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# Delta Airlines: A Strategic Analysis

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**BUS 4402W**  
**STRATEGIC ANALYSIS AND DECISION MAKING**  
**SECTION E**

**Honors Capstone Part 1**

Erin McKenna

I, Erin McKenna, acknowledge that I have adhered to the Academic Integrity Policy described in the Merrimack College student handbook.

October 3rd 2017

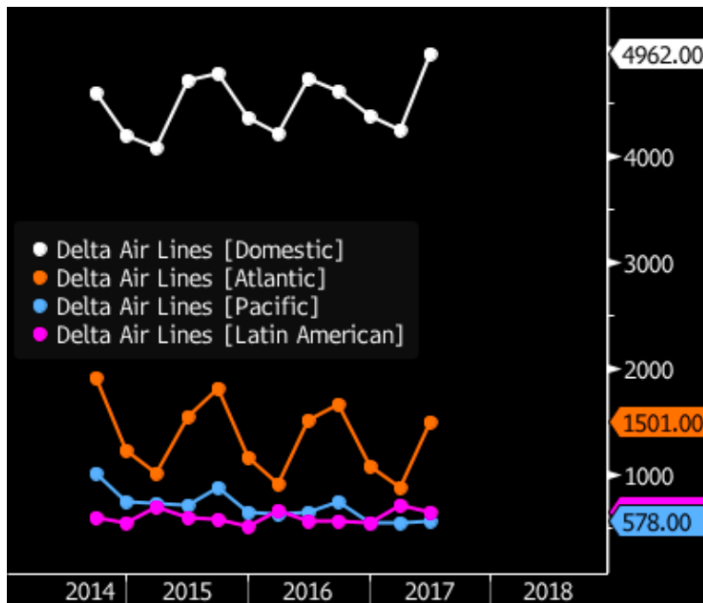
## **1. Introduction**

This report will look at the Fortune 500 company Delta Air Lines. This report will look Delta Air Lines' strategy as well as an external analysis of the different factors in the industry. Although Delta Airlines is in two different industries, airline and refinery, this report will focus specifically on their position in the airline industry. The purpose of this report is to see where Delta Airlines stands in the Airline Industry and whether or not their strategy is effective. I will be using many different sources in this report with the majority of the information coming from Bloomberg and Delta's company website. This report will use a variety of different models, graphs, and other analytical tools in order to examine the industry.

## **2. The Company**

Although Delta Air Lines began as a small crop dusting company it has grown into one of the world's largest airlines. Regionally, Delta serves about 320 destinations in around 60 countries and operates a mainline fleet of more than 800 aircrafts. Today, Delta serves nearly 180 million customers each year and offers more than 15,000 flights daily (Bloomberg, 2017). Delta competes in two industries, airline and refinery. The refinery segment focuses on providing jet fuel to the airline segment. This report will focus on the airline segment, which provides air transportation for people and cargo both in the U.S. and internationally with 70 % of the net sales coming from the U.S market . The airline segment also provides other airline services such as maintenance and repair services for third parties (Bloomberg, 2017). The graph below shows that Delta has focused most of its strategy on domestic flights which have brought in the most revenue for the company.

Figure 1- Revenue



Source: Bloomberg

Delta's strategy is based on alliances. These alliances allow individual carriers to extend their service without flying into new territory. Delta's alliance with SkyTeam had allowed them to reach more than 900 destinations in more than 170 countries around the globe. This alliance allowed Delta to acquire more global coverage. Delta also made similar alliances with companies such as China Eastern Virgin Atlantic, and Korean Air to help increase Delta's presence in Asia and Europe (Bloomberg, 2017). This alliance also help to eliminate competition in the industry. Delta also faces much competition from other large airlines such as American Airlines, JetBlue, and United Airlines and Southwest (Bloomberg, 2017).

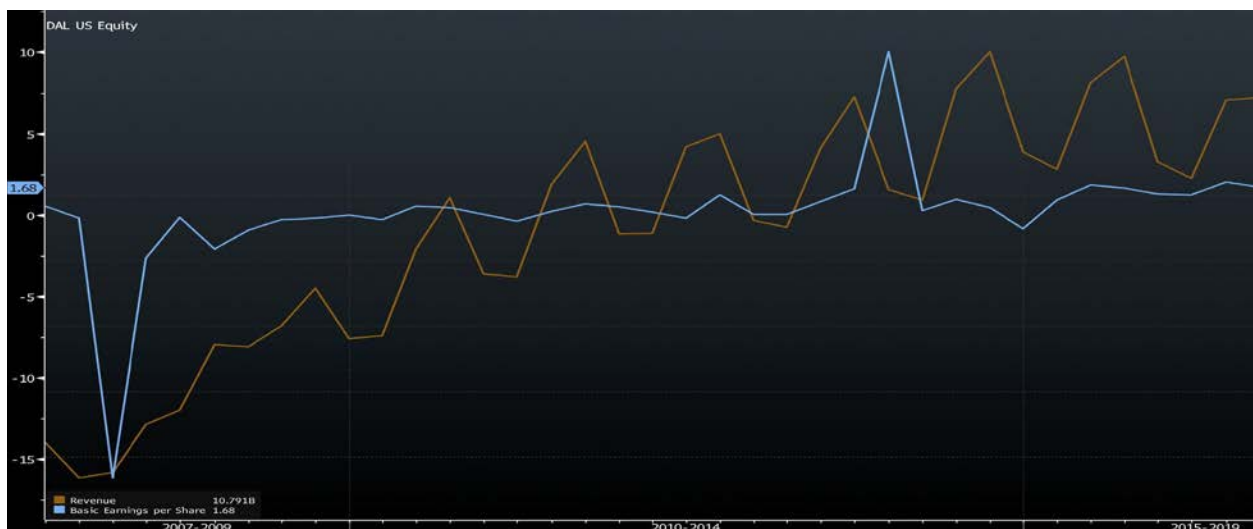
Another key part of Delta's strategy is customer satisfaction. Delta has made significant investments to improve its operational performance which consistently ranks first among the major U.S. carriers. In 2016, Dela operated 241 days with zero mainline canceled flights which

was almost a 50% improvement over their performance last year (Bloomberg, 2017). By making sure their customers are satisfied Delta hopes that they will attract more repeat customers.

## 2.1. Assessment of the Current Strategy of the Firm for the Selected Industry

The Airline industry is notorious for its difficulty to make a profit and 2017 hasn't been very different. In August the five biggest airlines' S&P index fell about 7.5% losing about \$10 billion in market value. Delta, along with two other carriers, cut third-quarter guidance for revenue from each seat flown a mile and UBS Group AG predicts that soon others will be forced to do the same. This is worrying due to the fact that the airline industry have been claiming that industry consolidation would lead to steadier profits and smoother shareholder returns, not more fare battles with low-cost rivals. This is particularly worrying for Delta because a large part of their strategy is based on consolidation. Delta's unit revenue this quarter rose 2% to 3%, instead of the 2.5% to 4.5% rise that occurred last quarter. Operating margin is expected to be around 16.5% to 17.5% instead of the 20% seen earlier. Delta has "blamed this fall on "a slow recovery in domestic" ticket prices purchased close to travel and higher fuel costs linked to the hurricane a year earlier" (Schlangenstein, Sasso, 2017).

Figure 2 - Equity



Source: Bloomberg

The graph above displays Delta Air Lines equity since 2007 and predicts the values until 2019 (blue line = earnings per share) (orange line = revenue). Clearly Delta's equity fluctuates quite a bit. This fluctuation is probably due to the unpredictable nature of the industry. Delta has clearly improved since 2008 when the recession hit. Clearly travel would be the first thing that many people would give up when a recession hit.

Delta is also in a great position to fly with an older fleet which means they can wait until airplanes are cheaper. This also means lower ownership costs that outweigh the rise in fuel prices. This purchase strategy has really helped to improve profits for Delta. Delta has also been very smart and has sold spare parts from their old aircrafts which have been a great source of additional revenue (Bloomberg, 2017).

Personally I believe that Delta's strategy is as good as it can be for any airline company. While the strategy of consolidation is not producing the perfect results Delta's revenue and operating margin are both rising even if it's not as much as it has in previous years. Delta's customer service is also helping Delta to stay at the top of industry and the company has done a great job of avoiding major scandals and bad press. However, Delta does face competition from American Airlines, Southwest and other airlines and this is a price-driven industry that allows other companies that offer lower prices to take some of Delta's market share. All in all Delta's strategy has done a great job of keeping the company at the top of an industry that is extremely difficult to compete in.

### **3. External Analysis**

#### **3.1 The General Environment**

When analyzing the current state of the airline industry it is important to look at many different factors. Over the next two to five years there will be many external factors that Delta

will need to take into consideration. When looking at political and legal factors facing the industry one of the biggest current problems is travel bans. President Trump has imposed several travel bans that have prevent travel from many different countries and has caused many problems and loss of revenue for airline companies. Along with that sanctions and regulations imposed can also cut off potential revenue. Also, living in a post 9/11 world many people are still fearful for their safety on flights and prefer to travel through other means which means more revenue loss for the industry.

Along with the political and legal factors there are also many economic factors that affect the industry. Fuel prices have always been a concern for the industry but with the recent hurricanes and earthquakes that have rocked Texas, Florida, Mexico, and many Caribbean Islands fuel prices will definitely even more of a concern for airline companies. Along with the fuel prices, recessions are always a worry for the industry. Traveling is a luxury and when recessions and depressions hit the airline companies are the first to feel the blow as shown in Figure 1, Delta's revenue took a big hit during the 2008 recession. The spread of diseases such as Ebola can also halt air travel (Cederholm, 2014).

The recent natural disasters are not only an economic problem but they are also an environmental problem all of the locations hit by disasters were popular vacation definitions. It will be years before these places are completely rebuilt and it will cost the airline industry millions in revenue. Natural disasters in the wrong areas can lead to huge losses for airlines. Due to high fuel prices, airlines should also be looking at cheaper more environmentally friendly alternatives (Cederholm, 2014). Becoming more green is also a concern for many flyers which means that airlines have had to find more environmentally conscious ways of conducting business.

A major social problem in the industry is the recent bad press the airline industry has received. With the advent of smartphones people have the ability to record everything and many airlines, especially United Airlines, have received very bad press and it has cost them a lot in potential revenue. Delta has tried to find a solution for both of these problems by promoting Delta in a positive light by sending aid to those in Puerto Rico (Morrow, 2017). On the plus side, studies predict that millennial travel will increase by 50% by 2020 (Cederholm, 2014). This means that airlines should pay special attention to millennials and their preferences in order to gain their business.

Finally, technology is a huge factor in the airline industry. New innovations are being invented everyday and it is important for the airline company to keep up with advancements. In-flight entertainment and free wifi are now considered an essential need by most flyers and it is important that airlines provide these accommodations and anticipate new technology that may soon emerge. These technological changes also give Delta a chance to differentiate themselves from their competitors. On October 1st, Delta will become the first U.S global carrier to offer free in-flight mobile messaging. Along with that Delta is also adding more wi-fi and more seatback entertainment (Serna, 2017). Airlines should also be using technology to their advantage and looking for ways to cut costs with more efficient ways of running their machinery(Cederholm, 2014).

### **3.2 Industry Analysis**



### Exhibit 1: Porter's Five Forces Model

Force	Weak	Medium	Strong	Likely Change
Threat from existing competition			X	Increase
Threat from buyers			X	Increase
Threat from suppliers	X			No change
Threat from new entrants	X			No change
Threat from substitute products		X		No change

Threat from existing competition:

The threat from existing competition is fairly high in the airline industry and that is dangerous. There are a large amount of firms in the industry all of which are roughly the same size. There is also a lack of product differentiation with most airlines flying to the same destinations and offering similar flying experiences. Since experiences are so similar, if one of Delta's competitors offers a better price the customer is more likely to choose them. Certain airlines have been able to create "hub-and-spoke" systems that have allowed them to become the dominant carrier in a certain region (Barney & Hesterly, 2015), however for the most part airlines are the same. With the ease of looking up cheap flights on the internet it is likely that the threat of existing competitors will increase in the coming years with other airlines offering lower prices.

Threat from buyers:

The threat from buyers is also fairly high in this industry. As stated before, the product differentiation is low which means that the buyer's decision is made mostly on the basis of price. The rise of third-party sites that allows buyers to easily compare prices has greatly risen the threat of buyers. Travelling is a huge expense and buyers aren't interested in being loyal to one airline they are interested in finding the cheapest flight. This puts a lot of power in the buyer's hands and the power is likely to increase within the next few years.

Threat from suppliers:

The threat from suppliers in the airline industry is low. There is a large number of firms and the suppliers all supply similar products. Just as there is not much product differentiation in the industry, there is also not much product differentiation among the suppliers. This low product differentiation puts more power in the buyers hands and lets them have more choice when it comes to suppliers. There are also a large number of suppliers in the industry so the airlines have a lot of choices when it comes to purchasing supplies. This threat is likely to stay relatively low for the foreseeable future.

Threat from new entrants:

The threat from new entrants in the airline industry is really low in airline industry. The industry is really hard to break into and it costs an extraordinary amount of money. The entry costs are high, the operating costs are high and the competition is high. It is even harder for a new airline to get a piece of the market share, airlines that have been around for years still have

difficulty gaining market share. Customers also value name recognition in this industry so an unknown name is unlikely to attract new customers. All in all the threat of new entrants is low and it is unlikely to change anytime soon.

Threat of substitutes:

The threat of substitutes is medium in this industry. Since the flying is the only way to travel to certain destinations there is no real substitute for airlines. The only substitutes that exist are other modes of transportations such as trains and cars. Unless a new form of travel is invented this threat will continue to remain the same.

#### **4. Conclusion of the First Report**

Clearly, the airline industry is a difficult industry for any company but Delta has managed to remain at the top of the industry for many years. They have managed to come up with a strategy that is not perfect but does allow them to hold a large chunk of the industry's market share. While Delta is at the top right now this industry is fickle and they must be aware of political, economic and technological threats. They must also be aware of the threats for existing competition and the threats of buyers. The next report will look at Delta Air Line's positioning, it's main resources and capabilities as well as an internal analysis of the country.

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**BUS 4402W**  
**STRATEGIC ANALYSIS AND DECISION MAKING**  
**SECTION E**

**Honors Capstone: Part 2**

Erin McKenna

I, Erin McKenna, acknowledge that I have adhered to the Academic Integrity Policy described in the Merrimack College student handbook.

November 14, 2017

## **1. Introduction**

In my first report I looked at the airline industry and the factors that are affecting it. In this report I will be looking further into Delta Airlines and their individual performance in the airline industry. This paper will focus primarily on what kind of positioning strategy Delta has chosen to use in order to compete and gain market share in this industry. I will also be looking at Delta's business model and the resources and capabilities. I will conclude this report by conducting an internal analysis using the VRIO model. In order to conduct this analysis I will be collecting information from a variety of different sources and using different models in order to display my findings.

## **2. Strategic Positioning**

As I displayed in my first report the airline industry is an extremely difficult industry both to enter and to compete in. It is because of the challenges airlines face in this industry that coming up with a positioning strategy is also a challenge for many airlines. Some of Delta's competitors such as Southwest have chosen a cost-leadership strategy, where they offer the lowest ticket prices to customers with a lack of customer service. (Baumwoll, Howland, Kruse, Lamb, Shepard, 2008). Delta, on the other hand, has chosen a product differentiation strategy. Delta's ticket prices do fall on the higher end of the industry average but they provide service and accommodations that increase consumers' willingness to pay.

In order to keep their ticket prices high Delta has spent years trying to increase the flying experience. Delta has added better food, craft beer, and more on-flight movies. Along with those improvements, Delta had begun including free in-flight meals in 10 domestic markets. Delta is constantly trying to improve the customer experience and it does this through conducting its own research. Delta has used heart rate monitors to track customers' heartbeats at 11 stress moments

during the travel experience. These moments included looking for parking at the airport, going through security, and boarding the plane. By doing this Delta looks for ways to improve the travel experience at every moment. Some of these improvements include upgrading airports and Wi-Fi along with studying and implementing line management tactics used by companies like Disney. (Birkner, 2017).

Delta's svp and CMO Tim Mapes says, "The challenge is to make every customer feel like one in 180 million versus one of 180 million—how do we personalize and customize, and humanize, everyone's particular experience? We respond in ways we think can make things better, and then listen again, to see if we can refine things." (Birkner, 2017).

As I talked about in my first report the airline industry is a price-based industry, where most customers make their choice based on which company is offering the lowest price. This is why it is interesting that Delta has taken a different approach. Delta's positioning strategy is based around the idea that customers will be willing to pay a little more for a ticket if their overall travel experience is more enjoyable. Even though this is a price-based industry this is also an industry that is extremely low in customer satisfaction so it is possible that many customers would be willing to pay more for less frustration.

### **3. The Business Model and Firm Resources and Capabilities**

Similar to most companies, Delta Airlines has had to change their business model a few times in order to keep up with the changes in an industry. In 2005, Delta declared bankruptcy and since then it has had to change its business model in order to adapt to the ever-changing industry. Today Delta's business model focuses on attracting corporate travelers. This can be in their recent marketing campaign "4 a.m." which salutes all the travelers that wake up early in order to catch their flights. Delta's business model also focuses on shifting their cost structure

from fixed costs to variable costs as much as possible. This business model is supported by Delta’s operating strategy, which focuses on four key activities: “purchasing used aircraft, vertical integration, low-unionization of labor, and industry-leading customer service” (Sam C, 2015). Delta Airlines was also a pioneer of the hub and spoke system (Delta Flight Museum, 2017). This system involves a hub, which is a central airport and the spokes which are the routes out of that central airport. Hubs allow airlines to offer more flights for passengers (Bonsor, 2017).

Delta’s business model is also highly focused on delivering high customer service. Their commitment to customer service can be seen through the billions that the company has invested in enhanced training programs for customer service agents, designed to try and improve the customer experience (Sam C, 2015). A large part of Delta’s customer service deals with great employees. Below I have listed the resources and capabilities that Delta has in order to effectively execute their strategy.

Exhibit 1: List of resources and capabilities for the company

<b>Resource/Capability</b>	<b>Description</b>
Customer Service	Delta has focused lots of attention on making sure they provide their customers with the best service possible. Constantly improving the travel experience is the cornerstone of Delta’s business model.
Marketing Campaign	Delta’s marketing is what keeps Delta in the consumers mind when they are looking



	<p>for a flight. Delta is one of the oldest airlines in the U.S. and its name recognition has allowed it to keep a great reputation in the eyes of consumers.</p>
<p>“Hub and Spoke” model</p>	<p>This model allows Delta to increase the amount of flights it can offer its passengers, which increases revenue for Delta.</p>
<p>Purchasing old aircrafts</p>	<p>This strategy leaves Delta with lower fixed costs but higher maintenance costs, allowing them to quickly scale up or down to meet demand, while not being burdened by the same level of fixed costs of other airlines.</p>
<p>Vertical Integration</p>	<p>By purchasing their own oil refinery Delta Airlines is able to save millions that can be used to fund other endeavors.</p>
<p>Culture</p>	<p>88% of employees think that the company is a great place to work (Delta.com). Delta puts so much focus on making sure their employees are happy so that they provide</p>

	the best service possible. This culture is a large part of Delta’s success.
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**4. Internal Analysis**

While there are many resources and capabilities that Delta uses in order to execute their strategy some internal analysis is necessary in order to see if these resources will allow Delta to have a sustained competitive advantage.

Exhibit 2: Internal Analysis

Resource/Capability	(V)aluable	(R)are	Difficulty to be (I)mitated
Customer Service	Y	Y	N
Marketing Campaign	Y	N	N
Hub and Spoke Model	Y	N	N
Purchasing old aircrafts and Vertical Integration	Y	Y	N
Culture	Y	Y	Y

**Customer Service:**

As I mentioned previously in this report, exceptional customer service is the cornerstone of Delta’s business model and is at the center of their positioning strategy. Delta is constantly talking with their customers and researching new ways to make the travel experience better. Delta has added more beer options, free in-flight Wi-Fi, nicer lounges and they have all been in

an effort to make each customer feel special (Birkner, 2017). This resource is extremely valuable to the company because without it they could not conduct their strategy. This resource is also rare, as many other aircrafts such as Southwest and other budget airlines don't focus on providing the same level of service. This resource is not difficult to imitate because other airlines could offer the same customer service if they conducted similar research or adopted the same positioning strategy as Delta.

### **Marketing Campaign:**

Delta's marketing campaign is valuable as it conveys their strategy in multiple ways because it displays both the customer service that makes buyers willing to pay more and it shows that they are targeting those business travelers. Campaigns such as their "4 A.M" campaign portray Delta has a company who will treat those early morning travelers the way they deserve to be treated (Birkner, 2017). It is Delta's marketing campaign that shows potential consumers what they get when they choose to fly Delta. Without their marketing, consumers would not be aware of the special amenities that a flyer gets when they choose Delta. This resource is not rare of difficult to imitate because many other airlines could choose to do similar marketing campaigns that portray similar messages.

### **Hub and Spoke Model:**

Delta's hub and spoke system is valuable because it saves Delta a large amount of money that they can put back into creating a travel experience that customers are more willing to pay money for. Since airplanes are an airlines most valuable commodity and every flight has a set cost the more seats that an airline is able to fill the closer it gets to showing a profit (Bonsor, 2017). This hub and spoke system was at one point rare but over the years several other airlines have adopted a similar system making the system also very easy to imitate.

### **Purchasing Old Aircrafts and Vertical Integration:**

Both of these aspects of Delta's operating strategy help to save Delta money in innovative ways. Through this system Delta has been able to vastly reduce its fuel prices and this has allowed save funds (Sam C, 2015). While this operating system provides great value to the company it is not very rare and is easy to imitate. Other companies could easily implement a similar operating system and some other airlines have already implement similar strategies.

### **Culture:**

The culture of Delta is one of the company's most valuable resources. 88% of employees think that Delta is great place to work and that is all due to the culture. Delta's strategy rests in the belief that if the company treats the employees well the employees will treat the customers will (Banstetter, 2015). This culture is one that is unique to Delta making it both rare and difficult to imitate making it one of the few resources and capabilities that can help Delta maintain a sustained competitive advantage.

### **4. Conclusion of the Second Report**

In this report I have looked a Delta's product differentiation strategy and describe Delta's business model. I have also done an internal analysis on the company and looked at the different resources and the capabilities that contribute to Delta being able to execute its strategy. In the next report I will be conducting a SWOT analysis and will be offering some solutions to Delta's strategic problems.

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**BUS 4402W**  
**STRATEGIC ANALYSIS AND DECISION MAKING**  
**SECTION E**

**Honors Capstone: Part 3**

Erin McKenna

I, Erin McKenna, acknowledge that I have adhered to the Academic Integrity Policy described in the Merrimack College student handbook.

December 7, 2017

## **1. Introduction**

In the first two reports I provided you with an overview of Delta Airlines, their current strategy, their resources and capabilities, and the overall environment of the industry. In this final report I will be conducting a full SWOT analysis on Delta Airlines and look at their internal strengths and weaknesses as well as their external opportunities. After conducting this analysis I will be drafting some strategic questions that I feel Delta is facing as well as provide my recommendations to solve each question. The main sources that I will be drawing from are from my last two reports which consisted of Bloomberg, Delta's website, and others.

## **2. SWOT Analysis**

As I explained in my first report Delta Airlines has a lot of external factors that have the potential to affect the company both positive and negative. One opportunity that Delta has is the potential to capitalize on new technology. New passengers are constantly looking for new features that make each airline different. As the world becomes more and more technological so does each industry and Delta now has the opportunity to use this to their advantage. In the future as technology become a greater part of our lives Delta has the chance to make their in-flight experience more technology oriented offering new features to entice flyers. Delta has already begun to do this by adding in-flight Wi-Fi and more in-flight entertainment (Serna, 2017). While these features are great technology is only going to get more and more advanced and in the future the use of technology could provide Delta with a competitive advantage.

Another opportunity that Delta has the potential to become greener. As the condition of the environment becomes a bigger and bigger concern many consumers are trying to make their own lives greener and a large part of this buying products from companies that are concerned

with their environmental footprint. Choosing new more environmentally friendly alternatives is an opportunity for Delta to gain a great positive image and draw a wide customer base.

Another opportunity that Delta has is to use the increased use of social media to their advantage. Nowadays people have the ability to share any moment they want with the world and this can be both a positive thing and a negative thing for companies. Many airlines have been affected negatively by social media and have lost out on business due to the bad press. With the social media presence growing Delta has the opportunity to promote themselves in a positive light. They can use their own platforms to talk about all the great charity work they do and they can encourage their passengers to share their flight experience on social media.

Along with opportunities there are also many threats that Delta faces. The first threat is the threat of travel bans. In this current administration several travel bans have already been imposed and the future of travel is very uncertain. It is very likely that in the future there will be new travel bans and sanctions that will be imposed and these could negatively affect Delta Airlines and the airline industry as a whole.

Another threat that Delta faces are depressions and recessions. Depressions and recessions are a potential threat for almost every industry but particularly for airlines. Travel is a major luxury and when a recession hits the airline industry one of the first industries affected. Delta has already been affected in the past by recessions the most recent being in 2008. Another recession is inevitable so it is a constant threat for Delta.

Another threat that Delta faces is the potential for international disasters. Disasters can include natural disasters as well as political violence and disease breakouts. When disasters strike in popular destinations it cuts back on people traveling and negatively impacts airlines. Recent disasters such as the hurricane hitting Puerto Rico as well as outbreak of Ebola have already had



a negative impact on airlines (Cederholm, 2014). It is inevitable that another disaster will hit and it will hurt Delta Airlines.

Exhibit 1: List of Opportunities and Threats for Delta Airlines

Opportunities	Threats
<ul style="list-style-type: none"> <li>• <b>Capitalize on New Technology</b></li> <li>• <b>Become Greener</b></li> <li>• <b>Circulate Good Press</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Potential Travel Bans</b></li> <li>• <b>Depressions and Recessions</b></li> <li>• <b>International Disasters</b></li> </ul>

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external opportunities and threats that Delta faces they also have many internal strengths and weakness that they need to take into consideration. The first strength that Delta has is customer service. Delta takes very good care of their employees and spends a lot of time and moneymaking Delta a great place to work. By doing this they make sure that their employees provide superior service to their customers. This great customer service is rare in the airline industry and it brings a tremendous amount of value to the company.

Another strength that Delta has is their culture. Deltas culture that stresses great employees and great service. While this culture brings value to the company it isn't that rare due to the fact that other airlines have a similar culture. So while this is a strength for Delta it is not a super strength. Delta will need to add some new rare aspects to their culture in order for their culture to provide them with a sustained competitive advantage.

Another strength that Delta has is their strategy choice of purchasing old aircrafts. This strategy is one that isn't used by many other airlines, which makes it rare, and it provides a lot of value to Delta. It helps lower their fixed costs but higher maintenance costs which allows them to quickly scale up or down to meet demand, wile not being burdened by the same level of fixed

costs as other airlines. This is a strength that really benefits Delta particularly when it comes to saving money, which is vital in this industry due to the fact that it is extremely difficult to draw a profit.

Of course every company has their weaknesses as well as their strengths and Delta is no exception. Delta's first weakness is their reliance on the North American market. This is not necessarily a bad place to focus on seeing as there is great profitability among North American Airlines. However, as I displayed in my first report Delta draws almost all of their profit from domestic flights (Bloomberg, 2017). Their reliance on the North American market cuts them off from a large international market and it makes it risky focusing on one market.

Another weakness that Delta has is their hub and spoke system. While the system does provide some value for the company it also hinders the company. The system increases the amount of flights that Delta is able to offer but it also makes them more vulnerable. If there is something wrong with one of the hubs, such as bad weather, it forces Delta to cancel many, many flights (Light, 2017). This hub and spoke system makes it possible to offer a lot of flights but it also forces them to cancel a lot of flights.

Another weaknesses that Delta has is their past debt. Just like many airlines Delta has found themselves in some financial problems and it has been a weakness in the past for Delta. Now they have been able to get themselves out of the hole but it is still a weakness for Delta because it forces them to design their strategy in a certain way. Delta isn't able to make risks or change their strategy because they don't have any parachute to fall back on.

Exhibit 2: List of Strengths and Weaknesses for Delta Airlines

<b>Strengths</b>	<b>Weaknesses</b>
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<ul style="list-style-type: none"> <li>• <b>Customer Service</b></li> <li>• <b>Culture</b></li> <li>• <b>Purchasing Old Aircrafts Strategy</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Reliance on North American market</b></li> <li>• <b>Hub and Spoke System</b></li> <li>• <b>Past Financial Issues</b></li> </ul>
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**Strategic Questions:**

1. How can Delta portray themselves in a positive light on social media given that they have great customer service but also have had past financial issues?
  - a. This is an important question for several reasons. Gaining a positive brand image on social media is a huge opportunity for Delta. However, social media is a double-edge sword. Since one of Delta's strengths is their strong customer service, advertising that would be really great for the company. Since Delta has had some past financial issue they could gain bad press from the rise of social media.
2. Should Delta focus more on expanding into the international market, given the threat of international disasters?
  - a. This question is important because Delta's reliance on the North American market is a big weakness for Delta. Expanding into the international market could be a really great opportunity for Delta; however, the international market also poses a threat. Delta needs to decide if the benefits outweigh the risks.
3. Will Delta becoming more focused on technology hurt their customer service given the fact that it a large part of their culture?

- a. This question is important is because becoming more technologically innovative is a huge opportunity for Delta to draw in consumers. However, they run the risk of becoming too technology oriented and they will lose the personal touch that makes customer service such a strength for the company.

### **Strategic Recommendations**

1. My recommendation is the Delta should to control social media as much as they can and capitalize on their positive press. On their own social media Delta is able to control what is released so they can promote the best aspects of the company and they can promote how they have turned around their financial status. They can also encourage passengers to talk about their great flying experiences on Delta. By generating more positive press they are able to outweigh and negative press that may come up from the use of social media.
2. My recommendation is that Delta should reposition themselves and enter the international market. Even though Delta has positioned themselves as a North American airline and I think they are missing out on a large profit that could be gained if they entered the international markets. Even though potential international disasters are a threat for Delta I still think that the loss that a disaster could bring is nothing compared to the gains that could come from entering this new market.
3. My recommendation is that Delta combines the benefits of technology while still having a personal touch. I think that Delta should be as innovative as possible before replacing

people. By adding new technology while still having the human touch Delta Airlines will be providing the best of both worlds. This will allow for a unique position for Delta to be in and I think that it will appeal to all markets, those who want innovation and those who want great customer service.

#### **4. Conclusion**

Throughout these three reports I have looked at Delta Airlines' performance in the Airline Industry. Through several different types of analysis such as Porter's Five Forces, the PESTEL model, and the SWOT model I have conducted a full internal and external analysis of the company and from this analysis I developed the strategic questions that I think are the most important for Delta to focus on. I have also provided my personal recommendations for what actions Delta should take in the future to address these questions. I hope that this report has provided a well-rounded analysis of Delta's past and present as well as useful recommendations of where the company should go in the future.

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