

# Emirates airlines

Business



Porter's 5 forces model is a management tool used by businesses to assist organizations have a clear view of the forces, either within the industry or outside the industry, that affect their business and strategies on how best they can have an edge with other businesses. Thus the 5 forces analyses deals with the industry's ability to deal with nature of competition within and outside the industry.

This paper will analyze the Emirates Airline using Porter's 5 Forces model. **The Threat of the Entry of New Competitors** There are many barriers that discourage new entrants in the market including rights, patents. Emirates Airlines is a national carrier and thus enjoys many benefits from the government. Emirates airlines is a high brand value that cannot be copied because it has been in the market for long and markets depend on its services heavily Being part of the emirates group is a big plus to the airline as it has access to a large pool of capital as opposed to most new entrants. Emirates airline has been in the market for long and is very accessible, has build its own terminal with many direct metro buses. Emirates airline is the national carrier and as such government policies may favor it warding off any potential competitor.

The airline has established such programs like customer loyalty (through frequent flyer miles and skywards) (Yadav). **The Bargaining Power Of Customers** The airline has a higher buyer volume especially those flying to Indian continent The airline has a bargaining leverage by introducing different tickets; budget and luxury flights for same destinations The company's differential advantage is its ability to introduce unique industry products such as the A380 aircrafts, a delicious choice of menu for its

customers, the private terminal, non-stop direct flights to various parts of the world which appeals to most customers. Although other budget carriers may have an edge in prices, Emirates Airlines has an edge as it offers its customers comfort and other world class services like food & entertainment. The airline has an advantage of offering existing substitute products that other airlines cannot provide like providing direct flights from Dubai to San Francisco. The Threat of Substitute Products There is a big difference in price performance of substitutes. But Emirates Airlines compensates this by providing luxury services that leads in the market. Emirates Airlines provides highly differentiated products for their customers due to its new fleet of aircrafts, a world class private terminal, unparalleled food services for business class and a courteous hostesses. Emirates has a higher buyer propensity and tends to charge highly due to luxury services. This means that many customers flying short distances will opt for cheaper tickets, Emirates thus loses business in this front (Yadav).

**Bargaining Power of Suppliers** The bargaining power of supplier is very high due to the fact that they are only 2, this means that the suppliers will switch costs that suit them best. The United Arab Emirates does not allow employee unions thus there is no concern of labor unions agitating for employee rights leading to industrial strikes. Due to the fact that there are only two suppliers against many airlines, the supplier concentration to firm concentration ratio is very high (Yadav).

**The Intensity of Competitive Rivalry** There is intense competition from other industry airlines. A total of 37 airlines fly to Dubai, the regional hub of Emirates Airlines. This is however quashed by the fact that growth of the

airline industry has been strongest in the last decade at 11 percent. The biggest barriers have been increase in fuel and capital costs for most airlines. There are different competitors for Emirates Airlines ranging from domestic flyers, international flyers and global flyers. The level of advertising is sky high and can run up to 10 percent of the airlines total revenues in international TV stations like Aljazeera, CNN and BBC. Emirates Airline has sustainable competitive advantage through improvisation with new luxurious services like onboard spas, live TV, reclining seats which are a total improvisation in the industry (Yadav).