



Strategy at AirAsia

• Corporate Strategy

• Capability building and international expansion

• Resource Based View and strategy



OUTLINE

Thecasesolutions.com

- introduction of AirAsia
- issues during development
- strategies
- recommendations

Review of the main issues

1. Difficult to expand the new market.
2. Increasing number of competitors
3. Safety problems, like air crash.

Recommendations for AirAsia in the future

1. Enter new market
e.g. joint venture, Sponsorship
2. Basic service
e.g. the environment of waiting lounge, free drink
3. Reducing the cost
e.g. labor cost, maintenance cost

ISSUES
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Market Liberalization

Full-service Airline

Competitors

Air Crash

AirAsia: The World's Lowest Cost Airline
Thecasesolutions.com

- founded: 20 December 1993
- Hubs: Kuala Lumpur International Airport
- Serviced countries: 22
- lowest unit cost: US\$0.023 ASK

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The Ascendance of AirAsia: Building a Successful Budget Airline in Asia



ISSUES Thecasesolutions.com

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Market Liberalization

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Market Liberalization

- barrier to expand market
- Air transport liberalization in Asia-Pacific region began in 1990s
- Fully liberalize air – 2015



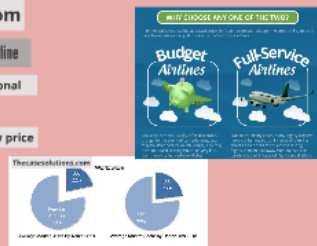
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Full-service Airline

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Full-service Airline VS Budget Airline

- Full-service Airline --- Traditional
- High service VS low price
- the Lowest price?



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Competitors

Competitors

- Malaysia airlines
- Other budget airlines

Rank	Country	Weekly seats
1	Singapore	104,750
2	China	49,718
3	Hong Kong	48,800
4	Vietnam	45,600
5	Indonesia	45,040
6	Macau	40,400
7	India	38,300
8	Thailand	35,700
9	Taiwan	34,500
10	Caribbean	30,400
11	South Korea	26,400

Rank	Airline	Total Seats
1	ANA Airline*	16,300
2	Qatar Airlines*	16,100
3	FD Thai Airline*	16,000
4	DL Delta Airline*	15,900
5	CA China Eastern*	15,800
6	QF Qantas Airline*	15,700
7	QJ Jetstar Airline*	15,600
8	UA United*	15,500
9	LA Alitalia*	15,400
10	DL Air France*	15,300
11	QY Qatar Airways*	15,200
12	PC Air Canada*	15,100
13	AA American Airlines*	15,000
14	DL Delta Airline*	14,900
15	DL Delta Airline*	14,800

Air Crash

Air Crash

- Crisis of Confidence
- Air Crash
- Safety or not?



YouTube

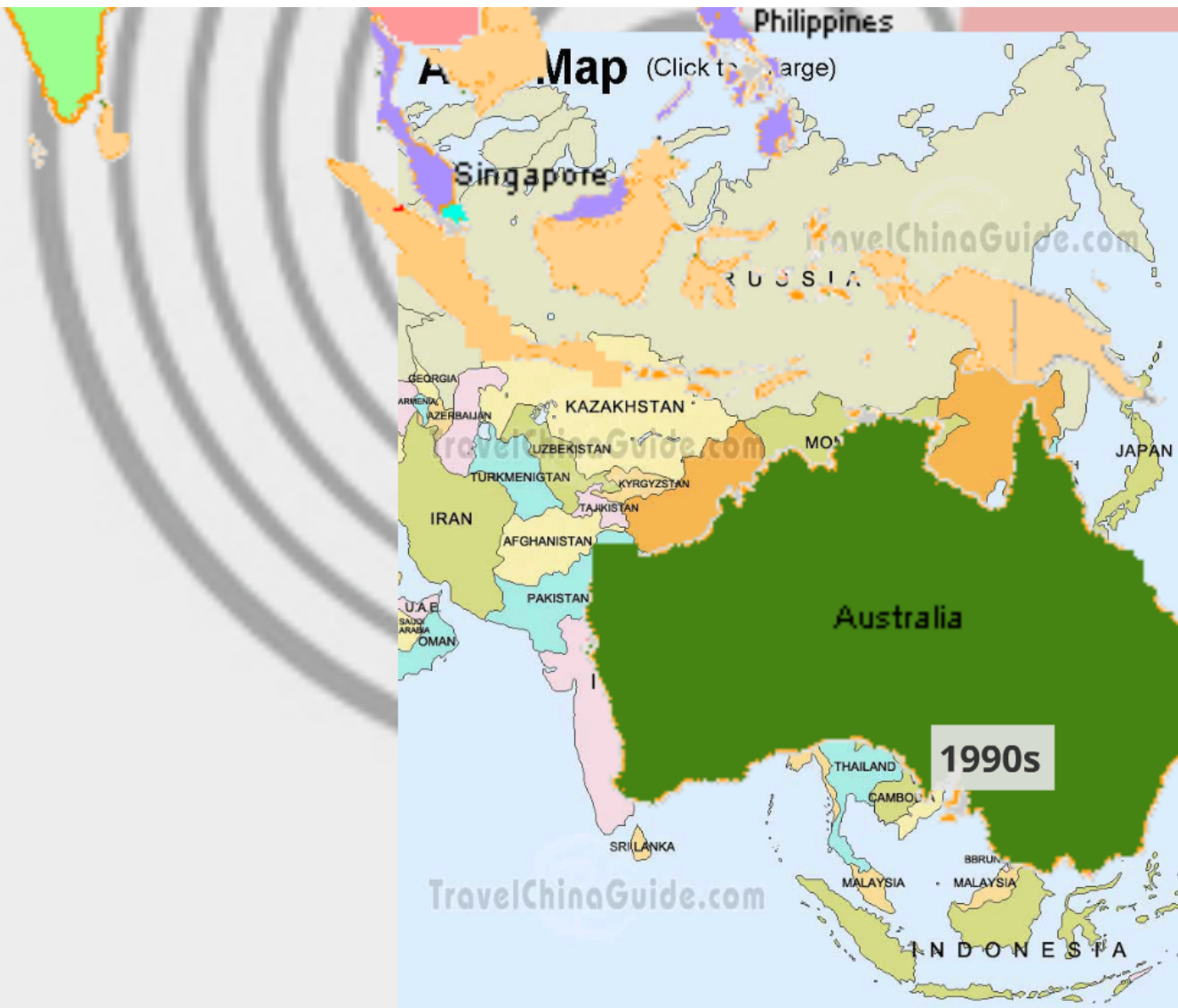
Liberalization

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price

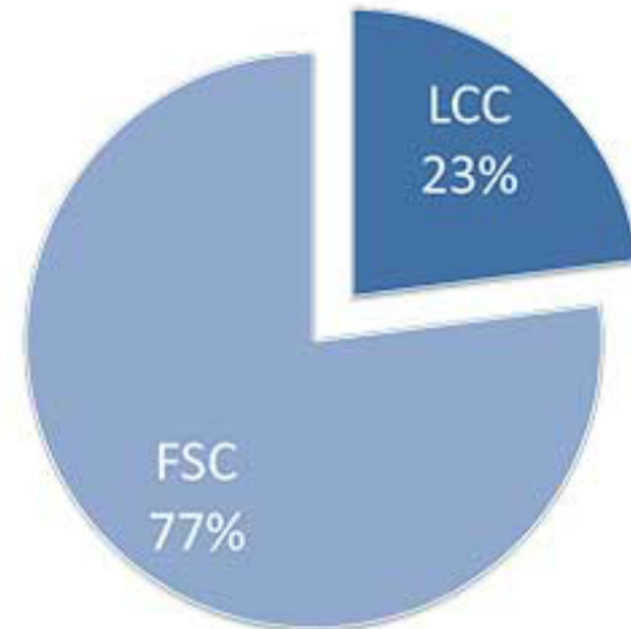
Low cost carriers usually offer discounts, though in the event of cancellations you may be stranded for much longer, and you may have to board at early hours or very late (commonly called red-eye) flights

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Worldwide



Average Market Share by ASK's 2013



Average Market Share by Departures 2013

Service Airline

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Full-service Airline VS Budget Airline

- Full-service Airline --- Traditional

- High service VS low price

- the Lowest price?

WHY CHOOSE ANY ONE OF THE TWO?

In either case, your safety as a passenger isn't compromised, though the smart thing to do is have travel insurance, just in case. But why choose either?

Budget Airlines



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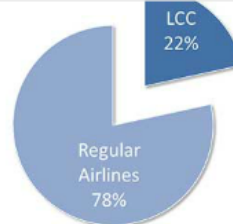
Full-Service Airlines



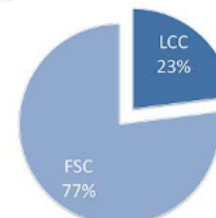
Due to the rising costs, many legacy carriers have cut full meals out in favor of offering snacks and drinks for purchase during flights. A main takeaway from full-service carriers is that in case of flight cancellations,

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