

Identifying the vision statement qantas tourism essay



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To overcome these issues, Qantas must modify aircraft sizes and engines to become more fuel efficient and reduce CO2 emissions over coming years.

During the next two years, Qantas should plan to reduce industrial conflict by reorganizing the communication system and its organizational structure, making it more flexible and adaptive, thus empowering employees with project management responsibilities. Grievance procedures must be improved with a formal process to resolve work conflicts. Qantas must maintain and increase its corporate customer market share in order to remain profitable and successful.

Qantas has undertaken significant changes over the last decade to cope with internal and external factors such as the terrorist attacks on September 11, 2001 which effectively reduced the demand for international travel. Qantas initially reduced its international travel flying capacity by 11%.

The factors that had caused Qantas to change were that Qantas had to become:

- A more competitive, efficient and profitable business with less competition in the domestic markets.

- Qantas had to pay taxes and levies paid by other business in Australia

- Qantas had to make an increased profit and pay a dividend to its shareholders which increased over the years of management.

The main factors, which caused Qantas to change was that, the business was under government ownership until 1995, with a classical/scientific management structure

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Over the next 5 years Qantas aims to hedge fuel prices and use more efficient aircraft to limit further fuel costs improve employee/employer relationships by reducing the number of employment relations disputes and retain corporate market share by enhancing facilities and lounges to appeal to corporate travellers.

IDENTIFYING THE VISION STATEMENT

The Qantas story began in March 1919, when former Australian Flying Corps officers W Hudson Fysh and Paul McGinness heard of a £10, 000 (\$20, 000) prize offered by the Federal Government for the first Australians to fly from England to Australia within 30 days.

McGinness travelled to Yanko in western New South Wales to see Sir Samuel McCaughey to ask if he would fund their entry in the race. In Palestine the two young lieutenants had flown a Bristol fighter presented to No. 1 Squadron by the millionaire industrialist. Sir Samuel agreed to finance their venture, but died before a suitable aircraft was found.

The Qantas story is inextricably linked with the development of civil aviation in Australia. It begins with fragile biplanes carrying one or two passengers in open cockpits and progresses to the new Airbus A380s flying some 450 people half way around the world in a day.

A few determined individuals overcame formidable obstacles to establish the Queensland and Northern Territory Aerial Services Ltd (QANTAS). Supported by committed staff and loyal customers, the airline persevered through war and peace to serve the nation and build an enterprise.

Today, Qantas is widely regarded as the world's leading long distance airline and one of the strongest brands in Australia. Qantas continues to provide outstanding service to its customers and is at the forefront of the international civil aviation industry.

The future holds many challenges for Qantas - maintaining safe operations and world class product standards while building a viable and competitive position long term for the airline. As Qantas doesn't have any formal mission statement it pays more importance only on its vision.

The Qantas Group's long term vision is to operate the world's best premium airline, Qantas, and the world's best low fares carrier, Jetstar.

To achieve this vision, the Group is focused on five key elements:

Safety is first priority- A firm commitment to world's best safety practices and reporting

Right aircraft, right routes -Fleet renewal delivering one of the world's most effective fleets flying on an optimal route network

Customer service excellence- Consistent customer service excellence as the basis of the business

Operational efficiency- Achieving simplicity and further productivity across the business

Two strong complementary brands -Qantas and Jetstar as the best premium and low fares brands respectively

The Kangaroo Symbol

The original Kangaroo symbol appearing on Qantas aircraft was adapted from the Australian one penny coin. The winged kangaroo symbol was created by Sydney designer Gert Sellheim, and first appeared in January 1947. The Flying Kangaroo was later placed in a circle in 1974.

In June 1984 Qantas unveiled an updated logo conceived by Tony Lunn of the Lunn Design Group, Sydney. The Flying Kangaroo lost its wings once again and was refined to a more slender, stylised presentation.

PEST ANALYSIS

The PEST analysis stands for “ Political, Economic, Social and Technological” factors that are needed to be analyzed from the industry’s external environment. It is important to cover this to further understand the condition of the airline industry in Australia.

Political factors

The liberal policy environment has also favoured new entrants.

While the domestic airline industry is largely deregulated, Australia’s airline industry remains quite regulated at the commonwealth level.

Australia’s international aviation policy has been ‘ multiple designation’

The industry deregulation in 1990s has given way to a more restrained form competition between Qantas and Virgin.

One of the political issues that concern the airline industry is the effects deregulation. Deregulation was based on the contestable market theory

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(1982) which suggested that governments should seek to promote contests for markets, even those where large firm size and limited competitors existed. Regulation was believed to encourage competition based on service quality rather than price, limit operational flexibility, and create no incentives for improving efficiency and productivity. However, it has been argued that deregulation has shifted competition from service to price (1998). On the other hand, among the airline companies around the world, one significant political issue taking place is the emergence of global alliances.

Economic factors

The past events like volcano eruption and SARS has affected flight security in the eyes of the customer.

Every environmental issue including the impact of increase of fuel, which either affects basic costs of flights or affects the likeability of customers to book a flight.

Some industry participants have argued that financially distressed carriers have cut prices in an effort to raise short-term cash, depressing market prices below efficient levels and threatening the financial security of healthy carriers. Another economic concern is the fact that the airline economy of the US is in a huge upset after the September 11 attack. Some of the companies declared bankruptcy while others are still struggling to survive (2003). . There is substantial evidence that entry, particularly by low-cost, low-fare airlines, has a substantial effect in constraining fare levels in markets served by the new carriers.

Social factors

The labour market is tight , especially in skilled fields requiring more motivation and knowledge

The demand for personnel in distant countries will increase the need for foreign-language training.

Consumers are more demanding

Today, consumers are more demanding especially in terms of service quality. Fortunately, the airline industry can be considered as the pioneer of customer relationship management as they are the first sector to introduce the frequent-flyers program to increase the loyalty of customers (2002).

Airline industry also needs very skilled people as their workforce.

Technological factors

The growth of the information industries is creating a knowledge-dependent global society and information will be the primary commodity of more and more such industries

New and larger airplane designs with remote access technology would enable airline companies to achieve better economies of scale.

Technological factors include head to head competition in the technological innovations in the industry. Larger planes or aircrafts with remote access technology could provide significant cost savings by allowing the engineers, who were responsible for maintaining the aircraft, to access essential

information on the company's systems from wherever they were in the world, using remote web access.

INDUSTRY STRUCTURE

The Airline is one of the major industries in the world today and is majorly affected by Michael Porter's " Five Forces" model. The following write up conducts an analysis on how the model affects the airline industry today.

Threat of New Entrants.

One of the forces that Porter describes is Entry into the industry. In the world today, the airline industry is so saturated that there is hardly space for a newcomer even to squeeze its way in. The biggest for this is the cost of entry. The airline industry is one of the most expensive industries, due to the cost of buying and leasing aircrafts, safety and security measures, customer service and manpower. Another major barrier to entry is the brand name of existing airlines and it is really difficult to lure customers out of their existing brands. On the other hand, a newcomer could enter this saturated market easier with a completely new concept and technology.

Bargaining Power of Suppliers.

The airline supply business is mainly dominated by Boeing and Airbus. For this reason, there isn't a lot of cutthroat competition among suppliers. Also, the likelihood of a supplier integrating vertically isn't very likely. In other words, we probably won't see suppliers starting to offer flight service on top of building airlines.

3 Bargaining Power of Buyers.

The bargaining power of buyers in the airline industry is quite low. Obviously, there are high costs involved with switching airplanes, but also take a look at the ability to compete on service. Is the seat in one airline more comfortable than another? Probably not unless we are analyzing a luxury liner like the Concord Jet.

4 Availability of Substitutes.

What is the likelihood that someone will drive or take a train to his or her destination? For regional airlines, the threat might be a little higher than international carriers. When determining this we consider time, money, personal preference and convenience in the air travel industry.

Competitive Rivalry.

Highly competitive industries generally earn low returns because the cost of competition is high. This can spell disaster when times get tough in the economy. In case of the Airline industry, this is the most important force today, especially since the market is completely saturated. There are more service providers than needed in both local as well as international markets. The various airlines are competing for the same customer, which also results in strengthening the buyer power, another of Porter's forces. Moreover, a lot of airlines such as Qantas Airways and Emirates have a brand name which they have to defend so they compete in doing so. The airlines are continually competing against each other in terms of prices, technology, in-flight entertainment, customer services and many more areas.

SWOT ANALYSIS

QANTAS STRENGTH

How the Qantas Group responds

Improving Margins

As economic showing a significant progress, Qantas margins are also improving.

Diversified Business

Qantas range of subsidiary business operates in different sector but all of them supporting airlines industry's activity, such as catering, baggage handling and engineer. This also helped them to control supplier and aircraft maintenance cost.

Oneworld Alliance

Oneworld Alliance is a management company founded by Qantas, American Airlines, British Airways, Canadian Airlines and Cathay Pacific. Purpose of this centralized management company is to helping each other with non-core business activity such as marketing, engineering/maintenance, and online ticketing to reduce cost thus give the company allowance to cut ticket price. Members of the alliance are also possible to transfer passenger for connecting flight.

Efficient Use of Resources

Qantas have a home ground advantage as Australia national airlines. Its subsidiary company also provide great resources for Qantas core business.

QUANTAS WEAKNESS

How the Qantas Group responds

Reliability Concerns

Qantas has been involved to some incident with some of their aircrafts in 2008/09. Although nothing ended in major accident, its affected company's safety image.

Problems with the staff

A staff problem action, often referred to as a wildcat strike, is a strike action taken by workers without the authorization of their trade union officials. It has been hit with worst strike in the company history in 2009, caused a major delay that also affected other flights.

QANTAS OPPORTUNITY

How the Qantas Group responds

Maintaining the highest

standards of safety

- Commitment to safety as first priority, underpinned by industry-leading policies, systems and training

Adapting business strategy to manage changing economic conditions

- Two flying brands strategy to adjust capacity, pricing and market segmentation as the market moves up or down

Remaining competitive in a challenging and volatile industry context

- Fleet renewal to reduce longterm costs and grow revenues
- Strong alliance relationships and strategic investments to spread risk and opportunity across markets and provide network depth
- Qantas: innovations to drive higher satisfaction and improved customer advocacy; focus on the end-to-end customer experience; improvements in product consistency across the fleet including aircraft reconfiguration; brand renewal; pursuit of efficiencies to lower the cost base; Customer Charter established
- Jetstar: effective capacity management; strong promotional campaigns; ground-breaking strategic alliance relationships (eg AirAsia);

Pursuing growth opportunities

in emerging markets

- Qantas alliance relationships with carriers in emerging markets
- Jetstar pan-Asian strategy including Jetstar Pacific (Vietnam) and Jetstar Asia(Singapore)

New technologies

- Breakthrough product and service innovations such as Next Generation Check-in
- Commitment to technologically advanced aircraft (eg Airbus A380, Boeing 787)

Operating in an environmentally sustainable manner and managing carbon risk

- Fuel efficiency program, investment in advanced technologies and fuel efficient aircraft, air traffic management leadership, sustainable aviation fuel development
- Carbon offset schemes, partnerships with environmental organisations and engagement with employees

QANTAS THREATS

How the Qantas Group responds

Responding to unexpected shocks and crises

- Purpose-built Crisis Management Centre with detailed crisis management plans
- Scenario planning supplemented by simulated crisis training exercises

Managing currency and fuel price fluctuations

- Award-winning Treasury function
- Hedging, including options, to enable participation when oil prices are low and protection when oil prices are high

Shrinking Aviation Industry

—Aviation industry got hit real hard as a result of global financial crisis. IATA' traffic data showed a 4.6% drop in international passenger traffic and 13.

5% drop in international cargo and stated that the worldwide aviation industry “shrinking by all measures”.

Intense Competition

The competition in this industry is super fierce.. Qantas are currently head to head with every major airlines in the world.

CORE COMPETENCIES AND COMPETITIVE ADVANTAGE

Strong brand:

Qantas is a globally recognized brand that enjoys excellent brand equity and outstanding customer loyalty (with over 4.6 million members of its frequent flyer program); Qantas connects Australia to most major destinations in the world in every continent. Moreover, Qantas has a well regarded management team which has helped the company to gain the brand value.

World class in flight entertainment:

Qantas is one of the oldest airlines in the world that has an excellent and well updated in flight entertainment system . As a result, Qantas is universally known for its comfort and timeless travelling experience. Qantas Airlines offers a wide range of in flight features and amenities for each of the different traveling classes. Qantas prides itself on offering each passenger a pleasant and comfortable flight, with top notch customer service.

Comprehensive experience and expertise:

Qantas has long experience and abundant expertise in

1) both domestic and international flights;

2) both a full service airline(Qantas) and low cost carrier(Jetstar);

3) all levels of passengers (premium segment, economic segment, and budget segment)

Differentiating Factor

Jetstar's quick rise to be one of the world's most successful low-cost carriers places the Qantas Group well in terms of product offering and differentiation. Its strong fleet order book of A380s and B787 Dream liners gives it a significant competitive advantage over other airlines.

Qantas ability to re deploy Jetstar planes on lower yielding routes will be a good competitive advantage while demand is weak.

FINANCIAL RATIOS ANALYSIS

Current Ratio

The Current Ratio is one of the measures of financial strength. It reflects whether that company has enough assets to pay its liabilities.

In 2008 the Current Ratio was 0.73

In 2009 the Current Ratio was 0.88

It shows that Qantas Current Assets has increased, which is a positive result and mark of success.

Return on asset ratio

The Return on Asset Ratio measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business.

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In 2008 it was 0.071

In 2009 it was 0.009

It shows that return on the assets has decreased by almost 80%. The reason behind this is again recession.

Gross margin ratio

In 2008 it was 0.3

In 2009 it was 0.2

It shows that Gross profit has decreased a bit in 2009 due to economic downturn, but it is still better as compared to other airlines

STRATEGY RECOMMENDATIONS

Introduce all business class flights

The major source of profit for Qantas is from the business class. Keeping this in mind Qantas should introduce few new aircrafts which includes only business class passengers. Economy class seats shouldn't be there in such flights. This will help the company to generate more revenue and will also give a different and high class experience to business class passengers.

Allow to use luxury lounge for economy class

Qantas should allow its economy class passengers to use the luxury lounge at the airports on payment basis. Customer should be allowed to use luxury lounge if they are willing to do so, for which they only need to pay little extra. This will help the company to generate money without making any investment. And not only this, it will also benefit the passengers of economy

class they comfort is the 1st priority of every human in this modern world. so nobody would mind to pay a little amount for this comfort and relaxing experience.

Introduce segways at big airports

Qantas can introduce segways at the huge airports like Frankfurt International, London (Heathrow). This will help the passengers to commute easily at the airport with more comfort and less tiredness.

Provide organic food and herbal food

Qantas can provide organic and herbal food to its passengers. Everybody is too concerned about their health, keeping this in mind organic food would be a good option for them.

POTENTIAL FALLOUTS

It is because of the bilateral agreements in the aviation industry, the competition has been reached to its final stage and now it is become very tough for Qantas Airline to maintain high standards and survive in the competition. The airline is facing challenges not only in international, but in the domestic market where it was a market leader earleier. Companies like, Virgin Blue and Tiger Airways are picking up fast and taking the market share of Qantas.

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