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Analysis Analysis Threat of Substitutes of the Aircraft Industry Research shows that most aircraft industries face no threat of substitute products (Grimm, Lee & Smith, 2006, p. 85). However, the few that exist has a great negative impact on the business engagement of the aircraft industry (Grimm, Lee & Smith, 2006, p. 85). The most notable threat of substitute of product in the aircraft industry exists in the short distances over land (Grimm, Lee & Smith, 2006, p. 100). This threat emanates from automobiles and trains. Due to improved technology, high speed trains have been introduced in the transport sector (Grimm, Lee & Smith, 2006, p. 73). This poses a threat to the aircraft industry in that trains are going at speeds better than airplanes yet they are cheaper in terms of fare paid (Grimm, Lee & Smith, 2006, p. 98). In addition, it has been noted that trains and automobiles are more convenient as opposed to the airplanes (Grimm, Lee & Smith, 2006, p. 98). This is because the automobiles offer better services in terms of door to door deliveries. The aircraft industry faces this threat since delivery of both goods and people is restricted to the airports (Grimm, Lee & Smith, 2006, p. 101). Travelers however are opting to use more convenient and cheaper means.
As such, aircrafts like Bombardier Aerospace face the most significant substitutes as being commercial airlines (Grimm, Lee & Smith, 2006, p. 55). This lies in the cost incurred since the cost of boarding a flight on an air taxi is approximated to be the same as the cost of a coach airline ticket (Grimm, Lee & Smith, 2006, p. 55). Based on this, it is noted that 8. 12% of the first class commuters have shifted to private jets (Grimm, Lee & Smith, 2006, p. 87). This can be blamed partly on the post-9/11 disturbances of airline voyage, ineffective airfields and profitable airlines as well as contemporary emphasis on time and effectiveness (Grimm, Lee & Smith, 2006, p. 99). People actually values time and the efficiency in which the airlines are operating.
2. Strength of the Southwest Airline Company
Strengths of the Southwest Airline Company are inclined on the corporation’s growth as well as the internal environment (Lauer, 2010, p. 29). The company has a superior clientele service culture, operational strategy within the firm as well as the capacity to provide the lowest costs in terms of fare (Lauer, 2010, p. 29). These are some of the issues that have contributed to its fast development and survival within the 2009 recession in aircraft industry (Lauer, 2010, p. 31). The company’s operational strategy gives room for the airline to measure the recession with the smallest loss possible (Lauer, 2010, p. 32).
On the other hand, the company does not invest a huge amount of its revenue in unnecessary expenditure like most of the airlines in the US do (Lauer, 2010, p. 23). This enabled it to cut services and even offer them for a fee during the 2009 recession (Lauer, 2010, p. 23). Since the company does not provide clients with free extras like blankets, baggage check and snacks, the corporation was not forced to transform much in the way services are offered so that costs could be reduced (Lauer, 2010, p. 41). This has helped the company to sustain its profitability and competition within the market of aircraft industry operations. As a result, the Southwest Airline Company has maintained low-cost airfare that has acted as enticement to clients (Lauer, 2010, p. 44).
The company’s strong position in the maintenance of competitiveness has been boosted by good customer services offered (Lauer, 2010, p. 44). As such, during the recession most airlines struggled to reduce their operational costs. However, Southwest Airline Company focused on service models where the client still get exceptional services and gain from the airline (Lauer, 2010, p. 52).
References:
Lauer, C. (2010). Southwest Airlines. New York: ABC-CLIO.
Grimm, C., Lee, H. & Smith, K. (2006). Strategy as action: competitive dynamics and competitive advantage. California: Oxford University Press.