

Easy Jet Case Study

Name

University

### **Competitive Priority**

Competitive priorities are important actions for managers of any company in operation management. Competitive priorities are primary factor when it comes to the need to maintain a company's production and profitability in a competitive enterprise. According to Porter, there are five dimensions of the competitive strategy which include cost, flexibility, quality, delivery performance and innovation (Porter, 1991). EasyJet has deployed all the five Porter's competitive priorities into their business to be able to compete effectively. This strategy has led to the success of the company as a low cost company in the airline industry.

In terms of cost, EasyJet has always worked towards low cost strategy while maintaining profits. While maintaining low costs of flight to customers, the company also managed to cut down their operational costs to yield returns at the same time and balance the two factors in order to improve their revenue management. EasyJet uses two main strategies in low cost to compete with other companies. The first strategy is choice of specific airports which are cost effective and absence of catering services. The company chose Luton airport rather than Gatwick which reduced the cost per sit by ten Euros. Also having no catering services reduced the handling costs and as the customers enjoyed low costs, the company was as well yielding profits.

When it comes to quality, EasyJet has done the best possible means to improve on their quality of service while maintaining a flat rate cost. Unlike other flight companies such as inter-continental airline, where the seating arrangement is based on classes, EasyJet decided to have a common seating arrangement with everyone receiving the

same value of service and seating. To make passengers get to understand the quality of service offered despite the classification of seats, the company changed the advertisement strategy by having the real picture of the flights.

The delivery and performance of the company has also been a unique one where they decided to have the same cockpit details, same planes (Boeing 747-300) with the same seating arrangement. This a strategic pattern not offered by any other company in the industry. Also in as much as there is no catering services, the company decided to offer flexibility to the customers to have their own snacks and drinks. With this they also decided to offer snacks and drinks at the EasyKiosk with fair prices at extra costs.

The current revenue management of the company reflects a reliable cost effectiveness and profit yield at the same time. EasyJet has a standalone flights with no interconnecting flights which are cost effective in the manner that the planes are in full operation thus there is return on the investment. The ability to have the same seating arrangement and no separation of the classes also helps the company get maximum profit from their flight by utilizing all the seats. Another noticeable uniqueness is the flight crews who are all young and with simple and presentable uniforms. This has enabled the company to save on the cost. The general operational management of the company is indicated by the way they operate without agents hence direct booking which is online this saves on cost of ticket generation and is convenient at the same time to the customers. The choice of the orange color theme is also a strategy that enables the company to be visible to the customers. This is seen from the staff uniform to the head office.

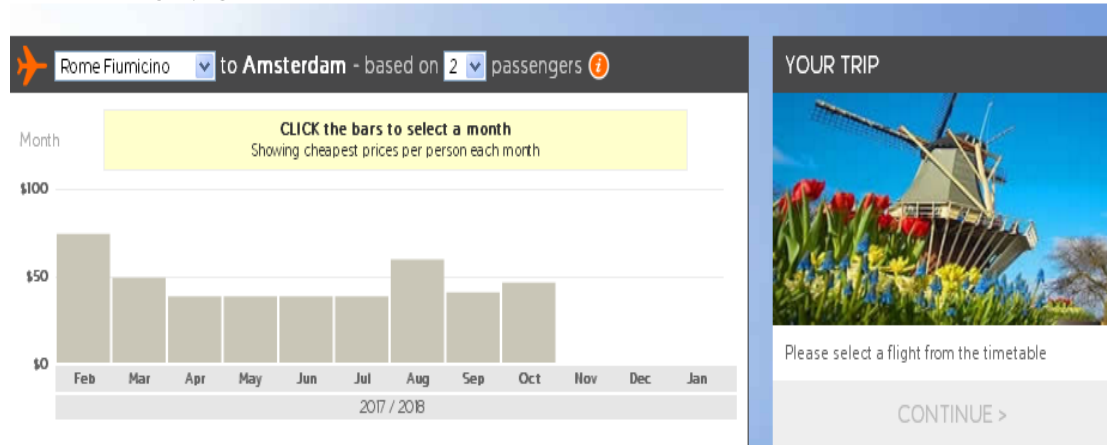
**Fare Analysis in projection for Next 45 days**

While analyzing the fare timetable of departure flight from Rome Fiumicino to Amsterdam, there is variation in the fare. On 17<sup>th</sup> February, the fare is approximately 50% higher than the normal fare but as the days progresses it is observed that the fare goes down by 15% below the normal price. This difference is based on a number of factors which affects the fare ranges. The first factor could be related to the urgency of travel. A passenger with need to travel today will have to pay more compared to a passenger travelling 45 days in future. Also the booking system also affects the fare. Non-business or leisure booking pattern is different where the fare increases gradually from today to the days come. However in the business booking pattern the fare increases from the 30 days to come and there is a sharp shoot in the fare towards the end.

However much there is slight difference in the fare, EasyJet has tried to be different in the way it operates to yield management of the revenue. The company does not segment the market in relation to the customer type. The company instead relates the fluctuation of the fare in terms of destination and take-off time. This makes it flexible to any customer to make the booking irrespective of the reason for travel. Also it is observed that EasyJet tends to maintain a close range of fare from the current to the future. This guarantees loyalty among the customers as they do not expect abnormal changes in the fare. The screenshot bellow indicates the current flight timetable from Rome Fiumicino to Amsterdam and the changes in the next days.

## Cheap flights from Rome Fiumicino to Amsterdam

Browse our timetable for cheap flights from Rome Fiumicino to Amsterdam. View daily departures, our cheapest prices and availability over the coming months, based on your party size.



### Effect of acquiring other companies like GO

Merging and acquisition can affect any give company either positively or negatively. Some of the advantages of merging could be expansion, achievement of domination and reduction in competition. EasyJet experienced the highest development in May 2002 when it acquired the airline GO which was also a low coat company. This has enabled the company to expand in the regions of operation and increase the number of customers they serve.

Having acquired another company of almost the same size, it is a direct expectation that the company is likely to expand and outdo their competitors ((Martynova), 2014). It might take years for the growth to be noticed but the growth will be more than 50% through this strategy.

The acquisition and merging will also help EasyJet to pre-empt competition from other airline companies due to the powerful motivation where different activities will occur in distinct cycles. Airline GO having been a company with attractive portfolio from

the history, the assets of the company will contribute a great deal in EasyJet's growth and fighting of the competitors. Another impact to the company will be taking advantage of the synergies and economic of scale. This activity happens whenever companies that have the same business strategy in this case low cost merge together.

As much as the company has managed to maintain high revenue management, it would be even better if the company could improve in exploring more market opportunities, tracking the strategies of their competitors, generate more ways of improving customer satisfaction and teamwork (Kuokkanen, 2013).

**References**

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