International Strategic Management (MAN7131)

Student ID:

Student Name:

Course:

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# 1. Introduction

National Express is a preeminent provider of public transportation in the United Kingdom, offering an extensive network of bus, coach, and train services that operate throughout the country. As indicated by National Express Group PLC (2023a), the company's founding dates back to the year of 1972, and it boasts a distinguished history and an enviable reputation for delivering safe, dependable, and economical transportation solutions to its clientele. With a veritable army of over 46,200 diligent and assiduous employees, National Express stands as one of the largest and most influential employers in the entire UK (National Express Group PLC, 2023b).

# 2. VMOST Analysis (vision, mission, objectives, strategies, and tactics)

National Express envisions becoming the top public transportation firm in the UK by delivering dependable, low-cost, and safe services to its clients. The company's mission is to connect individuals, communities, and businesses through innovative and sustainable transportation solutions (National Express Group PLC, 2023c). The attainment of these goals is backed by clear-cut objectives that include enhancing customer satisfaction, lowering operating expenses, and broadening market reach. National Express' strategies emphasise the provision of top-notch services, investment in cutting-edge technology, and the expansion of its network of routes and services. The company's tactics include improving customer service, providing comprehensive employee training and development, and ramping up marketing and advertising efforts (National Express Group PLC, 2023c).

# 3. Stakeholder Analysis

Stakeholder analysis constitutes a crucial course of action in comprehending the exigencies, anticipations, and concerns of sundry stakeholders that can exert an impact on the triumph of an entity (Alhawari *et al.,* 2021). As it pertains to National Express, the stakeholders encompass patrons, staff, shareholders, governmental regulators, purveyors, and the communities to which it caters. National Express acknowledges that its stakeholders possess dissimilar and frequently incompatible interests, and it has devised tactics to govern and stabilise these interests. The entity attaches great significance to the contentment of its clients, the involvement of its personnel, and the endurance of the environment, which are indispensable to upholding affirmative liaisons with its stakeholders.

# 4. External Analysis

## 4.1 Competitor Analysis

In the realm of public transportation, National Express faces substantial rivalry from other major contenders, including Stagecoach, FirstGroup, and Arriva (FirstGroup plc, 2022; Arriva, 2023; Stagecoach UK Bus, 2023). These enterprises proffer comparable services, such as coach, bus, and train transit throughout the UK. In order to uphold its competitiveness, National Express has engineered an assortment of tactics such as investing in avant-garde technology and broadening its array of routes and services. Additionally, the organisation has set itself apart from the competition by centring on first-rate customer service, presenting reasonable fares, and promoting principles of sustainability and ecological accountability.

## 4.2 Porter’s Five Forces

National Express faces considerable **competitive pressures** in the public transportation industry, including the menace of **new entrants and price rivalry** from its counterparts (FirstGroup plc, 2022; Arriva, 2023; Stagecoach UK Bus, 2023). The company's suppliers hold relatively **low bargaining power** due to the vast and **diverse supply chain owned by National Express** (Baxter, 2019). Conversely, buyers possess **high bargaining power**, given the numerous options available for transportation services. Moreover, the possibility of **substitutes**, such as taxis and private cars, is significantly high (Irawan *et al.,* 2020).

## 4.3 PESTLE Analysis

***Political***

Given the industry's stringent regulations, National Express' operations are grateful to changes in government policies and regulations. It is imperative for the company to ensure that they comply with all relevant laws and regulations, whilst simultaneously maintaining amicable relations with government regulators (Floridi, 2019).

***Economic***

The state of the economy holds a sway over National Express' operations, as consumer behaviour with respect to public transport is subject to fluctuation based on their financial standing. Additionally, in times of economic downturn, government funding for transport infrastructure tends to be trimmed down (Mattioli *et al.,* 2020).

***Social***

Social trends and demographic changes can exert a substantial influence on National Express' operations. For instance, as indicated by Cheng *et al.* (2019), the transport requirements of an ageing population would vastly differ from those of a younger demographic.

***Technological***

Technological advancements can have a significant impact on National Express' operations, such as the emergence of new transport technologies and the use of data analytics to enhance efficiency and customer experience (Wang *et al.,* 2021).

***Legal***

National Express is obligated to conform to a slew of legal requirements, encompassing health and safety regulations, employment laws, and competition laws (Singh, 2022).

***Environmental***

National Express acknowledges the significance of environmental sustainability and has taken several measures to minimise its environmental footprint (Ramzan *et al.,* 2023). This includes investment in low-emission vehicles and the utilisation of renewable energy sources.

# 5. Internal Analysis

## 5.1 FiMO

National Express is a public transport company that operates across various regions and uses the FiMO framework to analyse its internal capabilities. FiMO stands for Finance, Marketing, and Operations, which are the three primary areas of focus in this framework. The organisation's finance capability is strong, with solid revenue growth and profit margins (National Express Group PLC, 2023b). The marketing strategies employed by National Express aim to deliver high-quality customer service while promoting sustainability and environmental responsibility (National Express Group PLC, 2023c). Furthermore, the firm has a broad and diversified network of transport services as well as an experienced personnel, all of which contribute to its operational capabilities (National Express Group PLC, 2023b).

## 5.2 VRIO Analysis

National Express has been evaluated using the VRIO analysis framework to assess its resources and capabilities. The company possesses a plethora of valuable, uncommon, and difficult-to-imitate resources and capabilities, such as an extensive network of transportation services, a significant investment in sustainable and low-emission vehicles, and a skilled workforce (National Express Group PLC, 2023b; National Express Group PLC, 2023d). However, some of these resources may not be arranged in a manner that facilitates full potential exploitation, necessitating restructuring or realignment of resources to maximise value creation. By identifying and capitalising on key resources and capabilities, National Express can continue to maintain a competitive edge in the public transportation industry.

# 6. SWOT Analysis

Concerning National Express, certain vital robustnesses include a potent fiscal stance, an extensive and diverse network of transport services, and a tenacity towards sustainability and ecological accountability (Alkharabsheh *et al.,* 2021). However, the firm is also faced with some frailties, like its constrained global presence and the potential reliance on government agreements for revenue (Mattioli *et al.,* 2020).

National Express possesses openings for potential growth, such as obtaining smaller competitors or venturing into new markets, and capitalising on the intensifying appeal for eco-friendly and sustainable transport alternatives (Akpan, Udoh and Adebisi, 2022). Nevertheless, the company also confronts threats, such as escalating competition within the industry, probable economic setbacks, and dynamic regulatory measures and policies (Brand-Correa *et al.,* 2020).

# 7. Strategy Options (Ansoff Matrix)

***Market Penetration***

This course of action is centred around heightening market share within pre-existing markets. National Express may achieve this objective by offering more alluring prices, augmenting its marketing efforts, or ameliorating the standard of its services in order to entice a greater number of customers (Nalmpantis *et al.,* 2019).

***Market Development***

This tactic involves expanding into new markets with existing products or services. National Express could potentially explore new geographic markets or demographic segments in an effort to enlarge its customer base (Patrick and Hollenbeck, 2021).

***Product Development***

This approach pertains to the development and implementation of new products or services in existing markets. National Express may invest in fresh technologies or infrastructure to enhance its offerings, or create new transportation solutions to adapt to shifting customer requirements (Hepburn *et al.,* 2021).

***Diversification***

This approach involves the pursuit of entirely new markets or industries. National Express could potentially explore opportunities to expand beyond public transport, such as offering ride-sharing or car-sharing services (Wilson and Mason, 2020).

# 8. SFA Analysis

Regarding the progression of operations internationally, National Express has extensive proficiency in administering enormous transport networks, which could be implemented to widen into emerging markets (Gambo and Musonda, 2021). However, the enterprise must exercise prudence in assessing cultural and regulatory inconsistencies in these markets and adapt its services correspondingly.

In the domain of diversification, National Express has already entrenched a position in the tourism sector via its coach services (National Express Group PLC, 2023b). The enterprise could consider broadening this business segment to obtain supplementary revenue streams. Nonetheless, this would necessitate substantial investment and could detract from its core transport enterprise.

Lastly, National Express has already made headway in advancing sustainable resolutions, such as its investment in electric vehicles (National Express Group PLC, 2023b). Further innovations in this domain could supply a competitive benefit in a market where consumers are progressively environmentally conscious.

# 9. Risk Assessment

A comprehensive evaluation of possible threats and uncertainties that may impact the implementation of the selected strategy is of utmost importance. For National Express, a major peril is the **possibility of augmented competition** in the public transportation industry, mainly from **recent participants** and **ground-breaking technologies** such as ride-hailing and self-governing vehicles (Eisenmann *et al.,* 2021). Another hazard is the likelihood of **adjustments to regulations** or a **rise in government interference**, which could bring about an effect on the enterprise's activities and profitability (Pangbourne *et al.,* 2020).

# 10. Conclusion

National Express, the foremost provider of public transportation in the United Kingdom, has a vision to attain the paramount position in the transportation industry by rendering reliable, economical, and secure services. To achieve these objectives, the company has established unambiguous goals and strategies. The significance of its stakeholders has been acknowledged by the company and it has devised measures to regulate and stabilise their interests. The company faces significant competition from other major contenders such as Stagecoach, FirstGroup, and Arriva, but it possesses formidable expertise in the areas of finance, marketing, and operations. Furthermore, the PESTLE analysis presents an illustration of the impact of external factors on the company's operations.

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