

# Business Analysis Fundamentals Individual Presentation

## *"British Airways Business Analysis"*

Alireza Foroughi

Student ID: 20001307

Ulster university's London Campus



# Introduction

One of the top international airlines in the world, **British Airways** is well-known for its wide worldwide network and first-rate customer support. British Airways, the nation's flag carrier, is **essential to the UK's connectivity to important international locations**.

This research examines **British Airways'** operational and strategic facets, examining its main obstacles, competitive stance, and expansion prospects. In response to changing market demands, the airline's approach to **digital transformation, sustainability, and improving the customer experience** will be evaluated.

This project intends to **create strategic recommendations** that can bolster British Airways' competitive edge and guarantee long-term success in the fast-paced aviation sector by utilizing industry frameworks and business analytic techniques.



# Micro and Macro-Level Analysis (Task 5)

## Micro-Level Analysis (Internal Factors):

- **Operational Efficiency:** Although British Airways has a robust operational structure, it nevertheless has to contend with high operating costs in comparison to low-cost airlines. (High Operating Costs and Competitive Pressures in Airlines cited in Research Methodology, 2024)
- **Customer Loyalty and Branding:** As a high-end airline, BA uses strong customer trust and brand loyalty to maintain its market leadership in the UK. (Building Brand Loyalty in the Aviation Industry cited in Mbaskool, 2024)
- **Technological Advancements:** Investing in mobile apps, digital platforms, and fuel-efficient aircraft lowers costs and improves service delivery. (Technology-Driven Innovation in Aviation cited in Airlines International, 2023)

## Macro-Level Analysis (External Factors):

- **Political and Economic Factors:** Regulations following Brexit and fluctuations in the price of fuel globally affect operating expenses and profitability. (Impact of Brexit on UK Aviation Industry cited in UK Department for Transport, 2020; Airline Financial Performance and Jet Fuel Price Trends cited in International Air Transport Association (IATA), 2023)
- **Social and Environmental Trends:** BA is investing in environmentally beneficial projects like sustainable aviation fuels (SAFs) in response to the growing demand for sustainable travel. (Aviation and the Environment: Sustainable Aviation Fuels (SAF) cited in IATA, 2023)
- **Legal and Technological Influences:**
  - BA's strategy approach is shaped by the need to combat cybersecurity threats and stricter data protection laws (GDPR).
  - (Data Privacy and Protection in Aviation cited in Information Commissioner's Office (ICO), 2021)

# ***PESTEL Analysis: offers an organized method to evaluate the external macroenvironmental elements affecting British Airways.***

## **Political**

- **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**

- **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**

- **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**

- **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**

- **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**

- **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*).



***TOWS Matrix: a method used in strategic planning that enables British Airways to match external opportunities and threats with its internal strengths and problems.***

	<b>Strength(S)</b>  S1.Strong Brand Reputation (mbaskool,2024) S2.Extensive Global Network (mbaskool,2024) S3.Sponsorship of events (mbaskool,2024)	<b>Weakness(W)</b>  W1.Environmental Criticism (research-methodology,2024) W2.High Operating Costs (simplimba,2024) W3.Labor Relations (research-methodology,2024)
<b>Opportunities(O)</b>  O1.Invest in sustainable fuel (iata.org,2024) O2.Invest in AI (iata.org,2024) O3.Expanding to Emerging Markets (iata.org,2024)	<b>S-O Strategies</b>  <b>S1O1.</b> By investing in sustainable fuel, BA could reinforce its commitment to environmental responsibility, which could attract environmentally conscious customers and investors.  <b>S3O2.</b> Such as AI-driven customer service and operational efficiency improvements. Sponsoring AI-focused events could enhance its brand image as a tech-forward airline.	<b>W-O Strategies</b>  <b>W2O2.</b> reduce waste, and improve cost efficiency, potentially lowering overall expenses in the long term  <b>W3O3.</b> Strengthening labor relations could improve service quality, creating a more stable workforce and enhancing the airline's attractiveness in emerging markets.
<b>Threats(T)</b>  T1.Economic Downturns (travelweekly,2024) T2.Intense Competition (independent,2024) T3.Cybersecurity Threats (independent,2024)	<b>S-T Strategies</b>  <b>T1S1.</b> Emphasizing loyalty rewards or flexible booking options could help retain high-value customers even in challenging economic times.  <b>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</b>	<b>W-T Strategies</b>  <b>W3T2.</b> 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.  <b>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.</b>

# Sector-Level Analysis (Task 6)

## Key Industry Trends

- **Post-Pandemic Recovery:** Although **passenger demand is increasing**, the aviation industry is nevertheless **impacted by manpower and capacity limitations**. (Aviation Industry Recovery and Workforce Challenges cited in International Air Transport Association (IATA), 2023)
- **Sustainability Pressure:** Airlines are under pressure from customers and regulators to lower their **carbon emissions**. Modernizing the fleet and using Sustainable Aviation Fuels (SAFs) are **important tactics**. (Sustainable Aviation Practices cited in International Air Transport Association (IATA), 2023)

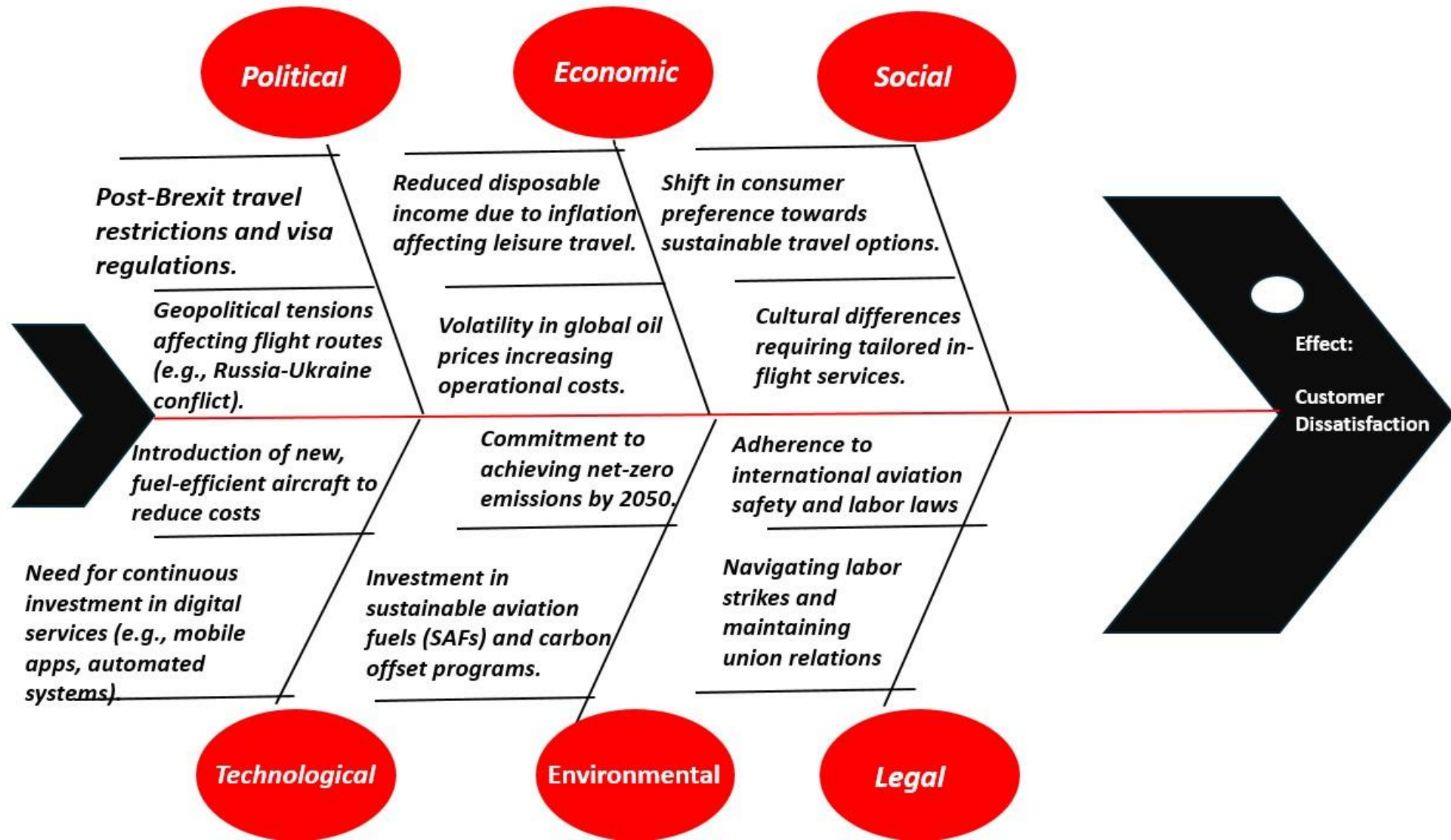
## Competitive Landscape

- **Increasing Competition:** On long-haul flights, British Airways faces competition from low-cost carriers (LCCs) and Middle Eastern airlines like Emirates and Qatar Airways. (Competitive Analysis of Global Airlines cited in Aviation Week, 2023)
- **Market Consolidation:** Alliances and partnerships, like OneWorld, are influencing market share and fostering competitiveness. (OneWorld Alliance Impacts cited in British Airways Annual Report, 2022)

## Technological Shifts

- With an emphasis on **automation, artificial intelligence**, and **improved passenger experiences**, digital transformation is speeding up. Fuel-efficient aircraft innovation lowers costs and complies with regulations. (Digital Transformation and Innovation in Aviation cited in Airlines International, 2023)

# ***Fishbone Diagram: an effective tactic for determining the underlying reasons of a certain problem or difficulty.***



***Effect:  
Customer  
Dissatisfaction***



# Porter's 5 Forces Framework: *a strategic tool that provides information about an organization's place in the market by analyzing the competitive dynamics forming an industry.*



## 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.

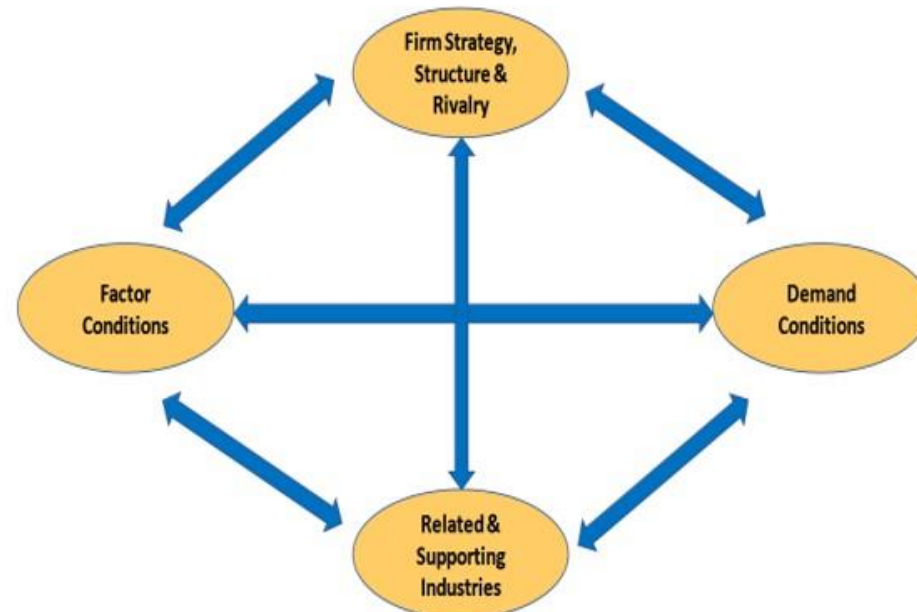


**Threat of Substitutes:** High-speed rail services in Europe and digital alternatives to business travel.



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

## Porter's Diamond (1/3)



Source: Johnson et al. (2009)

9



# Business Proposal Overview (Task 7)

## Proposal Focus Areas:

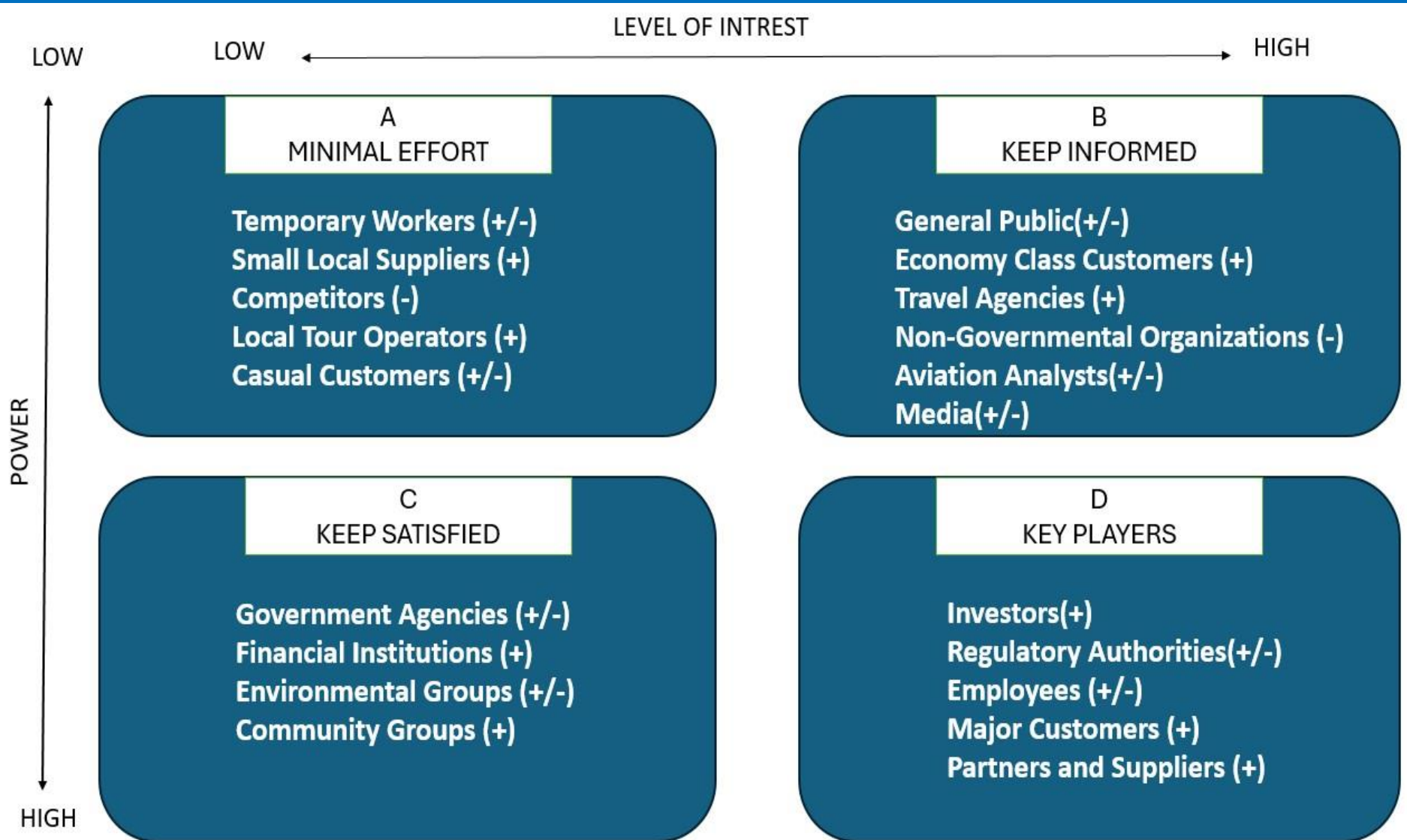
- **Sustainability Initiatives:** To achieve net-zero goals by 2050, invest in Sustainable Aviation Fuels (SAFs) and put carbon offset plans into place. (Aviation and the Environment: Sustainable Aviation Fuels (SAF) cited in International Air Transport Association (IATA), 2023).
- **Digital Transformation:** Improve the client experience with biometric boarding, AI-powered personalization, and more digital services. (British Airways Annual Report 2022 cited in International Airlines Group (IAG), 2022).
- **Fleet Modernization:** To lower operating expenses and the impact on the environment, purchase fuel-efficient aircraft (Airbus A350). (Innovation and the Future of Airline Fleets cited in Airlines International, 2021).
- **Route Optimization:** Using data analytics to inform decisions, increase revenue-generating routes while cutting out underperforming ones. (Impact of Data Analytics on Route Planning and Revenue Management cited in International Air Transport Association (IATA), 2023).

## Strategic Goals:

- Increase operational efficiency to boost profitability.
- Boost client loyalty by offering cutting-edge services.
- Establish British Airways as a pioneer in environmentally friendly flying.



***Stakeholders' Analysis: is an essential tool for locating and classifying a company's stakeholders according to their influence and degree of interest.***



# ***ANSOFF MATRIX: a strategic tool for identifying and assessing growth***

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			

# *Implementation Plan (Task 8)*

## *Phase 1: Brief (zero to twelve months)*

Modernize the fleet by starting to operate planes that use less fuel.

**Digital Upgrades:** Implement biometric boarding and improve the functionality of mobile apps.

**Sustainability Kickoff:** Start the first carbon offsetting initiatives and SAF collaborations.

## *Phase Two: Mid-Term (one to three years)*

**Operational Optimization:** Improve route networks and eliminate underperforming routes with AI-driven data.

**Service Expansion:** To draw in business travelers, offer first-rate in-flight amenities.

**Sustainability Expansion:** Use SAF more often on important routes.

## *Phase 3: Extended (three to five years)*

Increase efforts to reach net-zero carbon emissions by 2050 as part of the Net-Zero Commitment.

**Strategic Alliances:** To innovate airline services, establish alliances with tech firms.

**Customer-Centric Innovation:** Keep improving services to satisfy shifting customer needs.



# Conclusion

- British Airways uses its **high brand recognition** and inventive mindset to thrive in the ever-evolving airline industry. Its commitment to sustainability, exemplified by its **investments in Sustainable Aircraft Fuels** (SAFs) and fleet modernization, meets consumer demands for eco-friendly travel while simultaneously advancing global environmental objectives. The airline uses **operational efficiency and digital transformation** to keep its competitive edge, reduce costs, and increase passenger satisfaction.

- British Airways demonstrates **resilience and adaptability** by addressing problems including industry competitiveness, legal compliance, and fluctuating prices for fuel through strategic alliances and customer-driven solutions. This proactive approach ensures long-term profitability and strengthens **its standing as a leader in the global aviation sector**.



# References

- [1] UK Department for Transport, "Aviation after Brexit," 2020. Available: <https://www.gov.uk/government/publications/aviation-after-brexit>
- [2] UK Department for Transport, "The Future of UK Aviation," 2018. Available: <https://www.gov.uk/government/publications/the-future-of-uk-aviation>
- [3] International Air Transport Association (IATA), "Conflict Zones Risk Information and Airline Operations," 2022. Available: <https://www.iata.org/en/programs/security/conflict-zones/>
- [4] International Air Transport Association (IATA), "Airline Financial Performance and Jet Fuel Price Trends," 2023. Available: <https://www.iata.org/en/publications/economic-reports/jet-fuel-monitor/>
- [5] Financial Times, "Inflation and Its Effect on Airline Pricing and Consumer Spending," 2022. Available: <https://www.ft.com/topics/themes/Inflation>
- [6] International Airlines Group (IAG), "British Airways Annual Report," 2022. Available: <https://www.iag.com/investors-and-shareholders/reports-and-presentations>
- [7] World Health Organization (WHO), "World Report on Ageing and Health," 2015. Available: <https://www.who.int/ageing/publications/world-report-2015/en/>
- [8] European Union Aviation Safety Agency (EASA), "Regulatory Framework for Aviation in the EU," 2023. Available: <https://www.easa.europa.eu/domains/environment>
- [9] Information Commissioner's Office (ICO), "Data Privacy and Protection: Best Practices for Airlines," 2021. Available: <https://ico.org.uk/for-organisations/>
- [10] Pestle Analysis.com, "British Airways SWOT Analysis," 2024. Available: <https://pestleanalysis.com/british-airways-swot-analysis/>
- [11] Airlines International, "Innovation and the Future of Airline Fleets," 2021. Available: <https://www.airlines.iata.org/>
- [12] Lexology, "Navigating Employment Law Challenges in the Aviation Sector," 2022. Available: <https://www.lexology.com/library>