

**EVALUATING STRATEGY FOR E-COMMERCE IN AIRLINE INDUSTRY:  
A CASE STUDY OF AIRASIA**

A project submitted to the Graduate School in partial  
fulfillment of the requirement for the degree  
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By  
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**EVALUATING STRATEGY FOR E-COMMERCE IN AIRLINE  
INDUSTRY: A CASE STUDY OF AIRASIA**

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**UNIVERSITI UTARA MALAYSIA  
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## ABSTRACT

The emergence of the Internet and technology is raised dramatically. It appears in various types of business and operations. Firms are adopted Internet and technology to assist and improve their business' performances. Due to the rapid change and high competitive of the world market today, firms are imperatively to conduct business in the modern and easy way in order to remain competitive and profitable. Electronic commerce (e-commerce) is a popular way of conduct business. Most firms are adopted e-commerce initiative into their operations in order to improve quality of service, lower cost, and reduce time to market. However, there are many failures in adopting e-commerce initiative. Those failures are significantly concern with the strategy, both the corporate strategy and e-commerce strategy. This paper presents the review of the literatures regarding to the business models, e-commerce and its strategy in international and domestic airline industries, models and frameworks of evaluating e-commerce strategy, as well as the Airasia's e-commerce strategies. The objectives of this research are to evaluate e-commerce strategies of a case study (Airasia) by using 'E-commerce value creation strategy' framework and design a guideline for evaluating e-commerce strategy in airline industry. This guideline is expected to contribute the executive and IT managers in generating and implementing e-commerce strategy in airline industry.

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# CHAPTER 1

## INTRODUCTION

The emergence of Internet technology rises dramatically. It appears in various types of operation. Firms have adopted the Internet technology in order to assist and improve their operation. Moreover, it is expecting to provide the modern way of data exchange, low-cost communication medium, and it permit a more interactive and easy way to communicate with customers, suppliers, and business partners. According to Timmers (1999), Camp (2000), Reynolds (2000), and Oz (2002) pointed out that the Internet can be used to reduce the cost of transactions and the amount of investments; it can significantly reduce time to market; it is a means of building a brand globally; it provides access to new markets or a new inroad into existing markets. Customers can benefit from lower prices, better service, improved quality and a much wider choice with greater convenience. Internet today influenced the firms' operations, especially in this high competitive market. A way of conducting business online is referred to 'Electronic Commerce' (e-commerce), which is significantly involved with the Internet technology. E-commerce today is more inductive to any field of business. With its significances and benefits provided for business and customers, the firms are more concern on how to adopt and implement e-commerce into their business. However, the failures in adoption and implementing e-commerce are increase. One key element that executives and managers cannot overlook is the strategy. Chaffey (2002) defined strategy as the future direction and action of an organization or part of an organization. With the appropriate strategies, the firm will know what they will do, how to achieve the goals and objectives of the firm. There are many levels of strategy in an organization such as corporate strategy, IS/IT strategy, marketing strategy, e-

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