

airline

by K Kam

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Name

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Alaska Airlines

Introduction

Alaska Airlines is one of the central air transport providers in the United States. The Company started as McGee in 1932, and the plane could only carry three passengers. The aircraft had no specific time to fly off and could leave after it was full of either groceries, furs, or passengers. The Company has evolved from McGee Airlines to Alaska Star Airlines over the years. Despite the financial crisis during the Second World War, the Company still survived after having the employees pay for the fuels using their own money. In 1943, the Company expanded its operations after purchasing Pollack Airlines, Alaska Airmotive, Mirow Air Service, and Lavery Airways. This step made it to later change its name to Alaska Airlines in 1944. Company grew to be the largest operator specializing in charter services. It used the surplus military aircraft to carry food in Berlin and transported refugees to Israel settlement.

Competitors

Alaska Airways has three major competitors: JetBlue, SkyWest, and US Airways (Komarnisky, 2018). US Airways is a significant airway provider in the United States that started as Airways Shuttle in 1937. The Company merged with American Airlines in 2013, a move that created the largest world airline. US Airways began to offer frequent flyer benefits after joining American Airways, which made it gain many customers. US Airways has its hubs in Charlotte, Philadelphia, Washington, and Phoenix. Currently, the Airline operates as a single entity with a specific brand of US Airways. US Airways is a regional operator, which poses a severe competition challenge to Alaska Airways that used to operate within the United States. US Airways has been offering traveling incentives to its customers like free annual tickets or subsidized flights after a given period. This move has

attracted many customers to its services. Being a world-class operator that provides all ranges of services, including emergency flies, cargo services, and specific class flights, the CompanyCompany has competed successfully than Alaska Airways. US Airways has an advantage in economies of scale. It has many other branches across the world, and these outlets make it convenient for the customers to seek and book their services near their places of residence. The diversification of services has seen US Airways gather huge profits. The CompanyCompany offers first-class services. It has highly skilled and qualified employees that ensure good customer relationships and high-quality services. The East Coast Dominance that allows the plane to take customers to any destination globally makes the Company earn high profits (Owen, 2013). The Airline feeds passengers from small markets into international routes and transcontinental ways hence creating competition the Alaska Airways both internally and externally. Since the geographical hubs of US Airways are adjacent to each other, the CompanyCompany exercises market dominance. The close location allows CompanyCompany to minimize its expenses translating to low ticket prices. US Airways is the primary threat to Alaska Airlines as it has superior marketing strategies accompanied by large economies of scale and popular express connections. US Airlines has a project of expanding and integrating westward.

The consumers of the US Airways services are loyal to the brand; hence low demand and the slow economy do not affect the air carrier in any way (Komarnisky, 2018). The airbus tries to minimize operation costs by lowering the maintenance costs, providing fuel efficiency, lowering training costs, and providing more comprehensive operational ranges. After realizing a declining market and financial stability, US Airways has devised ways to mitigate the losses and remain profitable. Strong leadership is an asset to US Airways, while it is a challenge to Alaska Airways.

JetBlue is another airline company that poses serious competition to Alaska Airways. JetBlue has a strong brand image in the United States since the CompanyCompany has received an Award of being the Highest Customer Satisfying and Low-Cost Carrier Company in North America. JetBlue keeps developing new aircraft that are efficient, which attracts more customers and earns the Airline good profits. Despite the 9/11 attack that made many airlines incur losses, JetBlue reported profits, which indicates that the Company is performing well in the market. The improvised features like satellite radio, TV set for each seat, and comfy without increasing the flight cost make the CompanyCompany compete favorably compared to Alaska. The Airline has seventy-five destinations and is the cheapest across them.

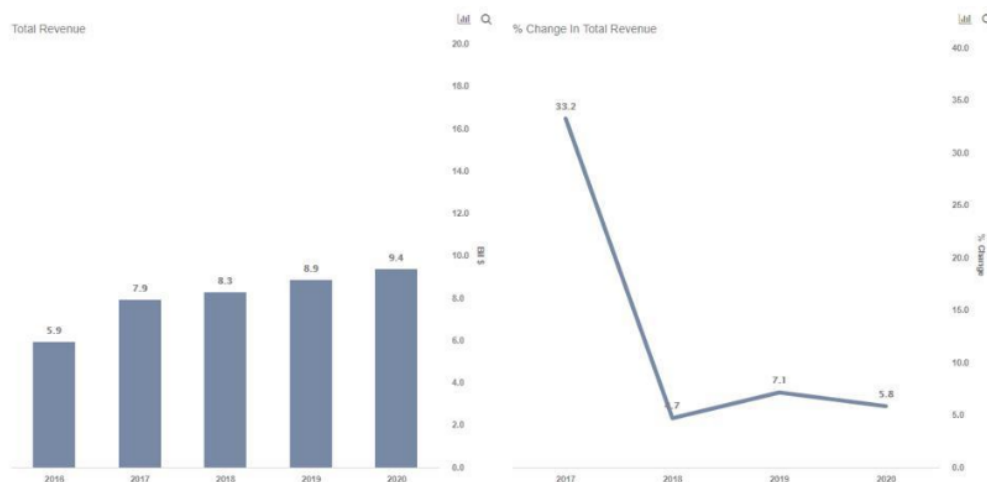
Alaska Airways competes with Skywest Airlines, whose customers highly regard the CompanyCompany being well established and have high regard by its customers. The permission to operate as a sole airline in Western and Northern Australia in serving many destinations gives it an upper hand over Alaska Airways. Skywest has a highly visible revenue base that is also reliable. The Airline has charter contracts that run for multiple years, ensuring that there is constant cash flow. Skywest is a global threat to Alaska airways since it has over one hundred and sixty destinations, and its fleet is over three hundred airbuses. Alaska is better compared to SkyWest in terms of financial stability. While SkyWest provides services on behalf of companies like US Airways, Alaska is a sole operator hence earns all the profits (Owen, 2013). Despite the stiff competition that Alaska Airways faces from US Airways, a regional competitor, the CompanyCompany is widespread and is the largest provider of passenger traffic. Its presence is vital in the domestic market besides being the most extensive transportation form. Its non-membership state to any Airline Alliances makes its operations unpredictable as it may fail to get back on track incase it makes any losses. The CompanyCompany is also absent from the lucrative Asian market.

Alaska Airlines is in partnership relationships with various airlines that include British Airways, American Airways, Aeromexico, Cathay Pacific, Fiji, El Ai, Finnair, Emirates, Haina, Korean, Icelandair, Singapore Airlines, LATAM, and Qantas (Spencer, 2020). The partnership between American Airlines and Alaska Airlines allows the customers to book flights from any of the two network platforms and earn frequent flyer miles for regional and international flights. The partnership has the aim of chasing the high-spending technology giants that serve corporate travelers. Alaska's collaboration with the American allows travelers to burn and earn miles on their partner's flight. Alaska has a plan of joining One World Alliance that comprises British Airways, Qantas, and Japan Airlines. The partnership of Alaska Airlines with LATAM aims at connecting destinations in South America, Chile, and Argentina with Colombia and Ecuador. Alaska has majorly partnered with almost all the major airlines from the different continents (OWEN, 2013).

The partnership aims to create convenience for the customers and increase the profits that the companies earn (Ringsmuth, 2015). Alaska has airlines that have specialized in serving as feeder planes. They pick the customers from remote areas and transport them to the major airports to take planes to their destinations. The partnership also reduces the operation cost as the merging means that the companies share the values equally. Sharing the expenses minimizes a single company's effect incurring all the losses in case they occur. It also serves to create financial stability for the companies. Through the partnership, Alaska can enjoy the benefits that result from massive economies of scale besides a wide range of connectivity. The partnership allows the plane operators to specialize, thus increasing convenience for travelers and owners (Spencer, 2020). For instance, when the customers identify the benefit of using a cargo plane for speed and accountability in sending and transporting their luggage, they can easily save time. The partnership creates an opportunity for Alaska to enjoy good leadership and management. Coalition demands that the top leaders

be competitive, good problem solvers, and have good communication skills. The other workers also need to possess the right skills to ensure that they offer customers good quality services while still maintaining professionalism.

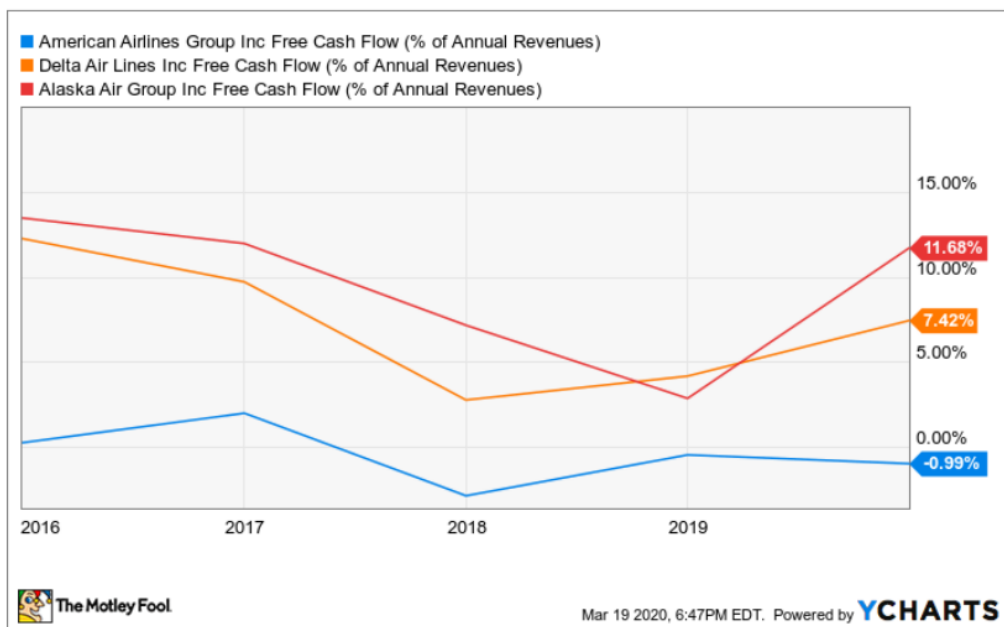
According to Spencer (2020), over the last five years, Alaska Airlines company has been experiencing a continuous increase in sales. The constant increase in sales has also resulted in an increase in revenue over the years. The cost of goods has also been increasing continuously over the five years, with the year 2015 having the least cost and 2019 having the highest value of goods. There has been a steady increase in the level of tear and were for the planes and other airport equipment for the past five years. The depreciation expense has been increasing steadily, thus over the years. The gross income increased steadily from the year 2015 to 2017. In 2018, it decreased relative to the one in 2017. The payment of 2019 was higher compared to that of 2018. Expenses have been increasing steadily over the three years of 2015, 2016, and 2017 with 2017 having the highest costs among the five years. The prices dropped in 2018 and begun to rise again in 2019. The operating expenses of 2017, 2018, and 2019 were equal. The net income of 2018 was higher compared to that of 2017. It increased in 2019 again.



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According to Spencer (2020), Alaska miles cost 27.50 dollars for every increase by 1000 miles. The pre-tax cost is 2.75 cents per mile. The bonus enables the customers to purchase 60,000 miles for 1650 dollars. The net miles are 90 000, which goes for 1.83 cents after the 50% bonus and before tax. The Revenue per Available Seat Mile of Alaska is 66.6 billion dollars. Alaska airlines earn a profit of 2 cents per mile. Alaska Airlines has been experiencing increasing profitability from the operations on the cargo. From diversification and specialization, the Airline became the most suitable transporter of freight, and it has been earning increasing revenues over the years. There has been an increase in the load factors of Alaska Airlines over the past five years. The growth has been due to the rise in the number of travelers, and there is also a change in the consumer experience in favor of Alaska Airlines.



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