

## **Multi-Country Analysis of Strategic Information Management in the Airlines Industry**

### **Conclusion**

Our group's research into strategic information management within the airlines industry included a comparative analysis between the United States, China, and South Africa. Research on these three countries provided a unique view due to the vast differences in their World Bank reported Gross Domestic Products: \$16.77 US Trillion, \$9,240 US Trillion, and \$350.6 US Billion respectively. In part 1, the global airlines industry was assessed to determine the general business functions and to learn about the role of information systems strategy in this industry. Next, in part 2, the three countries were analyzed to understand the national environment for strategic information management. Lastly, in part 3, analysis was performed synthesizing by means of comparison and contrast each of the three countries' information strategies and national environments.

During part 1 of the research, global information was gathered gaining an understanding of the scope of the airlines industry with annual revenue of \$751 US Billion dollars (slide 5); however, the average airlines net income is a mere 1.4% or just \$5.65 US dollars per passenger (slide 5). Industry-wide, spending on Information Technology (IT) operating costs was 1.4% and investment in IT capital was 0.8% for a total of 2.2% of revenue (slide 7). This depicts an industry where cash flow is limited requiring efficient operations and cost controls. Because of this, low-cost airlines are the most profitable compared to their larger counterparts (slide 9).

Information Strategy is essential in the airlines industry for many reasons including safety and security, customer satisfaction, efficient operations, and regulatory compliance (slides 14-16, 21). Information systems, such as passenger screening systems, ultimately contribute to safe and secure flights. Customer satisfaction requires ever evolving use of information systems through innovation in mobile, social, e-commerce, and self-service technologies. Because of low profit margins, companies must operate efficiently and avoid the heavy regulatory fines for failure to follow established national policy.

During part 2 of the research, information was gathered about the United States, China, and South Africa gaining an understanding of each country's demographic and economic situation. Significant data from this research included the number of paved-road airports in each country (5054, 483, and 144 respectively) which helps gauge the depth of significant air travel market penetration (slides 17, 24, 29). Other important economic information includes the direct correlation between economic downturns and passenger travel across all three studied countries (slides 19, 26, 32).

The Information Strategy for each country was further assessed by identifying the leading airline companies in each country: United Airlines in the United States, China Airlines in China, and South African Airways in South Africa. Based off earlier identified IS strategy growth topics, a comparative analysis was performed on mobile service offerings, e-commerce and customer relationship management, and self-service capabilities (slides 33-34). It was determined that the three studied companies had a standard level of service that includes ticket sales through primary and third-party websites as well as mobile applications. However, airlines from the more developed nations had increased capabilities not seen in lesser developed nations such as self luggage tagging, in flight Internet access, and social media integration (slides 34). Also worth noting is the impact of national policy nearly eliminating China Airlines' social media presence (slide 36).

Lastly, part 3 of the research included synthesizing the findings and gaining an understanding of how national policy, consumer preferences, communication infrastructures, and cultural factors shape the IS strategy in the studied countries and the industry as a whole (slide 39). It is concluded that global information management is critical in the airlines industry. Information strategy solves some of the crucial industry issues and improves the customer experience. Finally, innovation with the strategic use of information systems can create a competitive advantage, although that advantage is short lived, and must consider Porter's five forces framework (slide 40).