

Part A - Compulsory

CASE STUDY:

The case examines the role of resources and capabilities for the aviation industry in Africa. Key issues on the challenges are highlighted in addition to possible opportunities that needed to be exploited using the appropriate strategic intent. As a Marketing Strategist for the aviation industry of Country A operating within an unpredictable African aviation industry environment, proffer relevant intelligence that can help redirect the aviation industry of Country A.

CHALLENGES & PROSPECTS FOR THE AVIATION INDUSTRY IN AFRICA: THE CASE OF COUNTRY A.

During the 2010-2015 period, Africa was adjudged the third fastest growing region in the aviation world. The industry in sub-Saharan Africa has been described as comparatively small and young by the International Civil Aviation Organisation (ICAO). Africa has been riddled with poor safety records and a lack of liberalised skies within the continent. Also, widespread political instability has not helped with the industry's growth. Despite these challenges, there are many prospects and opportunities that would abound should the continent overcome these challenges. The imminent emergence of the middle-class earners in the country can only help boost the aviation industry. The challenges and opportunities of the continent will be discussed using Ghana as a microcosm.

CHALLENGES

A year after Country A attained independence, its first post-colonial national airline A Airways was largely owned by the government of country A – worth a 40% stake owned by its partner British Overseas Airways Corporation (BOAC) now merged with British European Airways into British Airways. In the Country A Airways early set-up, it began operations using a Boeing 377 Stratocruiser as the first aircraft to join the fleet operating the London route. Over the years, the demise of the airline occurred as a result of mismanagement, unprofessionalism running through the rank and file and inadequacy of aviation expertise. It was reported in 1961 that the national carrier carried only 12 revenue passengers on the Capital city A's terminal-Khartoum route in the three months it operated between the two cities. Additionally, political interference with the former airline and the now defunct Country A International Airlines was a contributing factor. All over the world successful carriers have been devoid of political interference.

According to the IATA 2014 safety report, Africa's safety record is said to be 11.18 accidents per million sectors – which is hugely greater than the world's average of 1.92 accidents per million sectors. This has resulted in many carriers and even countries on the continent being banned by European Union (EU) and the United States' Federal Aviation Administration (FAA) from operating in their jurisdictions. Africa accounted for 20% of the crashes and fatalities despite operating just 3% of the global air traffic.

The use of older generation aircraft that are inefficient in terms of fuel cost and carbon emissions, which are the biggest expenditure cost to airlines and do not aid the fight against global warming respectively, also does not help matters. These aircraft are usually past their retirement dates and have high costs of maintenance, which contributes to their safety concerns and associated costs. The fuel inefficiencies of the

older generation cost airlines huge sums should the airline operators even adopt methods such as single-engine taxi-out and reduced usage of the Auxiliary Power Unit (APU).

The infrastructural challenges facing the aviation sector in the country are quite a large number despite the Ghana Airports Company Ltd's (GACL) increased efforts to counter them. These range from the congestion and long queues that characterise the Country A International Airport's (IATA: ACC, ICAO, DGAA) Terminal 2 during peak periods, to the inability of the airport to accommodate an Airbus A380-800 aircraft resulting from the absence of aerobridges and an apron with A380-specific parking position.

The perpetual theft of items from passengers' luggage usually committed by the baggage handlers is another challenge facing the airports. The numbers may have been reduced with the near complete installations of Closed-Circuit Television (CCTV) cameras at Country A's Airport especially, but it is still a canker to be dealt with.

PROSPECTS

From October 14-16, 2016, an Africa Air Expo will be held at Country A International Airport. It is being organised by the government under the patronage of the president and The International Centre of Excellence of Abu Dhabi, with the Ministry of Transport as facilitator. There will be a wide-ranging display of aircraft and aviation associated equipment from over 200 international exhibitors at an exhibition that will be the first of its kind ever to be held in Africa.

U.S aerospace manufacturing giant Boeing predicts between 2015 and 2034, 1,170 new airplanes worth US\$160 billion will be needed in Africa (excluding Egypt, including in

Middle East), of which 960 will be for the growing market and the remaining 210 to replace those currently in service.

In addition to the airplanes needed, 40,000 pilots and technicians will be required to meet demands of the aviation industry on the continent to service the airplanes. Similarly, according to European manufacturer Airbus Industries, 1,117 new airplanes will be needed on the continent and the majority new airplanes will be single-aisle such as the Airbus A320 and Boeing 737, while also predicting a 170% increase of the total aircraft fleet in Africa.

The growing demand is set to create new support and service jobs that will come alongside it. Africa accounts for approximately 10% of Dubai- based Emirates Airlines' passengers and revenue as stated by Hugh Frach, Senior Vice-President (Commercial Operations for Europe, Africa and Americans). This translates to over 5million passengers and over 21,000 flights shuttled to and from the continent. Even with these numbers, there are claims from the airline and others that the market in Africa is underserved.

Qatar Airways, Delta Airlines, South African Airways and Ethiopian Airways are some of the rumoured carriers interested in partnerships with the proposed new national airline. This is strong evidence of the huge potential in Country A's aviation industry. The new flag-carrier can help boost the country's tourism and hospitality sectors via foreign exchange earnings, thus greatly contributing toward the growth of Gross Domestic Product (GDP). The feasibility studies done by PricewaterhouseCoopers have been submitted and are being discussed by the stakeholders involved.

Waiting on the side lines to commence operations pending official approval is Goldstar Airlines with initial flights to Washington (IATA: IAD, ICAO: KIAD) and the London-

Gatwick (IATA: LGW, ICAO: EGKK). It also plans to commence the first direct flight from the capital city of Country A's main airport terminal to London

CONCLUSION

The Government of Country A and its Civil Aviation Authority have in the past few years ramped up their efforts in developing the aviation sector, by undertaking several projects which if properly developed and sustained can further aid socio-economic growth in the country.

The future of the continent's aviation to an extent hinges on the African Union states taking the necessary steps to bring fruition to Yamoussoukro Declaration that allows fifth freedoms between member-states. Despite the several challenges facing the industry, predictions from aviation analysts tend to show a significant market and demand in Africa.

SECTION A:-

1(A). As the marketing strategist for the aviation industry for Country A, using a REPORT format, employ the resource-based framework to assess the internal resource capabilities and competences of your firm in terms of strengths and weaknesses.

(20marks)

1(B). Using the Value, Rarity, Inimitability and Organisational Support (VRIO) model, evaluate the resource capabilities of the aviation industry of Country A and argue how suitable these resource capabilities are to warrant a reorientation of the company to gain sustainable competitive advantage

(20marks)

SECTION B:-

1. As the marketing strategist for the aviation industry for Country A, you intend to persuade the Management Team that the business of the company is 'to go to market' instead of 'marketing'. Using briefing notes, explain what this means and interpret what factors must be considered and what the implications are for the company. **(20marks)**

2 The aviation industry for Country A needs a robust deliberate strategic intent. Using a presentation, identify and discuss any four critical factors that are likely to influence the new strategic direction for the aviation industry of Country A. **(20marks)**

3. The Balanced Scorecard is a critical model that can help link the objectives and performance metrics of the aviation industry of Country A. As a marketing consultant to the management Team of the aviation industry of Country A, explain this model and demonstrate how the metrics can be applied in each case to measure the firm's performances. **(20marks)**

4. With a Memo Report format, as a consultant to the management Team of the airline company for Country A, demonstrate whether you consider strategic alliances could possibly be used to redefine the strategic focus of this company, stating any 2 advantages and any two disadvantages. **(20marks)**

5. Using briefing notes, demonstrate to the Management Team of this airline how the evaluation of organisational climate using the company attitudinal survey and the right cognitive styles can help glean critical intelligence to redirect the focus of this company **(20marks)**