

Cathay pacific

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Cathay Pacific Case Study

The demand for air cargo in Hong Kong has increased in recent years. The increase can be attributed to various factors within the area that continue to attract a large number of people in the region and make other businesses prefer Hong Kong as their main area for transport of their goods. For instance, Hong Kong has been considered as a main hub for the different airlines through which people access other destinations. The convergence of the services within Hong Kong has made the Traven industry to have more clients submitting air cargo to airlines in honking (Lau, Yiu, & Chung, 2014). In Hong Kong also there is an increase in the number of airlines and also other infrastructure which have expanded the capacity for many air cargo to be transported in the area. This has resulted in a significant boost in air cargo being transported in the region.

Another important milestone that has increased demand for air cargo services in Hong Kong is the linkage between the airlines in Hong Kong and other transport organizations such as the DHL courier services allowing the transportation of the products through the same terminal. Many organizations offering the cargo services have been provided with their line and space within the airlines which they can use to transport and store the products at any time which has increased convenience for them in honking. Moreover in some of the airlines, there has been a separation of the cargo lines making them specific for each organization and thus the products can be transported easily icing the defined terminals (Ouyang & Yiu, 2020). The rapid increase in population within the region also has enabled more people to demand the services of the cargo and this makes it an attractive venture in the area. Sound management of the airlines also have enabled more people to be attracted to the specific airline resulting in the high growth of the air cargo

Hong Kong being an air cargo hub have benefitted in different aspects that have enabled it to survive and expand in its operations. For instance, the existence of the hub created an important platform that allowed access to services by various people and also expand the market significantly (Ouyang & Yiu, 2020). The hub is a busy area where there are different freight services and a high population that offers readily available labor for the organization. Moreover, the infrastructure within the area is highly developed which allows more people and a high number of clients to visit the airlines and seek cargo services. In essence, infrastructure is the most important factor of consideration when one seeks services within the organization.

Other benefits of the hub noted include the proximity to the mainland which made it convenient for more people to use the airlines at the hub than in other areas there was also transshipment of cargo which was done in the area and all consolidated at Hong Kong to create another important avenue for engagement with the airlines to transport the products to the desired destination. Additionally, the approach enabled fast collection and implementation of services and reduced the risks like the ones offered at the cheek lap cock which made the airline to be considered among the most dangerous airports in the world. The standard administrative services at the hub also were improved which made the services to be an exceptional thus quicker implementation of any legislative measures and policies established to make the situation better at the airline. Serving as a hub also allows the increase in traffic for travelers and cargo between the different points and also allowed enrooted cargo to be assembled in the area which resulted in a higher clientele and thus an increase in revenue.

The need to outsource services is necessitated by the need to access a more lenient production which can be achieved through engaging other organizations to perform some of the activities. In the case of Cathay Pacific airline, the consideration of whether to build their

terminal and outsourcing it to the Hong Kong air cargo terminal limited (HACTL) was due to several factors. For instance, the organization lacked the special skills that are needed in the cargo terminal management. Despite the longtime of operation that Cathay pacific had been involved in the airline operations, the organization had not been involved in the terminal services which makes it difficult for them to manage the new service (Lau, Yiu, & Chung, 2014). This calls for the need to engage the experienced body in the operations to conduct the activities using the knowledge developed during the period they have been involved in the services.

Another consideration that needed to be made to inform the decision to outsource the services to the HACTL is the goodwill that the organization had developed in the management of the terminal cargo services. Most organizations had subscribed to the plan and they had allowed the organization to manage their operations at the terminal. Building a new terminal will mean that the organization will not have the established client base that needs to use the terminal services. As a result, the organization will lose the advantage enjoyed by the other airlines which have subscribed to the cargo services (Lau, Yiu, & Chung, 2014). Moreover, in the development of the first terminal, the organization invested a significant amount of resources towards the program becoming the main contributor towards the project. Engaging in the outsourcing services therefore will provide more benefits to the organization and make it increase its earnings to significant levels.

References

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