

The Hong Kong Polytechnic University

Subject Description Form

Subject Code	LGT4800
Subject Title	Airline Strategy and Management
Credit Value	3
Level	4
Normal Duration	1-semester
Pre-requisite	Nil
Role and Purposes	Airlines operate in highly complex and competitive market environments in which successful businesses depend crucially on the understanding of how rival airlines, partner airlines, airports, rival rail operating companies and even governments interact strategically. This understanding then helps to anticipate their behavior and can be used to develop own strategies that can ensure the successful and sustainable operations (Outcomes 3 and 8). The main purpose of this subject to sharpen the students' capability to think strategically and to use this skill to evaluate and develop own successful airline strategies (Outcomes 10 and 11).
Subject Learning Outcomes	<p>Upon completion of the subject, students will be able to:</p> <ol style="list-style-type: none"> a. to apply fundamental theories that can be used to explain and derive successful and sustainable airline management strategies. b. contribute to the solution of airline business related problems and develop a sensitivity to the ethical issues involved in airline business practice; c. foster intellectual and personal development, self confidence and the ability to tackle problems, develop realism and practicality as a foundation for good business judgment; d. develop approaches to defining, analysing and solving strategic airline problems; e. develop the ability to communicate effectively and fluently in both written and spoken form; and <p>Studying this subject will also help develop students' global outlook, critical and creative thinking, social and national responsibility, cultural appreciation, life-long learning, and entrepreneurship and leadership.</p>
Subject Synopsis/ Indicative Syllabus	<ul style="list-style-type: none"> • Airline industry and business environment: <ul style="list-style-type: none"> - major external influential factors and constrains - Porter's five forces • Airline business models: <ul style="list-style-type: none"> - deregulation and liberalization and changes in airline business models - Porter's competitive strategy - full service airlines vs. low cost airlines, low cost subsidiaries

	<ul style="list-style-type: none"> • Airline revenue and cost structures: <ul style="list-style-type: none"> - major revenue sources - fixed vs. variable costs, marginal cost, economies of scale, productivity - cost management strategies - operating performance: yield, unit cost, load factor, traffic, capacity • Airline markets and pricing strategies: <ul style="list-style-type: none"> - definition of markets - drivers for airline demand and demand elasticities - market segmentation and differential pricing - price drivers • Network strategies: <ul style="list-style-type: none"> - hub-and-spoke vs. point-to-point - hubbing strategies • Airline competition <ul style="list-style-type: none"> - frequency and market share - strategies to deal with new entrants - market structure and competition, entry barriers - competition policy • Other issues: <ul style="list-style-type: none"> - Alliances, code-sharing, mergers and acquisitions - Airline-airport relationship - Strategic fleet management 																																						
<p>Teaching/Learning Methodology</p>	<p>A combination of lectures, seminars, case studies, group discussions and students-directed learning activities will be included in this subject.</p>																																						
<p>Assessment Methods in Alignment with Intended Learning Outcomes</p>	<table border="1" data-bbox="531 1261 1479 1668"> <thead> <tr> <th rowspan="2">Specific assessment methods/tasks</th> <th rowspan="2">% weighting</th> <th colspan="6">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th>a</th> <th>b</th> <th>c</th> <th>d</th> <th>e</th> <th></th> </tr> </thead> <tbody> <tr> <td>Coursework</td> <td>50%</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Examination</td> <td>50%</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> </tr> <tr> <td>Total</td> <td>100 %</td> <td colspan="6"></td> </tr> </tbody> </table> <p>Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:</p> <p><i>To pass this subject, students are required to obtain Grade D or above in BOTH the Continuous Assessment and Exam components.</i></p>	Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)						a	b	c	d	e		Coursework	50%	✓	✓		✓			Examination	50%	✓	✓	✓	✓	✓		Total	100 %						
Specific assessment methods/tasks	% weighting			Intended subject learning outcomes to be assessed (Please tick as appropriate)																																			
		a	b	c	d	e																																	
Coursework	50%	✓	✓		✓																																		
Examination	50%	✓	✓	✓	✓	✓																																	
Total	100 %																																						

Student Study Effort Expected	Class contact:	
	▪ Lecture	26 Hrs.
	▪ Tutorial	13 Hrs.
	Other student study effort:	
	▪ Self study	87 Hrs.
	Total student study effort	126 Hrs.
Reading List and References	<p><u>Books</u></p> <ul style="list-style-type: none"> • Delfmann, W., Baum, H., Auerbach, S. and Albers, S. (2005). <i>Strategic Management in the Aviation Industry</i>, Ashgate. • Doganis, R. (2010) <i>Flying Off Course – Airline Economics and Marketing (4th Edition)</i>, Routledge, London. • Flouris, T. and Oswald, S. (2006). <i>Designing and Executing Strategy in Aviation Management</i>, Ashgate. • Holloway, Stephen (2008) <i>Straight and Level: Practical Airline Economics (3rd Edition)</i>, Ashgate: Aldershot, UK. • Shaw, S (2011) <i>Airline Marketing and Management (7th Edition)</i>, Ashgate, Aldershot, UK. <p><u>Journal</u></p> <ul style="list-style-type: none"> • Journal of Air Transport Management <p><u>Trade magazines</u></p> <ul style="list-style-type: none"> • Air Transport World • Airline Business • Airfinance Journal 	