

Service design essay



Today's focused surroundings in the air transport industry has never been harder or additionally unforgiving. More players are one key stumble far from focused elimination. Approaches that worked in the past essentially don't cut it in today's hyper-focused commercial center.

As per a later study on high execution in the carrier business, there are key goals carriers need to deliver to go through today's progressively dubious times: In their deliberations to supervise development, aerial transports may as well rule home markets and make a versatile society one that can influence the chances of a quickly evolving commercial center. In an industry of paper-thin edges, aerial transports need to fundamentally enhance their client experience, and do so all around the travel worth chain.

What's more transporters may need to reevaluate their existing working models to administer operational perfection by wringing out quality from merger and procurement movement, through deals and showcasing and by new market entrance.. The Case of British Airways Introduction Strategy has now become a general term used by everybody in all fields of life . Let was initially major used by the military but now, both military and businesses have turned it to a household name.

Strategy does not have a definite definition, but defining it according to the prescriptive school; it would be defined as a special course of action, designed and implemented to attain overall objectives. Strategy management plays a vital role in businesses. Its application in planning an organization's future development can never be over-emphasized. Virgin Atlantic is Britain's second biggest long haul airline and was established by

Sir Richard Brannon in the asses. The company's mission is " To grow a profitable airline, that people love to fly and where people love to work" (Virgin Atlantic, Undated).

Virgin Atlantic works hard to retain customer loyalty. Thanks to its strategic planning and implementation, Virgin Atlantic managed to remain long-term profitable and successful.

ANALYSIS OF THE EXTERNAL AND INTERNAL ENVIRONMENT THAT INFLUENCE STRATEGIC CHOICES OF AN ORGANIZATION.

SOOT Analysts Strengths British Airways Virgin Atlantic Strong brand amend brand image Established and highly-recognizable brand image / brand name Good reputation Best online reputation Size and scale of BAA

BAA Key Messages – consistency; reliability; quality of offering Differentiation based on value, service, and price BAA is the largest airline and flag carrier of the United Kingdom The second largest long haul airline in the UK and the third largest European carrier over the North Atlantic British Airways' strategy and aircraft purchases are seen as an industry leader " benchmark" that influences other carrier's decisions Airline Franchising / Partners & Alliances – one world partner airlines Technological Innovation Innovative features that distinguish the company name Social and Environmental performance

Green (2005) Outsourcing or disposal of services Strong, well-designed organizational structure Strong leadership development programmer Talented management team lead by Richard Brannon Universal appeal to wide variety of customers Customer loyalty The most child-friendly airline

Weaknesses Lack of marketing strategy to win customer loyalty Ineffective utilization of alliances and partnerships Cost-cuttingly reducing Jobs (moral/De-motivation) Marketing primarily focused on London market Differentiating on price with Laic's (Low Cost Carrier) Some underdeveloped channels – Ex: Premium Economy

Lower fares due to high competition Underdeveloped distribution system Downturn in passenger demand Relatively small aircraft fleet (38 airplanes) Insufficient hedging for future fuel needs Limited destinations (30 destinations) BAA may have shifted its emphasis from a market-led approach to an asset-led approach Cutting flights to the US and the Middle East Opportunities British Airline Virgin Airline ‘ One-world alliance’ Terminate Alliances and mergers (the future of the industry) Weathers – BAA Terminal 5 Airline growth post-recovery because of the trimming of the airlines since 2000 2012 Olympics Official Airline

Common opportunities. “ Open Skies” opportunities 280 airports within Europe (growth opportunity) High demand for flights Increased tourism with the improvement of the economy Latin America as a low-terror, high growth potential market No major carriers dominating Intra-E aviation market Germany, Spain, and France (next largest markets after I-J) Asian market expectation (fastest growing over the next ten years) Air services within the European Union were fully deregulated and liberalized SOOT analysis considerations This SOOT analysis revealed effectiveness by BAA such as in the Partnerships &

Alliances and efficiency such as through its Technological Innovation, where BAA placed IT at the heart of its recovery. Terminal 5 will bring great opportunities to the organization where an increase in efficiency is expected, hopefully, furthering BAA competitive advantage in this area and setting new standards in the airline industry. There are areas where BAA was less effective such as the lack of marketing strategy to win customer loyalty, where realignment of its marketing strategy would be beneficial to the organization.

There are also industry threats that need to be addressed by BAA in order to remain competitive and profitable, such as a possible weakened economy and the effect of low cost airlines. COMPETITIVE STRATEGIES OF THE CASE STUDY BEEN CONSIDERED Key Messages Bag's strong key messages are consistency, reliability and quality, and the organization enjoys a good reputation and is renowned for the very high standards of customer service and efficiency. Virgin Atlantic differentiation is based on 3 strong characteristics: value, service and price, and it was recently voted No 1 for having the best online reputation (Creatively, Undated).

Virgin was also voted as the best child-friendly airline, with BAA ranking in the 2nd place (Streetlight, Undated). Brand Name and Brand Image British Airways carries a strong brand name and image. It is the largest airline and flag carrier of the United Kingdom and for sure the size and scale of British Airways puts it in a competitive advantage over competitors such as Virgin Atlantic Airlines which is the 2nd largest long haul airline in the United Kingdom. Virgin Atlantic is a successful competitor and has also an established and highly-recognizable brand name and brand image.

Still, BAA is an older and a bigger organization and it is still eating ahead of Virgin Atlantic in the airline industry. Airline Fleet and Destinations Bag's strength is also attributed to the large airline fleet and destinations covered. BAA operates in about 147 destinations in 75 countries (March 2007) with a massive airline fleet of 234 airplanes. BAA will further increase its fleet with 63 new airplanes; amongst which 24 Boeing sass & 12 Airbus AWAY super Jumbos which will introduce revolutionary efficient onboard product and service innovations (BBC News, 2007).

The strategy adopted by BAA in the aircraft purchase is seen as an industry leader “ Benchmark”), which influences other carrier's decisions. Altogether this strength has proved to be an effective strategy. Here BAA has a leading edge and is in a competitive advantage over Virgin Atlantic which is operating with Just 38 aircrafts and is limited to 30 destinations (Airfields. Net, Undated). Partners & Alliances, Franchising and Low Cost Carriers Partners & Alliances airlines and the Airline Franchising are considered an effective strategy by BAA.

British Airways is Joined by American Airlines, Cathy Pacific, Funfair, Iberia, Japan Airlines, LANA, Male, Santa, Brussels Airlines and Royal Jordanian to Oromo the partner alliance. Virgin Atlantic is starting to form alliances or partnerships with some of its main competitors such as Singapore Airlines and Malaysia Airlines, and therefore, eliminating the competitive aspect between these companies. Virgin's alliance is in its early stages while BAA is well established and has a leading edge over Virgin Atlantic in this respect.

BAA Connect was launched in 2006 and provides scheduled and charter airline services to and from the I-J regions. BAA Connect provides significant benefits to regional air travelers. Giveaways operates as Backbones on all routes from Manchester, Stimulated Airport and Oversimplification (British Airways, Undated). BAA Connect has recently been sold to the regional airline Flyby. As a result the British Airways' franchise agreement with KGB Airways will terminate on March 29, 2008 (Flight Mapping, Undated). This decision could result in a future threat to BAA due to potential loss of business and market opportunities.

This may also impact Bag's efficiency and effectiveness in this segment. Terminal 5 In March 2008, the British Airways operation will be transferred to Terminal 5, which presents a major opportunity for the business. This is a state of the art Terminal offering seamless check-in with 96 Check-in Kiosks designed to eliminate queuing and increase the overall efficiency of this terminal. The state-of-the-art baggage system has been designed specifically for Terminal 5 using proven technology already in use at a number of global airports (Terminate. Baa. Com, Undated).

BAA is consolidating to deliver improved and efficient customer service using " new and innovative technology". BAA CIO Mr. Paul Copy has created an IT and business change nit to help manage the convergence in business processes (The Register – Management, Undated). This is a great opportunity for British Airways putting carriers like Virgin Atlantic in a disadvantage. Still, Virgin Atlantic marketing director, Paul Dickinson said: ' We are aiming to show that our facilities are the best for business travelers ahead of the opening of Terminal 5' (Redoubt, Undated).

Market Since the air services in the EX. were fully deregulated and liberalized, and thanks to the 280 airports within Europe, there is the opportunity for business growth in the airline industry. Revived that there will be an improvement in the economy, this should increase the demand for flights. Together with other opportunities such as 'Open Skies' opportunities where BAA plans to launch an 'open skies' airline (BBC News, 2008), the high growth potential for Latin America and the Asian market provide opportunities to BAA if well explored and exploited. Effectively address. Technological Innovations Technology is an ongoing process and Bag's competitors like Virgin Atlantic are also in for the challenge. Virgin Atlantic Airlines invested in innovative features that distinguish the company's name. The IT company Coaching ensured an innovative solution for a smooth take-off for multi-channel booking system build on robust and scalable e-business architecture the other hand Technological advancements may also be a threat to the airline industry. As an example, video conferencing may reduce business travel.

Another example is Internet bookings which are allowing greater price transparency thus leading to aggressive price battles between competitors, Lacks, Legacy Carriers etc... Resulting in less profit making and leading to a less effective financial position. Social and Environmental Responsibility The addressing of the social and environmental responsibilities is considered one of Bag's strengths. British Airways is committed to improve its environmental performance by reducing the adverse impacts of its activities on the global and local environment.

BAA is addressing the issue of the local environmental impact of aircraft noise and emissions around the airports and the global climate change effect of carbon dioxide and other atmospheric effects (British Airways, Undated). Competitors like Virgin Atlantic seem to be offering a more effective solution. In 2005 Sir Richard Brannon has announced plans to run Virgin Atlantic planes on plant waste rather than aircraft fuel. “ We are going to start building cellulosic ethanol plants to make fuel that is derived from the waste product of the plant,” he explained. It is 100 per cent environmentally-friendly and I believe it’s the future of fuel” (Spaceflights News, Undated). Management and Leadership “ The terrorist attacks of 11 September 2001 left British Airways with a major task to restructure its organization and cut costs. Because of this, BAA has undergone a full scale organizational restructuring bringing a cultural change to the organization. Since 2001, British Airways laid off 15, 000 Jobs. For sure this decision had a negative impact on the moral and motivation of its employees.

In order to reduce the negative impact on the efficiency of the organization, BAA invested in innovative IT solutions as mentioned earlier bringing even more cultural changes. Was this the right decision to be taken by BAA management? Virgin Atlantic was also affected by “ 9/11” but did not lay off 15, 000 employees. As from inception, Virgin Atlantic had a competitive advantage over BAA in regards to management and organizational leadership. Virgin Atlantic has a strong and well designed organizational structure based on strong leadership and talented management team lead by Sir Richard Brannon.

Virgin Atlantic also introduced a leadership development programmer that was led by business objectives rather than by HRS which have proven to be more effective and contributed towards Virgin's success (Virgin Atlantic, Undated). Virgin Atlantic throughout the years proved to be more efficient than BAA in this regard. Marketing Strategy BAA lacks of a marketing strategy to win customer loyalty; a weakness that has to be addressed by the organization. It is argued that BAA is growing thanks to the globalization and traveler's needs rather than to the effectiveness of their marketing campaigns. Despite the great infrastructure hosted by the company, BAA needs to carry out better marketing schemes to attract prospective travelers. The company suffers from a deprivation of strategic management for investment in the future which is most important for growth of the airline. BAA needs a strategic management strategy to keep its goals aligned with growing market trends to match needs of the future" (Academic, Undated). In contrast, Virgin Atlantic universally appeals to a did variety of customers and has a competitive edge over BAA when it comes to customer loyalty.

Virgin Atlantic is being proactive and is currently reviewing its global advertising strategy in a move to increase its advertising effectiveness that could lead to an overhaul of its worldwide agency arrangements (Redoubt, Undated). British Airways needs to rethink its marketing strategy with the goal of changing this weakness into a future strength. A great opportunity for British Airways is in signing as the official airline for 2012 Olympic Games. Bag's deal gives it marketing rights to the 2012 brand. BAA fought off competition for the airline slot from Virgin. (Sport Guardian, 2008).

This move is in line with Bag's strategy and should provide BAA with a worldwide exposure bring new opportunities to the organization. Bad Publicity Bad publicity is always a threat to the organizational brand image and reputation. Both British Airways and Virgin Atlantic were charged with a fuel surcharge price- fixing scandal as a result of ineffective decision making by management. BAA and Virgin also faced the embarrassment of running a national advertising campaign to about 8 million customers to inform them on how to claim the money back Telegraph. Co. UK, 2008).

Other scandals involved both BAA and Virgin pilots testing positive for alcohol (Biked, Undated) & (Personnel Today, 2007). Another concern for BAA is that on the 6th November 2007 British Airways announced that it will no longer carry surfboards on any flights, while Virgin Atlantic decided otherwise. This decision had a negative impact on BAA and the surf community across the world has been reacting to this decision. There is also a petition going on against BAA (Surfing Waves News, Undated) & (Go Petition, 2007). Bad decisions may break Bag's credibility and petition, without which the organization cannot survive.

Other Threats scalable e-business architecture. This was a winning combination of technical and strategic expertise. Implementation of technological innovations is also a strong hold for BAA. The use of Information Technology and the Internet are key factors in Bag's strategy, success and efficiency of the organization. British Airways recognized this opportunity and turned it into one of its strengths. Today, 76% of all its bookings are carried out via its e-ticket system giving customers the possibility of on-line/Kiosk check-in and seat bookings options.

BAA is always implementing effective IT solutions and is considered today a market leader as is the case for the fare-explorer booking engine (British Airways, Undated) and the in-flight entertainment system which was awarded the ‘ Best in Europe’ (Ashtray Survey, 2007). Management and Leadership restructure its organization and cut costs” (Computing, 2004). Because of this, BAA has undergone a full scale organizational restructuring bringing a cultural change to the organization. Since 2001, British Airways laid off 15, 000 Jobs. For sure this decision had a negative impact on the moral and motivation of its employees.

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