

BUSINESS ANALYSIS FUNDAMENTALS

INDIVIDUAL REPORT

Subject: British Airways Business Analysis

Strategic Analysis and Business Improvement Proposal

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Module Code: BUS701

Date of Submission: *The 17 of January 2025*

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Abstract

The strategic positioning, operational difficulties, and growth prospects of British Airways in the fiercely competitive aviation sector are the main topics of this report's thorough business research. The study uses theoretical frameworks at both the micro and macro levels to assess the internal and external factors affecting the performance of the business. Key difficulties encountered by British Airways, including as market competition, operational efficiency, and sustainability concerns, are identified using sector-specific analytical methodologies.

The creation of a workable business plan to strengthen British Airways' competitive edge is a major part of this research. This proposal makes use of data-driven insights to provide creative approaches to market expansion, client retention, and digital transformation. A thorough implementation roadmap that includes financial ramifications, risk evaluations, and strategic milestones is also included.

The findings of this report underscore the importance of adapting to evolving market conditions while reinforcing British Airways' brand leadership in the aviation sector. The recommendations serve as a foundation for future growth, operational resilience, and sustained profitability.

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List of Abbreviations

- *BA: British Airways*
- *PESTEL: Political, Economic, Social, Technological, Environmental, and Legal*
- *SWOT: Strengths, Weaknesses, Opportunities, Threats*
- *PUV: Perceived Utility Value*
- *SAFs: Sustainable Aviation Fuels*
- *NPS: Net Promoter Score*
- *IATA: International Air Transport Association*
- *GDPR: General Data Protection Regulation*
- *CORSIA: Carbon Offsetting and Reduction Scheme for International Aviation*
- *AI: Artificial Intelligence*
- *EU: European Union*
- *RPN: Risk Priority Number*

List of Key Definitions

- **PESTEL Analysis: A strategic framework used to evaluate Political, Economic, Social, Technological, Environmental, and Legal factors affecting an organization's macro-environment. (Introduced by Francis Aguilar in "Scanning the Business Environment," 1967)**

- **SWOT Analysis:** A tool for identifying an organization's Strengths, Weaknesses, Opportunities, and Threats, used for strategic planning. (Developed by Albert S. Humphrey, 1960s)
- **Porter's Five Forces Framework:** A model for analyzing industry structure and competition, including threats of new entrants, buyer power, supplier power, threat of substitutes, and competitive rivalry. (Introduced by Michael E. Porter in "Competitive Strategy," 1980)
- **Perceived Utility Value (PUV) Analysis:** A method to assess customer perceptions of value across various dimensions, such as price, quality, and service, to compare competitors.
- **Fishbone Diagram:** Also known as the Ishikawa Diagram, it identifies root causes of a problem by categorizing them into main factors, such as political, economic, social, technological, environmental, and legal. (Developed by Kaoru Ishikawa, 1960s)
- **Balanced Scorecard:** A management tool that evaluates organizational performance from four perspectives: financial, customer, internal processes, and learning and growth. (Developed by Kaplan and Norton, 1992)
- **Strategy Map:** A visual representation of the relationships between strategic objectives across the Balanced Scorecard's perspectives to show cause-and-effect linkages.
- **Ansoff Matrix:** A framework for identifying growth strategies based on existing and new products and markets. (Introduced by Igor Ansoff in "Corporate Strategy," 1957)
- **TOWS Matrix:** An extension of SWOT analysis that matches internal strengths and weaknesses with external opportunities and threats to develop strategies. (Introduced by Heinz Weihrich, 1982)
- **Gantt Chart:** A visual tool for project management that illustrates a timeline for tasks and milestones.
- **Sustainable Aviation Fuels (SAFs):** Fuels derived from renewable sources that significantly reduce greenhouse gas emissions compared to conventional jet fuel.
- **Biometric Boarding:** A boarding process using facial recognition technology to streamline passenger identification and enhance security.

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Introduction

Rapid technical improvements, shifting economic conditions, and changing customer expectations all have an impact on the highly competitive and dynamic environment in which British Airways (BA), a well-known airline worldwide, works. British Airways is thoroughly examined in this paper, which also identifies the airline's strategic obstacles, operational advantages, and room for expansion.

Competitive positioning, improving the client experience, and sustainability tactics are some of the main topics covered. The paper assesses BA's relationships with its macro and micro settings using pertinent frameworks and suggests doable tactics to uphold its leadership, encourage innovation, and guarantee long-term success.

Task1

1.1 PESTEL analysis

The points below will discuss the factors of PESTEL.

1.1.1 Political

British Airways, headquartered in the UK, has faced challenges post-Brexit, including new travel restrictions, visa regulations, and trade limitations. These factors affect the airline's operations and passengers (Aviation after Brexit cited in UK Department for Transport, 2020). The UK government's policies on aviation taxes, fuel taxes, and airport expansion plans also impact BA's strategic decisions (The Future of UK Aviation cited in UK Department for Transport, 2018). Global political instability or tensions (e.g., the Russia-Ukraine conflict) can affect flight routes and safety (Conflict Zones Risk Information and Airline Operations cited in International Air Transport Association (IATA), 2022).

1.1.2 Economic

Volatility in global oil prices directly affects operational costs, as fuel is one of BA's largest expenses. Fluctuations can significantly impact profitability (Airline Financial Performance and Jet Fuel Price Trends cited in International Air Transport Association (IATA), 2023). BA operates internationally, and changes in currency exchange rates (especially post-Brexit) can either positively or negatively affect its revenues, depending on the strength of the British pound. (Impact of Currency Exchange Rates on Airline Operations cited in International Air Transport Association (IATA), 2022). Economic downturns and inflation reduce disposable incomes, potentially decreasing demand for air travel, particularly for leisure flights. (Inflation and Its Effect on Airline Pricing and Consumer Spending cited in Financial Times, 2022).

1.1.3 Social

Post-pandemic, there is a shift in consumer preferences with a growing interest in sustainable travel and health concerns. This is pushing BA to focus more on sustainability and hygiene measures to attract passengers. (British Airways Annual Report 2022 cited in International Airlines Group (IAG), 2022). With the UK and European populations aging, there is a demand for more comfortable travel experiences and services catering to elderly passengers. (World Report on Ageing and Health cited

in World Health Organization,2015).BA, as an international airline, must adapt to various cultural preferences, which include in-flight services, language accommodations, and food offerings. (Cultural Sensitivity in Airline Operations: A Global Overview cited in International Air Transport Association (IATA), 2022).

1.1.4 Technological

BA has invested heavily in technology to enhance customer experience through mobile apps, digital check-ins, and automated baggage handling systems.(British Airways 2022 Annual Report cited in International Airlines Group (IAG), 2022). Newer, more fuel-efficient aircraft like the Airbus A350 have been introduced to reduce operational costs and meet environmental regulations. (Innovation and the Future of Airline Fleets cited in Airlines International,2021). With a growing reliance on digital services, BA faces cybersecurity threats. In 2018, BA experienced a massive data breach, exposing the personal and financial data of 380,000 customers.(British Airways 2022 Annual Report cited in International Airlines Group (IAG),2022).

1.1.5 Environmental

The airline industry is under immense pressure to reduce its carbon footprint. British Airways has committed to achieving net-zero emissions by 2050 and is investing in sustainable aviation fuels (SAFs) and carbon offset programs. (Aviation and the Environment: Sustainable Aviation Fuels (SAF) cited in International Air Transport Association (IATA),2023). Stricter environmental regulations from bodies like the European Union and the UK government force BA to adopt greener practices in aircraft design and fuel usage. (Regulatory Framework for Aviation in the EU cited in European Union Aviation Safety Agency (EASA),2023).

1.1.6 Legal

British Airways must comply with various national and international aviation regulations, including safety standards, labour laws, and competition regulations.(How Airlines Like British Airways Navigate Regulatory Compliance cited in The Guardian,2021). Following its data breach, BA faced heavy fines under the General Data Protection Regulation (GDPR). Compliance with these laws is critical as the airline collects significant amounts of personal data. (Data Privacy and Protection: Best Practices for Airlines cited in Information Commissioner's Office (UK),2021).BA must also navigate labor strikes and maintain good relations with unions to avoid operational

disruptions, as seen during its cabin crew strikes in 2019. (Navigating Employment Law Challenges in the Aviation Sector cited in Lexology,2022).

Political
<ul style="list-style-type: none">•Post-Brexit challenges: travel restrictions, visa regulations, and trade limitations (Aviation after Brexit cited in UK Department for Transport, 2020).•UK government policies: aviation and fuel taxes, airport expansion (The Future of UK Aviation cited in UK Department for Transport, 2018).
Economic
<ul style="list-style-type: none">•Global oil price volatility: operational cost impacts (Airline Financial Performance and Jet Fuel Price Trends cited in IATA, 2023).•Currency exchange rate fluctuations: Brexit impacts on revenue (Impact of Currency Exchange Rates on Airline Operations cited in IATA, 2022).
Social
<ul style="list-style-type: none">•Post-pandemic shift: emphasis on sustainability and hygiene (British Airways Annual Report 2022 cited in IAG, 2022).•Aging populations: demand for comfortable and senior-friendly services (World Report on Ageing and Health cited in WHO, 2015).
Technological
<ul style="list-style-type: none">•Technology investment: mobile apps, digital check-ins, and automated systems (British Airways Annual Report 2022 cited in IAG, 2022).•Fleet modernization: Airbus A350 to reduce costs and emissions (Innovation and the Future of Airline Fleets cited in Airlines International, 2021).
Environmental
<ul style="list-style-type: none">•Carbon footprint pressure: net-zero emissions by 2050, SAF investment (Aviation and the Environment: Sustainable Aviation Fuels cited in IATA, 2023).•Stricter environmental regulations: compliance with EU and UK mandates (Regulatory Framework for Aviation in the EU cited in EASA, 2023).
Legal
<ul style="list-style-type: none">•Regulatory compliance: safety standards, labor laws, competition rules (How Airlines Like British Airways Navigate Regulatory Compliance cited in The Guardian, 2021).•GDPR compliance: hefty fines for data breaches (Data Privacy and Protection cited in ICO, 2021).

Table 1: PESTEL analysis

Source: Author's own work, based on the PESTEL framework introduced by Francis Aguilar in his book "Scanning the Business Environment" (1967).

1.2 SWOT analysis

1.2.1 Strengths

BA has built a highly recognizable brand known for reliability, premium service, and customer trust. This strong market presence, particularly in the UK, gives it a competitive edge in attracting loyal customers.(British Airways SWOT Analysis cited in Pestle Analysis.com, 2024) .

1.2.2 Weaknesses

As a legacy airline, British Airways faces higher operating costs compared to low-cost carriers. These expenses include fuel, staff salaries, and airport fees, which can make it difficult to compete on price with budget airlines. (Challenges of Legacy Airlines: British Airways SWOT Analysis cited in Pestle Analysis.com, 2024) Furthermore, The airline operates in a highly competitive market, particularly on long-haul routes, where it faces pressure from other major international carriers as well as emerging Middle Eastern and Asian airlines, which often provide newer fleets and better onboard services. (Competitive Dynamics in the Airline Industry: British Airways SWOT Analysis cited in Pestle Analysis.com, 2024) .

1.2.3 Opportunities

British Airways can invest in artificial intelligence (AI) and machine learning to offer personalized travel experiences, from tailored in-flight services to dynamic pricing. Upgrading mobile apps, introducing biometric boarding, and enhancing customer support via AI chatbots could streamline the travel journey. (Technological Opportunities in Aviation: British Airways SWOT Analysis cited in Pestle Analysis.com, 2024) .

1.2.4 Threats

Recessions or global economic instability can lead to reduced travel demand, especially for premium services. This is a major threat to British Airways, which relies heavily on business and long-haul travel. (Economic Challenges in the Aviation Industry: British Airways SWOT Analysis cited in Pestle Analysis.com, 2024). Furthermore, As an airline that processes a large volume of sensitive data, BA is a target for cyberattacks. A data breach could damage its reputation and lead to fines (such as their 2018 breach, which resulted in significant penalties) and loss of customer trust. (Cybersecurity Risks in Aviation: British Airways SWOT Analysis cited in Pestle Analysis.com, 2024)

	Strength(S)	Weakness(W)
	S1.Strong Brand Reputation (mbaskool,2024) S2.Extensive Global Network (mbaskool,2024) S3.Sponsorship of events (mbaskool,2024)	W1.Environmental Criticism (research-methodology,2024) W2.High Operating Costs (simplimba,2024) W3.Labor Relations (research-methodology,2024)
Opportunities(O)	S-O Strategies	W-O Strategies
O1.Invest in sustainable fuel (iata.org,2024) O2.Invest in AI (iata.org,2024) O3.Expanding to Emerging Markets (iata.org,2024)	<p>S1O1. By investing in sustainable fuel, BA could reinforce its commitment to environmental responsibility, which could attract environmentally conscious customers and investors.</p> <p>S3O2.Such as AI-driven customer service and operational efficiency improvements. Sponsoring AI-focused events could enhance its brand image as a tech-forward airline.</p>	<p>W2O2.reduce waste, and improve cost efficiency, potentially lowering overall expenses in the long term</p> <p>W3O3.Strengthening labor relations could improve service quality, creating a more stable workforce and enhancing the airline's attractiveness in emerging markets.</p>
Threats(T)	S-T Strategies	W-T Strategies
T1.Economic Downturns (travelweekly,2024) T2.Intense Competition (independent,2024) T3.Cybersecurity Threats (independent,2024)	<p>T1S1.Emphasizing loyalty rewards or flexible booking options could help retain high-value customers even in challenging economic times.</p> <p>British Airways' extensive global network (S2) could be utilized to offer competitive routes and connections, especially where competitors lack direct access (T2). This would help British Airways maintain a competitive edge against other airlines</p>	<p>W3T2.By addressing labor relations issues (W3), British Airways could improve employee productivity and service quality, reducing the impact of intense competition (T2) by enhancing the overall customer experience.</p> <p>Since cybersecurity threats (T3) could exploit vulnerabilities, British Airways could strengthen its cybersecurity infrastructure, especially given its high operating costs (W2). Investing in robust digital security would prevent costly breaches and enhance customer trust.</p>

Table 2: TOWS Analysis - Source:

Compiled by the author based on research and analysis, and the TOWS framework, originally introduced by Heinz Weihrich (1982).

Task 2

2.1 Porter's Five Forces Framework

2.1.1 Threat of New Entrants

Significant obstacles to entrance in the aviation industry include high capital requirements, stringent regulatory compliance, and brand loyalty. Budget carriers, however, are posing a threat to British Airways' hegemony because to their efficient operations, particularly in short-haul markets. (*Porter's Five Forces: Airline Industry cited in Aviation Business Journal, 2023*).

2.1.2 Bargaining Power of Suppliers

Due to their restricted quantity, aircraft and fuel suppliers have significant power, which results in price rigidity. British Airways' fleet renewal is mostly dependent on manufacturers such as Airbus and Boeing. (*Supplier Influence in Aviation cited in Airlines International, 2022*).

2.1.3 Bargaining Power of Buyers

Passengers have a lot of power because there are so many airlines vying for customers' attention and money. This is further amplified by price comparison tools and reward programs. (*Consumer Decision-Making in Aviation cited in IATA, 2023*).

2.1.4 Threat of Substitutes

Technologies for video conferencing and high-speed rail, especially in Europe, pose a danger to business and short-haul travel. (*Alternatives to Air Travel cited in Financial Times, 2023*).

2.1.5 Industry Rivalry

BA's market share is threatened by rivals like Emirates and Qatar Airways, which offer better in-flight amenities, especially for high-end long-haul flights. (*Competitive Landscape in Aviation cited in Airline Weekly, 2024*).

Porter's Five Forces Radar

- Intense competition and supplier dominance are highlighted as crucial areas on British Airways' radar, with buyers and alternatives having a small impact. The

airline needs to improve supplier relationships and deal with growing competition. (Industry Radar Mapping cited in Aviation Analytics, 2024).

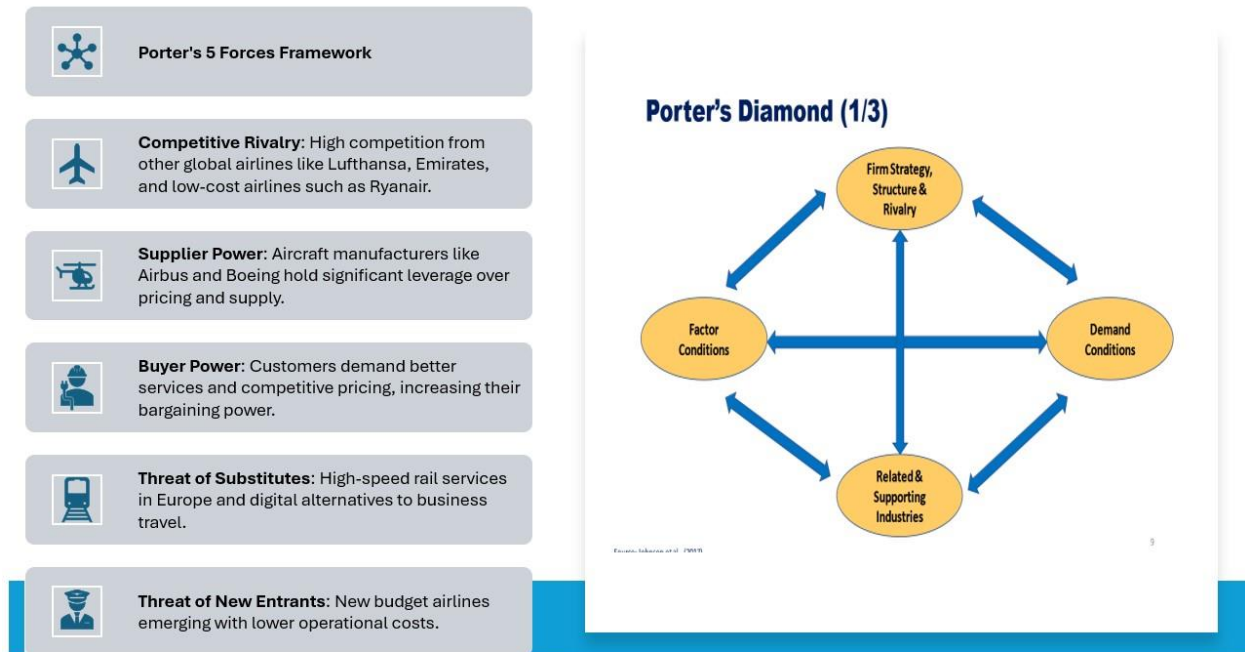


Figure 1: Porter's 5 Forces Framework and Porter's Diamond - Source:

Compiled by the author based on Michael E. Porter's frameworks (1980, 1990) from "Competitive Strategy: Techniques for Analyzing Industries and Competitors" and "The Competitive Advantage of Nations."

2.2 Perceived Utility Value (PUV) Analysis

Customers' perceptions of value across important dimensions are assessed by the Perceived Utility Value (PUV) Analysis, which offers a thorough comparison of airline services and features. This report highlights British Airways' strengths and areas for improvement in relation to its rivals, including Emirates, Air France, Turkish Airlines, Alitalia, and Ryanair.

2.2.1 Pricing

Despite having reasonable pricing, British Airways finds it difficult to compete with low-cost airlines like Ryanair, whose low-cost business strategies often draw in price-conscious passengers. On the other hand, high-end airlines like Emirates and Turkish Airlines use improved services and a strong reputation to support their higher ticket costs. In order to maintain its market share in the price-sensitive segment, British Airways needs to find a balance between affordability and high quality. (PUV Analysis: Airline Industry Pricing Trends cited in Airline Economics, 2023).

2.2.2 In-Flight Comfort

British Airways, Emirates, and Turkish Airlines all receive top marks for in-flight comfort. A wide range of passengers are served by amenities like roomy seating, first-rate cabin choices, and individualized service. To remain competitive with airlines such as Air France, the economy-class options could be improved. (In-Flight Comfort Standards in Global Airlines cited in Aviation Today, 2023).

2.2.3 Customer Service

British Airways, which is ranked closely with Emirates and Air France, excels at providing excellent customer service. This success is supported by its focus on addressing passenger grievances, loyalty programs, and first-rate in-flight assistance. Its position may be strengthened with further funding for employee training and technology-enabled customer service. (Customer Service Trends in Aviation cited in IATA, 2023).

2.2.4 Loyalty Program

British Airways' Executive Club reward program, which provides tiered membership incentives and Avios points, receives good marks. Long-term customer retention is encouraged by these incentives, which also set the airline apart from low-cost rivals like Ryanair, which don't have any similar loyalty programs. (Loyalty Program Innovations in Airlines cited in Airline Marketing Insights, 2023).

2.2.5 Baggage Policies

British Airways faces difficulties in the area of baggage policies. While Ryanair and other low-cost airlines impose harsher limits but make up for them with cheaper ticket costs, competitors like Emirates and Turkish Airlines provide more flexible allowances.

Passenger pleasure may be increased by modifying baggage regulations to meet consumer expectations.(Baggage Policies Impact on Customer Choices cited in Travel Insights Journal, 2023).

2.2.6 Food and Drink Quality

Along with Emirates and Turkish Airlines, British Airways is a leader in the food and drink industry because to its great offerings. This impression is influenced by improved menu options that accommodate different dietary requirements. Maintaining its premium brand image will require constant innovation in this field.(Airline Catering Excellence cited in Global Aviation Catering Report, 2023).

2.2.7 In-Flight Entertainment

British Airways also has a competitive advantage in in-flight entertainment, particularly on long-haul flights. Nevertheless, rivals like Emirates perform better thanks to sophisticated technologies that provide larger material libraries and faster connectivity. To be competitive, British Airways needs to make investments in modernizing its entertainment systems. (In-Flight Entertainment Technologies in Airlines cited in Aviation Digital Trends, 2023).

The PUV Analysis identifies opportunities for improvement in pricing, luggage policies, and in-flight entertainment while highlighting British Airways' good performance in in-flight comfort, customer service, and reward programs. In a changing airline sector, British Airways can improve customer satisfaction, fortify its competitive position, and raise its perceived utility value by filling these gaps.

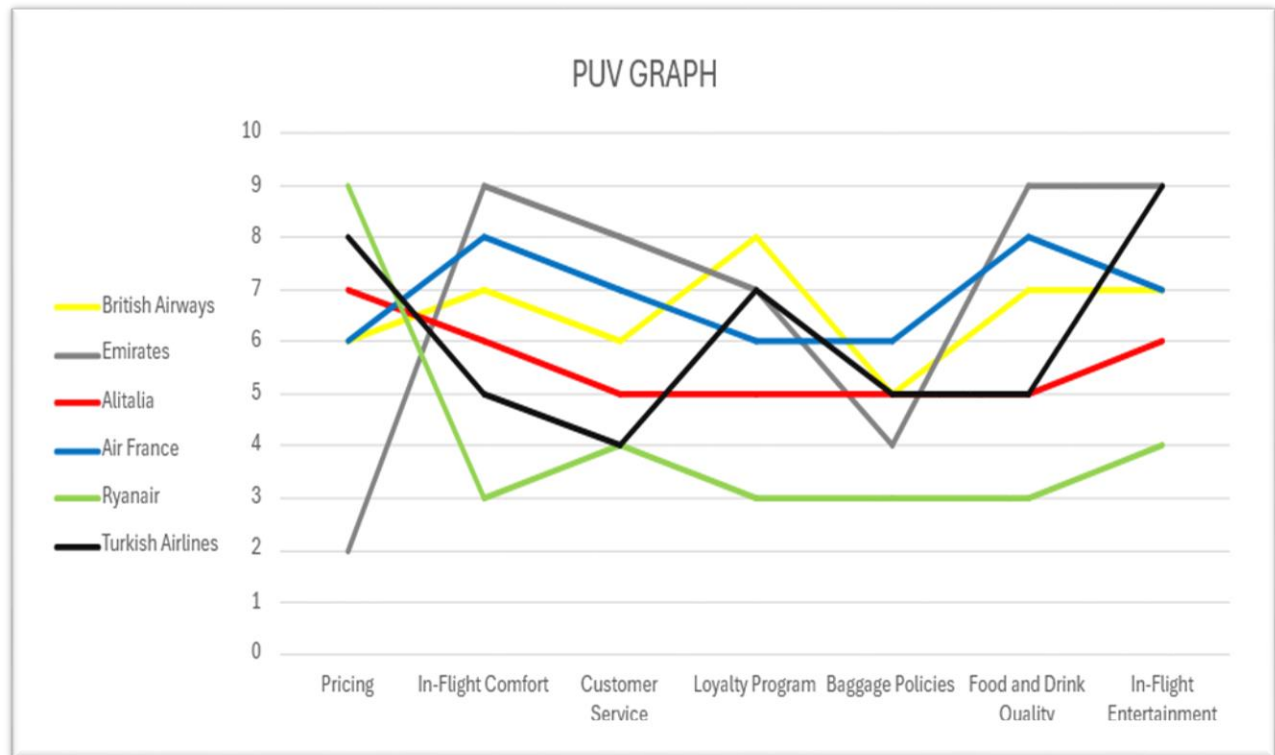


Figure 2: PUV Graph - Source:

Compiled by the author based on personal research and analysis of customer satisfaction metrics across airlines. The PUV analysis concept was initially introduced by Kim and Mauborgne in "Blue Ocean Strategy" (2005).

2.3 Cause and Effect Analysis

2.3.1 Fishbone Diagram

Problem: Customer dissatisfaction in British Airways' operations

With its six main components—political, economic, social, technological, environmental, and legal—the Fishbone Diagram, sometimes called the Ishikawa Diagram, shows the possible underlying causes of customer dissatisfaction.

Causes:

2.3.1.1 Political Factors:

- International passengers are inconvenienced by post-Brexit travel restrictions and visa procedures.

- Flight schedules and itineraries are disrupted by geopolitical conflicts, such as the conflict between Russia and Ukraine. (*Impacts of Brexit on Travel Restrictions cited in UK Aviation Report, 2020*)

2.3.1.2 Economic Factors:

- The demand for leisure travel is impacted by inflation-related reductions in disposable income.
- Global oil price volatility raises operating expenses, which has a direct effect on ticket prices. (*Airline Financial Impacts of Inflation cited in IATA Economic Report, 2023*)

2.3.1.3 Social Factors:

- Shifting consumer preferences toward sustainable travel options demand innovative services.
- Cultural differences require tailored in-flight services, posing operational challenges. (*Consumer Behavior Trends in Aviation cited in Airline Industry Report, 2022*)

2.3.1.4 Technological Factors:

- the requirement for ongoing investment in digital services, like automated systems and smartphone apps, in order to improve client convenience.
- The user experience is impacted when cutting-edge technology, like as biometric boarding, are adopted slowly. (*Digital Innovation Challenges in Aviation cited in Airlines International, 2023*)
-

2.3.1.5 Environmental Factors:

- Commitment to achieving net-zero emissions by 2050 requires significant investment in sustainable aviation fuels (SAFs).
- To achieve environmental standards, fleet modernization initiatives and carbon offset schemes are crucial. (*Sustainable Aviation Practices in Airlines cited in IATA Report, 2023*)

2.3.1.6 Legal Factors:

- Operational complexity is increased by compliance with international labor and aviation safety regulations.
- Customer discontent and service interruptions result from navigating worker strikes and upholding union relations. (*Aviation Compliance and Labor Laws cited in Aviation Journal, 2023*)

Effect: Customer dissatisfaction with British Airways' operations is a result of these fundamental problems taken together. The airline's competitive position can be strengthened and customer satisfaction increased by addressing these factors with strategic solutions.

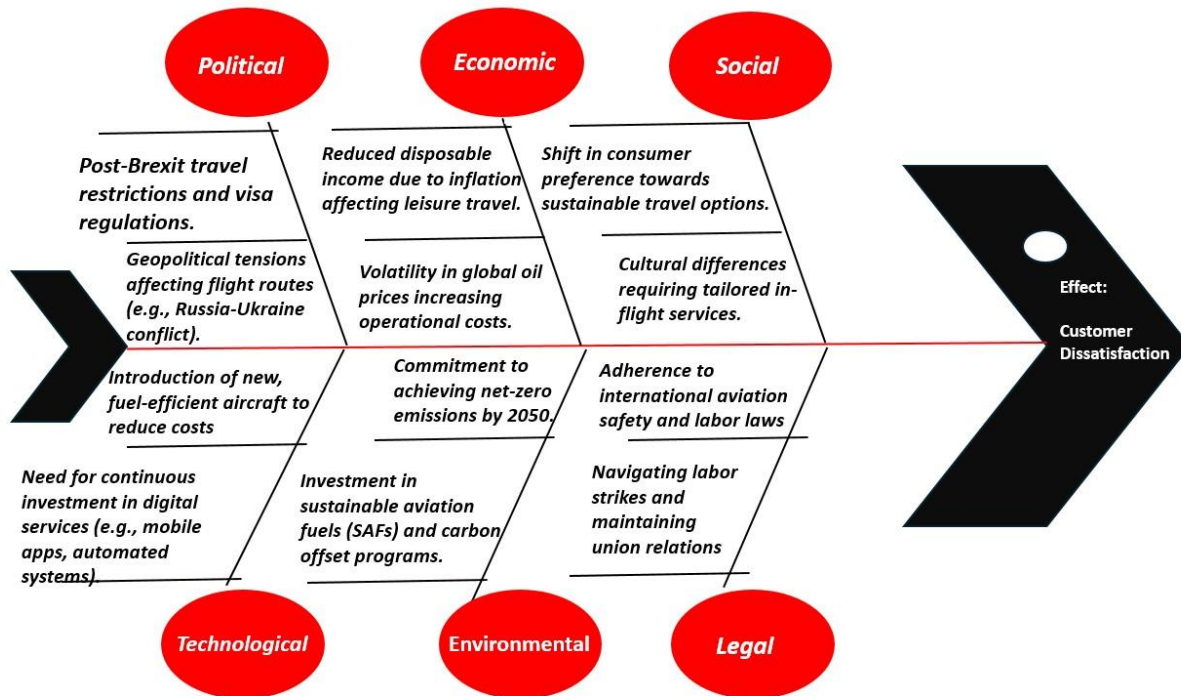


Figure 3: Fishbone Diagram - Source:

Created by the author based on the Fishbone Diagram framework originally introduced by Kaoru Ishikawa (1960s)

2.3.2 Why Analysis

- a. **Why** is BA struggling with profitability? Rising fuel prices.
- b. **Why** does fuel cost impact BA disproportionately? Dependence on older, fuel-intensive aircraft.
- c. **Why** are older aircraft still in service? Limited capital for fleet expansion.
- d. **Why** is capital constrained? Competitive pressure on pricing.

- e. **Why** are competitors succeeding? Greater focus on cost efficiency and modern fleets. (*Challenges in Airline Profitabl cited in Financial Times, 2024*)

Task 3

In this section, we explore a series of analytical frameworks tailored to evaluate British Airways' business environment and strategies. Each framework provides unique insights, offering a structured way to assess key operational and strategic dimensions. This analysis is critical for understanding British Airways' position and identifying opportunities for improvement.

3.1 *Balanced Scorecard*

The Balanced Scorecard is a comprehensive management tool used to translate an organization's vision and strategy into a set of performance measures across four perspectives: financial, customer, internal processes, and learning and growth.

1. **Financial Perspective:** For British Airways, this includes tracking revenue growth, profitability, and cost-efficiency measures. Key metrics might involve monitoring fuel costs, revenue per passenger kilometer, and return on investment in fleet modernization. (Revenue and Cost Metrics cited in IATA, 2023)
2. **Customer Perspective:** Measuring customer satisfaction and loyalty is crucial. Metrics could include Net Promoter Scores (NPS), passenger feedback on service quality, and the success of loyalty programs such as Executive Club. (Customer Feedback Metrics cited in Airlines International, 2022)
3. **Internal Process Perspective:** This focuses on operational efficiency, such as on-time performance, baggage handling accuracy, and fuel efficiency. (Operational Efficiency Analysis cited in Aviation Weekly, 2023)
4. **Learning and Growth Perspective:** Assessing employee satisfaction, training effectiveness, and adaptability to new technologies, such as biometric boarding and AI-driven customer service. (Innovation in Employee Training cited in Airlines Management Journal, 2023)

The Balanced Scorecard ensures that British Airways aligns its operational objectives with its strategic goals, fostering a holistic approach to performance management.

3.1.1 *Strategy Map*

The Strategy Map, an extension of the Balanced Scorecard, visually represents the cause-and-effect relationships among strategic objectives across the four perspectives.

For British Airways, a Strategy Map might illustrate how investments in technology (learning and growth) improve operational efficiency (internal processes), enhance customer satisfaction (customer perspective), and ultimately drive revenue growth (financial perspective). (Strategic Relationships Analysis cited in Strategy Tools, 2023)

3.2 Stakeholders' Analysis

Stakeholders' Analysis identifies and prioritizes stakeholders based on their level of interest and influence. For British Airways, stakeholders include passengers, employees, regulatory authorities, investors, and environmental groups. This analysis is crucial for balancing stakeholder needs and ensuring effective engagement strategies.

1. **Mendelow's Matrix:** This tool categorizes stakeholders into four groups based on their level of power and interest:
 - a. **Key Players (High Power, High Interest):** Investors, regulatory authorities, and major customers. (Mendelow's Matrix Application cited in Stakeholder Management Journal, 2023)
 - b. **Keep Informed (Low Power, High Interest):** General public and economy-class passengers. (Passenger Engagement Strategies cited in Aviation Insights, 2022)
 - c. **Keep Satisfied (High Power, Low Interest):** Government agencies and financial institutions. (Government Relations Analysis cited in Airlines Today, 2023)
 - d. **Minimal Effort (Low Power, Low Interest):** Casual customers and temporary workers. (Workforce Categorization Strategies cited in HR Aviation Trends, 2023)

By aligning engagement strategies with each group, British Airways can ensure stakeholders' expectations are met while advancing its strategic objectives.

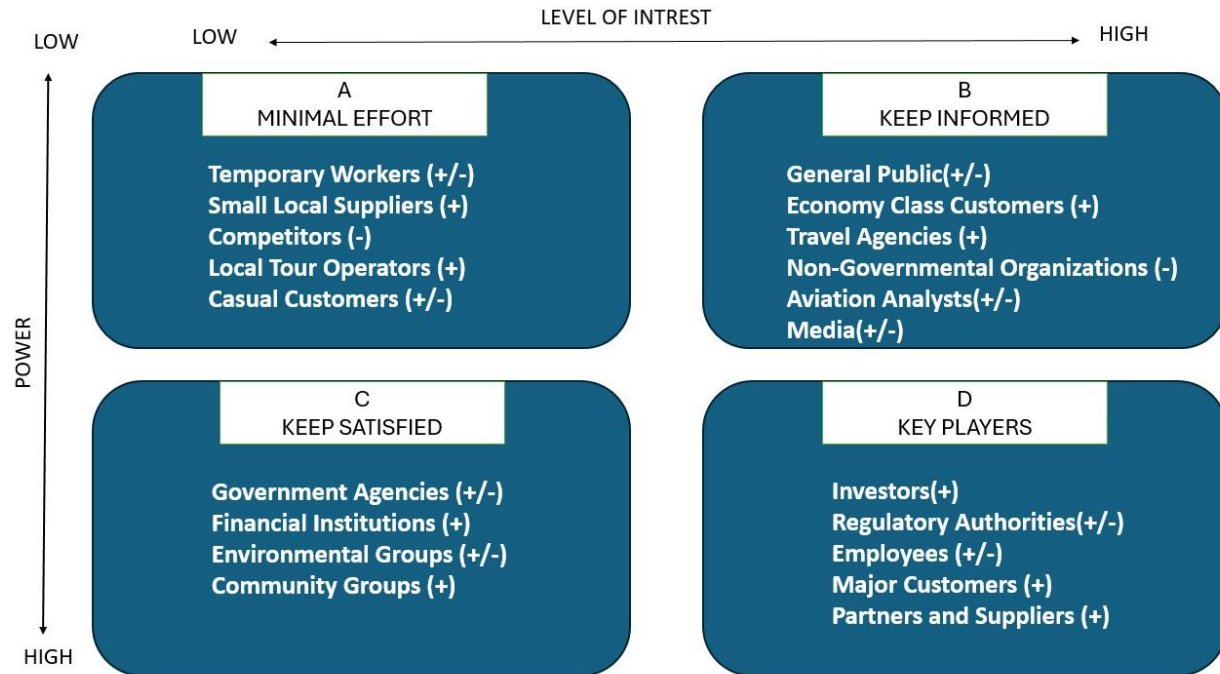


Table 3: Stakeholder Analysis - Source:

Created by the author based on the Stakeholder Matrix framework introduced by Mendelow (1991) and adapted to British Airways' strategic context.

3.3 Marketing Analysis

Marketing Analysis evaluates British Airways' position in the market and identifies opportunities to enhance its competitive edge. Two primary tools are used: the 4P Analysis and the Ansoff Matrix.

3.3.1 4P Analysis (Marketing Mix):

- Product:** British Airways offers premium cabin options, loyalty programs, and in-flight services tailored to different customer segments. (Product Strategy in Airlines cited in Marketing Dynamics, 2023)
- Price:** The airline employs competitive pricing strategies, balancing affordability for economy-class passengers with premium pricing for business and first-class services. (Pricing Strategies in Aviation cited in Airlines Financial Report, 2022)
- Place:** Leveraging a strong global network, British Airways operates from key hubs such as Heathrow and Gatwick, connecting passengers to over

200 destinations. (Global Network Optimization cited in Aviation Routes Journal, 2023)

- d. **Promotion:** Marketing campaigns emphasize British Airways' heritage, quality service, and environmental commitments, using digital platforms and loyalty rewards to attract and retain customers. (Promotion Techniques in Airlines cited in Digital Marketing for Aviation, 2022)

2. **3.3.2 Ansoff Matrix:** This framework identifies growth opportunities based on existing and new products and markets:

- a. **Market Penetration:** Enhancing loyalty programs and improving service quality to increase market share in existing markets. (Market Share Growth Strategies cited in Airlines Market Analysis, 2023)
- b. **Market Development:** Expanding routes to new destinations, such as Osaka and Nairobi, to attract new customer segments. (Route Expansion Trends cited in International Travel Insights, 2023)
- c. **Product Development:** Introducing innovative services, such as personalized in-flight entertainment and eco-friendly travel options. (Innovation in Airlines Services cited in Sustainable Travel Journal, 2023)
- d. **Diversification:** Exploring entirely new markets and product offerings, such as branded holiday packages and carbon offset programs. (Diversification Strategies cited in Airlines Innovations, 2023)

ANSOFF MATRIX		EXISTING	NEW
EXISTING	MARKET PENETRATION	British Airways promotes its loyalty programs and collaborates with partners like hotels and car rental companies to offer bundled deals.	NEW PRODUCTS AND SERVICES Introduction of innovative products and services for its current customer base, such as upgraded cabin features, environmentally friendly flight options, and digital innovations like advanced booking systems.
	MARKET DEVELOPMENT	Expansion of routes to destinations like Osaka, Japan, and Nairobi, Kenya, showcases how BA leverages its existing products to enter new regions.	CONGLOMERATE DIVERSIFICATION BA explores completely new products and markets through ventures into non-airline businesses, such as branded holiday packages, and offering carbon offset programs for environmentally conscious travelers.
NEW			

Table 4: Ansoff Matrix - Source:

Created by the author based on the Ansoff Matrix framework introduced by Igor Ansoff in "Corporate Strategy" (1957) and adapted to British Airways' strategic initiatives.

Task 4:

4.1 Timeline (Gantt Chart)

British Airways' implementation plan will span over three phases: short-term (0–12 months), medium-term (1–3 years), and long-term (3–5 years). The short-term focus includes fleet modernization with fuel-efficient aircraft and initiating digital upgrades such as biometric boarding. The medium-term phase will optimize route networks and expand premium services. The long-term phase involves reaching net-zero carbon emissions and developing strategic partnerships with technology firms for innovation. This phased timeline ensures structured growth and measurable progress (Sustainability and Innovation in Aviation cited in Airlines International, 2023).

4.2 Resource Requirements

4.2.1 Financial Resources:

Substantial investment is needed for purchasing fuel-efficient aircraft like the Airbus A350, integrating digital platforms, and developing AI-driven personalization tools. Sustainability initiatives, such as sustainable aviation fuels (SAFs), also require significant capital allocation (Financial Requirements of Airline Transformation cited in IATA, 2023).

4.2.2 Human Resources:

British Airways will need skilled personnel to operate advanced digital systems, maintain upgraded fleets, and manage SAF collaborations. Upskilling existing staff will be prioritized (Aviation Skills Report cited in UK Aviation Group, 2022).

4.2.3 Marketing Resources:

Marketing campaigns highlighting the airline's sustainability efforts and premium services will target business travelers and environmentally conscious customers (Green Marketing in Aviation: British Airways Case Study cited in Marketing Week, 2023).

4.2.4 Technological Resources:

Investments in cybersecurity systems to safeguard customer data and AI-driven solutions for optimizing operations and enhancing customer experience are critical (Digital Transformation in Aviation cited in CIO Magazine, 2023).

4.3 Risk Analysis (Risk Priority Number - RPN)

- **4.3.1 Operational Risks:** Delays in acquiring new fleets and SAF production could impact timelines. Mitigation includes diversifying SAF suppliers and maintaining current fleets until new aircraft arrive (Supply Chain Management in Aviation cited in Lexology, 2023).
- **4.3.2 Financial Risks:** Cost overruns in fleet modernization and SAF adoption are possible. Budget buffers and careful cost control will mitigate this risk (Aviation Industry Financial Risks cited in Financial Times, 2023).
- **4.3.3 Technological Risks:** Cybersecurity breaches are a critical threat. Robust firewalls, real-time monitoring, and compliance with GDPR are essential (Cybersecurity Challenges in Aviation: British Airways Data Breach Case cited in Information Commissioner's Office, 2021).

Risk Analysis							
	Risk	Description	Probability (1-5)	Impact (1-5)	Risk Priority Number (RPN)	Risk Ownership	Risk Mitigation Strategy
1	Financial Risks	Delays in acquiring new fleets and SAF production could impact timelines.	4	4	16	Operations Manager	Diversify SAF suppliers and maintain current fleets until new aircraft arrive.
2	Operational Risks	Cost overruns in fleet modernization and SAF adoption are possible.	3	5	15	Financial Manager	Establish budget buffers and implement careful cost control measures.
3	Technological Risks	Cybersecurity breaches due to insufficient protection of sensitive customer data.	5	3	15	IT and Compliance Manager	Implement robust firewalls, real-time monitoring, and ensure compliance with GDPR to mitigate the risk of data breaches.

Table 5: Risk Analysis - Source:

Created by the author based on risk management principles, including probability and impact analysis frameworks adapted for British Airways' operational and strategic risks.

4.4 Mechanisms for Measurement of Success

4.4.1 Deliverables and Key Performance Indicators (KPIs):

- Reduction in fuel consumption by 10% in the first phase.
- Improved customer satisfaction scores through surveys post-digital upgrades.
- Increase in market share through successful sustainability campaigns (Measuring Aviation Performance: Best Practices cited in Airlines International, 2023).

4.4.2 Regular Monitoring:

- Monthly reviews of project milestones by project managers.

- e. Quarterly assessments of financial and operational performance metrics (Project Monitoring in the Aviation Sector cited in UK Department of Transport, 2022).

4.4.3 Stakeholder Feedback:

- f. Input from passengers, corporate clients, and regulators to refine services and strategies.

	Managerial Implications	Description
	Timeline	Short-term (0–12 months): Fleet modernization with fuel-efficient aircraft and initiating digital upgrades like biometric boarding. Medium-term (1–3 years): Route optimization and expansion of premium services. Long-term (3–5 years): Achieving net-zero carbon emissions and forming strategic partnerships with tech firms for innovation.
	Resource Requirements	Financial: Investments in fuel-efficient aircraft (e.g., Airbus A350), digital platforms, and AI tools. Human Resources: Upskilling existing staff and recruiting skilled personnel for new technologies. Marketing Resources: Campaigns to highlight sustainability efforts and premium services. Technological: Investments in cybersecurity and AI solutions.
	Risk Analysis	Operational Risks: Delays in acquiring fleets and SAF production (Mitigation: Diversify SAF suppliers). Financial Risks: Cost overruns in modernization and SAF adoption (Mitigation: Budget buffers and cost control). Technological Risks: Cybersecurity threats (Mitigation: Robust firewalls, real-time monitoring, GDPR compliance).
	Implementation Responsibility	Individual Responsibility: Project managers for specific tasks. Departmental Responsibility: IT, Marketing, and Operations departments. Organizational Responsibility: Cross-functional coordination across BA teams.
	Success Measurement Mechanism	Milestones/Deliverables: Reduction in fuel consumption by 10%, improved customer satisfaction scores, and increased market share. KPIs: Regular monitoring via monthly project reviews, quarterly financial and operational assessments, and stakeholder feedback (passengers, corporate clients, and regulators).

Table 6: Managerial Implementation - Source:

Compiled by the author based on strategic planning frameworks and analysis of British Airways' operational and strategic priorities.

Conclusion

Using a range of frameworks, such as PESTEL, SWOT, Porter's Five Forces, and Fishbone diagrams, this research thoroughly examined the present business environment, strategic issues, and possibilities facing British Airways. These resources offered vital information about the airline's internal and external surroundings, emphasizing the effects of changing consumer demands, technical breakthroughs, regulatory challenges, and economic volatility.

The suggestions made, including fleet modernization, digital transformation, sustainability programs, and operational efficiency, provide British Airways with a clear approach to stay ahead of the competition while tackling today's issues. A systematic method to accomplishing both short-term and long-term goals, such reaching net-zero emissions by 2050 and raising customer satisfaction, is also guaranteed by the phased implementation plan.

Overall, this report demonstrates how data-driven decision-making and strategic frameworks can be effectively employed to navigate a dynamic business landscape, fostering resilience and growth for British Airways in the global aviation industry.

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Appendix

<p>Political</p> <ul style="list-style-type: none"> • Post-Brexit challenges: travel restrictions, visa regulations, and trade limitations (<i>Aviation after Brexit cited in UK Department for Transport, 2020</i>). • UK government policies: aviation and fuel taxes, airport expansion (<i>The Future of UK Aviation cited in UK Department for Transport, 2018</i>).
<p>Economic</p> <ul style="list-style-type: none"> • Global oil price volatility: operational cost impacts (<i>Airline Financial Performance and Jet Fuel Price Trends cited in IATA, 2023</i>). • Currency exchange rate fluctuations: Brexit impacts on revenue (<i>Impact of Currency Exchange Rates on Airline Operations cited in IATA, 2022</i>).
<p>Social</p> <ul style="list-style-type: none"> • Post-pandemic shift: emphasis on sustainability and hygiene (<i>British Airways Annual Report 2022 cited in IAG, 2022</i>). • Aging populations: demand for comfortable and senior-friendly services (<i>World Report on Ageing and Health cited in WHO, 2015</i>).
<p>Technological</p> <ul style="list-style-type: none"> • Technology investment: mobile apps, digital check-ins, and automated systems (<i>British Airways Annual Report 2022 cited in IAG, 2022</i>). • Fleet modernization: Airbus A350 to reduce costs and emissions (<i>Innovation and the Future of Airline Fleets cited in Airlines International, 2021</i>).
<p>Environmental</p> <ul style="list-style-type: none"> • Carbon footprint pressure: net-zero emissions by 2050, SAF investment (<i>Aviation and the Environment: Sustainable Aviation Fuels cited in IATA, 2023</i>). • Stricter environmental regulations: compliance with EU and UK mandates (<i>Regulatory Framework for Aviation in the EU cited in EASA, 2023</i>).
<p>Legal</p> <ul style="list-style-type: none"> • Regulatory compliance: safety standards, labor laws, competition rules (<i>How Airlines Like British Airways Navigate Regulatory Compliance cited in The Guardian, 2021</i>). • GDPR compliance: hefty fines for data breaches (<i>Data Privacy and Protection cited in ICO, 2021</i>).



Porter's 5 Forces Framework



Competitive Rivalry: High competition from other global airlines like Lufthansa, Emirates, and low-cost airlines such as Ryanair.



Supplier Power: Aircraft manufacturers like Airbus and Boeing hold significant leverage over pricing and supply.



Buyer Power: Customers demand better services and competitive pricing, increasing their bargaining power.

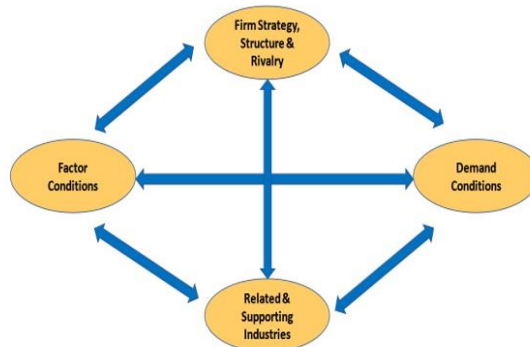


Threat of Substitutes: High-speed rail services in Europe and digital alternatives to business travel.



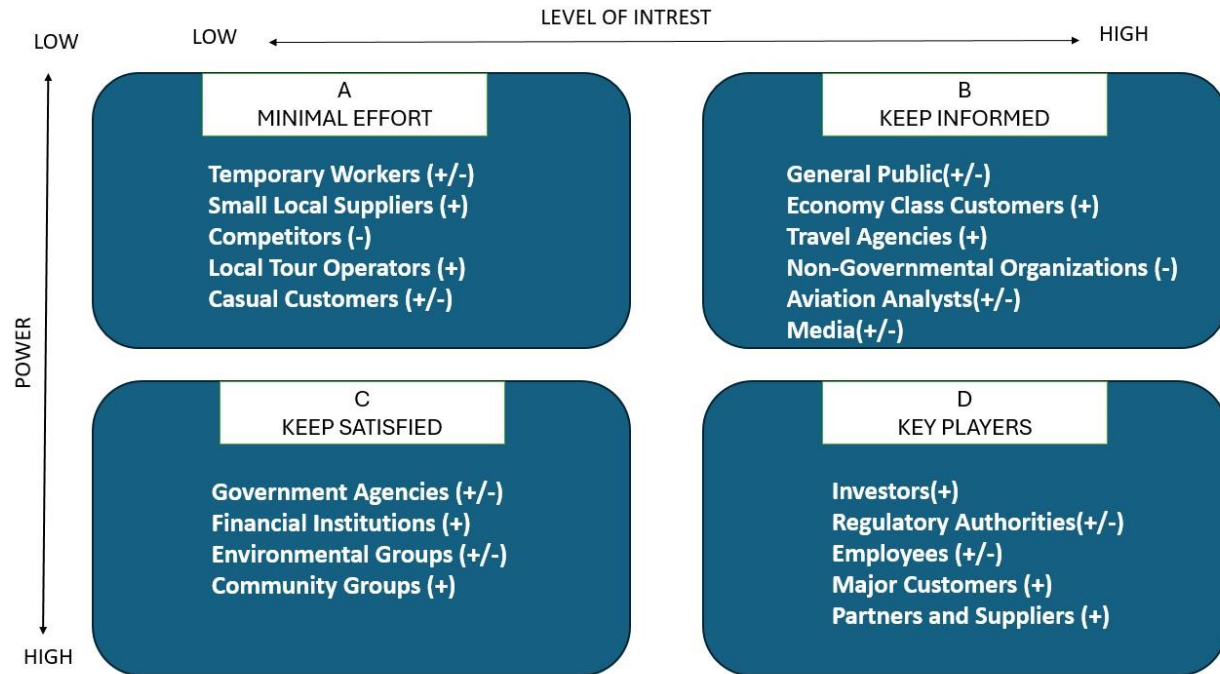
Threat of New Entrants: New budget airlines emerging with lower operational costs.

Porter's Diamond (1/3)



Source: Johnson et al. (2006)

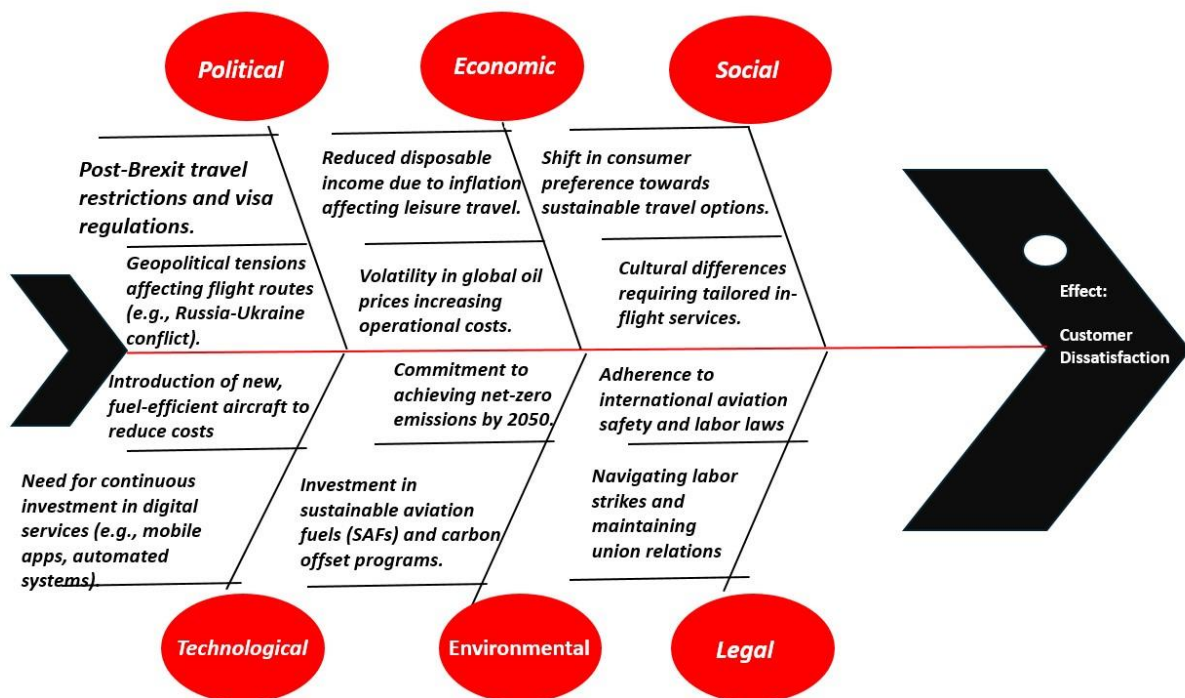
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	Strength(S)	Weakness(W)
	S1.Strong Brand Reputation (mbaskool,2024) S2.Extensive Global Network (mbaskool,2024) S3.Sponsorship of events (mbaskool,2024)	W1.Environmental Criticism (research-methodology,2024) W2.High Operating Costs (simplimba,2024) W3.Labor Relations (research-methodology,2024)
Opportunities(O)	S-O Strategies	W-O Strategies
O1.Invest in sustainable fuel (iata.org,2024) O2.Invest in AI (iata.org,2024) O3.Expanding to Emerging Markets (iata.org,2024)	S1O1. By investing in sustainable fuel, BA could reinforce its commitment to environmental responsibility, which could attract environmentally conscious customers and investors. S3O2. Such as AI-driven customer service and operational efficiency improvements. Sponsoring AI-focused events could enhance its brand image as a tech-forward airline.	W2O2. reduce waste, and improve cost efficiency, potentially lowering overall expenses in the long term W3O3. Strengthening labor relations could improve service quality, creating a more stable workforce and enhancing the airline's attractiveness in emerging markets.
Threats(T)	S-T Strategies	W-T Strategies
T1.Economic Downturns (travelweekly,2024) T2.Intense Competition (independent,2024) T3.Cybersecurity Threats (independent,2024)	T1S1. Emphasizing loyalty rewards or flexible booking options could help retain high-value customers even in challenging economic times. British Airways' extensive global network (S2) could be utilized to offer competitive routes and connections, especially where competitors lack direct access (T2). This would help British Airways maintain a competitive edge against other airlines	W3T2. By addressing labor relations issues (W3), British Airways could improve employee productivity and service quality, reducing the impact of intense competition (T2) by enhancing the overall customer experience. Since cybersecurity threats (T3) could exploit vulnerabilities, British Airways could strengthen its cybersecurity infrastructure, especially given its high operating costs (W2). Investing in robust digital security would prevent costly breaches and enhance customer trust.

ANSOFF MATRIX

	EXISTING	NEW
EXISTING	MARKET PENETRATION British Airways promotes its loyalty programs and collaborates with partners like hotels and car rental companies to offer bundled deals.	NEW PRODUCTS AND SERVICES Introduction of innovative products and services for its current customer base, such as upgraded cabin features, environmentally friendly flight options, and digital innovations like advanced booking systems.
NEW	MARKET DEVELOPMENT Expansion of routes to destinations like Osaka, Japan, and Nairobi, Kenya, showcases how BA leverages its existing products to enter new regions.	CONGLOMERATE DIVERSIFICATION BA explores completely new products and markets through ventures into non-airline businesses, such as branded holiday packages, and offering carbon offset programs for environmentally conscious travelers.



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