

# [Introduction developing nowadays and it affects the](https://assignbuster.com/introduction-developing-nowadays-and-it-affects-the/)

[](https://assignbuster.com/)[Business](https://assignbuster.com/essay-subjects/business/), [Industries](https://assignbuster.com/essay-subjects/business/industries/)

Introduction This assignmentexamines the performed of a business named Emirates. Established in 1985 byDubai’s government, Emirates is one of the best airlines in the world’snowadays, Emirates first appeared in 1985 and faster grew up in the industry. Emirates got lots of awards for the best airlines, best in-flight entertainmentor the best safety airlines, etc. (Zhang, 2017). Emirates’ success all dependson their ability can bring the passengers across continents with the bestin-flight entertainment and service that they said to the public.

There are a lot ofdifficulties Emirates has to face with but the most difficult problem is how toget more profit. In total Emirates has 101 A380 aircrafts are in-service but in2018 Emirates is waiting for 41 A380 aircrafts that they already ordered. Moreover, A380 aircraft can handle up to 600 passengers. However, if theairlines can fill all up, they can acquire great profits but if they cannotfill all up so they cannot create any profit, so what should Emirates do to solvethe problem? (Gorenstein, 2015).  Thisassignment will cover the general information of Emirates as well as Porter’sFive Forces Analysis and the PESTEL Analysis Emirates. Last but not least, somestrategic recommendations will be given.  2. 0 PESTEL Analysis It stands forPolitical, Economic, Social, Technological, Environmental and Legal.

PESTEL isa tool or framework used to analyze the macro-environmental factors that impacton a business.  2. 1 Explanation of PESTEL Analysis Political This is a factor thataffects all businesses because they have to follow the regulations and thepolicies of the government. There is some example which is included in thisfactor such as political stability, trading policies, safety regulations, employment laws and more.  EconomicThe local businessesare affected by the local economic conditions.

There are some factors includesuch as inflation, economic growth, interest rates, policies, the unemploymentrate and so on. SocialAll companies have tounderstand the customers’ wants and needs. Social factors could include gender, age, population, culture, lifestyle and so on.         Technological Technology isdeveloping nowadays and it affects the companies, but it also helps thecompanies to achieve the goals faster.

Moreover, the technology can help thebusinesses have better products and services.  EnvironmentalEnvironmental factordiscloses to the environmental aspect that affects the company performance andthe business’s demand, which are include sustainability, environmentaladjustments, ecological arrangements and more.  LegalThe governmentpolicies and actions will impact the businesses. This factor includes all legalparts such as employment, taxation, imports or exports, quotas, and so on.  2. 2 The impact of PESTLE to Emirates  Political  Emirates has tofollow all the political factors. The airlines’ industry is affected by theunstable political changes, also wars and terrorism will affect the airline’sservice. The global political factors should be considered as a serious problembecause airlines companies are not confined to a country.

Economic Emirates is one ofthe world’s largest international airlines so the profit is collected bydifferent currencies, which means any movement of exchange rate may changingthe revenue. The economy of United Arab Emirates is growing fast mostly becauseof the oil industry. However, if the oil price decreases so it will be the goodnews for Emirates and others airlines companies.  Social This factor includesthe taste and need of people, the changes of social will affect the service ofEmirates such as demographic changes and there will be threats to them.

Thepopulation is also one of the factors that help Emirates or other airlinescompanies getting more profit. Moreover, increase in population which meansmore people will travel to other countries and airlines companies will get moreprofit.         Technological Technology isdeveloping faster and affects to Emirates. Therefore, Emirates is keeping upand using the newest technology to attract more customers. Nowadays, Emiratesare putting the internet and smart technologies into operation on theiraircraft such as free Wi-Fi, TV screen which included lots of entertainingchannels. For example, games, movies, TV channels, etc.

so the passengers canfeel free to access to their favorite channel. Environmental Environmental changescan affect Emirates’ service and others airlines companies. For example: if theweather is too cold and appears dense snow so they may not take-off and theyneed to delay the flight which means it will affect their service. All theairlines’ businesses, they have to make strategies to give the passengers thebest service as possible. Emirates do not face any environmental problemswithin their country because The UAE is a warm and dry climate country so thiswill be one of the advantages for them. Legal The governmentprovided regulations and policies for both international and local airlinescompanies to make sure their actions are legal and they do not break thepolicies. All the actions of Emirates are legal and right standards.

However, Emirates should care about legislation, for example, competition, employment, and safety legislation in the future so if any changes they can easily tohandle and do their works legally. 3. 0 Porter’s Five Forces The Porter’s FiveForces is a simple tool to helps to understand   3. 1 Explanation of Porter’s Five Forces Competitive Rivalry in the industry The number ofcompetitors and their ability can affect to a company that in the sameindustry. The more number of competitors so the less a company can have theopportunity to grow faster. A business should figure out to improve theirservices and products so they can have a place in the industry and make moreprofit.

Threat of new entrants How simple orchallenging it is for new entrants will join them in the business continuouslyinspected. The simpler it will be to a rival with joining the marketplace, themore terrific the danger of a business’s business sector allotment continuouslyexhausted. Obstructions to passage incorporate outright expense advantages, getshould input, economies from claiming scale. Threat of substitute products or services    Bargaining powers of suppliers  In some situations, the suppliers can increase the price of products and services easily. If thereare not many suppliers so businesses have to depend on the suppliers which meanthe more power of suppliers can hold. Bargaining powers of customers   3. 2 The impact of Porter’s Five Forces on Emirates   Bargaining Power of Customers The Bargaining Powerof Customers is moderate.

There are some new technologies are e-ticketing ore-booking so the customers can have chance and flexibility to check the ticketfor cheaper costs and services. However, Emirates’ passengers are not sensitiveto the pricing.  Bargaining Power of Suppliers The Bargaining Powerof Suppliers is high. There are two main suppliers for Emirates are Airbus andBoeing, as a big buyer Emirates may have to face with paying a higher price ordelivery delay. Emirates depends a lot on these suppliers as appropriateproducts are differentiated while the suppliers have high expertise.

Threat of Substitute Products or Services  The Threat ofSubstitute Products is moderate. There are two types of players in the market, which is budget, and luxury. This leads to the differences pricing. However, inluxury parts, Emirates leads the market with the courteous crew, gourmet foodwith at least 3 meals for the business class and above, Emirates also owns theworld-class newest private terminal and the fleet of new latest technologyinside the aircrafts.

Threat of New Entrants The Threat of NewEntrants is low as comparatively barrier is high. There are a few challengesfor the new entrants such as capital needs but if part of Emirates so thecapital is not a big issue or the barriers to entry (rights, patents, etc.) butas Emirates is a national airline so they will get a lot of benefits of their country. Competitive Rivalry in Industry The CompetitiveRivalry in Industry is moderate.

There are more than 36 airlines fly to Dubai. Nowadays, a lot of airlines give the passengers a new service suchas onboard spa, shower room, fully reclining seats, TV and others entertainingdevices. Emirates is one of the airlines to have these devices in-flights.