

# Case study- ryanair

Business



The questions above are discussed in a flowing matter of the subject and not necessary answers them separately.

They are all Interrelated and go back and forth, mainly question no two and three. ] Introduction: Since its inception in 1985, the Irish based airline (Rainy website) Rainy, is currently Rupee's leading budget carrier has experienced a rapid growth of the airline as a result of providing low cost, no frills service and designed low fare flights to stimulate demand whose Idea originated by Michael O'Leary who was appointed CEO In 1994.

It originally provided scheduled Lorene services between Ireland and he K, with its biggest operational base at London Standee Airport, I-J. Following Michael O'Leary intervention, thanks to his determination, the company has now grown massively into one of the Rupee's first and largest low fares, no-frills carrier.

Furthermore, it delivered 12% increase in profit despite a 74% increase in fuel cost, ancillary revenue grew by 36% later turning the airline to the most profitable airline In the world, on the basis of operating, and net profit margins. This steady growth has carefully guided by the genius yet controversial methods that have been used hill competing with their main industry rivalries at the time- Asset, BAA and KILL.

Leadership style of Michael O'Leary: The two main leadership styles Involved are transformational and transactional leadership.

By definition, transactional leadership focuses on the role of supervision, organization and group performances, whereas, the transformational

leadership style conveys on a clear vision, leads more to a positive change in those who follow and not only are these types of leaders passionate, energetic and enthusiastic, they go above and beyond each member of the group to succeed. Both types are gravely deed in guiding organizations to success.

Management styles range from a liaises faller approach to a more rolled autocratic or micromanaging styles, never It Is up to ten type AT manager one connotes to portray and apart from their goals, how do they coma about in achieving them through the treatment of their employees. In addition to this, different techniques are employed to boost employee performance or accomplish internal change.

Whatever one chooses to adapt, it is crucial to the long term success of the company.

In the case of Michael O’Leary in the Rainy case study, his leadership style shifted room the transactional to the transformational leadership and in contrast to operating a full service conventional airline at first, it later strives to become Rupee’s first low fares, no frills carrier. An article posted in 2012, by Mark Peg, director at Cashiered Business School, comments with observation to Mr.. O’Leary leadership style quotes: “ By any measure, he has succeeded and delivered wealth to his shareholders beyond their wildest dreams. Tuttle (2012) suggests that O’Leary leadership style has generated many controversial arguments within the business environment and has been described as aggressive, provocative, arrogant and irritating g.

More who agree, emerge from posted online comments (Anderson, 2012), which are, moreover, supported by some of the most well known and important personalities in the business world, such as EX. Commissioner Phillips Buskin.

One may ask whether Michael O’Leary is an asset or a liability to Rainy in the case study, however it suggests that it might actually be both. It is without a doubt that due to the enthusiasm, clear viewed determination and strategic insight, these characteristics were proven to drive the company forward. It is even stated in the case study how staff recognizes O’Leary as charismatic, supportive and in good relation with his employees, in order to keep motivation levels high, and maintain their performances at its peak.

The Concept of Value Chain and core Competences The value chain refers to the activities within a single company; In Competitive Advantage: Creating and Sustaining Superior Performance, Michael Porter summarizes the term value chain as.

“.. The set of activities through which a product or service is created and delivered to customers” (Properties , peg 74).. \* The Generic Value Chain simplified: The analysis of Ryan’s value chain is fundamental while determining the main activities that have been elaborated by focusing in executing their unique business model that’s being a low cost budget airline.

Primary Activities \* Low cost operations \* High productivity \* Free publicity and internet sales \* Low cost suppliers and quality training secondary Actively \* Low cost marketing \* Limited crew on board \* Alliances \* Discounts Outbound Logistics/ Technology Development \* Ryan’s income is earned  
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through direct sales, dodging commission to third \* Increased connection with customers, parties (I.

. Agencies/tour operators). Through internet booking systems \* Control over the service efficiency has improved. Weakening human capital costs through employees who now must pay for their own training through centralized recruitment and training program system. \* Added value to the quality of service Human Resource/Service \* Staff incentives (I. E.

Bonus and rewards) based on number of hours flown \* As a result, staff work an increasingly amount of hours and enthusiastically sell more onboard products \* Reduced cost by utilizing low-cost facilities (I. E. Raiding stares) \* Maximize aircraft utilization Increased pace of turnarounds \* Decrease in delays and baggage loss \* All of the above results to the added value of the customer's satisfaction rate Procurement/London Logistics Added Value: New Aircraft= reduced carbon emission planes by 50% and reduced noise pollution by 45% respectively. Direct competitors such as Air Lingua, Asset, BAA and others have tried to adapt similar Rainy strategies such as the extra fee at the checking desk if not registered online or pre-booking seat online for additional charge.

Despite their desperate attempt they shall always remain one step behind, season being for the simple fact that by the time favorable result begin to show for the competition- Rainy already made plans of expanding their current strategies more in depth (De Wit, 2010). The competitive position of Rainy using Suitable Models: Porter's Five Forces: Porters Five Forces model helps to gain a holistic view of an industry by considering barriers to entry,

supplier power, buyer power, threat of substitution and competition

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2008). This framework helps Rainy, assess and understand the forces involved which help shape the competition and their level of intensity, thus positioning the company at a higher level compared to their competitors by rigorously molding its strategy (Gruntig, 2011). Moreover, using Porter's five forces (Diamond) analytical tool assists in analyzing competitive environment for Rainy, as well as position itself in the marketplace.

Within this model, there are five different generic strategies to choose from in order to help a company to establish and exploit a competitive advantage within a particular scope and by applying these strengths the three generic strategies that arise as a result are cost leadership, differentiation and focus. In the case of Rainy, these three generic strategies have indeed been utilized through firstly offering the lowest possible cost of fares in contrast to their competitors, as well as its clever touch on narrower customer segment, concentrating on UK and Irish business travelers who can not afford to fly with other major airlines.

This case study also proved that using the five forces, it helped define the level of competition among different airline companies, in this case Air Lingua, Easy Jet and BAA at that time, thus forced to implement an intensive cost focus strategy, and preserving it during its years of development.

Threat of New Entrants- LOW \* High capital investment \* Compete on limited routes \* Restricted slots availability, making it more difficult to find suitable  
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airports Threat of supplier: negotiations taking place regarding innovation in designs. Currently Rainy is a valuable customer for Boeing) Threat of Rivalry- HIGH \* The highly competitive market of low fare airlines \* Current Rivals: Are Lingua, Easy Jet, Air Perceiving Express, Lufthansa, Air Berlin and German Wings Threat of Substitute Products and Services- MEDIUM These are determined by many different factors such as brand loyalty, current trends r change in technologies. Substitutes: cars, busses, speed trains, ferries and other low fair airlines \* Alternative products offering better performance at a lower price Bargaining Power of Customers- HIGH \* Customers are more price sensitive as there are many players in the market to choose from, meaning that competitive prices must be kept in order to capture market share.

Competitive Rivalry within the Industry- HIGH SOOT Analysts: Strengths- As Rainy was the first to launch low cost flights in Europe, it continues to maintain its position as one of the lowest cost airline in Europe, and despite presence f other low cost airlines, it's main advantage is the way it's managed to lower costs in order to sustain low fares yet remain profitable.

This is done by the following: \* Fleet commonality \* Contracting out of service \* Airport Charges and Route Policy \* Staff Costs and Productivity \* Marketing Costs Moreover, Michael O'Leary aggressive and innovative leadership style led to a strong brand image and evolved into a larger market share with strong bargaining power in airport deals as well as, new fleet resulted in maximum aircraft operation.

Weaknesses- The myth behind any 'press is good press' is a contradictory one and at times even proves to be successful, however, in this case the publicity earned through negative press reports has proven to be affecting the brand image. Not to mention the misleading advertisements regarding ticket fares and destinations. Also, providing poor customer service, as well as the low understanding of their employees, is incredibly damaging to the company's success. Moreover, to some, the use of in-flight model phones and gambling can deter some customers from choosing Randal as their carrier.

Last but not least, its vulnerability to the rise in fuel prices translates to 35% of European costs and the industrial relations are definitely affected when unions were not recognized and relationships with pilots were fraught, thus sadly forming an antagonistic relationship with competitors as well.

Opportunities- Further growth by potentially expanding into central and eastern Europe, providing more tourist destinations, and by advanced cost reduction  
Threats- Travelers are beginning to seek greater value proposition, rather than just low fares anymore.

When alliances merge amongst competitors (and they will be formed) it dominates the whole meaning of possible threats the same way that two minds work better than one' and increased competition creates the possible threat of new low cost entrants to the industry. The substitute of transportation could also be an issue as the world's innovation continues to grow each day (I. E. Cars, buses, coaches, speed trains- Roaster.. With increased innovation follows the growth of industry criticism and words could



sometimes prove harsher than activities as we all know the famous proverb: 'sticks and stones may break my bones, but words will never harm me'.

Not to forget the possible rise of Oil and regrettably- terrorism! PESTLE Analysts: A comprehensive understanding of the external environment growth or decline business position, potential and direction for operations (Kettle, 1998).

Rainy is currently working in, providing information about factors that might influence the outcome of Ryan's performance (political, economical, environmental, social, technological, legal and economic). In conclusion, the Rainy case study, continuing to be lead by Michael O'Leary, the company will maintain its constant progress- providing its low cost and no frills flights whereby the basic needs on board will be provided as consistency maintained t a very low cost. Bibliography Chain Kim, W. And Unbroken, R. 2005, Blue Ocean Strategy: From Theory to Practice.