

Project Title: *Multi-Country Analysis of Strategic Information Management in the Airline Industry*

This project explores how information management is used to help develop strategy within the airline industry today. During collaboration our group researched different trends in the airline industry as a whole, then broke down our findings into specific countries/regions. To address how information management is used we looked at trends in the United States, China, and South Africa where we successfully analyzed our findings.

Multinational Global Industry:

Today the airline industry is one of the most competitive industries in the world with global revenue of 751 billion US dollars per year. Companies are constantly competing against each other for travelers business and will provide perks such as lower prices, and free checked bags to get it. Small airlines are able to compete at large regional levels due to the fact that they can offer lower prices by making flights “no frills”. Even though the industry in the United States is extremely concentrated where about 65% of revenue comes from the largest four companies Allegiant Airlines is the most profitable airline in the world. This airline is described as a “smaller” carrier that is said to have no competition on about 250 of its direct routes which allows for them to take full advantage of their market segment. Today with the use of social platforms most major airlines are able to “take to the internet” to analyze customer satisfaction data, and communicate with customers about experiences. Security is obviously an issue especially in the digital world we live in today. Most threats or security concerns, affecting 20+ planes in January 2015, are voiced over Twitter or Facebook and are handled by social media teams and the FBI who investigate and take each threat seriously.

United States:

Within the United States the airline industry has an expected growth rate of 4% over the next few years. Industry drivers include energy prices, interest rates, construction spending, technology innovations, government regulations, and commodity prices. The industry within the US faces human resources challenges due to the dependence on skilled employees, regulatory challenges, and challenges due to the high cost of fuel and the capital-intensive nature of the industry. Business trends include consolidation, growth of low-cost carriers, and marketing alliances with opportunities within the emerging market growth, fuel-efficient fleets, and technology related efficiencies.

China:

The airline industry within China is seeing accelerated passenger growth rates and exponential growth within domestic flights. Challenges within the airline industry in China include the launching of new airlines, promotion development of low-cost carriers, and competition from the extensive high-speed rail system. Opportunities for the industry in China received a boost from new governmental regulations that encourage private investments for airline related infrastructure, new rules for private capital, and the plan of the Ministry of Commerce to greatly improve access to airports from the current rate of 61% of the population having access to an airport within 100Km to a goal of 82%.

South Africa:

South Africa has a forecasted growth rate of 5% within the airline industry, with Africa boosting the third fastest growing region for international travel. Industry drivers in South Africa include robust economic growth, increasing urbanization, a demographic boom, and an emergence of a middle class. Critical issues and business challenges in this region include disproportional increase of inflation, reduction in passengers, escalating fuel prices, safety/security, and inadequate infrastructure. Opportunity for the airline industry in South Africa are related to aviation promotion and country integration.