Airasia flight cost so that everyone can fly

Environment, Air

AirAsia is one of the leading Malaysia airlines company was established in 2001 by Dato' Tony Fernandez. AirAsia is bought by Tune Air Sdn Bhd which is a partner business company. Nowadays, AirAsia has become award winning and largest low-cost airline in Asia region. The slogan " Now Everyone Can Fly" is set to offer low-cost, no frill and quality flying services for everyone as their preferred transport choice. Its affiliate airlines such as AirAsia Thai, AirAsia Indonesia, AirAsia Philippines and AirAsia India which have 174 airbus and 20 hubs in different country. AirAsia's vision is to be established as the largest low-cost airline that serves 4.

4 billion people with best and affordable flying experience in Asia. Their missions are:·   To ensure close relationship between company and employees as a big family ·   To make AirAsia recognize as ASEAN brand ·   To offer full premiers services with lowest flight cost so that everyone can fly with AirAsia ·   Maintain the quality of product and technology to achieve the goal which is reduce cost1. 0 Situational AnalysisIn this session, five modelling techniques are used to analyse both internal and external forces affecting AirAsia. 1. 1 Macro-environment (EPISTLE)An EPISTLE framework is help to understand all the macro-environment factors affecting AirAsia.·   Economic factors: The gross domestic product (GDP) of ASEAN is now forecast at 5.

0% in 2017 and 5. 1% in 2018. Low inflation and slow rising international petroleum prices cause the high growth (Bank, 2017). Figure 1: ASEAN's StatisticThis presents an opportunities for AirAsia which is offer cheap flight tickets to attract travellers in Asia. AirAsia is one of low-cost model airline has successful grown in the Asia-pacific region by understanding majority of

travellers preferred to get tickets at reduced prices especially economic recession (Subramanian and Gopalakrishna, 2011). Additionally, now many Asians affordable to flight to over different destinations due to economic growth in the region and improved living cost. Hence, AirAsia is generated most of the revenues from the ticket sales with great e-business strategy (AirAsia, 2016).

Figure 2: AirAsia's Revenue ·   Political factors: It's difficult for AirAsia when flying outside Malaysia due to bilateral air rights agreement. This is one of obstacles that affecting the way of Asia-Pacific carriers. Landing also known as gateway airport and navigation charges are expensive in key destinations especially there are no cheaper secondary airports such as Beijing, Hong Kong, Singapore and Bangkok. This is a significant factor and crisis for AirAsia in country which is regulated by bilateral agreements (Subramanian and Gopalakrishna, 2011). However, it is also an opportunity for AirAsia open new routers in ASEAN country due to ASEAN Multilateral Agreement (open skies policy). Besides, Malaysia government support in low-cost carriers by opening Kuala Lumpur International Airport 2 and significant tax incentives for all Malaysia airlines.·   Information factors: In AirAsia's website, the company information such as financial status or others statistics are published open to public. Investor can visit the https://www.

airasia. com/my/en/about-us/investor-relations-main. page to get their annual report, quarterly report or others statistics for analyse and decide whether invest the company.

With the latest information, public will know about current financial status and risk factors affecting AirAsia.·   Social Factors: AirAsia has wide diverse cultural and languages aspects which is useful to operate in 18 countries. Thus, AirAsia has opportunity to find staff especially Malaysian staff that able speak several languages and cultural diversity to ensure affective managing operation at outside Malaysia like Indonesia, China and others.

·   Technological Factors: AirAsia's website and AirAsia's mobile app are provided for travellers can easily to book air ticketing, hotel, car hire and travel insurance through online service with e-business strategy and web-based Customer Relationship Management (AirAsia, 2016). Besides, GO Holiday is an airline online program where they can easily book holiday packages. Next, AirAsia's airbus A320 is more fuel-efficient and extra capacity than older models which leads to better performance. A great performance of the IT infrastructure will increase efficiency of airline in different countries in Asia.

·   Legal Factors: Legal considerations for AirAsia increased when enormous growth market in Asia-pacific region, they need fulfil all the legal requirements and policies like ASEAN Multilateral Agreement to conduct business operations in various countries (Subramanian and Gopalakrishna, 2011). However, AirAsia is more emphasis on domestic flights because government does not have a clearly written policy for commercial air transport in Malaysia. Therefore, AirAsia has managed to operate cheap flights locally and internationally in past years.·   Environmental Factors:

AirAsia has implemented several environmental protection sets which are necessary to operate and minimise negative impact of pollution like noise controls and carbon emissions (Shaw, 2012). " No Frills Service" is introduced to reduce all unnecessary waste. Therefore, they believe efficient use of existing facilities to minimise airport capital expenditure and invest more in technologies like aircraft which are more save fuel efficient.

1. 2 Competitive Factors (Porter)Porter's Five Forces model is to analyse competition and potential profitable of airline market. Figure 3: Porter's Five Forces of AirAsiaThe bargaining power of buyers is high due to many competitors existing in the market. Thus, success of industry can influenced by buyer.

Nowadays, customers are high educated and price sensitive. They will do comparison and choose the specific airline that cost cheaper. Hence, AirAsia has lowest price and best services which can be a good choice for buyers. Besides, they can easily switch to other airline that also provides same level service like Tiger Airway, Firefly and others. However, AirAsia give an image that always delay the flight.

As a business travellers, they will prefer more reliable airline than AirAsia. Next, power of supplier is moderate because large number of suppliers available even that is limited to certain category and high switching cost in airline industry. There are only two options which are Boeing and Airbus. Besides, maintenance aircraft and air fuel are costly. To shift from one supplier to another is hard and moderate bargaining power of aircraft producers without cause any major alteration in the company. The entry

barriers is high to enter airline industry like capital requirement and government legislation because it needs to set up services and difficult to get a new flight route.

Threat of new entrants is high which is provided opportunities for foreign airlines to enter into Asia. With deregulation by Asian country, competition increased due to growing demand of low-cost full service by budget airline. Besides, government barriers has eliminated to decreases the cost of entering in the market of Asia (Shaw, 2012). Although high cost of aircraft, AirAsia success started budget airline business with few aircrafts to create brand marketing and loyalty in order making investment. Threat of substitutes is find a better product or services which can replace the old in order give more satisfaction and confidence. In airline industry, there are two kinds of substitutes which is indirect and direct substitutes. Indirect substitutes are train, bus and others which are most preferred transport in Asia due to the low cost.

Whereas, direct substitutes are other airlines. For example, travellers want travel in Thailand from KL. They can choose either the cheapest transportation like rail or pay affordable flight ticket by comparing prices and reasonable. Overall, threat of substitute is moderate but in some region is high like India and China. Nowadays, there have some negative and positive trends in every industry. In airline industry, it has limited customers but high rivalry among existing competitors so growth rate is not too high. Hence, AirAsia has pressured to offer low-fare flight tickets to be compete with others.

However, customers can easily switch to another airline like Tiger Airways and Firefly that offer similar level service with lower price and promotion. From this case, rivalry among existing competitor is quite high due to high fixed cost (staffs and finance cost), high exit cost (flight cancellation refund) and low switching cost. 1.

3 Industry Attractiveness (BCG) Figure 4: BCG of AirAsiaBCG is used to analysis AirAsia product or service portfolio. Open new route is question mark because it contains potential risks (legal and regulation) in new country. Besides, SimCard and online shopping service are newly introduced to customers and under low market share. AirAsia will invest and adverts their services more at this stage in order to achieve good quality and profitable.

Additional service like AirAsiaGo, Rokki, insurance and leasing assets are the star of AirAsia. In 2016, Rokki earned RM503K and insurance earned RM13 million which are under high market growth to achieve more profitable. The added value services in star is test their value at market. The star will follow the product life cycle stage, it may be decline to the dog or mature to the cash cow stage on the BCG.

Next, cash cow of AirAsia is tickets sales for worldwide route especially Malaysia has which are the main income source. Merchandise and F also another cash cow that earned RM87. 02 million in 2016. Due to high demand of customer request, it has high market share which is highest profit to AirAsia.

The dog in AirAsia is ancillary service that earned RM1. 26 billion, which mean the lower down operation cost due to the " self-check-in" system introduced. Besides, some route has turned down as dog because AirAsia has stop all flight service to certain country like London.

Due to low profitable and slow market growth, London flight is declined from star stage. 1. 4 Internal Situational Analysis (SWOT)SWOT is used to analyse the strengths, weakness, opportunities and threats that AirAsia faced. Major strength of AirAsia is able offers low fare tickets to customers without compromise the service quality.

Besides, low operational and maintenance cost of AirAsia because they have single type fleets that easy for pilot dispatch and maintenance it compare with other airlines. AirAsia is effective use of online reservation systems, no frill and easy check to reduce operational cost. Multi-skilled management team of AirAsia and great IT infrastructure to help them serve better in order to achieve goal and service quality in the low-cost market. Due to low cost and profit, weakness of AirAsia is provides limited service to customers and lack of manpower. Therefore, millions of customers and issues like flight delay need to handle in an amount required time when there is peak time especially at airport.

Besides, a huge amount of investment needed for implementation of latest technologies. Next, opportunity can be increase in the worldwide especially Asia market due to low-cost fare model of airline and open new routes that favourable through long haul flight. Additional deal and customer services will prove beneficial and profitability for the company in order to remain

sustainable for future. Due to the high fuel prices or economic down, some competitors are falling back is one of the opportunity.

Threats happen when AirAsia's competitor is increased in worldwide especially Asia which will affect the growth and sustainability of airline negatively in future (Shaw, 2012). From this case, full service airlines like MAS are start cut costs to compete with AirAsia. Hence, operation cost of AirAsia is increased to produce value-added services for consumers.

Due to high fuel prices, AirAsia's profit has decreased. Other threats like online sales system disruption, terrorism attack and disasters that affect consumer loyalty and confidence. Besides, the control of aviation regulation and government policy is increased. 1.

5 Consideration of strategic option (Ansoff and Porter) Figure 5: Ansoff matrixMarket Penetration is implemented in AirAsia by introduced big loyalty program and mobile application to customer. Free seat sales is a strategy that increase frequency of flight. In product development, there have various ancillary products and services introduced like roKKi (board wi-fi), Xcite in flight environment, new menu of gourmet food and provide private space. Whereas, market development of AirAsia has its expertise and experience of flight business to expand new hubs in other country like Japan, India and others. Diversification is implemented when freight services of AirAsia is expanding to scheduled flights, which is includes cargo, courier and mail service. Figure 6: Porter's generic strategiesThe business strategy of AirAsia is more focus on cost leadership in specific market especially prices sensitive customers. Therefore, AirAsia provides low fare services which is lower than

other competitors to build up competitive advantage. Besides, operation effectiveness and outstanding efficiency are characteristics of AirAsia.

Besides, the bigger cost advantages enable AirAsia to compete and provide the lowest possible price than other competitor to consumers. Hence, cost is focus as competitive preference to differentiation in airline industry. 2. 0 Strategic implementation of Information TechnologyYield Management System (YMS) also known as Revenue Management System that used for AirAsia's online seats system. This helps to maximize expected revenue by analysis market and customer's behaviour.

In order to expand capacity of revenue, fixed number of available seats are selling at various prices in different period time. Usually, a reservation that done early or the seat of scheduled flight is selling slow will be promote at cheaper price than a lately booking or almost full seat of scheduled flight. Besides, favourable route also will be adjusting price based on amount of customer demand. The higher demand for the route, the price more expensive. In past couple years, Computer Reservation System (CRS) is an integrated web-based booking system that develop by Navitaire (Navitaire, 2005). This computerized system is using direct sales engine which is conduct agents activities like hotel booking, car rental others by using internet access. Hence, it has successful eliminated the agent's commissions. Besides, AirAsia has introduced the AirAsiaGo, first ticketless and advanced boarding passes through online booking.

To increase effectivity of AirAsia's operation, a full Enterprise Resource Planning System (ERP) system is implemented to manage and integrate

important areas for certain process stage. For example, annual report is based on analysis of finance, inventory sale, human resource and others areas. With all IT strategies implementations, AirAsia is operated as low-cost model by maximizing revenue (YMS) and reducing operation costs (CRS, ERP). From the cost saving, AirAsia able reduced tickets price, discounts and others services for customers. In future, advanced planning and scheduling (APS) system is a potential strategy that can implement for tracking costs based on the operation activities and allocates costs based on resources demand. 3. 0 Identification and Description of Security Threat Major security threat that happed commonly in AirAsia is phishing scam which is known as cyber fraud.

Nowadays, there have several kinds of phishing scam that using AirAsia brand can be found in email, WhatsApp, Facebook, Twitter and others. As we know that, phishing is the way of identical thefts want to steal user sensitive information like personal (name, address and other) and bank information (card detail and other) through email and instant message. Beside, phishing occurs when user enter a fake website or application that request user enter information. There have six type of phishing attacks can be identified which are Deceptive Phishing, Malware-Based Phishing, DNS-Based Phishing (" Pharming"), Content-Injection Phishing, Man-in-the-Middle Phishing, and Search Engine Phishing (Associates, 2007).

Deceptive Phishing is the common way when an email message is sent to user ask for verify the information. Next, Malware-Based Phishing is about scams that involve a malicious software in PC. Some hackers using a fake

company's domain name and host's files to obtain user visit that fake website is known as pharming. In additional, Content-Injection Phishing is the content of a site that replaced with false content to mislead the user enter confidential information. Man-in-the-Middle Phishing is the harder way to detect when hacker record and collect the information that user enter with the purpose of sell or use it. Last, Search Engine Phishing is phishers create fake attractive offers or websites that indexed with search engines to attract user click in. To prevent phishing, it has several characterise can be observe which are contains unknown attachments that might have malware and phony links like www. 182.

11. 22. 2. com. Besides, we need to beware those mail or others that request need to submit confidential information like card number and others especially those urgent mail.

4. 0 Statistical Risk Analysis of Security Threat AirAsia is focus on internet service which are online sales system, feedback system, help centre and other that can be compromised by cyber intrusion. The higher integrity of information and data storage of business, the higher risk can be occurs security threats for AirAsia. The potential risks are analysed and given the impact score in table. Threat/incidents Criterion 1 Criterion 2 Criterion 3 Weighted Impact Score Impact Revenue Profit Reputation Custom Weight 30 40 30 100 Webpage / system phishing 0. 3 0.

4 0. 4 37 Social media scam 0. 2 0. 4 0.

4 34 Fraudulent emails and instant messages 0. 2 0. 2 0. 3 25 Table 1: IT threat of the Phishing ProblemThe automated ticket touts manipulating our booking engine is the threat of webpage or system phishing. Besides, some fake websites or offers using AirAsia brand to attract customer to view it. Phishing is happened because customer mislead and misdirect to enter personal information.

Next, social media scam that are recently seen in our life. Social media like WhatsApp, Facebook, Twitter and others that usually contain fake URL or news to ensure customer open and view it. From the moment when user click in, the information might be steal by hidden method. For example, last year the Facebook post about AirAsia is offer free tickets to public through an online survey. In this, there some victims might be involve this and get steal their information. Last, fraudulent emails and instant messages are the traditional way of phishing.

Normally, it contains urgent information need user to verify with links or attachments. As an example, the Japan Airlines (JAL) has been hacked and obtained around 750K member details. In order to stop this, they blocked all the external system and found out all started from a phishing link in fraud email which causes JAL loss millions of Yens in 2014. 6. 0 Conclusion and Recommendations Conclusion, AirAsia has good strategies in marketing and operation to become the best and LCC in Asia which is allows everyone can fly around the world. AirAsia can understand what are their strength and weakness to operate it business in effective way.

In order to earn highest profitability, a good cost leadership style of AirAsia has successful offered low-cost ticket to customer and reduced operation cost. Advanced planning and scheduling (APS) system is one of the strategy can be implement for the future of AirAsia to increase company performance and maintain service quality. This strategy can help AirAsia reduce the cost and allocate the cost well for each resources. Beside, effective management team by hire different region and skilled of staff also one of the strength of AirAsia that makes its business run smoothly outside Malaysia.

The IT threat of the AirAsia can train worker or hire centralised team that know IT policies and procedure to prevent the risk happen. The responsible of team is regularly reviews and monitors all security threats globally. The duties such as check the webpage or system is embedded another virus or another IT threat, such as the phishing scam same as other sources like twitter, Facebook and another social media. Besides, they need publish a public notice to inform their customer with through AirAsia website or social media to alert them.

Specialised tools are implemented to mitigate the risk of automated ticket touts. A campaign of awareness on e-mail phishing can introduce to public attend it. Lastly, AirAsia must keep attention on latest IT threat issues and always backup data. Most important is a secure system that let customers use it with confidence.