

British airlines

[Business](#), [Marketing](#)



BRITISH AIRLINES By 29th, October, British Airlines I will analyze the British airways market using various marketing analysis models and theories. To start with is Porters Five Forces Model. On the level of competitive rivalry, the airline caters for both long flights and short domestic flights. The airline ranks the best on its long haul flights. Moreover, the airline is cheaper in long flights compared to its competitors. However, the airline faces a high level of competition from its competitor's in short domestic flight. In the power of suppliers, the corporation has two aircraft suppliers, that is, Boeing and Airbus (British Airways 1995a; British Airways 2004; Anonymous 2002; Anonymous 2011; Bannan 2007). The airline has restrictions to be the sole supplier of jet fuel in the airport. The airline also gives priority of landing slots to a systematic historic right of existing users. In the power of buyers, the airline has low concentration of buyers to suppliers (Brownsell 2009; Dombey & Odell 2002; Jackovics 2002). This means that the airline has a low bargaining power. Moreover, the airline has increased the internet usage thus creating awareness and interaction among the customers (British Airways 2010a; 2010b; British Airways 2010c). Regarding the threat of new entrants, the company has introduced many barriers to entry such as the high regulatory requirements and high capital cost. When taking into consideration the threat of new substitutes, there are a few direct substitutes such as Eurostar for short haul flights and no notable substitutes in the long haul flights (Benady 2008; British Airways 2000a; British Airways 2004a). The following is a PESTEL analysis of the airline to determine the level of competition in the external market. On the political concern, there are heavy regulations governing the airline and compliance is essential to

continue operations. The airline has also increased security due to past terrorist threats. The airline has projected a growth rate of only 2% in 2009 due to financial crisis. This has also been affected by increased oil price and decreased UK consumer spending. Concerning the social agenda, the country has a high ageing population meaning the airline may have trouble in future. When taking into consideration the environmental concerns, the airline is subjected to laws in different countries where it operates (Olivier 1994; Rogers 2002; British Airways 2001). Moreover, there is limited growth for its main airport, Heathrow. The company's customers are becoming increasingly aware of the environmental impact for their actions. Concerning the legal matters, the airline is subject to collusion and price fixing. The airline also recognizes trade unions and industrial action. The company also entered into an "Open Sky Agreement" in 2009 creating an opportunity for its competitors to freely operate aircraft between the European Union and the US (British Airways 1995b; British Airways 2000b). My third analysis is a resource based view of the British Airways Company. It is proposed that a group's competitive benefit and grander performance results from its idiosyncratic capabilities. The resource based view below highlights the resources and competences of the company. The company's resources are divided into categories. That is, threshold resources and threshold capabilities. For the threshold capabilities and resources, the company has tangible assets of a fleet of 245 aircrafts, which access more than 550 destinations worldwide (British Airways 2004b; British Airways 2004c; British Airways 2003). The company also provides additional services such as holidaying and operates the London eye. Among the company's intangible

threshold assets, are an international customer database and a partnership and alliance with “ Oneworld Airlines”. For the tangible unique resources, the company has the sole access to LHR’s terminal five. For its intangible unique resources, the company has a unique brand image, which differentiates it globally. Resource based view can also be classified depending with the levels of competences. These levels are threshold competences and core competences. For the threshold competences, the company has a training of ground school, flight simulators, and cabin safety training. Moreover, it benefits from economies of scale as well as the ability to fly and manage passenger’s safety on various routes. For its core competences, the company has open sky subsidiary aircrafts that carries an average of 64 passengers per flight. In addition, it is the first airline in the world to be recognized as a city & guild training center, where it qualified all its cabin crews with level 2 NVQ (British Airways 1998; British Airways 2006a, British Airways 2006b). In 2008, the airline carried 34. 6 million passengers. However, this was 9. 9 million passengers less than that of its rival domestic rival easy Jet, which is a low cost airline. The company owns 243 airplanes manufactured by either Boeing or Airbus. In addition, the company has ordered 43 other airplanes that are still in production. The airline serves nearly 150 destinations including six domestic destinations. British Airways are the 12th largest cargo freight carrier in the world based on the total load carried per kilometer (British Airways 2011a; British Airways 2005; Nelms 1993). Works Cited Anonymous, 2002, Mini USA, Showtime and British Airways Win Business 2. 0 Magazine's First Annual Sweet Spot Awards(TM) for Marketing Excellence. PR Newswire, 1-1. Anonymous, 2011, Technology & Marketing

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