly owned subsidiary of Qantas Airways. • Provides comprehensive ground handling services to Jetstar and several regional airlines. • Provide our customers with excellence in ground handling services. • Customers include Jetstar, QantasLink, Mac Air Airlines and Regional Pacific.

4. Competition

Domestic market:

After the collapse of Ansett Airlines in September 2001, Qantas held the majority of the Australia airline market. Although it held a near-monopoly, Virgin Blue is the major cut-price competitor in the market. In 2004, Jet Star was launched as a low-cost airline by Qantas Company to compete with Virgin Blue. However, as a brand, Jet Star is also one of Qantas' competitors. Although Jet Star owned by Qantas Company, it has separate management and operation system so it is an independent brand from company and Qantas. So, this situation and its increase of market share make it a competitor of Qantas. Before the collapse of Ansett Airline, Qantas had just more than 50 percentages and than 40 percentage market share was shared between Qantas and Virgin Blue. Qantas remained stable at around 72 percentages until the beginning of 2003. However, Virgin Blue increased its share each year by the low-cost strategy. In 2004, Jet Star was launched by Qantas Company and gained rapidly at around 5 percentages of the market. Moreover, in 2005 Qantas market share decreased to 65.9, Virgin Blue remained stable and Jet Star gained the loss of Qantas market share.

At International market

Qantas has also a crucial place at the international aviation market. Between the years 2001 and 2004 it has been ranked eleventh airline at the international aviation market. The events of September 11 affected significantly airline industry in the world. But Qantas maintained its market share between the critical period 2001 and 2003 by a quick decision of the reducing of some international flights after it saw significant demand reductions at the international markets. After impacts of events reduced, Qantas increased its international market share by enhancing its services and products at 2004. At the international market to be a member of Oneworld Alliance, enable to enhance Qantas' network offerings and to be supported at the international area. Because agreements with the member in its group such as British Airlines, American Airlines, Japan Airlines and air Pacific and some code-share arrangements with alliance members allow to enhance and strength global network offers and gain efficiencies. There are three major alliances; Star Alliance, Sky Team and One world and these alliances after the events on September 11, focused to strength their alliances more.

SWOT ANALYSIS

Strengths:

A leading long distance international and domestic airline

Qantas is in leadership position in Australia's domestic aviation market with 68 % of market share and it has 2.3 % of market share in world airline market (11th position). Its financial report shows that its revenues increase

of 11.4 % and its earnings per share of 18.4 % in 2005. For its profit, it improved by 23.3 % during the 6 last months and the passenger revenues increase of 9.5 % over 2004

Effective fleet and route management

Its international network is 77 destinations in about 40 countries and it desert 58 destinations in Australia. Moreover, its fleet plan is flexible and it possess 200 aircrafts and 12 Airbus A380-800s has been ordered

Efficient marketing strategy

The brand name recognition is strong with the kangaroo symbol. Thank to its invests which allow Australia growth (eg: it employs 38 000 people around the world), Qantas has a good reputation. Customers and product satisfaction is high. Indeed, it offers an extensive range of price, so it can reach a large target. Moreover, the customers can do the differentiation between the premium businesses class Qantas and the value-based Jetstar It also has a strong reputation for safety, operational reliability and customer Service It instituted a good secure the loyalty for its consumers thanks to its Frequent Flyer points and its Club lounges. Qantas does many sponsorship across Australia in sport especially.

Excellent management and professionalism

The managers have the ability to raise equity in difficult market

Strategic alliances

One of the largest alliances in terms of networks coverage: has agreementwith British Airlines, American Airlines, Japan Airlines and air

Pacific. Moreover, it did some code-share arrangement with other airlines. These alliances allow offering an expanded global network, increasing ease of transfer and improving the recognition for frequent flyers.

Weaknesses

Community Profile

International traffic numbers fell by 1.7 %

Marketing

It has to support a negative publicity due to dismissal that it did (600 jobs losses). Qantas endure some incoherencies in its communication strategy. Indeed, its commercials and its slogan and logo do not follow the same positioning. Moreover, it does not create a strong difference between its communication and their competitor's communication. The company has generally a strong implantation and awareness in Asia, United States and Oceania but they are less important in Europe, Africa and South America. In Africa and South America, Qantas does not offer many flights, its implantation in this two continent is very weak. However, in Europe, offers many flights from Europe to Australia but its awareness is poor.

Weak profit

Its revenue growth and its cash position are weak. This situation affects the company's financial profit, expansion plans position, and investor confidence.

Opportunities

Industry Trends

Short break holidays are tendance and traditional family structure changing: it becomes smaller units and more couples are presents. Population growth in urban and coastal area and E-commerce developments allow buying flight tickets easily. In focusing to the growth of visitor arrivals to Australia, it has increased by 5. 3 % in 2005. Finally, business travel demand is stronger.

Political efforts

The tax expense is lower than in 2004 and the legislation provides flexibility in industrial agreements.

Advantages of the new technologies

Rapid innovation in communication and distribution technologies and also rapid innovation in transportation technologies make for easier Qantas development

Threats

Fragile nature of the international market place

Some disruptions disturb the market, for example events like Bali bombingIn october 2005 and conditions tend to be volatile. So, it is difficult to control costs. Competition increased through greater access to information due to internetSeveral fly scratches these last months scare the airline users.

Several competitors

Aggressive competitor capacity increase in the international market Virgin Blue for domestic flights is the bigger competitor of Qantas. Its positioning is the low cost.

Political instabilities

Instability in global political climate are present especially cause of war and terrorism

Economic facts

The crude oil price has increased by over 32 % since end of 2004. The value of Australian dollar and impacts on exchange rates influence ticket prices, predominantly for the outbound travellers.

6. Worldwide downturn & Criticism

The current worldwide downturn is a disaster for the aviation industry. It is surely the worst environment that Qantas faced in the airline business. Leading airlines like Singapore, Cathay, Lufthansa and Air France/KLM have all recorded quarterly losses over the course of their trading year. British Airways has announced its first annual loss since 2002. Over the past 15 months, 40 airlines have gone under altogether. In mid-April, Qantas revised downward our 2008/09 profit forecast - and announced a set of decisive measures to deal with the crisis. They expect operating conditions to remain immensely difficult for the foreseeable future. Qantas has faced criticism regarding availability of seats for members redeeming points in 2004; the Australian Competition and Consumer Commission tell Qantas to provide

bigger disclosure to persons regarding the availability of frequent flyer seats. In August 2007 Qantas CEO Geoff Dixon confirmed it was considering significant changes to its frequent flyer program and had discussed its potential sale with Aeroplan, the company which manages Air Canada's frequent flyer program, though he stressed that Aeroplan was not buying Qantas Frequent Flyer saying there was, " certainly no discussions about them taking over the program and buying it". In March 2008, an analyst at JPMorgan Chase suggested that the Qantas frequent flyer program could be worth A\$2 billion (US\$1. 9 billion), representing more than a quarter of the total market price of Qantas. On 1 July 2008, a major overhaul of the program was announced. The two key new features of the program are Any Seat rewards, in which members can redeem any seat on the plane, rather than just selected ones — at a price. The second new feature is Points Plus Pay, where members can use a combination of cash and points to redeem an award. Additionally, the Frequent Flyer store was also expanded to include a greater range of products and services. Announcing the revamp, Qantas confirmed it would be seeking to rise about A\$1 billion in 2008 by selling up to 40% of the frequent flyer program. However, in September 2008, it stated it would defer the float, citing volatile market conditions. While the operating environment has been unprecedented and challenging, this result reflects the strength and diversity of our operations. " In this context, coupled with significant capital expenditure programme associated with fleet renewal, the Board considers it prudent not to pay an interim dividend, and future dividends will be assessed against ongoing earnings performance and capital requirements." " their two-brand strategy, focused on growing the full

service, premium Qantas and low fares Jetstar, is not only delivering benefits to our customers, but also to our shareholders. " Qantas, in particular, has benefited from the capacity reductions and restructuring activities implemented since April 2009, with substantial cost savings achieved during the current half-year."

Result:

Lost Time Injury Frequency Rate has reduced by 70% across the organisation, and by 100% in some departments. Over 20, 000 lost days are being saved annually.\$11 million of workers compensation provisions have been removed from the company's books in the past year alone. Workers compensation claims costs have reduced from 1. 5% of wages to 1. 0%. A 500% return on investment. Direct cost savings of \$500 million predicted over 5 years. Process improvements including greater efficiencies in workshops and significant reductions in solvent use. weaker home and global demand and lesser oil surcharges more than the last 12 months, that led to a 14. 9 per cent turn down in give way; inferior ability partly offset by an enlarge in seat aspect (load) of 2. 7 points; Non-recurring things incorporated in the half-year effect were airplane reduced of \$48 million associated to vary in the recoverable value of a figure of wide-body airplane held for trade subsequent capability reduction announce previous year.

7. Aircraft accidents

The following accidents occurred after the world war: On 24 August 1960, at the time of taking-off at Mauritius en route to the Cocos Islands a Super Constellation VH-EAC crashed on. The take-off was aborted because of an

engine failure, the plane ran off the area, and was damaged by fire. On July 25, 2008, Qantas flight, returning from Hong Kong to Melbourne, suffered a rapid decompression and made an immediate landing in Manila after an explosion. But everybody was safe and secure. On 7 April, 2010 Qantas plane have problems during a flight between Sydney and Canberra, in the latest in a series of problems with the airline's planes.

8. Conclusion

The Qantas account is inextricably related with the growth of civil aviation in Australia. It begins by delicate biplanes moving one or two passenger in open ring and progress to extremely developed Boeing 747s flying a few 400 people half way approximately the globe in a calendar day. Except it is a tale of human try, not just machines. A small number of resolute persons overcame dreadful obstacle to create the Queensland and Northern Territory Aerial Services Ltd (QANTAS). Support by dedicated employees and loyal clients, the airline persevere through conflict and silence to serve the country and build a project. The Qantas account is about the public who have shaped its thrilling and creative history - its employees, its clients and the brilliance of its business associates and key supplier. Now, Qantas is extensively regard as the world's most important extended distance airways and one of the strongest trade name in Australia. Qantas carry on to give wonderful service to its clients and is at the front position of the worldwide civil aviation business. The expectations hold many challenges for Qantas - preserve safe operation and world class creation standards while building a practical and competitive location extended period for the airline

9. Recommendations

TV Ads Sponsorship Programs Co-Brand Holidays Frequent Flyer Program Travel

Magazine ads Strategic Partnerships Defining " Spirit of Australia" Sponsorship

Program promoting " patriotism" Employee training programs