

# Essay on microeconomic

[Economics](#), [Microeconomics](#)



Micro-environment is preferred as the operating system' which includes the forces that has significant impacts on and can affect the organization's ability to operate and serve its customer (Chaffed et al, 2009). This is influenced by the need of customers and how services are provided to them through the competitors, marketing intermediaries, and suppliers within the marketplace (Chaffed et al, 2009). 1 .

Customer Eurasia provides to its customers the basic flight carrier service and carry the customer 's purpose of traveling between different destinations, but at a lowest fare mongo other airlines. (Eurasia Annual Report, 2010) The customers of Eurasia are mostly from low and middle class people in society. The customers choose the company not only for the purpose of traveling but also for cheaper price. Eurasia airline is well known as a low cost leader in Asia.

However, Airs is currently more focusing on short haul flights and less operating for long haul flights, as the company is not yet ready because long haul flight would be costly and less effective business model for now when the economy is still not stable 0. Thus, almost all the customers f Eurasia are those who are looking for short flights in the region. Today's, Internet is very familiar with everyone and it initially becomes a common place for searching and buying products online.

This has greatly increased the power of customers, since they have widely gain the use of internet to evaluate products and compare prices (Chaffed et al, 2009). Understands that Eurasia has mainly operate its business online and improve all the functions of website and a friendly interface which

attracts many internet users to book their flights online. 2. Competitors The main competitors of Eurasia are low cost airlines such as Strata, Tiger, Virgin and other regional airlines such as Vietnam airline, Malaysia airline, Indonesia airlines and Singapore airline.

Although, the competitions are identified from three main approaches which are the competition within business desire, the competition in low cost format, and the competition between low cost carriers (Airline Industry Report, 2011). First, Eurasia is currently facing fierce competition from the full service airlines on common routes. All the airlines have used price measures to combat Eurasia, using innovative yield management system which is allowed up to 30 days for advance purchase and enhancing frequencies on the loyalty campaigns by giving discount and added benefits.

Example, Thai airline keep the price unchanged for long advanced purchase. Second, Full service airlines can compete by establishing their Microeconomic By dangling 29 instance, Quanta's has established Strata to compete with other low cost airlines. Third, with the successful run of low cost carriers like Eurasia and unlimited frills operations in Asia region skies, it is likely that more players will enter the market and urging this business design will inevitably be intense. 3.

Intermediaries Eurasia is offering a wide and innovative range of distribution channels to make booking and traveling easier (Eurasia. Com). Creating the partnership with other service providers such as hotels and hostels, car rental firms, hospitals (medical tourism), Citibank (Eurasia Citibank card) has helped the customer to obtain the low full service fare from simple booking

to hotel reservation and car rent. Furthermore, Eurasia allows travel agent to from around the world to connect with Eurasia for heckling flight details and make bookings in regard of customers requests.

Besides, The links with Manchester United which one of the world's most famous football teams and AT&T Williams Formula One team can help to expand the company brand to further geographic destination. (Eurasia. Com)

II. Macro-environment Macro-environment is the societal forces that affect the whole micromanagement, which include demographic, geographic, economic, natural, technological, political and cultural (Kettle et al, 2010). 1 . Demographic force Job catalogue and income aspects are the key focuses of Eurasia for targeting the segmentation(Kettle et al, 2010).

Most the customers of Eurasia are students and low or middle class income people. Students and low incomes people are likely to concern more about fare price, while middle income people want a balance between price and quality. Eventually, Asia is becoming the potential market of the world and this creates more opportunities for traveling and carrier services especially in Asia Pacific region. 2. Geographic force Choosing and activating flight destinations of an airline is critically important, as it will affect the productive of market scale and business expanding trend (Kettle et al, 010).

For Eurasia, the current cities and countries that it is mostly operating are the big cities in Asia and no local flight in one destination country. This tactic can achieve the faster expanding market goal (Eurasia Annual Report, 2010). The customers' consumption propensities are differential as national differences Cones ; Misspell, 2007) which mean of differences inculture.

However, Asia has tried to build up a mixture of cultures and to give different experiences to its customers.

In general, Asia cultures prefers to spend less money and save more, thus spending too expensive flight ticket for traveling is still not an absolute choice for all the Asia customers and because of the slowdown of world economy, choosing a good and adequate price for the flight is becoming more optimal. III. SOOT ANALYSIS 1. 0 Strengths Air Asia has a very strong management team with strong links with governments and airline industry leaders. Building these powerful relationships have brought to Eurasia many guarantees from the governments as well as supports from other big companies such airplane producers.

For example, Shin Corp. (formerly owned by the family of former Thai Prime Minister - Thaksin Shinawatra) holds a 50% stake in Thai Eurasia. This has helped Eurasia to capture the market in Thailand easily. Besides, Eurasia has also known how to manage good relationship with Airbus, which bring big discounts for airplane purchase and the airplane is also more fuel efficient compared to Boeing 737 planes which is being used by many other airlines. Eurasia is also very good in strategy formulation and execution.

Their strategy formulated at the beginnings was a clever combination of proven strategies by other low cost airlines in US and Europe. They are Ryan's operational strategy (no frills, landing in secondary airport), Southwest's people strategy (employee comes first) and AirAsia's branding strategy (linking with other service providers like hotels, car rental). AirAsia's brand name is well established in Asia Pacific. To obtain the strong brand

equity and well known brand name, Eurasia has being focused on its media advertising ; promotions.

Additionally, The partnership with other service providers such as hotels and hostels, car rental firms, hospitals (medical tourism), Citibank Eurasia (Citibank card) has substantially created a very unique image among travelers. Furthermore, Using GAS system (Global Distribution System) that enables travel agents from around the world to check flight details and make bookings to Eurasia have also contributed to their brand name. Air Sais's local presence in few become a regional brand.

Moreover, The links with Manchester United which one of the world's most famous football teams and AT Williams Formula One team have further boosted their image to a greater extend beyond Asia regions. Eurasia is the low cost leader in Asia. Eurasia has successfully created a " low- cost airline mentality' among their workforce and their customers. The workforce is very flexible, high committed and very critical in making Eurasia the lowest cost airline in Asia. Besides, Eurasia keeps the cost low by enabling direct purchase of tickets for consumer, thus saving from airline agent fees. . 0

Weaknesses Air Asia does not have its own maintenance, repair and overhaul (MR.) facility. With few hubs (Malaysia, Thailand and Indonesia) and over 100 planes currently owned and about another 100 planes to be operated in the next few years, Eurasia eave to ensure proper and continuous maintenance of the planes, otherwise it would not keep the overall costs low. Eurasia receives large number of complaints from the service. Examples of complaints are about flight delays, being charged for a

lot of things and not able to change flight or get a refund if customers could not make it. . 0 Opportunities There are 2 major events that will effect the airline industry which are taking place now or going to take place in less than 6 months from now. First, it is the increasing oil price and the second event is the " SEAN Open Skies" agreement. The increasing oil price at the first glance may appear like a threat for Eurasia. However being a low cost leader, Eurasia has an upper hand because its cost will be still the lowest among all the regional airlines if it can manage not to increase the cost over other regional airlines.

Thus, Eurasia has a great opportunity to capture some of the existing customers from other low cost airline's customers. Besides, The " SEAN Open Skies" allows unlimited flights among Jean's regional air carriers beginning December 2008. This will definitely increase the competition among the regional airlines. However, with the " first mover" advantage as well as its strengths in management, strategy formulation, strategy execution, strong brand and low fare full service, this agreement can be seen as more of an opportunity. Ewe routes and airport deals. The population of Asian middle class has being increasing significant. The diversity of global wealthy has been shifted to new Asia which increase the wants for traveling in Asia. This creates a larger market and a huge opportunity for all low cost airlines in this region including Eurasia. 4. 0 Threats Certain rates like airport departure, security charges and landing charges are ended the control of airline operators and this is a threat to all low cost airlines which destroys the sustaining effort of low fare price.

For example, Changing airport in Singapore charges SEDGE for every person who departs from Singapore. Raising profit margin is about 30% and this has already attracted many competitors. Most of the full service airlines have or planning to create a low cost subsidiary to compete directly with Eurasia. For example, Singapore Airlines has created a low cost carrier Tiger Airways. Besides, These airlines have also introduced and applied full service in order to cut cost to compete.