

# Marketing audit and plan for easyjet airlines

[Environment](#), [Air](#)



**ASSIGN  
BUSTER**

EasyJet airline started its operations in 1995 in UK and was founded by the Sir Stelios Haji-loannou. Sir Stelios Haji-loannou and its family members were major shareholders of the EasyJet at the time of the commencement (Official Website, 2010). Its new head office is at London Luton Airport, Hanger 89. EasyJet has a very low market share in the airline industry that main reason is that so many giant organizations are working from decades and compare to them EasyJet is relatively new. EasyJet always focuses in providing the best possible quality of services to the customers to make them satisfied and happy (Official Website, 2010). EasyJet's always believes in managing the long term relationships with the customers and always gives very importance to them. In airline industry, there are so many giant airlines are operating and also the globalization has made this competition is very stiff. Airline industry is very competitive due to the number of choice available for consumers which include the Ryan Air, Lufthansa, Airbus, Air France, British airways etc.

### Products and Services

EasyJet is an airline company who provides the air travelling services in UK, Europe and throughout the world. EasyJet is among the leading low fares online of the Europe. EasyJet's core business is to provide the air travel services to the customers but it is also providing the some additional services as per requested by the customers which includes the room reservations in hotels, arrange transportation for them, insurance, tourist guides etc (Official Website, 2010).

### EasyJet Mission statement

To provide our customers with safe, good value, point-to-point air services. To effect and to offer a consistent and reliable product and fares appealing to leisure and business markets on a range of European routes, to achieve this we will develop our people and establish lasting relationships with our suppliers (Official Website, 2010).

## Financial Analysis

### **Situational analysis**

The first decade of the twenty first century has been very worse for the airline industry including the Easyjet. The cyclic downturn, which was started in 2000, harms the airline industry and became worst in 2001. The incident of world trade centre in September 2001 was also a huge setback for the airline industry. Then the beginning of the Iraq war in 2003, which started the fuel crisis and fuel price rose very high. The economic downturn also affected the world airline industry in 2008 but now condition is improving and economy is now in the revival phase which is also an opportunity and positive for the Easyjet.

EasyJet seems to be positioned very well with experts predicting excellent growth opportunities for the low cost-sector. Given the saturated market and the shortage of other options in the UK, competition is likely to intensify – inevitably followed by consolidation, an early sign of which is easyJet's purchase of GO. The UK market offers little growth opportunity, therefore concentration will be on the continental market, a step forward in this direction is setting up a major new base at Berlin, with flights from 11 European cities, and possibly as well on Eastern Europe. Focus remains on

pricing Strategy and expansion of its route network. Promotion needs to persuade people that it is safe to fly and establish easyJet as Europe's largest low-cost carrier.

EasyJet has started its operations in 1995 and still it is not able to make its brand position clear and distinctive among other brands. EasyJet brand name is very weak and its still needs to take so many measures and steps to make its goodwill and brand positing in the market and in the mind of customers because customers are now giving huge importance to the brand name. EasyJet main marketing strategy will be to provide the best quality of services to the customers and should improve its image in the society. Corporate social responsibility also helps the EasyJet in building the positive brand name.

## **External Analysis fMacro Environment**

The macro environmental or external factors have significant impact on the organization and it includes the following political, legal, economic, social and technological factors.

### **PESTEL Analysis**

#### **Political-Legal Factors**

#### **FACTORS**

#### **EFFECTS ON AIRLINE INDUSTRY**

#### **IMPLICATIONS**

### Political Stability in United Kingdom.

The political situation of the UK was very uncertain and unstable prior to elections but now, after the elections and appointment of the David Cameron as prime minister, Political stability is coming.

It will have a positive effect on the Easyjet Airline that now business activities will revive once again.

No relief and lack of government support to airline industry.

The situation of the airline industry was worst due to the current economic downturn and Airline industry needs the supports of the government in order to survive and operate in this tough situation. Not any relief package or grant was announced by the government.

It can affect the smooth flow of operations of the airline industry organization and will be difficult to operate, if there's no government support.

### European Union Eastern enlargement

The addition of the more countries in EU will provide the routes to the new markets and countries to serve and opportunity to serve more customers.

Excess to the new markets and more market share

### Economic Factors

### FACTORS

### EFFECTS ON AIRLINE INDUSTRY

## IMPLICATIONS

### Fuel Cost

Continuous increase in petrol has a direct impact on the airline industry.

It will have a very negative affect on the Easyjet as it is known for the low fare airline.

### Security and insurance cost

The security and insurance cost of has increased due to the danger of the terrorism.

It has put the pressure on the airlines to spend huge amount of money for the protection which has increased the operating cost of the airlines.

### Economic situation

The world economy is now in its revival phase and it business activates are now once again has started.

It will bring the more opportunity for the airline industry as now people will once again start travelling for the business purposes.

### Social Factors

## FACTORS

## EFFECTS ON AIRLINE INDUSTRY

## IMPLICATIONS

## Changing buying behavior

Now the people are very price conscious and people are switching to the low cost airlines to save the money

There is an opportunity to target those customers.

## Immigrants and visitors

There are so many people come to the UK for the different purposes like educations, visits, jobs, health etc. and all these immigrants prefer the low fare airlines services.

It is an opportunity for the business to increase its sales and profits.

## Globalization

Globalization has also made the people to travel more frequently which is also in the favor of the airline industry.

Opportunity to increase sales.

## Technological Factors

## FACTORS

## EFFECTS ON AIRLINE INDUSTRY

## IMPLICATIONS

## Online selling of Tickets

Convenient and easy to buy tickets online. Increase customer's satisfaction and save their time.

Help in reducing the operating cost.

Internet/broadband technology

The use of internet and mobile technology is now more frequent due to the availability of internet technology at low rates.

Opportunity to increase sales online.

## **External Analysis fMicro Environment**

The micro environment of the EasyJet airline can be analyzed via porter five forces which include the horizontal forces and vertical competition. These five forces include the following:

### **PORTER'S FIVE FORCES**

Threat of new entrants

### **FACTORS**

### **LEVEL OF THREAT**

### **IMPLICATION**

Brand identity

Medium



The Easyjet brand name is known in the airline industry as the low fare airline. But not known globally.

High capital requirements

Low

To setup the airline business is not easy that huge amount of capital is required as when Easyjet started its business with a loan of £5 million with two leased aircraft.

Product Similarity

High

The products and services are similar. The services offered are same with the other competitors.

Lack of take-off and landing slots

Low

It is very difficult for the new entrant to find out the suitable airports.

Conclusion: The above factors show the level of threat of new entrants moving into the airline industry is very weak as the huge capital and the lack of take-off and landing slots are the biggest barriers.

Threats of substitute products

FACTORS

## LEVEL OF THREAT

### IMPLICATION

Switching costs

Medium

To travel from the train or car is not possible for the long distances but London to Paris can be reached by Euro Star

Threat of Substitute

High

Threat of substitute is very high because now people prefer the travel by sea or train than Air travel for the holidays or spending vacations purposes.

Conclusion: The substitution threat is medium as there is no substitute for the air travelling for long distances as it's requires less time and more safe than other substitute like sea or travel by train.

Buyer power

### FACTORS

## LEVEL OF THREAT

### IMPLICATION

Low switching cost

High

Due to low switching cost buyer can switch to the competitors products and services

Civil Aviation Authority (CAA)

Medium

CAA provides the customers security and protection. So, buyers have absolute power.

Buyer power

High

As customers will often shop around for the better price, particularly with the dependence that the low cost airline has on Internet sales.

Conclusion: the buyer power within the airline industry in UK is high as there are so many buyers are in the industry who seeks the low fare airline industry.

Competitive rivalry

FACTORS

LEVEL OF THREAT

IMPLICATION

Less switching costs

High

Customers switching from one product to another, making it difficult for airline companies to capture them.

larger number of firms

Strong

The huge numbers of airline companies are operating in the UK and airline industry is very competitive.

Brand identity

Medium

The Easyjet brand name is known in the airline industry as the low fare airline. But not known globally.

Fare rates

Low

EasyJet provides its products and services at the lowest fare rates in UK and Europe which is the competitive advantage.

Conclusion: the above analysis shows the rivalry within the fashion industry in UK is considered to be at the medium low level. It also shows an intense rivalry between competitors all aiming for a share in the airline market.

## **Competitors Analysis**

Airline industry is very competitive due to the number of choice available for consumers which include the Ryan Air, Lufthansa, Air France, British Airways etc.

Competitors

Products/market

Business direction

Strengths

Weaknesses

Competitive position

Ryan Air (1985)

Similar

No change

Strong brand identity

Low fare rates

Prone to bad press

Niche marketing

Major

British Airways (1974)

Similar

No change

Huge size

Customer loyalty

Brand awareness

Delayed & Cancelled Flights

Regular Strikes issues

Major

Air France (1933)

Similar

No change

Leading airline in Europe

Strong Brand Recognition

Higher Fare rates

Major

Lufthansa (1926)

Similar

No change

Fifth largest in terms of carrying passengers

Financial Resources

No economies of scale

Strong

The Competitors Matrix is presented and it summarizes these competitors in relation to Eazyjet airline. It shows that the competitive environment generally is tough and that it will be difficult to try to grow the business by taking customers from the key competitors in airline industry. There is always the threat of the competitors to the EasyJet that a little mistake can be the reason of losing the valuable customers. So, EasyJet should keep a close eye on the moves of its competitors to minimize the threat from the competitors.

## **Internal analysis**

### **Core competences**

Easyjet airlines core competencies are as follows:

Low fare rates airline as compared to the competitors

Effective employees and customer relation management

Commitment towards to the corporate social responsibility

Online selling of the tickets

Improved and innovative designs of the aircrafts, which make the air travelling more safe and secure.

Strong financial position within the industry

Most used airline service in the UK

## **Capabilities**

The capabilities of the EasyJet airlines can be evaluated by the analysis of its 5M's which include the Money, Markets, machinery, Men, and Material.

Money:

EasyJet airline is a giant multinational corporation of the world which is financially very stable and has not any restrains related to the finance accumulation.

Markets:

EasyJet airline is operating in the whole Europe, UK and along with some of other countries of the world. The market of the Easyjet is very broad and its still has adopted the strategy of going globally and will go into those untapped markets soon.

Machine:

EasyJet's major aircrafts are manufactured by the other company and Easyjet does not own that machinery which is used in the manufacturing of



these aircrafts but is trying to manufacture its aircrafts as its own but the company also own all the machinery and equipments which are used in the aircrafts like Refrigerator, Microwave Owen, etc.

Men:

EasyJet has employed almost 6666 employees all over the world and having very good relation with its employees and Easyjet always give value to its human resource and knows the importance of the commitment of its employees towards the company.

Materials:

Easyjet aircrafts always used the quality of the material in the manufacturing of the aircrafts and it is very difficult and its material is not purchased form one supplier.

## **SWOT Analysis**

This SWOT analysis of EasyJet analyzes the external as well as the internal environment of the EasyJet airline.

## **Strengths and weakness analysis**

Strengths and weaknesses are analyzing the Eazyjet internal capabilities and challenges.

## **PERFORMANCE IMPORTANCE**

Strengths Weaknesses

Major

minor

neutral

major

minor

High

Medium

Company reputation

Market share

E-business

Service quality

Pricing effectiveness

Distribution system

Global presence

Employees management

Customer Retention policy

Geographic coverage

Company Image

ISO 9001 Certified

Financial position

Corporate social responsibility

Innovative and unique designs of aircrafts

Growth Rate

Management skills

## **Opportunities and threats analysis**

Opportunity and threats give the external environmental insights.

OPPORTUNITIES

ATTRACTIVENESS

SUCCESS PROBABILITY

Increase in economic activities after recession

High

Product development

Low

International expansion

High

High investment in new technology and research and development.

Medium

Globalization

High

Changing in consumer behaviour

Medium

New market development

High

FOR THREATS

STRENGTHS

PROBABILITY OF OCCURENCE

SERIOUSNESS

Danger of Terrorism

High

Higher fuel prices

High

Increased competition

High

Strict laws and regulations

Medium

## **Marketing Plan**

After doing the marketing audit, it is now clear that EasyJet target market mainly consist on the customers who want the air travelling facility at low cost. If EasyJet wants to increase its market share it should go for the untapped market customers and should increase its target market by serving those customers who are financially very strong and prefers quality, speed, safety than the low cost airline services to save money. EasyJet should add more new customers to which they can easily serve and then EasyJet can capture more market share in the industry which will result in the more sales and profits. EasyJet should adopt the aggressive globalization strategy because its global presence is very weak.

## **EasyJet Current Target customers**

The target market of the EasyJet includes the local and international customers and the corporate sector both private and governments who travel domestically and internationally. EasyJet is targeting the lower income group of the market, who cannot afford the higher rates fares and EasyJet provides them superior quality of services. EasyJet target market includes the people of all age, gender, religion, occupation etc. The primary target market of the EasyJet is to serve those customers who travel for the business purposes and these are the most profitable segment for the EasyJet. The

second segment includes the students who travel for the purpose of study and go to their home towns, people travel for the spending holidays, and people travel for the jobs etc.

## **Products and Services**

EasyJet is an airline company who provides the air travelling services in UK, Europe and throughout the world. EasyJet is among the leading low fares online of the Europe. EasyJet's core business is to provide the air travel services to the customers but it is also providing the some additional services as per requested by the customers which includes the room reservations in hotels, arrange transportation for them, insurance, tourist guides etc (Official Website, 2010).

## **Marketing Objective of EasyJet**

EasyJet overall marketing objectives include the followings: EasyJet main marketing objective is to become a market leader in airline industry in future by generating more sales and profits via delivering the high quality of services and products within a specified period. The market share of EasyJet is very low in local and as well as international market. So, capture more market share will be in the priorities of the company. The effective marketing strategy will help the EasyJet in gaining the market share. EasyJet is operating in few countries including UK and Europe to expand its operations worldwide will be its objective. By adopting globalization strategy, EasyJet can expand their business worldwide. The importance of branding is increasing day by day as consumers are buying those products and services of those companies which have a strong brand name. EasyJet is having a

weak brand name which is its weakness. So, gaining the competitive advantage through having a strong brand name is also the objective of the EasyJet. EasyJet objective is to use the innovative and modern tools for marketing like use of internet for the marketing. The main focus of the EasyJet will be to use the modern and effective means of communication.

## **Marketing Mix of EasyJet**

### **Product Strategy**

EasyJet major product is to provide the people air travel services in UK and Europe. EasyJet is also providing some additional services to the customers as required by them which are hotel reservation, transportation management, tourist guide etc. The purpose of the Product strategy is to fulfill the need and desire of the customers. The product strategy will also disclose all the feature of the products and services of the EasyJet. EasyJet will also train his staff which will help in providing the best services to the customers. EasyJet product strategy purpose is to make their airline services as the inspiring part of the customer's journey.

### **Price strategy**

Customers always preferred those companies which create value for them by delivering the services at low rates and interested in their satisfaction and overall saving and cheap rates of the products. EasyJet price strategy will focus on providing the services and products to the customers at comparatively low rates than its competitors in industry. To provide the services at low rates is not difficult for the EasyJet because they are already

providing its services at low rates and is the leading low fare rates airline service in the Europe. EasyJet is using the hybrid pricing strategy which includes the skim and penetration pricing strategy. It is necessary for the EasyJet to keep their prices low, if they want to become market leader.

#### Placement strategy

EasyJet has always tried to provide the services to its customers to their convenient locations as its dealers are operating in the most potential markets of the UK and Europe. EasyJet distributes its tickets through independent dealers and they charge commission on the ticket sold. EasyJet airline is now focusing on reducing the involvement of the middleman and now focusing on the dealing with directly with customers. EasyJet now mostly sells its tickets via online directly through its websites. In that way, company can directly interact with the customers and chances of the miscommunication will be minimal. By reducing the number of independent dealers, EasyJet's overall cost will be minimized and EasyJet will transfer this benefit to the customers by reducing the prices of the tickets.

#### Promotion strategy

EasyJet will use the two categories promotional marketing program to promote the services and products of airlines. First will use be to promote the product and service of the EasyJet to the new customers and second will be to retain the existing customers. The main aim for these promotional campaign is to increase the company brand awareness and brand recognition among every person locally and nationwide.



In new client marketing program, EasyJet will target the new segment of the potential customers which has left and will attract them by offering them the services which they need. EasyJet will advertise heavily for attracting this untapped segment via using all the available mediums (print, electronic, radio, online etc.)

These programs focus will be to increase the profitability from per existing client. The company will give some special discounts and packages to the customers who will use the EasyJets services again. EasyJet will give the follow up calls to the customers about the existing available packages and benefits.

## **Budgeted expenses for the Marketing Mix**

### **Amount (\$)**

Product (employees training expenses, salaries, maintenance of aircrafts, etc.)

400000

Price ( discounts, special offers, etc.)

500000

Placement (delivery expenses, sales expense, transportation etc. internet cost)

250000

Promotion (including advertising, Telecommunications (eg. telephone, fax, internet service, cellular, etc.)

150000

### **Total Marketing Mix expenses**

**130000**

### **Total Budget for Marketing Mix of EasyJet**

If EasyJet adopts this marketing Mix plan than this cost will be incurred and company has to bear this. Budget is allocated on the basis of EasyJet's previous experiences and current market situation has been analyzed that how much effort is required by the EasyJet to implement this marketing Mix plan. There is no hard and fast rule for allocating this budget and while making this budget management and people who are involved, their feedback has also taken.

### **Evaluation and Control**

The formal controls that are required for the proper implementation of marketing plan for EasyJet will include:

Financial resources

Capital expenditure

Additional human resource

The types of process controls that will be needed during the execution of the marketing plan include:

Management training

Management commitment to the plan and to employees

Revised employee evaluation

The overall performance evaluation standards will include of EasyJet

Marketing plan:

Increased Customer satisfaction and retention or not

Increased Dollar sales and sales volume or not

Increased Market share or not

The product performance standards include:

Whether Product meets its specifications or not

Whether Core product quality is delivered or not.

New product innovation, branding, and positioning

The price performance standards include revenue targets, supply/demand balance, price elasticity or yield management.

The distribution performance standards include distribution effectiveness/efficiency, supply chain integration and value delivered.