

Easyjet marketing strategy analysis



**ASSIGN
BUSTER**

Jump to: Easyjet PEST Analysis| Easyjet SWOT Analysis| Easyjet Marketing Mix| Implementing and Managing Easyjet’s Policies| CSR at Easyjet

This technical report has been ordered to clarify the e-marketing strategies implemented by the EasyJet airline to gain competitive advantages over its rivals in the marketing for low cost aviation. Situation analysis present position and industry of EasyJet by use SWOT and PEST model.

This report looked at the various strategies used by EasyJet and researched in depth the European budget airline industry. The main objective is to study EasyJet’s successful e-marketing campaigns.

Since 1995, EasyJet Airline Company Limited is a great and successful example of a European airline. The chairman Stelios Haji-loannou (Greek) founded the company this year. It is based on the US carrier SouthWest, and is low cost, no-frills model. Stelios hired an expensive brand consultancy and offered them £100, 000 to come up with one. A month later, the consultants turned up at EasyLand with magazine clippings attached to pieces of cardboard. Unimpressed by their efforts, Stelios promptly fired them. In the end, he came up with the airline’s name himself. The word ‘ easy’ kept on coming into his head, so he decided to christen the airline EasyJet. For the company logo he went to a small local design consultancy, White Knight, which gave the airline its famous shade of orange, know as Pantone 021C, used by no other airline at the time or since. The design consultancy then created a simple set of graphics for the airline’s first advertising campaign.

In 1995, EasyJet starts flights from Luton to Glasgow and Edinburgh with to leased Boeing 737-300 with a capacity of 148 seats at a price of only £29 for

<https://assignbuster.com/easyjet-marketing-strategy-analysis/>

one way ticket. Glasgow and Edinburgh are the first routes. The logic was simple: southern Scotland was the biggest domestic market from London for which air was a sensible alternative to road or rail. The airline opened a telephone reservations centre and took its first booking on 23 October 1995. The phone at the EasyJet telephone reservation centre started ringing and never stopped. They were in business.

Two years later, EasyJet launches its website, easyjet.com. Web bookings grew from zero to 26 per cent of business within a year. On the first day of trading during one promotion, 13, 000 seats were sold, believed to be a record for the most commercial transactions carried out on the internet in 24 hour period.

By mid-1999, when its internet sales represented 58 per cent of the total, EasyJet became the first airline to make more sales on the internet than through normal telephone reservations. In March 2000, EasyJet reached two million seats, and it took only another three months to reach the three million mark. By 2001, online bookings regularly reached 80 per cent, the highest proportion of online sales for any airline in the world.

In financial view, EasyJet plc was listed on the London Stock Exchange (LSE: EZJ) and was a constituent of the FTSE 250 Index on 5th November 2000. In October 2004, the international investment company FL Group was purchased an 8. 4 per cent stake in EasyJet. In 2005, FL Group increased its share in the company to 16. 9 per cent.

Lois (2005) mentioned that, according to the investment house, EasyJet was becoming a paperless company with a powerful electronic infrastructure. The <https://assignbuster.com/easyjet-marketing-strategy-analysis/>

results were lower administration costs, better management information and more responsive decision making.

Situation Analysis

In this chapter, I will present position and analysis the current position using both of used SWOT and PEST model.

PEST Analysis of Easyjet

The following factors are likely to have an influence on the EasyJet.

(P)olitical factors

In 1990 the European deregulation of commercial aviation coincided with the expansion of the low cost airline industry. The LCC in the industry were able to take advantage of the relaxed laws and expand their operations. On the other hand, threat of war in the East Euro and EU east enlargement may provide access to viable the new markets were also the political factors of EasyJet.

(E)conomical factors

Mercer Management Consulting (2002) reported that the low cost airline market conforms to the criteria of three components. Firstly, it provides a simple product consisting of no seat reservation, free seating, and adequate in flight service. They are a genuine no frills airline with a simple product offered to the market. Webster (2004) noted EasyJet's ability to maintain a high degree of customer focus through a new, user friendly website with an improved booking process.

Secondly, mergers and acquisitions is also the low cost airline market's characteristic; the expansion of existing low cost airlines and finally, market exits as a result of bankruptcy. Finally, the industry operates a low cost ethos, which is maintained by lean sales, high productivity of resources, low maintenance costs and low wages.

(S)ocial factors

The low cost carriers position their product to leisure travellers and non business travellers. However EasyJet has differentiated itself by targeting the business and leisure segments. This behavioural segmentation creates a more dynamic edge in comparison to their competitors who solely focus on leisure travel. Thus, EasyJet must ensure that its strategy is tailored to a wider market. Walton (2005) confirmed that EasyJet was presented as a European low cost airline with a current reading of 26 million passengers in 14 key countries. It has 190 routes to 58 airports and 163 million people live within one hour of EasyJet's airports.

(T)echnological actors

Low cost carriers have the ability to maintain a high degree of customer focus through user-friendly websites with improved booking processes. These websites have the capability of charging bookings with greater ease and utilising an easy to use fare finder to obtain the cheapest fares. Selling tickets via the technological medium of websites and hence by having no travel agents, they avoid paying agency commissions.

SWOT Analysis of Easyjet

(S)trengths

EasyJet was used the bright orange as Pantone 021C, used by no other airline at the time or since. It have a successful financially which they cut out all meals and snacks on travel tour, can reduced the cost of operation. Have more flexible organisation and being seen as an innovative.

The airline opened a telephone reservation centre is a strong e-business on 1995. EasyJet is also was a part of the consortium and have awarded by UK' air traffic control system ' National Air Traffic Services (NATS)'.

Single model of aircraft reduced training, maintenance and supervisory costs. At last, EasyJet has been wisely investing in strong brand build measured like advertising and television shows ensured high brand recall.

(W)eaknesses

Below have some weaknesses for EasyJet organisation. It continued sustenance of cost leadership can be difficult in a dynamic market. The two drivers of growth, the focus on price and the focus on convenience seem to be reached their natural limits and differentiation from there could become difficult.

The airline does not own the ' EasyJet' brand, it's owned by Sir Stelios and as a result, does not have control on its performance of other products and services used the same name. It also loss of usage in future could adversely affect its own market performance.

(O)pportunities

Recent expansion of the EU has resulted in open of new markets for the LCCs. Their low fares will increase movement of job seekers across borders and also promote the tourism industry, lead to economic growth.

Consolidation could help EasyJet to a certain degree offset the pressure on its costs and fares. Otherwise, vertical and horizontal expansion could be an important option for EasyJet for growth in mature markets and offset any future threat of increased in service provider costs. Withdrawal of traditional airlines from less traffic-intense routes could be an opportunity for expanded. EasyJet does not seem to have any flights to Scandinavian capitals like Stockholm and Helsinki where immigrant flow was on the rise.

(T)hreats

The threats of EasyJet had some factors. Terrorism and catastrophic loss can result in lesser air travel and loss of infrastructural support, war threats and outbreak of epidemics or pandemics could increase apprehensions about air travel. Technology advancement in the conduct of business meetings like video conferencing can be detrimental to short distance flights and impending increased in environmental taxes could increase costs.

In addition, limited or no slot availability could be hurdle in future expansion plans and due to its limited fuel hedging policy, EasyJet is more vulnerable to fuel price fluctuations increased by variability in its costs. Currency fluctuations is also the factor of threats, it will affect especially the US dollar denominated costs like aircraft purchase, aircraft financing costs, maintenance reserve payments, fuel purchase etc.. Excess capacity and cost

cutting tactics by competitors can affect passenger traffic on popular routes. Imitation of some main no-frills features by traditional airlines on same routes can confuse and blur the distinctive image of any LCC.

Additional, traditional players can partly switch over or start their own baby low cost airline. Last, dependence on third party service providers could cause problems when any of these contracts are not renewed or negotiation of suitable replacement does not take place or if higher rates are charged.

eMarketing Strategy Analysis

This chapter was analysis what eMarketing strategy has the EasyJet adopted or is planned to adopt and what is the value proposition and differential advantage of this strategy.

Marketing application of internet marketing

Internet based media offer a range of opportunities for marketing products and services across the purchase cycle. EasyJet illustrate the applications of internet marketing since they show how organisations can use online communications such as their web site, third-party web sites and e-mail marketing as:

- Direct response medium: EasyJet uses sponsored links when a user is researching a flight using a search engine to prompt them to directly visit the EasyJet site by clicking through to it. Similarly the EasyJet e-mail newsletter sent to customers can encourage them to click through to a web site to generate sales.

- Platform for sales transactions: EasyJet sells flights online to both consumers and business travellers.
- Customer service mechanism: Customers serve themselves on easyJet.com by reviewing frequently asked questions.
- A relationship-building medium where a company can interact with its customers to better understand their needs and offer them relevant products and offers. EasyJet uses its e-mail newsletter and tailored alerts about special deals to help keep its customers and engage them in a dialogue to understand their needs through completing surveys and polls.

Consumer matrix

Bowman and Faulkner (1997) were also mentioned that the consumer matrix details that customers have with regard to the service or product offered to them and the prices charged.

When used this theory to apply in EasyJet, can “guestimate” the general perception generated by the market. EasyJet’s flights was offer the value to consumer as gained the benefits from the online or telephone transaction relative to price appear favourable in comparison to another competitors.

In the view of heterogeneousness, according to the demands for the service, indicated that, “one service meets all demands” might be let it to the wrong competitive strategy.

More consumers were demand the low cost alternative and price sensitive with the airline segment. EasyJet was in order to attain sustainable competitive advantage by the customer matrix price strategy.

Marketplace channel structures

Channel structures describe the way a manufacturer or selling organization delivers products and services to its customer. The distribution channel will consist of one or more intermediaries such as wholesalers and retailers.

The relationship between a company and its channel partners shown in below figure can be dramatically altered by the opportunities afforded by the internet. This occurs because the internet offers a means of bypassed some of the channel partners. This process is known as disintermediation or ‘cutting out the middleman’.

Benjamin and Weigand (1995) calculated that, using the sale of quality shirts as an example, it was possible to make cost saving of 28 per cent in the case of (b) and 62 per cent for case for (c). Some of these cost savings can be passed on to the customer in the form of cost reductions.

‘ 6 Is’ of eMarketing

In this section, I used the McDonald and Wilson (1999) as the ‘ 6 Is’ of eMarketing to summarised the differences between the new media and traditional media. The ‘ 6 Is’ are useful since they highlight factors that apply to practical aspects of internet marketing such as personalization, direct response and marketing search, but also strategic issues of industry restructuring and integrated channel communications. The ‘ 6 Is’ are Interactivity, Intelligence, Individualization, Integration, Industry restructuring and Independence of location. But in this case, I only focus one of the factors – Integration, for used by this theory.

The Internet provides further scope for integrated marketing communications. Below figure show how it is just one of many different media channels. When assessed the success of a web site, the role of the internet in communicating with customers and other partners can best be considered from two perspectives.

The EasyJet web site can be used as a direct response tool enabled customers to respond to offers and promotions publicized in other media. The web site can also have a direct response or call back facility built into it. The internet can be used to support the buying decision even if the purchase does not occur via the web site. Customer information delivered on the web site must be integrated with other databases of customer and order information such as those accessed via staff in the call centre to provide what Seybold (1999) calls a '360 degree view of the customer'.

The internet can be used to support customer service. In EasyJet, who received over half their orders electronically, encourage users to check a list of frequently asked questions compiled from previous customer enquiries before contacting customer support via phone.

Marketing Mix

The marketing mix – the 4 Ps of Product, Price and Promotion originally proposed by McCarthy (1960) – is used as an essential part of implemented marketing strategy by many practitioners.

- Price

Baker et al. (2001) have mentioned that the price element of the marketing mix refers to an organization's pricing policies which are used to define pricing models and, of course, to set prices for products and service. In EasyJet case, low price is a key element of the brand. Used differential pricing, booking in advance makes a ticket less expensive and off-peak travelling. Additional, can get the discounts for tickets though online booking.

- Product

There are many alternatives for buying the product when EasyJet was developing its online strategy back then. The EasyJet website also has car rental, hotel booking services and links to other EasyGroup website. It also provided point to point services.

- Place

Allen and Fjermestand (2001) were discovered that that the internet has the greatest implications for place in the marketing mix since the internet has a global reach.

Internet booking system and open a telephone reservation system were the new channel structures for book the tickets.

- Promotion

Specification of the promotion was usually part of a communications strategy. EasyJet highlights it's a number one position among Europe's low cost carriers. Prints are in bright orange telephone booking number and website link on the side of its aircraft.

Competitive Strategy

Michael (1980) has described three general types of strategies that are usually used by organisation. There are cost leadership, differentiation strategy and market segmentation strategy. But in EasyJet's case, only two basic of competitive advantage was used: cost leadership and differentiation.

Differentiation strategy

EasyJet had made prominence attempts to make their product pop out from its low cost airline competitors.

McDaniel (2000) mentioned that a product differentiation feature acts as competitive advantage was no longer alive. Also, EasyJet was generally the trend-setter for differentiation its market.

Shiv and Alfred (2001) was discovered a matrix for classifies and identifies types of competitive positioning. EasyJet provided differentiation service of many routes to major airports such as Gatwick airport which shifts the focus to high produce traffic while abnegate economic and operative advantages of secondary airports.

For the merchandise differentiation, EasyJet provide more variables such as have self check in kiosks, unrestricted baggage restraints, easy of use for the website and booking of tickets, these features of differentiation can helps the customers to enhance their purchase power with EasyJet.

Implementation of Strategy

How is the management creating new core and extended value for customer?

EasyJet have the three main components to create new core and extended value for customer, the first was provide the number one safety airline, the

<https://assignbuster.com/easyjet-marketing-strategy-analysis/>

second was build up a number one air transport network, and the last was enhance easyjet. com.

Provide the number one safety airline:

In 2009, EasyJet saw the introduction of a new Safety Management System (SMS), it's provided a framework for safety compliance and manage the two pillars of safety performance at EasyJet. With active support by the European Aviation Safety Agency's European Commercial Aviation Safety team, the Safety Management System was a continuous improvement process.

Build Europe's number one air transport network:

Slot management: EasyJet thinks departure time was very important to all customers, both of business trips and weekend breaks. Different from other competitors, who used smaller, much less convenient airports, and more remote, over 90 per cent of EasyJet aircraft operate into and out of congested airports. At these busy business and facilities, where slots were at a premium, EasyJet work hard to build up their portfolio across Europe. The slot management team has expertise and considerable capability, with over 60 years of extensive contacts and combined experience at European airports.

Base Management: Overnight stops can create unnecessary costs. EasyJet were located aircraft and crew by managing the bases, they were able to maximise revenue and improve efficiency. Constantly under review the base location. For example, since 2006, EasyJet increased the number of aircraft

based in Italy and France. Such as Luton, they also reduced capacity at under performing bases.

How is the management balancing their online and offline promotion methods?

Efraim (2008) mentioned that, in a click and mortar business, the allocation of resources between offline and online activities can create difficulties.

Especially in sell side projects, the two activities can be viewed as competitors. In this case, personnel in charge of offline and online activities may behave as competitors. This conflict may cause problems when the offline side needs to handle the logistics of the online side or when prices need to be determined. Corporate culture, the ability of top management to introduce change properly, and the use of innovative process that support collaboration will all

Pricing Strategy

Traditional methods for determining price are the cost-plus and competitor models. Cost-plus means adding up all the costs involved – material, labour, rent, overhead, and so forth and adding a percentage mark-up as profit. The competitor model determines price based on what competitors are charging for similar products in the marketplace.

Pricing products and services for online sales changes these pricing strategies in subtle ways:

Price comparison is easier: In traditional markets, either the buyer or, more often, the seller has more information than the other party, and this situation is exploited in determining a product's price. By facilitating price

comparison, the EasyJet's internet booking system helps created what economists call a perfect market – one in which both the buyer and the seller have ubiquitous and equal access to information, usually in the buyer's favour.

Online and offline goods are priced differently: In EasyJet's pricing strategy, it was difficult for click and mortar company. Setting prices lower than those offered by the off-line business may lead to internal conflict, whereas setting prices at the same level will hurt competitiveness.

Differentiated pricing can be a pricing strategy: For decades, EasyJet have maximized revenues with yield management – charging different price for the same product. EasyJet is in the B2C marketplace, one-on-one marketing can extend yield management from a class of customer to individual customers. Bockstedt et al. (2005) also mentioned that, 'versioning is selling the same good but with different selection and delivery characteristics, is especially effective in selling digitized goods.'

Last minute deals: It is attention that, in practice, last minute deals were sometimes offered, often at very low prices. If the airline decides to launch in such offers, either via a reseller or directly, it can set a new price that will allure the lower end of the tourist segment that didn't purchase tickets. Last minute deals were always made very close to the actual flight time.

The overall impact of these changes is good news for the consumer. Internet technologies tend to provide consumers with easier access to pricing information, which increases their bargaining power. To remain competitive and profitable, sellers will have to adopt smarter pricing strategies.

<https://assignbuster.com/easyjet-marketing-strategy-analysis/>

Specifically, business will have to look at ways of using the internet to optimize prices, primarily through greater precision in setting prices, more adaptability in changing prices, and new ways of customer segmentation for differentiated pricing.

What impact is the implementation of strategy having upon the performance of the business?

To improve results for any aspect of any business, performance management is vital. The process and systems intended to monitor and improve the performance of an organization and specific management activities such as internet marketing are widely known as ‘ performance management systems’ and are based on the study of performance measurement systems.

Defining the performance metrics framework:

Kotler (1997) mentioned that measurement for assess the effectiveness of internet marketing also be related to different levels of marketing control. These include strategic control, profitability control, annual plan control and efficiency control. Efficiency measures are more concerned with minimizing the costs of online marketing while maximizing the returns for different areas of focus such as acquiring visitors to a web site, converting visitors to outcome or achieving repeat business.

Chaffey (2000) presents a framework of measures which can be applied to range of different companies. Metrics for the categories are generated as objectives from internet marketing planning which then need to be monitored to assess the success of strategy and its implementation.

Business contribution

A contribution to business profitability is always the ultimate aim of e-commerce. To assess this, leading companies set an internet contribution target of achieving a certain proportion of sales via the channel. When EasyJet ([www. easyjet. com](http://www.easyjet.com)) launched its e-commerce facility in 1998, it set an internet contribution target of 30 per cent by 2000. They put the resources and communications plan in place to achieve this and their target was reached in 1999. Assessing contribution is more difficult for a company that can not sell products online, but the role of the internet in influencing purchase should be assessed. Discounted cash flow techniques are used to assess the rate of return over time. Service contribution from e-channels should also be assessed.

Tools and techniques for collecting metric and summarizing results

Techniques to collect metrics include the collection of site visitor activity data such as that collected from site log files, the collection of metrics about outcomes such as online sales or email enquiries and traditional marketing research techniques such as questionnaires and focus groups which collect information on the customer's experience on the web site. I start by describing methods for collecting site visitor activity and then review more traditional techniques of market research which assess the customer experience.

EasyJet was used customer relationship management CRM software to enhance its online booking server and reduce operational costs.

Tony (2006) mentioned that CRM was specifically about gather customer's information to provide their own customer service through the web. The CRM system was centralised all the data and information and allows innovations in customer service to be deployed and tested. An email marketing automation tool and a pilot voice self service solution is also can provide and enhanced levels of customer support with EasyJet.

Legal and ethical issues

Plamer (2005) mentioned that business ethics defines how a company integrates the core values of honesty, trust, respect, and fairness into its policies and practices and complies with legal standards and regulations. The scope of business ethics has expanded to encompass a company's actions with regard not only to how it treats employees and obeys laws but to the nature and quality of the relationships with shareholders, customers, business partners, suppliers, the community, environment, and future generations. European companies especially have embraced this expanded definition of ethics.

e-Commerce ethical issues

Two additional e-commerce related ethical issues are non work related use of the internet and codes of ethics.

Non work related use of the internet

EasyJet had a policy to avoid the employees used email and the web for non work related purposes. The use of company property for email and inter use creates risk. The degree of risk depends on the extent to which the company has implemented policies and procedure to prevent and detect illegal uses.

EasyJet was also held liable for their employees' use of email to harass another employee, participate in illegal gambling, or distribute child pornography. Some employees may use the company email to advertise their own business. Used other corporate computing facilities for private purposes may be a problem.

Codes of ethics

Volonino and Robinson (2004) were discovered that a practical and necessary approach to limit non work related internet surfing is an internet Acceptable Use Policy (AUP) that all employees must agree to. Without a formal AUP, it was much more difficult to enforce acceptable and eliminate unacceptable behaviours and punish violators. Whenever a user signs on to the corporate network, the user should see a reminder of the AUP and be notified that online activities are monitored. Such notification should be a part of a code of ethics.

EasyJet have some corporate web policy guidelines, such as issue written AUP guidelines about employee use of the internet and communication systems including email and instant messaging; make it clear to employees that they cannot use copyrighted or trademarked material without permission. Post disclaimers of responsibility concerning content of online forums and chat sessions. Make sure that web content and activity comply with the laws in other countries, such as those governing contests and privacy.

Corporate Social Responsibility

A recent report (University of Exeter Business School 2010) has suggested that Corporate Social Responsibility (CSR) was an approach to business that takes account of issues combine with environment and society in addition to the more traditional business consider of profits and shareholders. CSR was not a new concept, it has evolved from its provenance in 19 century corporate charity and much attention both in policy circles and academic.

EasyJet's goal was ensure have an efficient as possible in the existing business, both on the ground and in air, and found some method to minimise its environmental impact in the future. The below details was show the EasyJet how to manage and monitor its environmental impact.

The impact of EasyJet on the environment was involved the following:

- Greenhouse gas emissions: water vapour, nitric oxide and nitrogen dioxide (together NO_x), carbon dioxide (CO₂), some of which at altitude.
- Particulate emissions: soot and sulphate particles, some of which at altitude.
- Waste: chemical was involved in aircraft.
- Noise.

EasyJet didn't have full CSR policy, buy they have an ' Environmental Code' with three promises, first one was to be environmentally efficient in the air, and the second was an environmentally efficient on the ground and last was to lead in shaping a greener future for aviation.

- EasyJet strives to be efficient in the air:

<https://assignbuster.com/easyjet-marketing-strategy-analysis/>

EasyJet was investment in the latest technology such as buy the new aircraft, the new technology aircraft were more fuel efficient than older models.

Efficient use of aircraft, each of Airbus A319s carries 26 per cent more seats than the norm and potentially carries 57 per cent more passengers per flight than the European norm.

Provide direct point to point flights, avoidance of air congestion and monitors its performance relative to other transport options.

- EasyJet strives to be efficient on the ground:

EasyJet' policy was to use the most efficient and simple ground equipment and simple airport infrastructure requirements. EasyJet was also keeps surface journeys to a minimum and minimal waste, such as no frills service was designed.

- EasyJet leads the way in shaping a greener future:

EasyJet shaped European policy on making air traffic system more efficient and actively engaging with aircraft manufacturers to influence next generation technology.