RUNNING HEAD: AIRBUS AND BOEING

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# Airbus and Boeing

***Introduction***

Airbus SE is a European aerospace corporation formerly known as European Aeronautic Defence and Space Company or simply EADs. The company is considered to be registered in the Netherlands and trading shares in Spain, Germany, and France. The aim of the organisation is to design, manufacture, and sell military and civil products globally (Pisarek, 2017). Along with this, the organisation tends to manufacture not only just in the European Union, but there are a number of different countries where Airbus runs successfully and has made its name. There are three divisions of Airbus: Helicopters, Defence and Space, and Commercial Aircraft. One thing that must be taken into consideration that Airbus is the third largest in its industry in terms of turbine helicopter deliveries and revenues.

On the other hand, when it comes to the Boeing Company, the organisation is an American multinational corporation, and is known for designing, manufacturing, and selling missiles, satellites, rockets, rotorcrafts, and aeroplanes. Along with this, the organisation tends to provide leasing and product support services to its customers (Mocenco, 2015). There is no doubt that Boeing has made its name among the largest international aircraft manufacturers. As per the 2017 revenue, the Boeing company is the fifth-largest defence contractor globally. Moreover, the company is considered the largest export in the U.S. by dollar value.

The main civil aeroplane business of Airbus is based on Blagnac, France. The manufacturing and production facilities of Airbus are not just limited to the European Union, but also in the U.S. and China (Lincoln et al., 2019). Moreover, the final assembly production is based in Toulouse France, the U.S., China, Spain, and Germany. Airblue tends to produce and market the first commercially viable the Airbus A320, digital fly-wire. Moreover, the company is noticeable, because of the largest passenger airliner, the A380. The headquarters of Airbus's corporate are located in Leiden, Netherlands. The CEO Thoman Enders leads the company, and the main office is located in Toulouse.

On the other hand, William Boeing on July 15, 1916, founded Boeing in Seatle, Washington. There is no doubt that in the current scenario, Boeing is considered to be the result of merger of Boeing with McDonnell Douglas. The corporate headquarters of Boeing are located in Chicago, Illinois. The CEO Dennis Muilenburg leads the whole organisation, and then the company is organised into five primary divisions: Boeing Shared Services Group, Boeing Capital Engineering Operations & Technology, Boeing Defense, Space & Security, and Boeing Commerical Airplanes. Boeing is noticeable for ranking at 24th on the Fortune magazine in the year 2017 after recording $93.3 billion in sales. Moreover, the organisation ranked at 19th on the 2018 list of World’s Most Admired Companies.

***Literature Study***

There is no doubt that innovation is considered a success factor that has been used by Airbus and Boeing in its strategies for achieving success. When it comes to innovation as a process, it is nothing but an implementation of new ideas. Innovation has helped Airbus and Boeing to develop products that tend to attract an increased demand in the marketplace (Nambisan et al., 2017). In both of the organisations, the majority of the products are developed by a team of experts who possess the required knowledge. The matter of fact is that technology is the tool which is necessary for innovation in the development of new products (Mocenco, 2015).

It was the year 1938 that lead to introduce Model 307 Stratoliner in the marketplace. The best thing about the aircraft was that it could fly at an altitude of 20,000 feet above without any disturbance of weather. Airbus A300b was developed by Airbus which was smaller, lighter, and more economical as compared to the products from other American companies including Boeing (Lincoln et al., 2019). There is no doubt that the success of any organisation is dependant on compliance with political issues. When it comes to the success of Airbus and Boeing, there is no doubt that it has been achieved with the help of the corporation with competitors. The new ideas along with resources from different participants in the industry tend to be of high importance in the development of new services and products.

It has been observed that the aircraft industry uses the strategy of the corporation for performing challenging contracts (Pisarek, 2017). A great move by Boeing was to corporate with its competitors during World War 2 for creating bombers. A crucial step for any organisation in the current times is risk-taking which is undoubtedly a success factor that is used by most the organisations for developing competitive products. In the past, and in the present as well, Boeing has been seen taking a number of risks to develop its products. There are different companies with which the company has merged for developing new ideas. An important thing to consider is that the collaboration of Airbus with different governments has helped the company to create acceptance in the global market.

Another great strategy employed by Airbus and Boeing is product differentiation. The strategy has helped both the organisation in creating a competitive advantage. The question here would be how both of the organisations have differentiated their products. The answer to that question would be simply by increasing the seating capacity of aircraft, manufacturing a wide range of products, and increasing the capacity of the engine. One thing that must be taken into consideration is that both of the organisations have created new products when the market shifts the patterns of its demand.

By utilising modern technology for the development of new products, the companies are on their way to increase their revenue to a great extent in the future. The technology has been used by Boeing for manufacturing totally new products. The perfect example in this scenario would be of cold war period when the company successfully develop the missile that had the tendency to intercept enemy aircraft. Moreover, Boeing developed international missiles in the 1950s by using new technology. A number of engineers team have been employed by Boeing and Airbus for developing new products.

***Discussion of Industry Analysis***

*Political Factors*

There is a high chance that in the future competitive strategy in the Aircraft market to be a transition of government. From the past few years, it has been observed that Boeing has been benefited from lower taxation policies. The outcomes of this have resulted in high profits and increasing spending on development and research. In the current scenario, the present governance system seems to be facing challenges.

*Socio-cultural Factors*

There is no doubt that the market of the industry tends to increase at times when the countries are engaged in war. There have been given contracts to Boeing and Airbus for manufacturing military aircraft and other machines. The matter of fact is that the peace in the U.S. along with Europe is a gift by the development of the industry.

*Economic Factors*

Although the international economy is seen to be indifferent, both of the companies have survived to date. A number of challenges have been encountered by Boeing as the market shrink at times when economies tend to perform poorly.

*Technological Factors*

There is no doubt that the increase in technology and science has helped in enabling an Airbus and Boeing to manufacture different products which can match the demand of the market.

***Findings***

Since from the 1990s, in the larget airliner market, the competition between Boeing and Airbus is considered as a duopoly. The outcomes of this have resulted from a series of mergers within the international aerospace industry. When it comes to the stats of both companies from 2007 to 2016, there has been almost 9,985 order received by Airbus, and it has delivered 5,644. On the other hand, Boeing has delivered 5,718 orders and received 8,978 orders. The matter of fact is that during this period, the competition between these two organisations was considered intense. Both companies have regularly accused each other of receiving unfair state aid of government.

In the 1970s, Airbus was seen to be competing with Boeing with the help of introducing advanced technology in the marketplace. Airbus being a smaller company as compared to Boeing still makes around half of Boeing. The reason for that is quite simple that Boeing tends to receive millions in government contracts as well along with having cheaper aircraft to build. There is a high probability that Airbus will need to pay a lot more in order to build each aircraft. Both of the companies undoubtedly invest millions in engineering and technology for building the ultimate safe flying transportation. Although Boeing was quite popular in the past, in the current scenario, it has been observed that Airbus is more able to match them plane for plane.

When it comes to the manufacturing of Boeing and Airbus, both companies manufacture the airliners in their home countries. The matter of fact is that most of the planes built by Boeing are on the international level, and they are finished in America. Deciding which company is the best will definitely be a tough question as both of them are producing safe and reliable aircraft.

**Conclusion**

It is concluded that Airbus tends to manufacture not only just in the European Union, but there are a number of different countries where Airbus runs successfully and has made its name. There is no doubt that Boeing has made its name among the largest international aircraft manufacturers. In both of the organisations, the majority of the products are developed by a team of experts who possess the required knowledge. When it comes to the success of Airbus and Boeing, there is no doubt that it has been achieved with the help of a corporation with competitors. The new ideas along with resources from different participants in the industry tend to be of high importance in the development of new services and products.

By utilising modern technology for the development of new products, the companies are on their way to increase their revenue to a great extent in the future. The technology has been used by Boeing for manufacturing totally new products. A crucial step for any organisation in the current times is risk-taking which is undoubtedly a success factor that is used by most organisations for developing competitive products. It has been observed that the aircraft industry uses the strategy of the corporation for performing challenging contracts. Airbus being a smaller company as compared to Boeing still makes around half of Boeing. The reason for that is quite simple that Boeing tends to receive millions in government contracts as well along with having cheaper aircraft to build.

***Recommendations***

*Boeing*

Recommendation for Boeing and Airbus will help both organisations to increase their revenue, and make their position more stable in the marketplace. One thing that must be taken into consideration is the fact that Boeing has a strong market position (Mocenco, 2015). A strong market position can help Boeing to become the largest aerospace companies globally. In the current times, Boeing is doing great, but the organisation can take advantage of its market position to become a leading manufacturer of space, defence, and security systems. The matter is that a strong market position is quite helpful in improving the brand image of the company and achieving economies of scales.

There has been recorded a growth in the revenue of Boeing, and the reason for that growth is based on the timely delivery of aeroplanes. Therefore, due to an increase in operational effectiveness, Boeing has been helped to increase the revenue and profits. The strong research and development can help the organisation to stay focus on R&D activities. By focusing on innovation, the organisation can reach its goals in no time. In the current scenario, Boeing should keep its focus on expanding the product line along with sustainable fuels. In order to meet customer needs, the organisation should continuously enhance its product line. As the main focus of Airbus has always been on innovation, therefore, the organisation should keep maintaining that focus.

As there is an increase in demand for commercial aeroplanes, the organisation should take this as an opportunity for future growth and development. As there is an increase in the globalisation, it is resulting in the growing number of passengers numbers which results in the high demand for new commercial planes. Moreover, the organisation should take advantage of the growing defence and aerospace market. There is a high chance that by availing such opportunity, the revenue of the organisation will be boosted up. There is a high need for Boeing to expand its operations on an international level by growing inorganically and organically as well.

*Airbus*

The matter of fact is that in the year 2015, Airbus was seen enjoying 57% of market share. Airbus was seen successfully outstanding Boeing. There is no doubt that the market share can be considered as a strength of Airbus, and by focusing on it, the organisation can become the most dominant in the future (Lincoln et al., 2019). As the main focus of Airbus has always been on innovation, therefore, the organisation should keep maintaining that focus. The reason for that is quite simple as by following this strategy, the revenue of the company has increased. Airbus should use next generation assembly and manufacturing techniques in the future as well. There is no doubt that the aircraft industry has undergone a number of technological breakthroughs in a couple of years

The vision of Airbus is undoubtedly to become the leader in eco-efficient solutions. Along with this, the company has strong support from Airbus group. One thing that must be taken into consideration is the fact that the Airbus group has a revenue of over 64.45 billion Euro. Therefore, there is a high chance that such strong patronage will allow Airbus in the future to survive in stiff competition. Airbus should increase the projects. The reason for that is quite simple as in the marketplace of Airbus, and there has been seen an increase in the growing.

Due to the rising middle class in emerging nations, it has been observed an opportunity that Airbus. Airbus should tap such market and gain market share. Another opportunity for Airbus is the advancement in technology. There is no doubt that the aircraft industry has undergone a number of technological breakthroughs in a couple of years — the outcomes of this result in providing a chance to Airbus to improve its weaknesses. Moreover, by relying on the latest technology, the company will be able to deliver faster results.

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