

# Airlines industry in the asia pacific region tourism essay

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By talking about the strategic planning, it is related to the organizations long terms goals, the development and implementation of plans to achieve these goals and the allocation necessary resources in order to realize the goals (Stonehouse & Pemberton 2002; O'Regan & Ghobadian 2004). In terms of practically perspective, strategic planning is about the competitive advantage. Ohmae (cited in O'Regan & Ghobadian, 2002, p. 664) has stated that the purpose of strategic planning is to enable a business "to gain as efficiently as possible, a sustainable edge over its competitors". Strategic planning or synonym with strategic management started popular between the mid-1970s and mid 1970s because of its advantages can be the answer for all problem. "It can be defined as the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives" According to the definition, "strategic management focuses on integrating management, marketing, finance, or accounting, production or operations, research and development, and information systems to achieve organizational success" (Davis, 2011). Thus, a lot of western organizations started implementing the strategic plan as their long term actions because it help an organization to explore and create new opportunities as a goal while delivering tomorrow's offering today.

3. 0 Company Background - AirAsia Malaysia

AirAsia Malaysia established in 1993 as second national airline after Malaysia Airlines System (MAS). However, AirAsia facing problem to grow as low cost airlines on year 1997 to 1998 according the Asia financial crisis. During its dire stage, Dato' Sri Tony Fernandes and Dato' Kamarudin Meranum had bought AirAsia with RM1. 00 with the total RM40 million debt (AirAsia, 2012). After AirAsia lead by Dato

Tony Ferdandes, he has developed a clear company vision which is to be the number one low cost airlines in Asia to fulfill their flying dreams. Thus, there is a huge market because it is forecast around 3 billion people is under this category. On the other hand, their mission " is to be the best company to work for whereby employees are treated as a part of a big family", " create a globally recognized ASEAN brand, to attain the lowest cost so that everyone can fly with Air Asia", " maintain the highest quality products, embracing technology to reduce cost, become a low cost airlines carrier that offers five-star service with 95% of on-time performance and last is enhance services levels". Meanwhile, AirAsia also come out with the own objectives which is " aims to carry 70 million passengers a year, within six years starting from 2014". They also intend to turn the low-cost terminal at Kuala Lumpur International Airport into the regional hub for budget travel. Dato Tony Ferdandes also get help from former Director of Group Operations, Ryanair who is Conor McCarthy. Based on their business model, Air Asia offers " No frills" airlines with a slogan of " Now Everybody Can Fly". As a result, within two years AirAsia recorded a net income of RM18. 8 million and broke the 100 million net income barriers in 2005. In terms of business grew, Air Asia air craft has increase from 2 to 72, while they flies to over 20 countries with 400 flights daily to over 70 destinations (AirAsia, 2012). Through AirAsia ' Every One Can Fly', they have success to give 130 million passenger's big smile who realizes their dream to take a flight with the affordable cost (AirAsia, 2011)Meanwhile, AirAsia also have a good strategic management and has a successful record in the low cost airlines industry in the world. For example, AirAsia has won the best low cost airline awarded by Skytrax for

three consecutive years from 2009 to 2011(AirAsia, 2011). Thus, AirAsia started consider a strategic planning because they realize that since 1970s, the competition for the Asia air travel market has always been intense (Chan, D., 2000). The situations become worse in the 1990s as traffic volume were squeezed. As a result, it made airplane industry become more grow, and traffic volume also increases. There are some reasons why AirAsia started focus on the strategic planning and the first reason is because the " airline industry is a unique and complex industry" (Chan, D., 2000). The second reason is because in today organization, general management is consider as a process of achieving organizational goals by engaging in the four major functions of " planning", " organizing", " leading", and " controlling". These four functions may sufficient and supportive for the organizations succeed in the world of complex environments. The third reasons are AirAsia performing best without effective strategy. Today, effective operations and good strategy must be implementing together in the organizations. The last reason is airline industry constantly facing external environment and needs changing in order to ensure the internal resources are able to accept the changes. This report will be cover the external and internal environment factors that affect the AirAsia Malaysia. The owner has decided to use some external analysis tools such as PEST analysis and Porter 5 forces model to analyze their external environment situation. Meanwhile, SWOT analysis is used to analyze the internal factors. After analyze the internal and external strength and weakness, this report also discuss about the current AirAsia internal strategic position, strengths, competences and strategic challenges. It also included AirAsia current strategic choices and

the implication of the choices. Lastly, the owner has suggested a suitable strategy to the AirAsia which is believed can improve their current position.