

Ryanair: pestel and porter's five analysis

Environment, Air



1. 0 Introduction

Ryanair is an Ireland based airline company and it involved in commercial aviation business since 1986, operating scheduled passenger airlines, serving short haul and point to point routes primarily between Ireland, Britain and Europe. It is the pioneers of low fare airline in Europe and even until now Ryanair is the only airline that offers cheapest air fare to passengers travel around Europe. Micheal O'Leary is the CEO of Ryanair, holds 4. 6% stake of the company, His dynamic low fare strategies along with the evolution of Ryanair have had led to burst of many budget airlines and some of them had been bought by Ryanair around Europe, simply because of their inability to compete with Ryanair. European aviation industry is wider, but squeezed with many incumbents that are operating both short haul and long haul routes. As European short haul airline market segment is price sensitive, Ryanair handles “ no frills” strategy and charges lowest price from its customers. In order to obtain better margin in the low fare demanding market Ryanair held in a position of cost leader and fundamental “ low fare” strategy supports for rapid growth of its business. The strategic capabilities underpinned by its unique resources and core competences are the preliminary constituents for Ryanair to be a cost leader and offer low fares. This will be explained in detail under below topics about the feasibility of various strategic circumstances.

2. 0 External Analysis:

The analysis of Macro-environment explores core cause of factor; assess the nature of effects and immediacy. PESTEL analysis has been undertaken to evaluate the external environment of Ryanair.

2. 1 PESTEL Analysis:

(P)olitical/(L)egal factors: Preferential Treatment of home base airlines in some countries, at the same time they prevent thriving foreign companies and inflict them in more operational cost. Increased terrorists activities have prompted airline industry to tighten security measures and alleged terrorist plots will adversely affect flight turn-around time. Detrimental mental effects are also possible due to any terrorists plots targeted on Ryanair. The rapidly changing government rules and regulations are an inevitable legal factor for Ryanair. This will be discussed in detail under supplier's bargaining power.

(E)conomic factors: The instability in fuel price cause major problem for airline industry. If they do not hedge, the fuel price hike is inevitable and they need to find cost savings in other spheres of business when the fuel price is soared. Ryanair was especially more vulnerable to fuel price rises in the past. For example: In the last quarter of 2008, when the fuel price was in its hike, Ryanair reported losses of \$130 million dollar and it blamed a 71% increase in the price paid for fuel during the quarter due to the abnormal surge of fuel price of more than \$ 1, 100 a ton (K, Capel. Airline. The Telegraph, Feb 2 2009.).

(E)nvironmental factors: As the world is heading towards more and more greener, all governments taking appropriate measures to control greenhouse

gases from carbon emission which would lead to catastrophic human and economic consequences. Ryanair has network virtually in all European countries, so it is more vulnerable to all EU environmental rules and regulations. The mounting pressure on EU laws to tax aviation fuel and anticipated charges on environmental pollution by airlines would have direct impact to Ryanair.

(T)echnological factors: Technological factors such as internet, innovative developments in telecommunications such as video conferencing, instant messaging, web conferencing etc. will mean less need for travel, especially on scenarios such as business meetings.

3. 0 Industry environment:

3. 1 Segmentation and positioning:

Ryanair is positioned in the lowest fare segment and has least customer experience among other budget airlines in the European market. The market segment for its rivalries is broader with larger geographical area including operations to main airports, whereas Ryanair's networks are limited only to low cost secondary airports with smaller geographical area.

Ryanair predominantly focuses on only people who are desperate for low fare and it has no separate segment for people who want luxury service or business class. Despite, Ryanair's continuous traffic growth, shows that the people wanting low fare in European market are tremendous and European market is for the low fare short-haul carriers. Perhaps, high air fare carriers neither cope up nor sustain against low fare carriers. The competitive position is deeply elaborated in section 3. 2.

3. 2 Porter's five forces:

Industry environment analysis figures out the foreseeing competitive pressure in European aviation and the profitability of the industry likely to be in future. It explores the magnitude impact of Threat of substitutes, Threat of Entrants, Rivalries in European market, bargaining power of supplier and bargaining power of customers.

Rivalries:

The high rivalry impacts for Ryanair are from Easy Jet, Air Lingus, Lufthansa, Iberia, SAS, Airfrance, KLM and Air Lingus. Few airlines (Easy Jet, Air lingus and Lufthansa) the first three of them are roughly more or less equal in size to Ryanair and some of their performances are even better in terms of customer service. This is considered as a significant threat to Ryanair.

Despite, among all short-haul carriers Ryanair is the cost leader with having highest market share in the European market. Although Ryanair has firmly improving its competitive advantage, the core strategy of the company is to maintain the operational cost as minimum and offer low fare to customers, which is virtually same among its rivalries, but the outstanding scenario is Ryanair constantly creates new paths to bring down the operational cost .

Threat of New Entrants:

The short haul “ no frill” airline market is a highly profitable business in Europe so far, while long haul market in Europe is experiencing huge losses like Air Lingus long haul airlines. So, the business scope in the short-haul market may attract new entrants. Although, European airline industry is de-regulated and open for both national and international companies, Airline

business is not something like setting up a dot. com with minimum capital in anticipated profit. Hefty capital investment is required to acquire route, fleet, set up flight maintenance centre, building infrastructure etc... in order to establish an operation. Industry knowledge and time associated with entry are significant for companies that want to start short haul airline business in Europe from other industries such as tourism and Rail way etc..., but for airline companies from some other market like Asia, South America, North America and Australia can trace out the European market in some extent and such huge investments also may be affordable for them.

Threat of substitutes:

The threat of substitute is possible threat for Ryanair's traffic growth as passengers' tendency to switch to other means of transport such as buses, trains and cruise. This kind of threat has medium effect over Ryanair, despite, the ubiquity of other means of transport to travel across European countries. Particularly rapid growth of railway network is considered to be a most influential substitute for short haul air travel across Europe. Congestion in airports and difficulties (such as boarding, airport journey) involved in air travel could cause passengers more likely to choose railway. Some government like U. K is substantially funding for the expansion of high-speed rail networks to and from Europe, especially to curb short haul carriers through heavier taxation due to the pressure arising from the environmental groups to cut down carbon emission by domestic aviation. The government intervention to establish better rail links in other countries such as France, Germany and the Netherlands is more vulnerable to Ryanair's routes in those countries (Dan Milmo 2009. The Guardian. 5th Aug).

Bargaining power of supplier:

Aircraft Supplier: In aviation Boeing and Airbus plays duopoly in manufacturing passenger aircrafts. Boeing is the main aircraft supplier for Ryanair, since its establishment. In terms of supplier bargaining power, Ryanair holds significant scale of power over Boeing, as it can easily switch to Airbus anytime in-case of high price charged by Boeing. The recent Micheal O' Leary's announcement of negotiation with Air Lingus evidenced the high bargaining power over its Aircraft supplier (Sarah Arnott., 2008. Ryanair looks to order 400 aircraft in plans for massive expansion. The Independent, 8th Aug.).

Airports: The enforcement of new rules and regulations by airport authorities are inevitable, eventually they have more control on their bases with both short haul and long carriers' airlines operating in any government airports. Ryanair has been either strongly protesting or recklessly withdrawing and switching its routes to alternative airports, at bases wherever it is experiencing significant problems. For example: Recently Manchester Airports Group refused to bring down its prices, which resulted Ryanair to pull nine out of its ten Manchester routes(Sarah Arnott., 2009. Price dispute sees Ryanair cut nearly all Manchester flights. The Independent, 18th Aug.). So, Ryanair can switch its destinations easily in case of its bargain does not take lead. Ryanair holds substantial power in the other spheres of suppliers such as staff recruitment agency, food providers and ancillary product suppliers etc... due to substantial availability of those kind of suppliers in the market.

Bargaining power of customer:

European market is almost saturated with many airline companies including premium services to economy classes. Bargaining power of customers is high as low budget airline a commodity today and presence of more substitutes in European market. Ryanair had shrunken the bargaining leverage to its bottom with no other airlines could possibly offer such low fares, as the result that Ryanair is having extra-ordinary performance in traffic growth consistently year by year, but this growth is uncertain if Ryanair pushes its fare up. More people travelling on Ryanair, because they like the fare and can easily afford it.

3. 3 Value Networks and Business Partners:

It is necessary to analyse value creating areas in Ryanair's Industry value chain, which consolidates its competitive advantage by delivering those precious values to customers. According to Porter, 1985, Value chain of any organization comprises of two activities, primary and secondary activities. Primary activities are directly concerned with delivery of service and that includes inbound logistics, operation, outbound logistics, marketing, sales and services. The support activities include administrative infrastructure management, human resource management, technology and procurement.

Inbound logistics:

Stock control of Food, beverages and Ancillary sale items: Although, Ryanair is a "no frills" airline, it is making huge profit through the sales of food, beverages and Ancillary items. Ryanair manages strong relationship with

various foods and beverages suppliers, in-order to receive quality standard goods and on time delivery, which adds value throughout its value chain.

Route selection and airport base: Ryanair only selects low cost route with the anticipation of traffic growth. Ryanair has strong relationship with various airport authorities around Europe, thus they provide subsidies in exchange for high traffic and low fares.

Jet fuel: This is the most significant input that Ryanair has to scrutinize, as jet fuel contributes around half of the operating cost. Well hedged contracts will minimise cost, so recent hedging arrangements adds value to get control of fuel cost in some extent.

Aircrafts and Maintenance: Deployment of single type aircraft Boeing 737-800.

Operation:

Ryanair's operational activities includes passenger check-In, loading ancillary and catering items in the flights, baggage check-In, Hospitality, In-flight services and daily flight operations.

Contemporary online check-in system reduces cost associated with staff and avoids passenger queues in airports, thus it provides convenient journey for passengers. This adds value by enabling quick turnover of flights and prompt minimum waiting time of flights at airports. Additionally, Ryanair has contractors at certain airports for ticketing, passengers and aircraft handling (Includes loading various goods into aircraft) as well as for engine repairs and heavy maintenance at competitive rates. (Ryanair, 2004. Annual Report

2008-2009. [Online]. Available at: http://www.ryanair.com/doc/investor/2009/Annual_report_2009_web.pdf. [Accessed 10 Jan, 2010] This third party contracts are more cost-efficient than Ryanair perform these activities itself. Productivity-based incentives, this includes sales bonuses for on-board sale of products by flight attendance to increase ancillary revenue through reward mechanism and pilots are remunerated based on number of hours or sectors flown, which cuts unnecessary staff cost. Ryanair facilitate the usage of onboard mobile and electronic device for its passengers in order to add value for customers.

Marketing, Sales, Services and Outbound Logistics:

Ryanair advertise its seasonal fares and other company related commercial advertisements on its fleet with zero advertisement costs. Furthermore special ticket offers are being advertised on its website to promote sales. In order to curb substantial operational cost and tackle high number of booking, Ryanair has introduced new Online Reservation System in addition to the host system. The system new has been provided and maintained by an outside contractor, Navaitire. (Ryanair, 2004. Annual Report 2008-2009. [Online]. Available at: http://www.ryanair.com/doc/investor/2009/Annual_report_2009_web.pdf. [Accessed 5, Jan, 2010] It adds value for passengers by increasing system speed and avoid Ryanair is being on exposure to the risk of resolving system failure issues. There is no sales agent commission adds value on passengers' fare and it adds value in terms of the distribution cost aggregate nearly to zero and convenient journey for passengers. Online baggage claiming system for

baggage lost passengers, which adds value to passengers as it is an easy way to claim their bags.

4. 0 Resources and Capabilities:

4. 1 Resources:

Resources allocation and capabilities development are the source to gain competitive advantage for a company, while the market and environment establish constraints and pressures. Resources of Ryanair are basically what it holds as productive assets and can be differentiated into three different forms, tangible, intangible and human resources. Capabilities are what it can achieve by exploiting opportunities in the external environment and efficient deployment of its unique resources that exist within the company to achieve competitive advantage.

Tangible Resource:

Ryanair had 181 aircrafts in operation as of March, 21, 2009, among which 109 aircrafts were funded by The Export and Import Bank, 43 aircrafts were in operating lease, 20 of the aircraft in the fleet were treated as financially leased by Japanese operating leases with call options, 6 of the aircraft in the fleet were encumbered with commercial debt financing and three remaining aircrafts are entirely owned by Ryanair without any finance related encumbrances. Ryanair also owns and operates six Boeing 737-800 flight simulators for the purpose of pilot training. All the above are long-lived assets virtually all of them were aircraft totalled to 3. 6 billion Euros.

[Ryanair, 2004. Annual Report 2008-2009. [Online]. Available at: http://www.ryanair.com/doc/investor/2009/Annual_report_2009_web.pdf. [Accessed 4

Jan 2009]. Even though many aircraft are encumbrances, ownership accompanied with the bank loan gives greater independency and financially the cost involved in leasing arrangements is higher than being owner of aircraft.

In addition to aircraft, administration offices in Dublin and East Midlands Airport, simulator and training centres are entirely owned by Ryanair. It also has leasehold property in eight airports for the purpose of flight maintenance and an office building in Dublin Airport Business Park. The recent investment of 702 million Euros for the purchase of property, plant and equipment in 2008 is remarkable. [Ryanair, 2004. Annual Report 2008-2009. [Online]. Available at: http://www.ryanair.com/doc/investor/2009/Annual_report_2009_web.pdf. [Accessed 4 Jan 2009].

Ryanair serves over 1000 routes across Europe and Morocco from 40 airport bases, which is considered to be high in numbers compare to its rivalries. (http://www.ryanair.com/doc/investor/2010/q3_2010_doc.pdf, accessed on: 15th Jan 2010). Airport bases served by Ryanair are ultimately considered as strategic assets due to its low cost.

Financial Resources:

The huge cash reserves held in the company of over 2.5 billion Euros will allow having abundant cash flow for its operation. Cash pile would financially leverage to take strategic decision in future expansion of business. Ryanair holds 93.15 million Euros worth of available-for-sale financial assets, which are not considered as an investment in an associate company due to insufficient power of Ryanair to influence over the investee. And also,

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Ryanair is the biggest investor on its rivalry Aer Lingus with the acquired stake of 29.8% of Aer Lingus's share capital through private acquisition with the total aggregate cost of 407.2 million Euros. Ryanair's long term debt totalled to 2398.40 million as of 2009 annual report, which is an increase of 131.9 million from 2008 annual report. The latest debt increase is primarily due to financing of new aircraft, which will be delivered within two years as per the schedule.

[Ryanair, 2004. Annual Report 2008-2009. [Online]. Available at: http://www.ryanair.com/doc/investor/2009/Annual_report_2009_web.pdf. [Accessed 4 Jan 2009].

Intangible resources:

Ryanair's climbing traffic growth and established brand name are most consolidated and valuable intangible assets for the company that embedded in its relentlessly flowing low fare strategies to make huge profit. In terms of operational prospective, minimum aircraft age of 3.77 years average age of all its Boeing 737-800s is a unique intangible asset and no aircraft is more than 9 years old. The company also holds considerable intangible asset of landing rights that flows future benefit into the company.

Human Resources:

There are 6616 staffs working at Ryanair as of March 2009, this includes 1041 additional experienced pilots contracted from employment agencies to satisfy short term pilot requirements. The employee's figure is constantly increasing year by year due to rapid expansion of the company. Ryanair's

top management comprises of eight boards of directors, all of them are having more than 7 years of experience with the company and their remuneration including different share options scheme are available and based on experience, as well as their job position. David Bonderman, Chairman of the Board and Director, who has served more than 13 years with the company. CEO and Director of Ryanair, Micheal O'Leary is the most valuable human resources in the company and he has been successfully leading the company for nearly two decades, as CEO since 1994. (Ryanair, 2004. Annual Report 2008-2009. [Online]. Available at: http://www.ryanair.com/doc/investor/2009/Annual_report_2009_web.pdf. [Accessed 20 Jan, 2010]).

4. 2 Capabilities:

In this section, we will discuss about the special knowledge and a skill possessed by Ryanair in order to gain competitive advantage and the key success factors that positioned the company as cost leader.

The company's innovative pioneer strategies to keep the operating cost low and its ability to carrying passengers at lowest fare demand are the special capabilities it posses. Apart from these, the table below contains Ryanair's last three years operational data up to March 2009, which will demonstrate the operational capabilities during that period.

The average yield per revenue passenger mile and average yield per available seat miles are decreased in 2009 due to the intense competition and further reduction of average booked passenger fare by approximately 4 Euros compare to the previous years. Yield management is crucial for airlines

as the gross profit of the company mainly depends on it, so achieving better yield would perhaps maximise Ryanair's profit. The fares of Ryanair need to be continuously monitored in a way that would create demand, at the same time that would maximise company's profit. Ryanair has only little control over the fuel fluctuations like many other airlines, so increase in fuel cost is an unavoidable increase in operating expenses. The remarkable factor is the recent fuel hedging arrangements increased Ryanair's power to some extent to influence those cost aroused due to high fuel price. The next factor is cost per available seat miles, which is operating cost by available seat miles. This is one of the most success factors that gain competitive advantage for Ryanair, as it always being low compared to all other short haul airlines in Europe. In the table above, the increase in the operating cost in 2009 is mainly due to the rise in fuel cost. The low fare strategy is embedded in the company's capability and it is most valuable for the company by creating demand for its service. The constantly increasing load factors year by year, while the average booked passenger fare is decreasing indicates that the unique capability of Ryanair to make the traffic grow and how well it filling it's seats through creating demand by stretching its fare to lowest possible. So the increased load factor is mainly due to decrease in the fares. One of the main mottos of company's CEO, Micheal O'Leary's is to maximise profit through selling ancillary products. Ryanair is the highest ancillary revenue making airline in Europe, which add extra profit for the company. Motivating cabin crews through commissions to sell ancillary product, consistently increasing and introducing various ancillary products and having many commission based related business are the main source for ancillary

revenue. The number of airport served and average flight utilisation hours are some other measurable capabilities of Ryanair.

The best service to the passengers in terms of punctuality of its flights and less baggage missing scenarios are in “ Top Priorities” and it makes competitive advantage for Ryanair in its operation. In fact it has the policy of publishing its customer service statistics every month to show the leads from its competitors. The table below shows that the Ryanair’s capability in terms of punctuality, Bags handling and journey completions among its few rivalries.

4. 3 Strength and intellectual assets:

All routes are point to point rather than transitional. Although it is easy to establish point to point routes for a short haul carrier, it enhances convenient journey to the passengers.

Ryanair has entered into fuel hedging arrangements followed by the huge losses on 2008. The unprecedented hedging arrangements will provide substantial protection against fluctuations in fuel prices, generally through forwarding contracts covering certain periods in the future.

Ancillary services including non-flight scheduled such as Car hire, Hotels, Travel Insurance, in-flight sales, rail and bus ground transport services in its business model adds extra revenue for the company.

Ryanair has direct sales channels; the only way to book ticket nowadays is via the website or via “ Ryanair direct” call centre. It helps to take out sale

agent's commission and special offers would directly reach the customers without any discrepancies.

Ryanair has been deploying Boeing 737-800s, same fleet community in all its routes. The company can save training cost as all staffs are only be trained for one type of aircraft and also saves on maintenance supplies and labour as only one type of parts and skills needed. High seat density of 189 seats per aircraft accommodates more passengers (compare to its older version Boeing 737-200A, which had only 130 seats per aircraft) and it tends to extra revenue for the company.

The use of Secondary Airport with frequent transport medium to populated cities for the purpose to keep its airport charges low and for high turnaround times. The well known scattered strategy of “ no frills” such as, free food, drink, and lounges etc...

4. 5 Weakness:

Even though its fares are far cheaper than any other airlines in Europe, it is being severely criticised by many people for its extravagant hidden charges. The basic reason for this criticism is advertising fares without the disclosure of most basic inevitable charges such as, taxes, online check-In or airport check-In charge(which is outrageously costlier than the online check-In), card surcharge other than master card (only possible way to pay as the booking can feasibly done through either website or call centre), administration fee etc...

Ryanair's deliberate controversial advertisements and statements by its CEO such as charging one pound to use the toilets in flight, are practically

generate additional free publicity for the airline, but significantly it depletes brand reputation and it often perceived as bad impression among people's mind.

The poor customer service by its staffs employed and disgrace treatment of passengers by its CEO, Micheal O' Leary and the company are misleading company's reputation for not even providing the basic services and rudeness involved in customer query replies are the weakness that embedded in its system. According to the comments analysed from 280 websites, Ryanair came bottom of the ranking with minus 40 points. Poor customer service and extra cost the airline charge for check-in bags are the major complaints.

[Lisa Minot, 2008. Sun Air News: Ryanair suffer Over Service. The Sun, 2nd Aug.]

The company is heavily addicted for traffic growth and rivalry led in European short haul market. Because of that growth, Ryanair is not able to identify the reputation and loyalty in its brand among passengers.

5.0 Strategic situation:

Perhaps, I have mentioned about 2.5 billion cash reserves in its financial resources. It has announced plans of start paying dividend from its cash pile to their shareholder from 2013. (Sarah Arnott, 2010. Ryanair to pay dividend from 2013. The independent, 8th Jan). Instead of paying dividend out of its cash reserves or by using company's profit, it should decide to deploy its cash reserves in its on-holding strategy towards long haul routes. The company will get significant future growth by launching long-haul transatlantic routes. According to CEO, Micheal O' Leary's statement, if

Ryanair introduces long haul routes from Europe to six US destinations, two segments of seat will be offered, one lowest unprecedented economic class and ever high fare business class with extravagant services. This rational strategy will generate huge profit by luring middle economic-class passengers; perhaps transatlantic passengers will want something cheaper in their tickets. The cheapest fare “no frill” for economic class passengers with onboard sale of everything from breakfast to dinner, beverage to entertainment would create substantial ancillary revenue. In spite the airline destinations must be in populated area or rich cities such as Chicago Midway Airport, Atlanta Hartsfield International Airport and Dallas Fort Worth International Airport etc... to fill up business class seats, Otherwise there is no logic in adding business class seats in long haul routes. Alternatively, it can choose rural destinations in US, but the business class passengers firmly transited to populated cities without any delay and inconveniency by having alliance with US luxury short haul carriers.

Although, I have mentioned Ryanair's 29.8% stake over Aer Lingus, its first bid in 2006 to acquire entire share capital of Aer Lingus was firstly blocked by European commission on competition grounds and the second bid in 2007 was also failed after the Irish Government (25% stock holder on Aer Lingus) said Ryanair undervalued the company, while the offer totalled £701 million. So, Ryanair is not yet planned to make any further bid in recent future, rather it aims to boost its cash reserves. [Pilita, C, & Vincent, B, 2010. Third Ryanair bid for Aer Lingus ‘unlikely’. Financial Times, 7th Jan.] Perhaps, the acquired stakes consolidate its financial position over Aer Lingus for convenient takeover in the future, in case of any failure or the acceptance of

further bid by Aer Lingus. In consideration to Ryanair's future growth in the existing market and anticipated transatlantic expansion, it has to press hard for a horizontal integration over Aer Lingus by raising the offer price from its last bid of £701 million. The acquisition of Aer Lingus is more likely to see tremendous expansion in European market by acquiring market share and implementing low cost operating strategy over its rivalry. In a situation when a competitor disappears in the market, the competition gets ease for some instance. The acquisition also allows Ryanair to get easy access into the transatlantic routes, as Aer Lingus already operating flights to some major airports in the United States such as, Houston (HOU), Houston (IAH), Indianapolis (IND), Columbus (CMH) and San Francisco (SFO) etc...

6.0 Strategic Choice:

Identification:

The first choice what I suggest is Ryanair can expand its market through "Related Diversification" by the launch of new international routes from Europe to Selected Asian countries, such as India, Malaysia and Singapore. Ryanair will be able to grow its traffic by selecting core destinations such as Mumbai, Bangalore, Goa, Chennai and New Delhi in India, Kuala Lumpur in Malaysia and Singapore. In the other end, Ryanair would be able to cover travellers and tourists from all European countries by setting up transit hubs in selected airports in Europe such as Frankfurt, Madrid, Milan, Glasgow and Dublin (So, flights from the new market will land in those transit hubs and then passengers can reach their end destination by Ryanair's local network flights through transit from these airports) travelling to our selected

destinations in Asia, as it already has firm and established operation in Europe.

The above selected strategic choice would be demonstrated under Ansoff Strategic Direction Matrix Market/product choices.

According to Ansoff Matrix (developed by Igor Ansoff, 1957) the above selected business is launching of new service in new market, so it will be categorized under Diversification. Although, Ryanair has an on-holding plan of introducing transatlantic routes, but not yet lunged, the new strategic choice is to flourish market share in developing nations. The assumed service in those markets is clearly business to consumer type of activity, as Ryanair directly engaged in carrying passengers or providing service directly to the customers.

Ryanair's main targeting customer segment in the above three countries are tourists and passengers who are looking for low fares, as well as high fare over luxury service. The differentiations in fares with price premium for passengers' perceive it as on luxury segment and without price premium for passengers' perceive cost benefit under low fare segment. All the three countries are developing nations with low income, middle class and rich people. Among them, people who afford to travel to Europe are