

## TAP - Air Portugal – An organization approach

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**Abstract:** We chose this company because we believe it is a company that everyone here knows and probably has travelled with and has a lot of information that we can access and explore online.

With this work we hope to help the reader to know this company even better and to understand where it could evolve in terms of strategy, organization and leadership.

**Keywords:** Strategy; Organization; SWOT; Leadership

### The Company

The name stands for Portuguese Aerial Transportation (Transportes Aéreos Portugueses). The company was founded in 1945 and began commercial services on 19 September 1946 with its inaugural flight from Lisbon to Madrid. The aircraft of their choice back then was the Douglas DC-3.

TAP has been a member of the Star Alliance since 2005. It operates on average 2,500 flights a week to 90 destinations in 34 countries worldwide, and it still remains as one of the few airlines in Europe that have not been bought out by a larger group.

Moving on to not such a good part of the history of TAP, we have the crash of the Flight 425 in November 1977 that some of you may have heard of.

I think we all know that that Funchal airport is one of the Europe's toughest airports when it comes to landing, but it was way worse back in the day. TAP flight 425 was a flight originated in Brussels with a stopover in Lisbon and destination to Madeira. On the third and final landing attempt before diverting, during poor weather, the aircraft started to hydroplane and overran the runway, that had only 1 600 meters of extension, bursting into flames killing 131 out of the 164 people onboard. Fortunately, since then, nothing this serious has happened and now the airport runway has 2 781 meters of extension.

### SWOT Analysis

A SWOT analysis evaluates an organization's internal strengths and weaknesses, along with external opportunities and threats. For TAP Air Portugal, the national airline of Portugal, we can perform it this way:

#### *Strengths:*

- Strong Brand Recognition: TAP is well-known in Portugal and has a strong presence in the international market.
- Extensive Route Network: Operating primarily from Lisbon Airport, TAP benefits from Portugal's geographic position as a gateway between Europe, Africa, and the Americas, facilitating efficient transcontinental connections that way TAP can offer a wide range of destinations,

- Member of Star Alliance: As a member of the Star Alliance, TAP offers its passengers access to a vast global network, increasing connectivity and customer appeal.
- Modern Fleet: TAP has invested in modernizing its fleet, which can improve fuel efficiency and passenger comfort.

***Weaknesses:***

- Financial Challenges: TAP has faced financial difficulties in maintaining consistent profitability with reported net losses in recent years, which can affect its operations and growth.
- Dependence on International Travel: The company is heavily reliant on international travel, making it vulnerable to global economic fluctuations and crises (e.g., pandemics).
- Customer Service Issues: There have been reports of inconsistent customer service, which can impact customer loyalty.
- Operational Challenges at Lisbon: capacity constraints and congestion at Lisbon Airport can lead to delays and operational inefficiencies, affecting service quality.

***Opportunities:***

- Expansion of Routes: There is potential for expanding routes to emerging markets and increasing frequencies on popular routes.
- Sustainability Initiatives: Investing in sustainable practices and technologies can enhance – TAP's brand image and appeal to environmentally conscious travellers.
- Partnerships and Codeshare Agreements: Forming new partnerships can increase market reach and customer base
- Potential Privatisation: The Portuguese government's plans to reprivatize the airline could attract investment from major European airlines, providing capital for further development.

***Threats:***

- Intense Competition: The airline industry is highly competitive, with low-cost carriers posing a significant threat to traditional airlines.
- Economic and political Instability: Economic downturns or political instability can lead to reduced travel demand, impacting revenue.
- Regulatory Changes: Changes in aviation regulations and policies can affect operational costs and market access, particularly those related to environmental standards that could require additional investments in technology and infrastructure, impacting profitability.

After analysing the SWOT of TAP Air Portugal possesses strategic advantages like its hub location and modern fleet, it must address financial and operational challenges to capitalize on growth opportunities and mitigate external threats.

**Current Strategy**

TAP Air Portugal is actively implementing a multifaceted strategy to enhance its market position and operational efficiency. Key components of this strategy include:

**Network Expansion and Route Optimization**

TAP is committed to expanding their global reach. A significant focus has been placed on broadening the transatlantic services, particularly in the United States. Starting in May 2025, the airline plans to introduce new routes from Lisbon to Los Angeles and from Porto to Boston, increasing its U.S. destinations to eight. This expansion aims to strengthen TAP's competitiveness against major airline groups like IAG, which owns British Airways and Iberia.

### **Privatization Plans**

The Portuguese government intends to privatize TAP in 2025, with over a dozen potential buyers expressing interest. Notable European airline groups, including Lufthansa, Air FranceKLM, and IAG, have shown interest in acquiring stakes in TAP. The government is considering selling a minority stake to maintain strategic control over the airline's brand, Lisbon hub, and key routes.

### **Financial Performance and Operational Efficiency**

Now talking about numbers, in the first half of 2024, TAP's operating revenues reached €1.969 billion, marking a 3.3% increase compared to the same period in 2023. More impressively, the airline achieved a net profit of €72.2 million in the second quarter alone. These figures highlight the success of TAP's efforts in improving operational efficiency and strategic market expansion.

### **Digital Transformation**

In today's fast-paced world, digital innovation is the key. In collaboration with Tata Consultancy Services (TCS), TAP has established an Airline Digital Center in Portugal. This centre aims to develop innovative digital solutions, streamline operations, and create a strong IT foundation for TAP's future growth.

### **Brand Positioning**

In October 2023, TAP introduced a new brand proposition with the motto "Embracing the World." This initiative is more than just a slogan; it's a commitment to creating meaningful connections with the customers, partners, and employees. It seeks to strengthen the airline's connection with customers, partners, and employees by promoting a more welcoming and adventurous brand personality. The rebranding includes a comprehensive marketing strategy to increase awareness in key markets globally.

Through these strategic initiatives, TAP Air Portugal is poised to solidify its market presence, enhance financial stability, and offer an exceptional experience to their customers. From network expansion and privatization to digital transformation and brand positioning, TAP is building a future where they continue to soar as a leader in the global aviation industry.

### **Leadership**

TAP air Portugal's leadership is headed by Luis Rodrigues who is both chairman of the board of directors and CEO of the company since April 2023, he had previously worked in an Azores airline being the president of SATA. Gonalo Pires, Mrio Cruz, Sofia Lufinha, Mrio Chaves and Maria Joo Cardoso are the members of the board of directors and the executive committee. Ana Lehmann, Patrcio Ramos and Joo Duarte are (only) members of the board of directors as well. Under this leadership, TAP Air Portugal has focused on achieving sustainable profitability and preparing for privatization. TAP reported a net profit of €72.2 million in 2024, despite challenges such as foreign exchange losses. The Portuguese government expressed intentions to privatize the airline in 2025, multiple buyers have expressed their intentions, such as Lufthansa, Air France-KLM, and British Airways owner IAG (international Airlines Group). To summarize, TAP Air Portugal's leadership culture embodies democratic principles, focusing on open communication, employee involvement, and a commitment to inclusivity.

### **Conclusion**

TAP Air Portugal (Transportes Areos Portugueses), is Portugal's national airline and one of the most prominent carriers in Europe. TAP serves more than 90 destinations worldwide and has received multiple awards for its service, including recognition as Europe's Leading Airline to South America. The airline uses forward thinking strategies to remain a symbol of Portugal's aviation and to address global challenges and opportunities. TAP Air Portugal remains a critical link between Portugal and the rest of the world, contributing significantly to the

country's economy and tourism.

## Webgraphy

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