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Meet Another Happiness by air: Based on a SWOT analysis of Taiwan's Airlines

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## **Abstract**

The purpose of this study was to explore which factors passengers' selected airlines, and the SWOT analysis was made to understand if brand image and enterprise management have great impact on their development. The findings of this study showed that the strengths of EVA AIR are safety and promotion strategies-painting airplanes. The opportunities of EVA AIR are global trade and well economic situation, including Import and export expansion. The weaknesses of EVA AIR are no direct investment in the bureau. The threats of EVA AIR are the increasing price of deflation and commodity. In contrast, the strengths of China Airlines are strong brand image and the largest in Taiwan. The opportunities of China Airlines are joining in international airline alliance to create new markets. The weaknesses of China Airlines are the records of flight safety and weaker management. The threats of China Airlines are that politics influences the business rules. Finally, conclusions and recommendations are provided for consumers and airlines.

**Keywords:** aircraft, airline, SWOT analysis

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## **I. Introduction**

### **I.1 Statement of Problem**

Due to the rapid development of air transportation, it provides convenient, comfortable services during journey, not only shorten the distance between regions, but also expand the ability of individuals' activities, especially the frequency of international exchanges, it makes sense of gradually fading borders [1]. As the air transportations develop rapidly, they make the Islands or remote areas develop actively, because the rapidly and timing characteristics of air transportation, they increase the added value of products.

This study focuses on aviation industry and selects samples from China Airlines and EVA Air that their size and operating items are almost the same, but two airlines have some differences. It divided into history, fleet plans, destinations, service, promotion and evaluation.

### **I.2 Purpose of study**

We researched the differences between the two airlines through online materials, and relative papers analyzing the information by comparing the two Taiwanese airlines. From the status of operations of Taiwan's airlines, the authors make judgments about the strengths, weaknesses, opportunities and threats when organizing business and development of EVA Air and China Airlines. Finally, we will present the results and make conclusions. The collection of documents enabled us to find more accurate and extensive information.

### **I.3 Method**

A SWOT analysis is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business venture [5, 10].

1. Strengths: characteristics of the business or project that give it an advantage over others.
2. Weaknesses: characteristics that place the business or project at a disadvantage relative to others.
3. Opportunities: elements that the project could exploit to its advantage.

4. Threats: elements in the environment that could cause trouble for the business or project.

## II. Review of Literature

All airlines information is drawn from their official website and some discussions about the relative topics. According to these materials, we tried to make a SWOT analysis to understand more about the quo status of Taiwan's airlines. Hopefully, we concluded the findings for passengers and airlines as advice on their improvement and development.

### II.1 History

#### EVA AIR

Evergreen Group Chairman and Founder Chang Yung-Fa established EVA Air in March 1968. EVA Air has expanded to include air cargo, airline catering, ground handling, and aviation engineering services. Its cargo arm, EVA Air Cargo, links with the Evergreen worldwide shipping network on sea and land. Its domestic and regional subsidiary, UNI Air, operates a medium and short-haul network based in Kaohsiung, Taiwan.

In June 2013, EVA became a Star Alliance member, giving our passengers access to a vast network of nearly 1,400 destinations in more than 190 countries and providing seamless global services.

#### CHINA AIRLINES

In 1959, a number of outstanding and experienced retired Air Force officer was founded China Airlines, 1962 open domestic routes, named Mandarin Airlines and the small fleet among developed into a major international airline, extended from domestic routes to international routes, as the representative of the national airline flight.

Table 1 Comparison of the history

	EVA AIR	CHINA AIRLINES
founded year	1968	1959
capital	32,589,450,050	52,000,000,000
founder	Chang Yung-fa	Yi Fu-En
employee	7,568	11,087

domestic airlines	UNI AIR	MANDARIN AIRLINES
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Source: [3] and [4].

## II.2 Fleet Plans

EVA Air has total 92 aircrafts, including Air Bus, Boeing, MD and painting airplane-Hello Kitty Jet, which released in 2005. China Airlines has total 82 aircrafts, including Air Bus, Boeing and painting airplane-Jimmy Painting, which released in 2013.

Table 2 Comparison of the aircraft types

	EVA AIR	CHINA AIRLINES
Air Bus	24	30
Boeing	32	51
MD	11	0
Hello Kitty Jet	25	0
Jimmy Painting	0	1
Total	92	82

Source: [3] and [4].

## II.3 Destinations

EVA Air has 23 destinations and China Airlines has 29 destinations. The routes of China Airlines to Asia, Europe and Oceania are more than EVA Airlines'; in addition, both of two airlines have flight to the U.S. and Canada.

Table 3 Comparison of the destinations

	EVA AIR	CHINA AIRLINES
Asia	13 countries	14 countries
America	2 countries	2 countries
Europe	6 countries	9 countries
Oceania	2 countries	4 countries
Total	23 countries	29 countries

Source: [3], [4] and [6].

## II.4 Services

For aviation industry, services is intangible assets, brand and reputation is the most important .Let customers smiled when they arrive at destination, this is the most important in marketing strategy to airlines.

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On the other hands, for many travelers, it is not just a short sail. The most vital is the feeling. It includes service and attitude of flight attendants, software and hardware equipment which are provided by airlines.

Table 4 Comparison of the services on board

	EVA AIR	CHINA AIRLINES
entertainment	All cabins feature satellite phones, audio video on demand (AVOD)	Initiate design of seat communications
air communications	SMS mobile phone roaming services	Not easy disconnect
duty-free booking service		The world's first reservation service
service attitude	<ol style="list-style-type: none"> <li>1. 2013 Skytrax No.12</li> <li>2. 2013 The best attendants</li> <li>3. 2013 The best airport services</li> <li>4. Airline Ratings 7 stars</li> </ol>	<ol style="list-style-type: none"> <li>1. 2013 Skytrax No.50</li> <li>2. First place of airlines magazine</li> <li>3. Airline Ratings 5.5 stars</li> </ol>
diversity selection		Set up budget airline with Singapore Airline
meals	<ol style="list-style-type: none"> <li>1. Meals diversify and The exclusive Hello Kitty meals</li> <li>2. 23 kinds of meals choices</li> <li>3. Collaboration with dessert stores</li> </ol>	<ol style="list-style-type: none"> <li>1. Michelin two-star meals</li> <li>2. 20 kinds of meals choices</li> </ol>

Source: [3], [4] and [6].

## II.5 Promotion

### **EVA AIR**

To increase fame and images, EVA Air mainly assort with TV, magazines and newspapers. In recent year, advertising costs extend continuously. It's not only release Hello Kitty painting airplane but invite Kaneshiro Takeshi for spokesmen.

The first Hello Kitty painting airplane maiden voyage in Paris, and it costs 4 million dollars. After that, the popular activity — I See You was launched. This is the first time advertising by website for airlines. Customers can see the ad from many ways. Like the official fan page, Facebook home page, YouTube and yahoo keyword.

It also buy TV advertising wall in New York Times Square for 300 million dollars. What's more, evasion is the promotional key currently. It stress refined and uniqueness, to make travelers be more freedom in the arrangement. As to deepen impression for customs, EVA Air invested 20 million dollars for advertisement [3].

### **CHINA AIRLINES**

It usually coordinate new route or promotions, the emphasis of advertisement is strengthen overall image. Marketing channels adopt Internet, television, print advertising, broadcast media and mobile phones. In the way of Internet, it also established forward function to reach viral marketing.

China Airlines in cooperation with Speed pass, take advantage of monthly calendar which publication every year, release a service about people can access a variety of travel information by smart phone.

To commemorate the 50th anniversary of the establishment, it held an activity called "Smile China Airlines 50, More Beautiful." Through these advertisement promotion, it contact with the wider communities, to achieve effectiveness of the depth and breadth, expanding beautiful image of China Airlines [4].

## II.6 Evaluation

We did this chart based on the SKYTRAX.com, which runs an airline and airport review and ranking site. The full marks are 5 stars. There are 10 items in the term of WEB SITE & GENERAL RATING, both of which gets 3.7 stars on average. In the term of first class product & service rating, first class product & service rating and economy class product & service rating, EVA Air gets more stars than China Airlines.

Table 6 Comparison of the average stars airlines get separately

	EVA AIR	CHINA AIRLINES
web site & general rating	3.7	3.7
first class product & service rating	3.6	3.3
first class product & service rating	3.8	3.6
economy class product & service rating	3.8	3.6

Source: [6].

### III. Findings

We tried to conduct a SWOT analysis to explore the strengths, weaknesses, opportunities, and threats in Taiwan's airlines. In the meantime, we figure out some suggestions to be the best option for customers as our conclusions.

#### EVA AIR

##### 1. Strengths

EVA Air has not had any aircraft losses or passenger fatalities in its operational history so far.

In October 2005, EVA Air launched a campaign with Japanese company Sanrio to create the "Hello Kitty Jet," featuring the popular Japanese character.

##### 2. Weaknesses

Mainland China has become the world's factory with Taiwan's largest trading countries (accounting for 27% of Taiwan's total exports [6]), due to political factors, the domestic shipping industry would have no direct investment in the bureau, is not conducive to the mainland, Hong Kong shipping compete.

##### 3. Opportunities

Global shipping industry by the impact of global trade and the economic situation very well, relatively high growth Asian economies (PRC 7.0 percent, South Korea 5.4%, U.S. 2.5% in 2002 [6]), import and export expansion in Asia is conducive to the development of the shipping industry.

##### 4. Threats

Deflation and commodity prices have resulted in pressure to cut shipping cost.

## **CHINA AIRLINES**

### 1. Strengths

Superior technology allows China Airlines to better meet the needs of their customers in ways that competitors can imitate.

A strong brand name is a major strength of China Airlines. This gives China Airlines the ability to charge higher prices for their products because consumers place additional value in the brand.

### 2. Weaknesses

Flight safety issue has been the biggest problem.

Weak management increases business risks and reduces profits for China Airlines, because they are responsible for the health of the business.

### 3. Opportunities

New markets allow China Airlines to expand their business and diversify their portfolio of products and services.

International markets offer China Airlines new opportunities to expand the business and increase sales. In addition, China Airlines join in some international airline alliance, such as one world and Star Alliance.

### 4. Threats

Politics can increase the risk of China Airlines factors, because governments can quickly change business rules that negatively affect the business of China Airlines.

A bad economy can hurt China Airlines business by decreasing the number of potential customers.

Table 7 SWOT analysis

	EVA AIR	CHINA AIRLINES
strengths	<ul style="list-style-type: none"> <li>▪ No major accident</li> <li>▪ Painting airplane - Hello Kitty Jet</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strong brand name</li> <li>▪ The largest airlines in Taiwan</li> </ul>
weaknesses	<ul style="list-style-type: none"> <li>▪ No direct investment in the bureau</li> </ul>	<ul style="list-style-type: none"> <li>▪ Flight safety</li> <li>▪ Weak management</li> </ul>
opportunities	<ul style="list-style-type: none"> <li>▪ Global trade and well economic situation</li> <li>▪ Import and export expansion</li> </ul>	<ul style="list-style-type: none"> <li>▪ New markets</li> <li>▪ Join in international airline alliance</li> </ul>
threats	<ul style="list-style-type: none"> <li>▪ The increasing price of deflation and commodity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Politics change the business rules</li> </ul>

#### IV. Conclusions

##### 1. Suggestions for Passengers' Choice in the Future

For passengers, if they think safe is their first choice, they should choose the EVA Air. On the other hand, if they want high quality of environment on a plane, the better choice for them is China Airlines. When it comes to the airline, passengers also can take the brand into their consideration. China Airlines is the largest brand in Taiwan, so it is still the popular choice for passengers to choose.

##### 2. Suggestions for Airlines Management and Development

To aviation, in order to strengthen internal communication skills, people management and development is the best and high guide. Another is the policy enforcement; it is one of the majority developments. For EVA Air, expanding operating capacity, service networks and improving the quality of service are the improvement they could do. For China Airlines, emphasizing safety issues, service and changing the corporate identity are the progress they can make.

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