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The strategic context of the three major Gulf carriers

Darren Ellis*

Cranfield University, Martell House (Building 300), Cranfield MK43 0AL,United Kingdom

Abstract

This paper investigates the still evolving strategic trajectories and context of the three major Gulf carriers Emirates Airline, Etihad Airways and Qatar Airways. The paper utilizes data from a Delphi study conducted by the author in 2013 and 2014 which looked in part at the likely strategic future prospects of these three carriers. The study findings are considered in the current strategic context of all three carriers five years later in mid-2019. The findings of this analysis reveal that the wild card scenario of a blockage of Qatar by its neighbors was not identified in the study; however, many of the key findings and forecasts around liberalization, protectionism, alliance membership and global industry impacts all retain valuable and salient insights into their strategic contexts. This paper helps to illustrate the inherent challenges that accompany strategic forecasting, particularly for a dynamic industry like global aviation where geopolitics plays a central role. This is particularly true of emerging air markets that are not data rich, static or readily predictable. This paper concludes that the key industry insights gained from a strategic forecasting exercise such as this study outweigh concerns and issues of forecast accuracy. Much can be learned when forecast accuracy is placed into a secondary position behind industry insights gained. This is certainly the case when the three major Gulf carriers are the prime focus.

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* Corresponding author. Tel.: +44 (0) 1234 754244
E-mail address: Darren.Ellis@cranfield.ac.uk

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1. Introduction

This paper aims to explore and assess the still emerging strategic trajectories of the three major Gulf carriers Emirates Airline, Etihad Airways and Qatar Airways. Data from a five stage Delphi study conducted into the global airline industry's future prospects from August 2013 to September 2014, which in part contained questions and forecasts about these three carriers, are discussed and analyzed alongside present-day realities in mid-2019 to extract valuable and salient insights. The three major Gulf carriers have experienced a meteoric rise to global industry prominence over the past decade or so, and are generally viewed from outside the Middle East as a mostly homogenous cluster of airlines all seeking to develop substantial transfer hubs connecting the world via their advantageous geographical locations (The Economist, 2010b; Fan & Lingblad, 2016). This tendency to see them as essentially clones of one another – at least in terms of strategic development plans and goals – acts to downplay and often ignore the significant differences that are beginning to become apparent as each works to articulate and implement their path forward.

Over the past several years the fortunes and widely expected growth and development of the three major Gulf carriers have come under closer scrutiny (Charlton, 2017). Etihad Airways, the official national carrier of the United Arab Emirates (UAE) has seen its policy and practice of taking equity stakes in other airlines tested, with a stake in Alitalia failing to date to deliver the stated benefits hoped for, while Etihad's equity investment in Jet Airways was not able to prevent the Indian carrier from ceasing operations in early 2019. Fellow UAE carrier Emirates has deliberately steered clear of such entanglements; however, it has had to contend with higher levels of volatility in profitability and slowing network expansion more recently. On top of this, regional geopolitics have resulted in the still ongoing blockade of Qatar, a two year-old dispute which has constrained the ability of Qatar Airways to operate, and added significant time and financial costs for the airline. The blockade shows little sign of ending any time soon (Kingsley-Jones, 2018).

The architect of Etihad's equity investment strategy James Hogan has been replaced as chief executive officer (CEO), and the new senior leadership is attempting to reduce and re-orientate these entanglements. Meanwhile, Qatar's high profile CEO Akbar Al Baker has started to warn that his airline might leave the oneworld global alliance over frustrations at a lack of cooperation and coordination with fellow alliance members, particularly opposition to expansion of Qatar's US network coming from fellow oneworld giant American Airlines. Confidently unaligned Emirates has found itself at the center of industry speculation that it might merge with its smaller flag carrier competitor Etihad, although this idea says more about the current challenges of the latter, than any fundamental issues at Emirates. As the behemoth of the three Gulf carriers, Emirates remains susceptible to natural growth limits, to some extent seen with the soon ending of production of the Airbus A380 superjumbo in part blamed on Emirates opting not to order any more. Emirates is by a clear margin the world's biggest operator of the A380 (Caswell, 2019).

2. Research on the strategies of the Gulf carriers

Data on emerging air markets are challenging to acquire, and what are available must be carefully considered in terms of accuracy and veracity. Added to this, emerging air markets reflect particularly fluid and dynamic contexts where growth rates and changing market realities often out pace collected data, including the capacity to capture meaningful data in a timely manner in the first place. Likewise, the historical data trail in emerging air markets is understandably brief (Itani, O'Connell & Mason, 2014). This in part helps to explain why the long established air markets of the US and Europe tend to feature heavily in air transport research and in the literature that underpins it (Belobaba, Odoni & Barnhart, 2009). Within this context, the mainstream news outlets and aviation industry focused media have been evidently much more active in their coverage of the three major Gulf carriers over a considerable period of time. For example, in 2010 *The Economist* published two articles about the Gulf carriers; one titled 'Rulers of the new silk road' and the other 'Super-duper-connectors from the Gulf' which lauded the achievements of these carriers (The Economist, 2010a & 2010b). However, headline making news invariably displaces longer-term and deeper level investigative journalism and scholarly enquiry (Dresner, Eroglu, Hofer, Mendez and Tan, 2015; O'Connell, 2015).

Despite the academic literature being thin on the topic, several notable exceptions to this general rule exist. One academic who has published a range of articles and chapters on the Gulf carriers, particularly Emirates, is O'Connell

(2006, 2011, 2012, 2015), and together as a co-author with Williams (2010, 2012). He noted a number of years back that "Dubai's geographical positioning" allows Emirates to connect to markets in Europe, Asia and Africa without the need for short haul feeder flights in a marketplace "saturated with low-cost carriers" (O'Connell, 2012, p. 411). More recent scholarly work which has looked at the major Gulf carriers includes Douglas (2019), Forsyth (2014) and Dresner, et. al. (2015). Added to these, a range of other academic journal articles and book chapters have steadily appeared on the topic over recent years, such as Fan and Lingblad (2016), Alkaabi (2014), and Derudder, Bassens and Witlox (2013).

Nevertheless, just as the scholarly literature builds on the three major Gulf carriers, contemporary strategic events over the past one to two years are challenging widely held perceptions in this literature and elsewhere that these airlines are essentially homogenous imitators of one another; albeit in the context of relatively minor differences like fleet size and mix. Regional tensions and rivalries, most evidently on display when an air, sea and land blockade was imposed on Qatar by its neighbors and nearby countries in early June 2017 over claims of supporting terrorism, have lifted the lid of long simmering differences which are likewise mirrored in the aviation sector (Kingsley-Jones, 2018). The blockade of Qatar also coincided with a slowing of demand amongst the Gulf carriers, failing oil revenues, and ongoing problems with Etihad's equity investments. This situation has resulted in a decidedly more critical approach amongst the wider news and industry media about the Gulf carriers (Charlton, 2017). Added to the mix, the rise of Turkish Airlines and Ethiopian Airlines has increased the competitive pressures on the Gulf carriers, while Saudia and Gulf Air are making noticeable (if presently modest) competitive inroads as well at present.

3. Research background and structure

3.1 The Delphi method

This paper is built around data and findings from the author's doctoral research which employed a five stage mixed-method Delphi study which sought to forecast the global airline industry's future prospects and trajectory over a subsequent ten year timeframe, beginning in 2013/14 (Ellis, 2017). The classical Delphi method was developed in the 1950s and has now evolved to become less prescriptive and predictive. In this context, forecasting and insight generation have to some extent replaced predicting and consensus agreement. Likewise, experts are no longer viewed as the sole source of wisdom, as laypeople can add value to a research endeavor, especially during early stages or rounds. This is also true of mavericks who question well-held assumptions and challenge status quo thinking (Bolger & Wright, 2011). Getting people to agree, or at least attempting to find where they do, is also seen as less important for a lot of contemporary Delphi research than is "a free exchange of conflicting views" (Surowiecki, 2013, p. 203).

One obvious maverick participant attended the first stage Workshop and was invited to do so based on previous interactions with the author. This Workshop participant challenged assumptions and ideas from the other participants throughout the 69 minute session. Study participants were located and engaged through contacts found in relevant journal articles, media articles, an air transport research conference in Italy, an online tourism research forum, a university alumni emailing list, along with professional industry contacts. This purposeful sampling was supported with snowball sampling whereby participants were actively encouraged to disseminate the online survey links.

Trade-offs must constantly be made in a Delphi study as multiple stages/rounds increase the risk of participant fatigue and exit. It is also cautioned that adopting too rigid a definition of expert can unnecessarily leave out people well capable of making a positive contribution. In this spirit, Parente and Anderson-Parente (2011) contend that Delphi study participants should reflect "a broad sampling of expertise from a diverse population of individuals who are likely to affect the forecast outcome" (p. 1710). Thus, the minimum cut-off point of good level of knowledge captured where a majority of Main Survey 1 respondents (56%) were confident in continuing their participation in the study by leaving an email contact (with very good 87% & excellent 69%). When this was added to a minimum of 6 to 10 years of industry knowledge, seven participants with less years, and who selected good or very good levels of knowledge, were excluded from the expert cohort. A robust and defensible cohort of experts then went on to complete the final two stages of the study.

3.2 Design of the study

As shown in Table 1, the five sequential stages of data collection revolved around a brainstorming workshop, three online surveys and lastly in-depth semi-structured interviews. Like Delphi research in air transport elsewhere, consensus was used as a reference point in this study and set at 75 percent agreement/disagreement or higher (Mason & Alamdari, 2007). The definition and parameters of expert were decided at the completion of the Main Survey 1 using a combination of two background questions covering levels and years of industry knowledge. A minimum level of good industry knowledge on a scale of five options (including very good & excellent) had to be achieved, while a minimum of 6 to 10 years of such knowledge and/or experience also had to be self-selected.

Table 1. Delphi study stages with participant numbers and timings. Source: (Compiled by author from doctoral research).

Data collection stage	Total participants (*n*)	Expert participants (*n*)	Month/Year
1. Workshop	5	n/a	Aug 2013
2. Pilot Survey	12	n/a	Nov to Dec 2013
3. Main Survey 1	122	71	Feb to Mar 2014
4. Main Survey 2	34	34	Apr to May 2014
5. In-Depth Interviews	13	13	Jul to Sep 2014

The qualitative data collected at the first stage brainstorming Workshop and during the final stage In-Depth Interviews were audio recorded and transcribed. This material was then manually thematically analyzed to distill out key themes and sub-themes, and a thematic data analysis table created to scaffold and support this analysis. The key themes and sub-themes directly applicable to the three major Gulf carriers are summarized in Table 2.

Table 2. Thematic data analysis covering the three major Gulf carriers. Source: (Compiled by author from doctoral research).

Key theme (and *sub-theme/s*)	Definition
Global Impact • *Geographical location advantages*	The extent to which the Gulf carriers are impacting the global airline industry, and the role that their geographical location plays within this.
Equivalence • *National priorities* • *Restricting access*	The extent to which the development path of the Gulf carriers is comparable to airlines in other regions around the world, and if restricting access reflects a legitimate competitive response.
Global Cooperation • *Global alliance membership* • *Equity investments* • *Bilateral strategic partnerships*	The extent to which the Gulf carriers are entering into international relationships with major airlines outside the region, chiefly, global alliance membership considerations, equity stakes in other airlines, and bilateral strategic partnerships.

Quantitative data collected across the online surveys were sourced from 18 multiple choice questions (MCQs) on the Main Survey 1, and 27 five point forecasts on the Main Survey 2. The MCQs were typically statistically analyzed using chi-square tests of association, while the 27 forecasts employed mostly t-tests, both to a 95 percent confidence level. Binary groups were created to divide participants into, including the region where their industry knowledge was rated as highest (e.g. Europe + 'other'), amongst others. This way interesting and insightful patterns could be discerned from the quantitative data collected, and then aligned with (and utilized to help shape) the thematic analysis of the qualitative data obtained in the study.

4. Study findings alongside current realities

4.1. Global impact of the Gulf carriers

A key theme to emerge in this study's data concerning the three major Gulf carriers was their global impact. This theme first surfaced at the Workshop where participants held a range of views on their industry impact and significance. *WS Participant 4* was unimpressed with their anti-union rhetoric and policies, although equally sure they illustrate that successful carriers require active government involvement (noting Singapore Airlines in this latter group as well). *WS Participant 2* was skeptical of their financials, and viewed much of their apparent "success" as governments simply "shoveling in money and playing games". Both *WS Participants 1 and 3* were keen to draw parallels with Asian carriers, pointing out how the industry is bigger than one region, including these three specific airlines.

Clearly the "meteoric" rise of the Gulf carriers over the past decade or so, indicates that their industry presence is unlikely to be reversed any time soon (Fan & Lingblad, 2016, p. 121). *Interviewee 4* cautioned that talk of global domination by the Gulf carriers is overstated given that airline "competition is just simply too extreme, and the world is just simply too big". Most expert participants felt that the Gulf carriers are significant global players, as demonstrated with MCQ 21 (single response) when asked: *How significant do you think the three major Gulf carriers (Emirates, Etihad & Qatar) are to the global airline industry?* Experts overall opted mostly for "significant, but just one of a number of key industry stories now and into the foreseeable future" (61%). One expert grouping out of those canvassed returned a significant chi-square test result for MCQ 21; twice as many experts with Europe as a best region of industry knowledge, compared to the group 'other', thought the major Gulf carriers are "the most significant players in the global airline industry today, and growing more so" (40% versus 16%). Added to this, twice as many of the Europe group experts opted for the option "not as significant as they would have the industry believe" (13% and 6% respectively); admittedly the numbers in each group were quite low here though (5 and 2 respondents each). The chi-square statistic was 6.962. The P-value was 0.031.

The Europe group was also in more agreement than experts overall that the Gulf carriers are the most significant airlines at present; 40 percent versus 29 percent. These results for MCQ 21 are not all that surprising considering that the competitive impacts of the major Gulf carriers have been most acutely felt in Europe (Walker, 2015), and the fact that the US had not yet felt commensurate impacts at the time of the Main Survey 1 in mid-2014 (Dresner, et. al., 2015). Concerns about the impact of the Gulf carriers in the US have certainly grown since this study was conducted, most visibly the formation in 2015 of a vocal industry lobby group determined to curb the expansion ambitions of the big three Gulf carriers in the US (The Partnership for Open & Fair Skies, 2019).

4.2. Located at the center of the world

The geographical location advantages of the major Gulf carriers was a sub-theme that emerged in this study under the global impact key theme. This was particularly evident during the Workshop and In-Depth Interviews. There is no doubt that geography is a very important consideration in better understanding the ongoing development and impact of the major Gulf carriers (Alkaabi, 2014). Many industry analysts have highlighted how the Gulf carriers are located at "the geographic center of the world" (Nancarrow, 2013, para. 4).

Interviewee 10 maintained that in their opinion it is not "the business smarts of the Gulf carriers that have made them an influence on the global scene", nor it is about money; "I think it's their geographical location…they just happen to be lucky they're the center of the universe as it were for aviation". *Interviewee 2* agreed with these sentiments, pointing out that "there's a fair bit of traffic where the Middle East guys are, [and they're] pretty well positioned". Locational advantages trump domestic population sizes. Emirates Airline, for example, has developed "a well balanced global geographical distribution of sales" that roughly achieves similar percentages of passenger traffic from each major continent (O'Connell, 2011, p. 341). This results in an hour-glass shaped network that requires a balancing of connections either side of each central Gulf hub (de Wit, 2014).

The sub-theme of geographical location and the Gulf carriers also included concerns raised about disadvantages in this regard as well. For instance, not all interviewees thought that the Gulf carriers would necessarily continue to be lucky when it comes to geographical location. Geography can constrain future growth opportunities, even if at first it generates them (Charlton, 2017). In this respect, *Interviewee 7* viewed geography as a potential issue for the Gulf carriers heading forward, arguing that: "I can't see them growing at the same rates because it's simply not sustainable – because of geographical location simply more than anything else". He questioned where future "market share can come from?" In this same context, *Interviewee 2* stated that although "on aggregate I'm sort of bullish" about the Gulf, "I wonder whether all places can grow to the same extent; whether some are going to go up, and some of them go down".

Two interviewees (15%) raised the issue of disadvantageous geographical location and the Gulf carriers in environmental and regional security terms. *Interviewee 3* questioned the environmental efficiency of indirect routes such as through hubs in places like Dubai, maintaining that "if you really want to have the airline sector as efficient as possible, then we need to establish direct connections". Meanwhile, *Interviewee 10* observed that the major Gulf carriers are "perilously close to major upheavals in terms of that region [and] so that's a real threat to the Gulf carriers because they would just get swamped by it". Evidently, geographical location brings with it a range of pros and cons, including actual and potential (Charlton, 2017). Given that the In-Depth Interviews (stage 5) were conducted five years ago in July to September 2014, the core sentiments and viewpoints expressed by the 13 interviewees on the global impact of the Gulf carriers, and their aggregate opinions surrounding their geographical location advantages and disadvantages, certainly remain relevant today in mid-2019. If anything, concerns raised about slowing growth rates and potential impacts of regional instability carry more weight now as they have arguably transpired or become at least more pronounced.

4.3. Global equivalence of the Gulf carriers

Another key theme surrounding the major Gulf carriers to emerge in both the Workshop and In-Depth Interviews, and to form the basis of two forecasts on the Main Survey 2 (F25 & F24), was that of international equivalence. How similar or different are the three major Gulf carriers to other major airlines around the world? This theme moves beyond their global significance and impact, to attempt to discover their standing and strategic relevance amongst their peers. This main equivalence theme included debate during the Workshop, and differing views expressed during the In-Depth Interviews, over the extent to which governments should be involved in the industry. This overall theme saw two related sub-themes develop; national priorities and restricting access.

4.4. National priorities

The sub-theme of national priorities invariably linked to issues and controversies surrounding government support for airlines, and notions of what constitutes protectionism and liberalization as many governments view aviation development as central to national development goals and aspirations. The major Gulf carriers are currently being criticized by competitors around the allegation of unfair subsidization (Tretheway & Andriulaitis, 2015). At the first stage Workshop government backing was viewed by *WS Participant 4* as a core asset for the Gulf carriers, largely for him explaining their industry success, while for *WS Participant 2* such national investment in the airline sector was a central reason why the global industry was struggling with overcapacity and low profitability.

Protectionism, including direct and active government industry involvement within emerging markets, is often seen as a protective mechanism that assists in shielding national airlines and markets from more powerful foreign competitors (Lazar, 2011). This is evidenced when *Interviewee 8* argued that: "Especially for developing economies, and weak economies, we need to have government support because…open air policy, or liberal air policy, or multilateral air agreements [favor] international airlines with big budgets". However, government protectionism can surface in a myriad of ways. Not only can it result in substantial financial support for certain airlines, it can also lead to some governments carefully controlling air rights (Duval, 2011). *Interviewee 5* was adamant that for governments to fail to fully consider the international trade implications of air rights negotiations, such as "to trade things away without a serious effort thinking of those consequences" is simply pandering to those who "are absolutely on the bandwagon of increasing liberalization".

The UAE, and to a lesser extent Qatar, maintain open air market policies, while their airlines have a symbiotic relationship with their host governments and cities (Henderson, 2014). These realities, combined with impressive growth rates for the major Gulf carriers, raised the question covered in Forecast 25 of whether these airlines and their growth trajectories and ambitions are intrinsically linked to international liberalization? Just over two-thirds of experts (68%) agreed with Forecast 25, which stated: *The three major Gulf carriers will not be able to fully realize their global ambitions without significant further international liberalization.* Despite representing a majority, the level of agreement here did not qualify as consensus. The fact that neutrality attracted more support than disagreement (17% versus 15%), and none strongly, indicates that the business plans and strategies of the major Gulf carriers may yet be clipped if further global liberalization does not occur. It should also be noted that only two participants (6%) selected strongly agree here. Irrespective of the strength of this agreement, including its failure to achieve the defined consensus level of 75 percent, this result still indicates that most experts think liberalization is

intrinsically linked with the Gulf carriers' future fortunes and trajectories.

It is worth highlighting that the Gulf carriers have not actually needed multilateral liberalization; bilateral agreements have delivered their growth to date, including liberalized bilateral agreements such as open skies with the US (Douglas, 2019; de Wit, 2014; Fan & Lingblad, 2016). This reality was highlighted by *Interviewee 13* who pointed out that the major Gulf carriers have utilized "combinations of third and fourth freedom traffic rights, which they're perfectly able to do…they're not even having to go through a liberalization process to do this". Thus, the Gulf carriers are actually 'playing by the rules' and not distorting the playing field in this view (de Wit, 2014). Some in the literature postulate that "when governments venture into equalizing geographic advantages via restrictions", competitive opportunities are replaced with an attempt at "equality of outcome"; a mostly futile task with no clear pathway to implementation (Tretheway & Andriulaitis, 2015, p. 97). So, although most experts (68%) in this study thought that the Gulf carriers will require future liberalization to continue growing their networks (F25), the fact that they also convincingly agreed (85%) that the bilateral system will remain strong in future (F9), is by no means inconsistent or contradictory. However, given that experts were divided on the inevitability of future international liberalization (F13), the future for the major Gulf carriers could yet be challenging as bilateral agreements reach capacity (where applicable), and re-negotiated agreements potentially become more challenging to sign. The bilateral system continues to dominate the global airline industry (Havel & Sanchez, 2014).

4.5. Restricting Gulf carrier access

Forecast 24 and a follow-up question during the In-Depth Interviews saw the emergence and development of the sub-theme of restricting Gulf carrier access, as part of the wider equivalence key theme. During the final stage Interviews, the question was asked: "Are efforts to restrict access to the Gulf carriers by countries such as Germany and Canada an indication of things to come? Do such restrictions work?" Protectionist calls in Europe, and now similar growing calls in the US, suggest that open or greater access to air markets would simply hand competitive advantages to the Gulf carriers at the expense of national airlines based in those markets (Dresner et al., 2015). On this question of restricting access to the Gulf carriers, *Interviewee 5* stressed that countries like Canada have "to look out for the net social benefit, and the economic" benefit too, of the country as a whole, not just what might be good for particular consumers. *Interviewee 9* agreed, noting that in their opinion, Lufthansa has less to gain from flying to Dubai, than Emirates has to benefit from tapping into the lucrative German market and feeding this traffic into its global network from Dubai onwards. *Interviewee 5* placed this debate into a wider context, arguing that "sometimes competition can be very bad for consumers" as rivals price others "out of the market pretty quickly at times".

Data from Forecast 24 shows that experts were not particularly confident that restricting access to the Gulf carriers would actually work long-term though. Only a slim majority (53%) of experts agreed with Forecast 24 that: *Within the next 10 years or so, the strategy of attempting to restrict access to the Gulf carriers will have mostly (if not totally) failed*. Neutral here achieved 21 percent, while disagree received 26 percent (none strongly). Two groupings returned significant t-test results for Forecast 24. Excellent level experts mostly disagreed (57%), although none strongly; while good level experts were in consensus agreement (75%), though only one strongly. Excellent level industry knowledge experts were more convinced than their good level counterparts for Forecast 24 that restricting Gulf access would work; perhaps suggesting that many of those with a deeper stated knowledge of the global airline industry did not think restricting access is a flawed or unsustainable strategy for countries to adopt.

The other grouping to return a significant result for Forecast 24 was that of the US and Canada best geographical region of industry knowledge, together with 'other'. Those experts with best industry knowledge in the US and Canada responded to Forecast 24 in essentially mirror reverse to the overall cohort (agreement 25%; neutrality 33% and disagreement 42%). The group 'other' here was much more in agreement (68%), and less inclined toward neutral (14%) or disagreement (18%). The US and Canada region of best industry knowledge result is not entirely unexpected given Canada's ongoing policy of restricting access to the major Gulf carriers (Parker, 2012).

The fact that experts with best geographical industry knowledge in Europe did not return a significant t-test result (T-value was 0.223. P-Value was 0.412. The result was *not* significant at $p < 0.05$) might be explained by a greater diversity of experiences and views throughout Europe, compared to North America. A number of European countries have warmly welcomed the Gulf carriers, hoping in the process to stimulate tourism demand and wider trade links (Sambidge, 2014). In addition, many experts with European industry best knowledge might view Germany's success at restricting Gulf carrier access as short-term and unlikely to be sustainable over the longer

term; a view, for instance, espoused by Forsyth (2014). Both Europe and the US have a lot at stake if either becomes too protectionist; Airbus and Boeing orders, trade and investment from the Gulf, and so forth; although Europe arguably more so (Tretheway & Andriulaitis, 2015). Not all rivals are focused on restricting the Gulf carriers, a number are actually keen to cooperate.

4.6. Forging relationships with the Gulf carriers

Another key theme to emerge surrounding the Gulf carriers was that of global cooperation; a theme that first appeared at the Workshop. This theme covered the extent to which airlines from elsewhere are deciding to cooperate with the Gulf carriers, and the level of that cooperation when it occurs (CAPA, 2013). A sub-theme emanating from the main global cooperation theme, and first raised at the Workshop, and then developed throughout the study, was that of the Gulf carriers and global alliance membership. To date only Qatar Airways has joined one of the big three global airline alliances; in late 2013 it joined the oneworld alliance (Fan & Lingblad, 2016). Emirates remains vocally anti-alliance, while Etihad is forging an alliance of its own (CAPA, 2013). As Kinglsey-Jones (2013) notes; "each is tackling the next phase of their evolution in a different strategic direction" (para. 1). This was also evident in Forecast 26 which asked experts: *In 10 years or so, which of the following alliance options is most likely to be the case for each of the major Gulf carriers?*

Table 3. Main Survey 2 – Forecast 26: Global alliance options for the Gulf carriers. Source: (Compiled by author from doctoral research).

Forecast options		Emirates Airline	Etihad Airways	Qatar Airways
1.	Star Alliance	20%	24%	10%
2.	SkyTeam	3%	17%	16%
3.	oneworld	23%	10%	58%
4.	Unaligned	47%	35%	13%
5.	New (rival) alliance	7%	14%	3%

The status quo for each Gulf carrier was most evident, with Qatar receiving the highest total of 58 percent for oneworld membership. At the very least this indicates that most experts do not see Qatar leaving its current global alliance host in the foreseeable future. Emirates' unaligned status seems stronger (47%) compared to that of Etihad (34%), according to the experts. Not long after this data was collected in mid-2014, Etihad announced the formation of an international alliance, but whether this qualifies as a truly global alliance is open to debate (Walker, 2015).

If either Emirates or Etihad were to join one of the big three global alliances, the results for Forecast 26 indicate that Star Alliance would edge out SkyTeam for Etihad, while oneworld would just trump Star Alliance for Emirates. The latter is not that surprising given Emirates' partnership with oneworld member Qantas (and more recently Malaysia Airlines), but SkyTeam losing to Star Alliance for Etihad is more intriguing. Etihad currently has a fairly comprehensive code sharing arrangement with SkyTeam anchor member Air France, and a substantial equity stake in SkyTeam member Alitalia. Admittedly, at the time of data collection Etihad also had a sizable equity stake in now bankrupt oneworld member Air Berlin (Fan & Lingblad, 2016). What is interesting to note for Forecast 26 is that about 12 percent of respondents did not leave a response. Such experts might have felt they would simply be guessing here if they did so. It is also interesting to update the status of each Gulf carrier across the options provided in Forecast 26. Such a process reveals that not much has changed in 2019, except perhaps for some vocal warnings that Qatar Airways might leave oneworld if opposition to its expansion in the US continues from fellow members, and the reality that Etihad's attempts at forging a global alliance of its own are no nearer to eventuating. Arguably, the demise of partner Jet Airways, along with ongoing woes at a range of equity partners, do not bode well for attempts to create a new rival global alliance.

4.7. Equity stakes in other airlines

Another sub-theme to emerge for the Gulf carriers and their global industry cooperation strategies was that of equity investments. Etihad's strategy of taking equity stakes in many of its alliance partners has reignited debate on

whether or not such investments actually deliver superior results to simply code-sharing and closer cooperation (Fan & Lingblad, 2016). This debate was initially raised in this study at the Workshop. Although some maintain that it is hard to argue that Etihad's equity stakes in mostly a list of second tier airlines could deliver substantial global outcomes (Charlton, 2017), experts in this study held a mostly favorable view of airline equity stakes overall. Forecast 15 proposed: *Buying substantial equity stakes (10% or higher) in other airlines is becoming a more effective way for individual airlines to build strong and lasting partnerships than simply codesharing, global alliance membership or strategic agreements*. Sixty-seven percent of experts agreed with this forecast (only 3% strongly though), while 15 percent opted for neutral, and 18 percent for disagree (3% strongly).

Those with best industry knowledge in Oceania returned a significant statistical result for Forecast 15 (T-value was 2.003. P-value was 0.027). Experts with Oceania as a best region of industry knowledge were in consensus agreement for Forecast 15 at 81 percent (although only one expert strongly). It is reasonable to assume that such Oceania knowledge experts were to a measurable extent influenced by events at the time surrounding Virgin Australia and its widely publicized, and mostly positively promoted, equity stake holders; the most prominent of which remains Etihad (Bradley, 2016). This demonstrates that where an expert's regional knowledge is highest tends to influence how they view issues and considerations elsewhere across the global industry.

4.8. Bilateral strategic partnerships

Along with equity stakes, bilateral strategic partnerships were also raised during the Workshop, and were covered in the surveys and Interviews. This sub-theme, as part of the key theme global cooperation, reflects contemporary events, particularly the decision by Emirates and Qantas to form a strategic bilateral alliance in late 2012 (Fan & Lingblad, 2016). This partnership turned out to be the first move toward considerably different partnership models for the three major Gulf carriers (Kingsley-Jones, 2013). One year later Qatar joined oneworld, and the following year Etihad announced its Etihad Airways Partners alliance (CAPA, 2013; Fan & Lingblad, 2016). To further complicate matters, Qatar invested in IAG (Karp, 2016), and all three Gulf carriers continue to partner and code-share with a wide range of other airlines, including rival global alliance members (CAPA, 2013; Fan & Lingblad, 2016).

In order to better understand this situation, Forecast 16 asked experts to respond to the claim that: *Strategic partnering outside global alliance structures will become a significant feature of the airline industry over the next 10 years or so*. This forecast achieved a resounding consensus agreement of 85 percent (24% strongly). A further 12 percent of experts selected neutral, and three percent chose disagree (none strongly). Only four forecasts out of 27 in total achieved above 80 percent consensus; with the highest being 88 percent for the longevity of Asia's protectionism (F20). It is true that this topic area of bilateral partnerships enjoyed a particularly high profile at the time the Main Survey 2 was conducted in mid-2014, as the Emirates/Qantas strategic partnership was in its early stages (Fan & Lingblad, 2016).

The impact of such bilateral alliances was covered earlier on the Main Survey 1, MCQ 14 (single response); it asked: *Are bilateral alliances, including agreements between competing alliance members, weakening the major global alliances?* Only 23 percent of experts saw them as definitely weakening the rationale for global alliances. This question sought to establish into which category experts were placed; yes, no or somewhat. Interestingly, and to some extent unexpectedly, the lowest cohort here was yes at 23 percent. That left a combined total of 77 percent for both somewhat (41%) and no (36%); each representing a fairly pragmatic option in its own right. A majority of experts were evidently not too concerned that such bilateral alliances are having any significant material impact on the global alliances. *Workshop Participant 2* simply argued: "If you're smart you just go for the best fit".

5. Conclusions

The high levels of participant pragmatism shown in this Delphi study, together with a majority view that the bilateral system which currently underpins much of the industry is not in any real danger of disappearing in the foreseeable future, help to explain why five years on the opinions and forecasts made about the three Gulf carriers in 2013/14 remain equally insightful in 2019. Again, when predictive accuracy is downplayed in favor of core insights generated – as in this study – the potential to capture salient data with a greater probability of increased longevity is improved. What study experts did not directly forecast was the wildcard scenario of the more recent blockade of

Qatar; however, many did warn that the region is very unstable. Still, there was no indication amongst study participants that the UAE and Qatar would likely experience such a major diplomatic crisis with one another. It is also the case that a general positivity was evident amongst many study participants, and indeed most Oceania best industry knowledge experts, that Etihad was following a sound strategy with its equity investments in other airlines. A few participants did raise concerns about this practice, for example *Workshop Participant 2* contended in August 2013 that: "Etihad is trying to do what Swissair attempted a generation ago, that is, buy an alliance. Swissair was horrendously unsuccessful the last time around" he concluded.

These insightful observations and conclusions help to show how consensus and majority opinion need to be carefully crafted and understood in a Delphi study so as to avoid drowning out divergent views such as these. Furthermore, divided opinions also often hold valuable insights. For instance, although a slim majority (53%) of study experts thought the policy of restricting the Gulf carriers would have mostly failed within 10 years (F24), more recent calls for such restrictions in Europe resulted in new EU regulations in March 2019 covering 'safeguarding competition in air transport'; though the Gulf carriers are not explicitly named in this legislation (The European Parliament, 2019). Since 2015, more pointed attempts in the US explicitly aimed at the Gulf carriers have been spearheaded by a consortium of aviation unions and major legacy carriers through lobby group The Partnership for Open and Fair Skies (2019). However, to date the US government has not shown a willingness to re-negotiate open skies agreements with either their UAE or Qatari ally as wider regional considerations, particularly Iran's foreign policy and actions, remain the core focus of US attention at present. Global aviation reflects the uneven and multifaceted world of geopolitics and as such cannot accurately be viewed through the prism of economic competition alone.

Given the ongoing troubles at Etihad as it seeks to untangle and realign its equity investments (and arrest its financial losses of late), together with the persistent blockade of Qatar, growing pains at Emirates, and wider geopolitical tensions over Iran and its nuclear program, it will be intriguing to re-visit this study's data in about 2025; at the ten year mark. It seems likely that the major Gulf carriers will, if anything, be even wider apart as they navigate quite divergent future trajectories. Although, as the wildcard scenario of the Qatar blockade demonstrates, few things are linear in this dynamic global industry, and this is particularly the case for the Gulf carriers where the past five years have shown that they are not an homogenous group working off the same strategic plan, nor are they following a singular trajectory.

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