

# Macroeconomic environment for united states of america analysis



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PESTEL Analysis will be used to look at the external environment of the Auckland International Airport. It is a suitable tool used to understand the “big picture” of the surroundings in which the Airport Industry operates and it also allows the organization (Auckland International Airport) to benefit from the opportunities and diminish the threats faced by their organization.

PESTEL factors are Political, Economic, Social, Technological, Ecological and Legal (Hill, Jones, G. R, and Galvin & Haidar. 2007). According to the Airport Industry some of the key issues that they will have to deal with are Political, Economic and Ecological factors. These factors are likely to produce threats to the airport industry; however the other factors such as Technology and Social can provide opportunities for the company and industry. Looking at Appendix 1:

From the many issues and factors we found on the external analysis, these are certain key issues that I found in this industry that I believe will provide opportunities for Auckland International Airport such as:

#### 1. Political / Legal Issue:

a. Change of Law: Because New Zealand’s government change every 3 years this can become a threat but can also offer opportunities for New Zealand and has an effect on the Airport Industry. For example the change of government can mean change of law. In the past year since the National Party became the government party they have introduced “ tax cuts” (Mc Kay, Krishna. 2009). The decrease of taxes will mean an increase in disposable income for travelers to spend. They will be more likely to buy products and services from the Auckland International airport.

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## 2. Economic Issue:

a. Doubling the Goods and Service Tax rate from 12.5% to 15% (National Business Review, 2010). This I believe creates an opportunity for Auckland International Airport as more money gain from the original price consumers used to pay before. This will benefit from the availability of retail services and restaurants and cafes available in the airport for the travelers to use. And because Auckland International Airport is the only International Airport available in the North Island of New Zealand, customers will have no choice but to pay for this extra cost when choosing to travel. This will mean the annual profit of the Auckland International Airport can increase and make more money.

b. Increased numbers of travelers to Auckland: As shown in the New Zealand Herald “ there has been an increase in the number of travelers to Auckland by 3.8% in November than a year ago (NZ Herald, 2010). This therefore has increase the money made for the airport as travelers are choosing Auckland International Airport as their based arrival airport. Increase in numbers of travelers could mean they are buying goods from the Airport from places such as souvenir stores etc.

## 3. Social Issue:

a. Rugby World Cup 2011: This Social Event can bring a huge opportunity for the demand of traveler to the airport and also the use of its products and services available such as the accommodation services etc. Having a world event in New Zealand will bring the many travelers to our country and not only that, having the finals in Auckland city will boost will boost the amount <https://assignbuster.com/macroeconomic-environment-for-united-states-of-america-analysis/>

of travelers here. Many purchases will be made and some of the products and services based at the airport will be used up increasing the money spent and increasing the profit. Also as Auckland is looking forward to this world cup, there will be a need in an increase in staff numbers of airport which will also decrease unemployment rates in Auckland. Auckland City is looking to gain “stands to gain around \$240 million in additional gross domestic product and \$262 million of total direct additional expenditure in the Auckland economy” (Rugby New Zealand Fact Sheet, 2009).

#### 4. Technological Issue:

a. Innovation Products and Services: Technology plays a vital role in offering opportunities for the industry based on innovation of products and services available in the airport for the travelers and customers to enjoy. For example the availability of self service kiosk, welcome mats which makes you feel welcome to New Zealand with the carving marks, magnificent views on the walls etc. and the marketing of the airport (Auckland Airport Ltd, 2010). Simple innovation like these done by technology can pull travelers over to Auckland International Airport.

These are some of the key issues that I believe will cause a threat to the industry:

#### 1. Ecological Factors:

a. Climate Change: Climate change can be a factor that could cause a threat to the industry. For the Auckland International Airport, aircraft noise and pollution can decrease the amount of travelers to Auckland; however, they

already have plans and strategy to control this. Also the climate change is not only limit to the New Zealand Industry but globally because a natural disaster in one country can impact on another. For example the Tsunami Roll in Queensland Australia, can affect the profit of Auckland International Airport because most of the flights flying from Brisbane will be cancelled, so less money coming into the industry.

#### Reference

[http://www.aucklandairport.co.](http://www.aucklandairport.co.nz/Corporate/~media/Files/Corporate/Growth%20strategy%20ppt.ashx)

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