



Easyjet

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Course Title: Strategic Management in the Hospitality Industry Module

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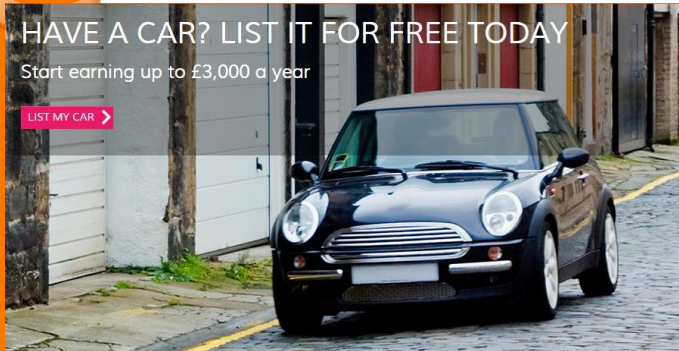
INTRODUCTION

EasyGroup

- Founded by Mr Stelios
- Licensing the easy-branded
- Invest in potential easy-branded business
- Participate in start-up operations

INTRODUCTION

SBU's



(easyCar, 2015)



(easyHotel, 2015)



(easyGym, 2015)

easyJet.com book your flight

easyCar.com rent a car

easyHotel.com book a room

easyBus.com book an airport transfer

easyVan.com rent a van

easyOffice.co.uk book a serviced office

easyPizza.com order a pizza

easyGym.com book your workout

easyProperty.com rent a property

easyFoodstore.com food honestly priced

easyMoney.com credit cards, loans & advice



(easyGroup, 2015)

INTRODUCTION

Vision

“To develop Europe’s leading value brand into a global force.”

Mission

“By managing and expanding Europe’s leading value brand to more products and services, while creating wealth for all stakeholders.”

(easyGroup, 2015)

INTRODUCTION

Cultural Analysis Value

OUR VALUES

- Safety:** We never compromise on safety
-
- Simplicity:** We cut out the things that don't matter to keep us lean and make it easy
-
- One team:** Together we'll always find a way
-
- Integrity:** We stand by our word and do what we say
-
- Passion:** We have a passion for our customers, our people and the work we do
-
- Pioneering:** We challenge to find new ways to make travel easy and affordable

Human Factors Monitoring Programme
(easyJet, 2015)

No meals or drinks included
Direct distribution channel
(Aladari and Fagan, 2005)

“easyJet people are passionate about working as one team” (Mccall, 2015)
Development of Ecojet (easyJet, 2015)

Orange Spirit Award (easyJet, 2015)

Customer satisfaction survey
(easyJet, 2015)

INTRODUCTION!

All easyJet employees

Belief

Open culture

Effective communications

Diversity

Behaviour

Simplicity

Paradigm

Safety first

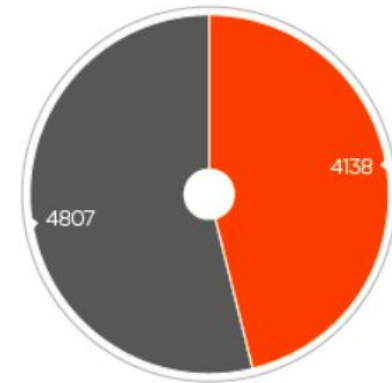
See from customers' point of view

A big smile

Make it easy

Open and upfront

Female
Male



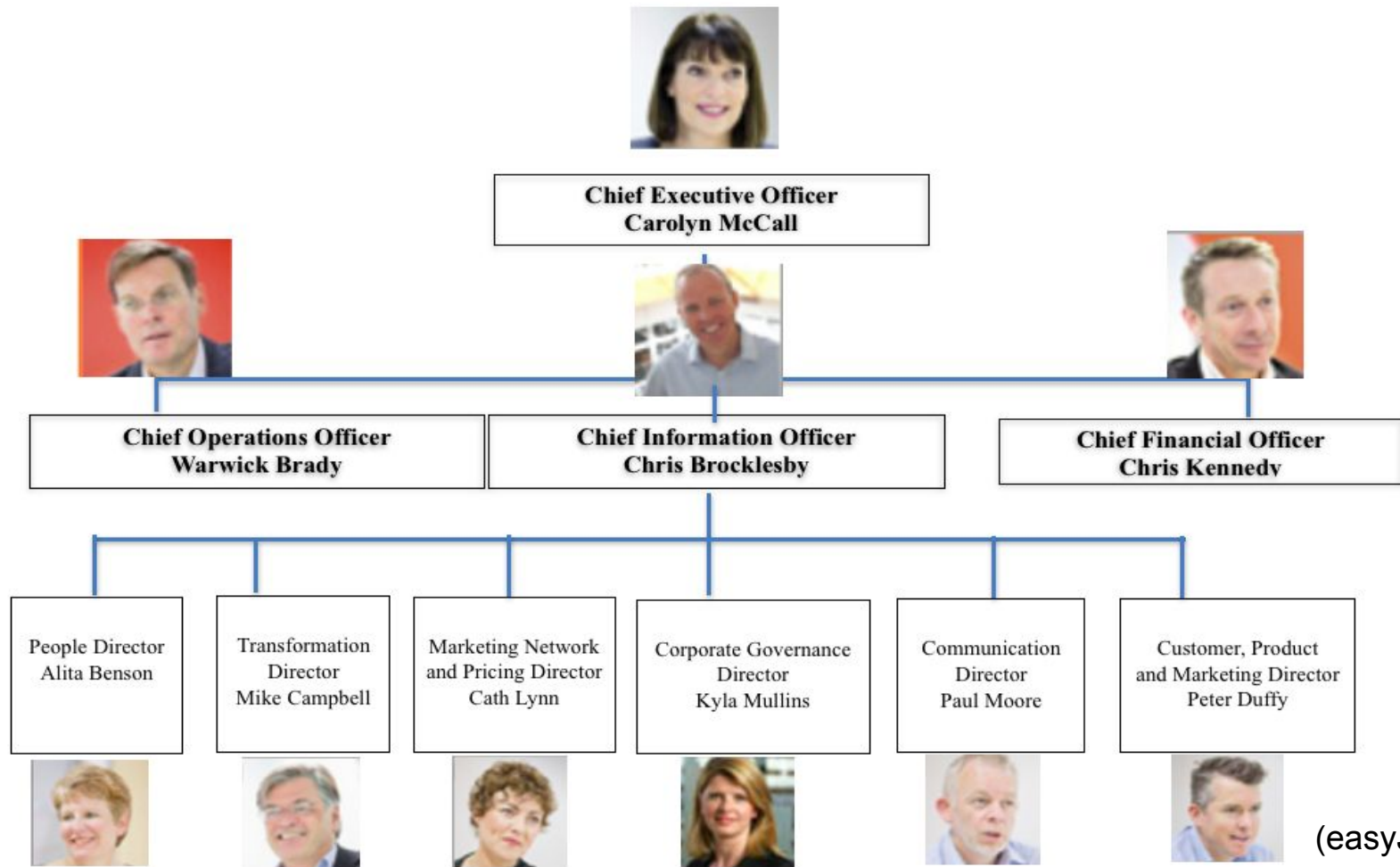
(easyJet 2015)



INTRODUCTION

Strategic Purpose

The Governance Chain - Organizational Chart



INTRODUCTION

Strategic Purpose

Social Responsibility - Triple Bottom Line

- Donation to UNICEF
- Minimize environmental impacts - gas emission reduction
- Response to customer demands

INTRODUCTION

Strategic Drift - easyJet History

- 1995** by Sir Stelios Haji-loannou and started first flights between Luton and Scotland.
- 1996** operated its first wholly owned aircraft and started first European route to Amsterdam then to Barcelona and Nice.
- 1997** opened a new UK base at Liverpool.
- 1998** ordered 15 new Boeing 737-700 aircrafts and launched its online bookings.
- 1999** the very first screening of ITV's fly-on-the -wall documentary 'Airline,' which brought the airline's operations to millions of UK viewers every week.
- 2000** easyJet's flotation on the London Stock exchange at an offer price of 310p, valuing the Company at £777m. Shortly after, easyJet joins the FTSE 250 list of companies.
- 2001** London Gatwick became easyJet's fifth base.

INTRODUCTION

Strategic Drift - easyJet History

- 2002** Sir Stelios Haji-loannou stand down as Chairman but was maintaining as a shareholder. easyJet merged with low cost airline "Go" (which had originally been set up by British Airways) to create Europe's number one air transport network.
- 2004** easyJet became the first airline to take advantage of the newly-enlarged European Union by starting flights to Hungary and Slovenia.
- 2005** easyJet took delivery of its 100th aircraft.
- 2007** new headquarters opened at London Luton Airport.
- 2008** the airline completed its acquisition of GB Airways, a London Gatwick-based airline operating to destinations across Southern Europe and North Africa.

INTRODUCTION

Aim & Objectives of Research

- To analyse the various approaches to strategic planning and activities of easyJet.
- To examine the external environment by using PESTEL Analysis.
- To analyze the company's attractiveness for investment by using Porter's 5 Forces.
- To identify how Easyjet reached competitive advantage by using strategic capabilities, SWOT and TOWS Matrix.
- ...and to propose recommendation by summing up all the results.

ANALYSIS PESTEL



ANALYSIS

PESTEL

Political

- Air Passenger Duty Tax (APD)

Facts: The rise of APD reduced considerable number of UK airline passengers and shortage the tourist income (Milmo 2011).

Action: Taxation per-plane were not allowed, it had to be splitted into four bands (Milmo 2011).

- Terrorism

Facts: Threat of bomb easyJet and British Airways flight (Myers 2014)

Action: Cooperation with the National Counter Terrorism Security Office (NaCTSO)

ANALYSIS

PESTEL

Economical

- Euro

Facts: it turns weaker and boosts easyJet earnings (EU Business 2015).

Actions: Enforcement operations for big potential amount of customer from 2015.

- Inflation and Oil prices

Facts: Rise of oil prices due to inflation (4-traders 2014).

Actions: "We have bought 78% of our fuel until the end of September 2015 and 52% for the following 12 months so oil price fluctuations don't have an effect on that proportion of fuel." (4-traders 2014).

ANALYSIS

PESTEL

Social

- Preference into cheap price

Facts: Business and leisure travellers have growing demand in cheap air travel

(Eurocontrol 2015)

Actions: To respond the market demand of travellers, EasyJet targets on both business and leisure passengers.

- Lifestyle

Facts: Customers lifestyle will decide if the customer will travel by plane, coach, train.

Actions: It can affect all the strategy of the company, if the customer decides go by another way of transportation.

ANALYSIS

PESTEL

Technological

- Cellular utilisation

Facts: Mobile booking is becoming more essential (Travel Management Institution 2015).

Actions: “EasyJet application” for smartphone bookings service.

- Development of networking

Facts: Customers purchase the products or services after receiving the advertisement email (Digital strategy consulting project 2015).

Actions: EasyJet will send the same email to every European customers on every Friday with different languages.

ANALYSIS

PESTEL

Environmental

- Reduce carbon emission

Facts: Reduce the emission of carbon of 20% by 2020.

Actions: EasyJet follows the rules for the environmental regulation and they introduced a program called Carbon Emission.

- Utilisation of ecological products

Facts: Recycling the edible products and pet bottles.

Actions: EasyJet recycles all type of waste what is possible to reduce the pollution.

ANALYSIS

PESTEL

Legal

- Tax Duty

Facts: UK government implemented Fiscal policy to increase tax duties.

Actions: EasyJet suffers from a significant decrease in profit in 2007 after the implementation of Fiscal policy (EasyJet Plc Annual report 2007)

- Environmental preservation

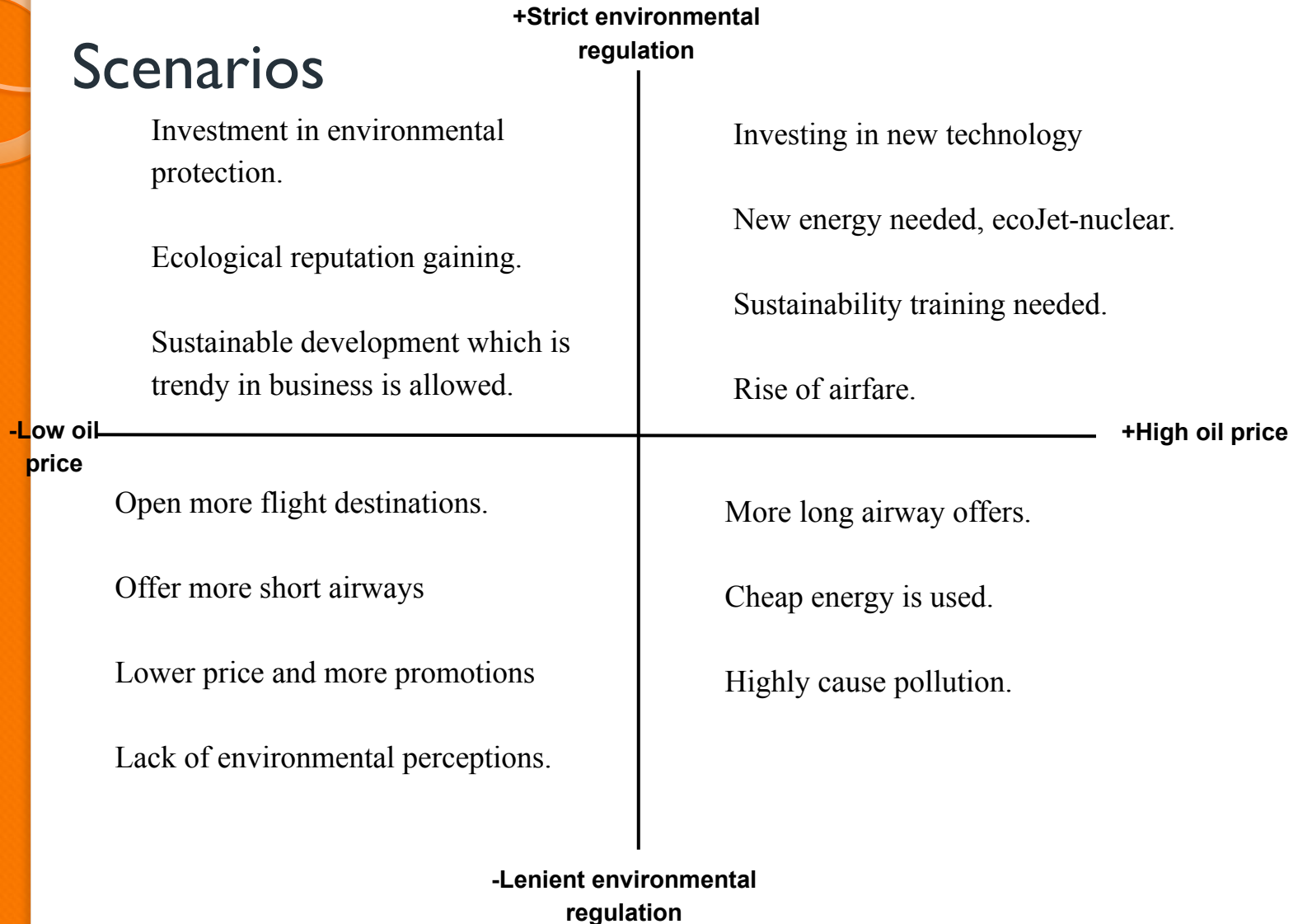
Facts: United Nation certified emission reduction project.

Actions: easyJet has invested in installation of new lightweight seats, sharklets to increase fuel efficiency.

ANALYSIS

PESTEL

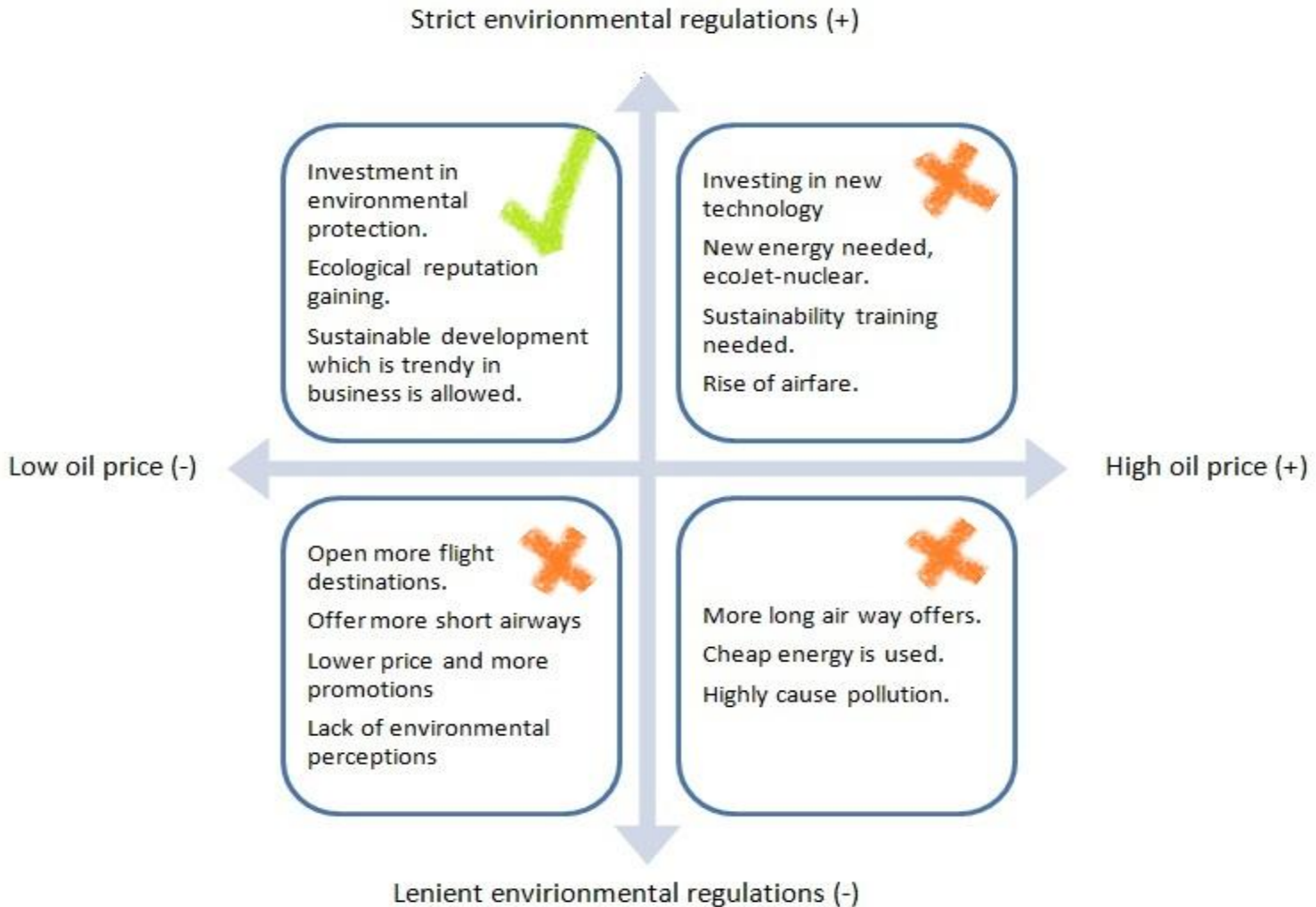
Scenarios



ANALYSIS

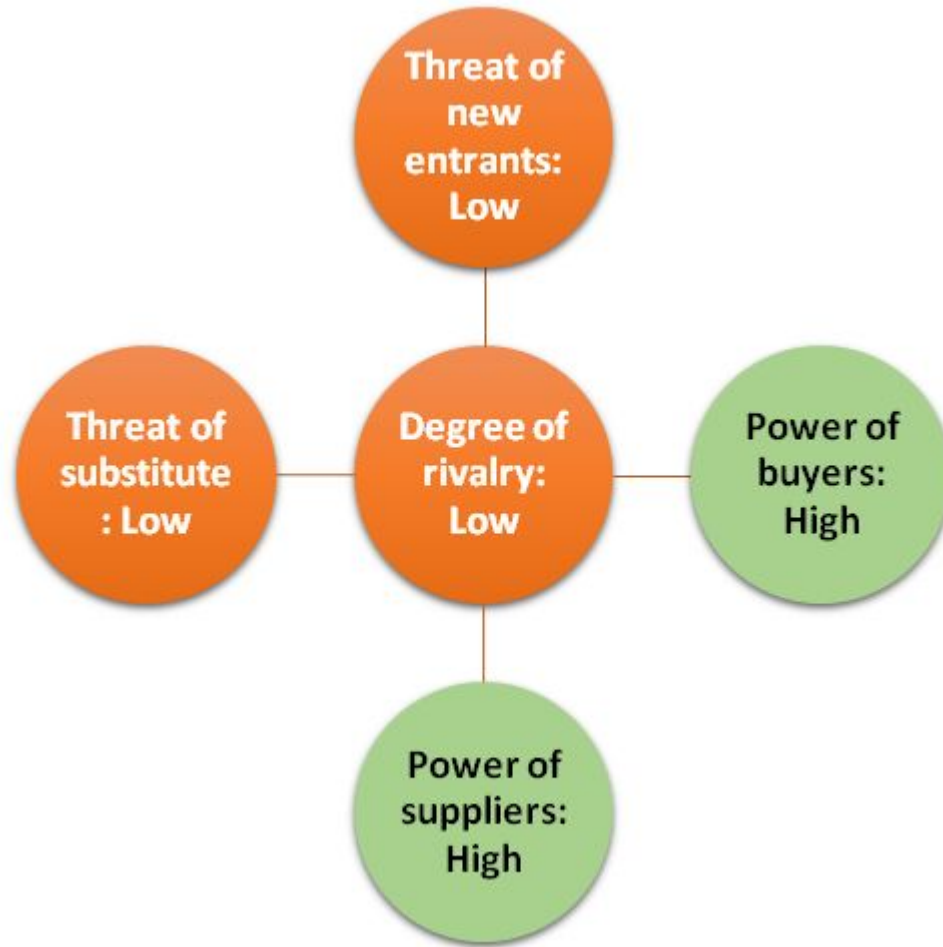
PESTEL

Scenarios



ANALYSIS

Porter's 5 Forces



Attractive for investment activities!

ANALYSIS

Porter's 5 Forces

Threat of new entrants: Low

Reasons:

- Strict entry regulation (CAA 2015)
- Diseconomies of scale (Hurdle et al. 1989)
- Weak distribution channel (Kangis and Reilly 1998)

Barriers:

- Economies of scale (Hurdle et al. 1989)
- Strong reputation and history (Carolyn McCall 2010)
- Mature pricing strategy system (Carolyn McCall 2012)

ANALYSIS

Porter's 5 Forces

The Power of Buyers: High

Reasons:

- Customer demands

Barriers:

- Differentiation
- Lock-In of added service/product
- Contracts (Siebert 2012 and Taylor 2014)

The Power of Suppliers: High

Reason:

- Economical power (Clarke and Chen 2007)

Barriers:

- Backward vertical integration (AJW Group 2015)
- Investment in new resources (Dugdale 2007)
- Patents

ANALYSIS

Porter's 5 Forces

Threat of substitute: Low

Reason:

- Alternative Transport

Barriers:

- Natural Disaster
- Expensive substitute product
- Inferior quality substitute product

Degree of Rivalry: Low

Reason:

- Low competition

Barriers:

- High market growth
- Strong brand identity
- High cost values in aviation industry

Strategic Capabilities

	Resources	Competences
Threshold capabilities	High possession of over 200 aircrafts	To meet the high customers demand with 700 routes (EasyJet 2015)
	Large quantity of customers from 32 countries	To ensure great contribution in market share and maintain competitiveness in low fares airlines industry.
	Mature reservation online system	To provide the public with direct reservation channel to eliminate transaction charges from travel agents. (EasyJet 2013)
	Authorised landing Permission	To ensure landing permission in 32 countries and 24 bases across Europe. (EasyJet 2015)
Unique capabilities for competitive advantage	Favourable Headquarters Location at London Luton	To provide business and leisure travellers with great range of destinations and extensive connections.
	Excellent pricing strategy development	To provide customers with depressed low fares price by utilizing the aircraft and services.
	Well trained, qualified and loyal employees	To ensure the consistency of reliability and safety air travel experience of the customers. (EasyJet 2015)
	Strong organizational structure and culture	To act as a strong and fundamental operational basis for the future development of the company.

SWOT Analysis

Internal Environment

Strengths

- Strong Pricing Management System
- Sustainable Unit Cost Advantage
- Recognised Brand and Reputation
- Strong Financial investment and support

(CAPA 2013)

Weaknesses

- Share same customer base with other low cost airlines
- Competition from legacy airlines
- Fluctuated seasonal demand
- Disrupt between Stelios and management team

(Buesinessteacher 2015)

SWOT Analysis

External Environment

Opportunities	Threats
<ul style="list-style-type: none">● Continuous industry growth● Further cost cutting● Potential expansion of market segment● Partnership with airport to expand route system	<ul style="list-style-type: none">● Increase in terminal costs● Fluctuation of fuel cost● Increase in air travel tax● Fluctuation of currency

<p style="text-align: center;">External Factors</p> <p style="text-align: center;">Internal Factors</p>	<p style="text-align: center;">Opportunity</p> <ol style="list-style-type: none"> 1. Continuous industrial growth 2. Further cost cutting 3. Potential expansion of market segment 4. Partnership with airport to expand route system 	<p style="text-align: center;">Threats</p> <ol style="list-style-type: none"> 1. Increase in terminal costs 2. Fluctuation of fuel cost 3. Increase in air travel tax 4. Fluctuation of currency
<p style="text-align: center;">Strengths</p> <ol style="list-style-type: none"> 1. Strong Pricing Management System 2. Sustainable Unit Cost Advantage 3. Recognised brand and reputation 4. Strong financial investment and support 	<p style="text-align: center;">S-O strategic option</p> <ol style="list-style-type: none"> 1-1. Maintain the prices during the market development, will increase amount of customers. 2-2. The further cost cutting can bring to even lower unit cost, which attracts even more customers. 	<p style="text-align: center;">S-T strategic option</p> <ol style="list-style-type: none"> 1-1. High terminal costs could affect the low price of product. 2-2. High fuel cost will increase the low unit cost.
<p style="text-align: center;">Weakness</p> <ol style="list-style-type: none"> 1. same customer base 2. Fluctuation seasonal demand 3. Competition from legacy airline 4. Disrupt between Stelios and management team 	<p style="text-align: center;">W-O strategic option</p> <ol style="list-style-type: none"> 1-1. New market base with be expended with market development, by attracting new customers to use the services. 2-2. During the low-season the company can cut costs even more by using smaller planes. 	<p style="text-align: center;">W-T strategic option</p> <ol style="list-style-type: none"> 1-1. High terminal costs could affect the price of the tickets, but the expanse base of the company is low. 2-2. The smaller plane during the low season will consume less fuel, which will have effect on the amount of contributed fuel so high price for it will not affect the budget.

Conclusion

- Significant Amount of SBU's
- Smart Marketing and Low-cost Pricing
- PESTEL Analysis (low oil price going with strict environmental regulations)
- SWOT analysis (strategic capabilities, numerous advantages comparing to competition)
- Triple Bottom Line (sustainable development in long-term period)

Recommendation

- Investment in new technologies
- Improve strategy
- Improve the SBU's
- Enter new market (competition low)
- Different brand

Questions and Answers



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