

Introduction to air asia company

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



AirAsia was established in 1993 and started procedures on 18 November 1996. It was primarily founded by a government-belongs to conglomerate, DRB-Hicom. On 2 December 2001 the very powerfully indebted airline was came by previous time Warner boss Tony Fernandes's business melody air Sdn Bhd for the token supplement of one ringgit with 40 million Malaysian Ringgit worth of debts. Fernandes's turned the business round making earnings in 2002 and commencing new path from its hub in Kuala Lumpur by cutting Malaysian Airlines with promotional fares as reduced as 1 RM. AirAsia is one of the award winning and largest budget airlines in the Asia increasing rapidly since in 2001, they have fleet of 72 aircrafts all airbus A320-200. AirAsia is recognized by its lowest fare, quality services and their tagline "Now Everyone Can Fly". AirAsia serves 51 national and international destinations with 108 routes and operates 400 flights daily from hubs in Malaysia, Thailand and Indonesia. Until now AirAsia has flown 51 million customers with their believes in the no frills without hassle low fare business concepts and feels that keeping cost. The vision and mission for AirAsia is:

Vision: To be the biggest reduced cost airline in Asia and assisting the 3 billion persons who are actually underserved with poor connectivity and high fares.

Mission: To be the best business to work for whereby workers are treated as part of a large-scale family, conceive a globally identified ASEAN emblem, To attain the smallest cost in order that every individual can go by plane with AirAsia, Maintain the largest value merchandise, adopting expertise to decrease cost and enhance service levels.

1. 2 Activities:

Their main activities are to provide air transportation services worldwide.

The primary undertakings of subsidiaries are supplying inflight repasts, trip functioning enterprise, supplying airplane leasing amenities, newspapers proprietor with announcing division. Their secondary activity is tune budget hotels for their flyers they can book hotel and tour packages along the ticket with AirAsia Go. they provide sponsor ships to various event held at their destination country but most in Malaysia, they also organize big events and customers can buy ticket from their website along flight tickets. The primary undertakings of subsidiaries are supplying inflight repasts, trip functioning enterprise, supplying airplace leasing amenities, newspapers proprietor with announcing division.

1. 3 Airline Industry:

AirAsia is in airline industry, airline industry it consists of different air transportation services for travelling passengers and freight. Airlines usually lease or own their aircraft to supply these services and it can be partnership or alliances with other airlines for mutual benefit. Usually airline businesses are identified with an air operating logy to decrease cost and enhance service levels.. AirAsia falls in LCC a low-cost carrier (also renowned as a no-frills, discount or allowance carrier or airline) is an airline that boasts usually reduced fares in exchange for eradicating numerous customary traveler services.

Analysis Of Customer Relationship Management Strategy

AirAsia being in the low cost aircraft carrier model where they operate in budget airline services they have to formulate strategies to keep the existing customers for longer period of time and attract more new customers. One of their strategies is providing passengers with customization on what he/she prefers like meals or no meal, extra baggage and other customized services which bring in revenue for Airasia. Airasia utilizes social networks and mailing to reach customers and inform them about new destinations, promotions and other merchandise. Airasia has expanded its business from airlines to hotels and mobile services as they identify their customers' demands and try provide it themselves. AirAsia has even started a frequent flyer program which provides free value added services to loyal customers who use AirAsia to travel frequently. Installation of customer answers response system from a European provider which answers to questions by customers instantly on the Airasia website.

2. 1 Situation Analysis:

We will now analyze the strengths, weakness, opportunities and threats which Airasia faces

Strengths: Being the only budget airlines in the Asia region and flying to more than 100 destinations gives them advantage of being the only reliable low cost carrier. Customers who use the airline frequently to travel day to day remain loyal. Low operating cost results in cheap tickets and promotions which make other hard to compete with Airasia. Joint ventures with other

carriers and aircraft in other countries help provide easy transit, affiliated flights and lounge privileges

Weakness: Poor customer services support. Complains not answered and feedback not taken into consideration. Selling the service the only concern as per customers view on Airasia. Cancellation of flights, delays of flight and poor service from flight crew.

Opportunities: Diversification of the business to other ventures. Gaining new customers by adding new hot spot destinations. Increase in fuel prices can have little effect on Airasia but due its low operating cost it still will remain the cheapest while other airlines will find it hard to keep up with the cost and operating expenditure.

Threats: Airasia will certain airport policies when entering different airports which could increase cost of operating. Increase in fuel prices is still a concern. New entrants to the low cost airline industry which will compete with Airasia.

3. 0 Segmentation and Customer Profile

3. 1 Group Flyers and Discounts:

AirAsia segment their travellers by giving discount to group traveller more than 9 passengers or other offers to specific groups e. g.: school trip, wedding, and etc. this helps them to exposure their business to new customers resulting high sales. AirAsia put group discounts in their online booking also which makes customers to purchase easily the ticket. Their main target markets mostly are internet based customers.

3. 2 Foreign workers strategy:

AirAsia goal most foreign employees from Indonesia, Singapore, Thailand, China, Macau employed in Malaysia who may not pay for the costly air journey dwelling and offer them bargain fare which will appeal most of the clients in this market class as they won't yield much and will be in their dwelling very often.

3. 3 AirAsia Go:

AirAsia go is a package of booking hotel and flight both together for business and leisure travelling customers. They mainly focus on promotions on this in school holidays, public holidays and other celebrations eve. Which attracts the business man travelling can book hotel and flight in one place and with customer reviews. They have points also to redeem while booking in AirAsia go for frequent flyers.

3. 4 AirAsia X:

Airasia X is usually used in Long Haul flights with the fleet of A330. They segment their customers in 2 parts economy and premium flatbed. In economy they have hot seats which are like be the first to get board in the jet and get relax with extra legroom and second is standard seats which is comfy and made from leather. The business class is usually for leisure class which is of course higher in price but cheaper than the other airlines business class; they provide benefits like complimentary meal, pick a seat option, priority check in, flatbed seats and many more. Their usually target on frequent flyers for long haul.

4.0 Customer Relationship Issue faced by AirAsia

The main issue which is having a negative impact on Airasia customer relationship management are service complains, delays and cancellation of flights. The first issue is customer feedbacks such as suggestions and complains are ignored; customers feel Airasia only wants to sell the ticket to them and don't care after that onwards. Complains have to look and corrected so that it does not happen again. New suggestions should be taken into consideration and appreciated. The other main issue is that passengers face delays frequently as they are left stranded in the airport for hours to board the aircraft and in worst cases flights are cancelled frequently by Airasia due to technical issues and other various reasons. Customers lose loyalty toward AirAsia due to the factors.

Airasia needs to rectify these issues to maintain better understanding between customers and provide better satisfaction to the customers. The main objective is to make a CRM strategy to correct these issues. Strategies have to be planned and implemented in order to achieve the objective; from the situational analysis we have performed now we have to develop the strategy which will be discussed in the next part.

Question 5

Airasia has multiple issues which they have to correct so multiple strategies will be required in order to rectify. The main weakness are complains are ignored, Delays and cancellations of flights. First main issue where a strategy is needed is to correct the delays and cancellations of flights. The reasons for the delays and cancellations could be natural reasons which cannot be

avoided like bad weather, storm and etc. Technical faults, maintenance repairs and cancellation of flights due to insufficient number of passengers to travel can be corrected by a strategy. Airasia cancels flights because of insufficient passengers to travel for the certain time flight because it is not profitable. This can be avoided by reducing the number of flights to a certain destination in one particular day. Example Airasia travels 4 times a day to Singapore reducing it to 3 times a day if the particular destination has cancellation due to insufficient amount of passengers can solve. Airasia uses only type of aircraft the A320 but have more than 120 fleets of this type to reduce cost of having multiple types of aircraft making them also easy to repair and maintain only type of aircraft but still delays occur. A daily check of each aircraft can be carried out to avoid these issues

The next issue is that complaint and feedback from customers are ignored; Air Asia needs a strategy to improve the customer relationship. The customer service department will have to be trained to handle customers with temperament and understanding. Complains, feedback, suggestion should not be ignored but welcomed as it can improve the customer service. Complains should go through a panel and should be addressed back to the customer negative or positive based on the rules, policies and guidelines of Airasia. Mistakes or inconvenience caused by Airasia should be compensated through free tickets, Upgrade to business class and lounge facilities. New suggestions and feedbacks should be considered if beneficial should be implemented.

Question 6

The strategy of reduction in flight has to be evaluated based on the destination and the amount of flights. Most importantly the amount of cancellations of flights to each destination over a month has to be evaluated through and check which destinations have the highest number of cancellations due to insufficient passengers has be checked a frequency of flights to that particular destination should be reduced. The reduction in flights will lead to customers fearing that Airasia could terminate services to that particular destination and other assumptions such as profitability, political pressure and other rumours can affect the brand name. New contract and rescheduled flight time table has to be given to the destination airport and this process could turn costly as new fleet parking charges and rates will be given based on the Airport Example busy airport like Changi, Singapore can charge more for landing and parking of fleets. The Strategy of reduction in flight has a high rate of working to avoid cancellation

The other strategy to avoid delays and cancellations is through daily maintenance checks and service; Airasia has a more than 120 fleets inspecting every aircraft daily is very costly and a long process. Airasia being a low cost carrier it has to be sensitive about cost as these inspections will lead to increase in prices. The inspections will still not stop delays as major faults and issues will take more long period to fix. Airasia can collaborate and negotiate with other airlines incase there is delays passengers can be switched to different Airline so their journey and plans will remain unaffected. The strategy of collaborating or forming alliance with other Airline services can avoid delays and jamming of schedules.

The other strategy of retraining staff to better assist customers and their complains will have an effect on cost but most importantly a panel to decide on feedback, complains and suggestions is vital for use as complains will not be ignored replying or addressing them back is important even if the suggestions or complain are meaningless. Evaluating complains, suggestions have to be implemented if it brings satisfaction to majority if airasia customers and profitability is not affected due to the change implemented.

Airasia has multiple ways to address the problems in the customer relation management but they can overcome the issues by some simple strategies to correct them and have the resources and power which provides more alternative method strategies to overcome the problem. Airasia has been hit by two main weaknesses which through evaluation on why, how this problems occur the root cause can be found. Correcting these issues not only improves the relationship between the customers but also adds customer value and satisfaction.