

# [Jetstar](https://assignbuster.com/jetstar-essay-samples/)

Task 1 a) Executive Summary 1. Brief description of products and services Domestic Air Freight International Air Freight Freighter Charter Ground Handling Retail Fleet and Equipment Online Solution 2. Define Target Market 3. Competative Advantage 4. Positioning Statement 5. Anticipated sales, profits and market share The Jetstar Group is the largest low cost airline in the Asia Pacific by revenue and has flown over 100 million passengers since it launched in 2004.

During fiscal 2011-2012, the airline carried more than 20 million passengers, making Jetstar the fastest-growing airline in the Asia Pacific to reach this milestone in seven years of flying. The Jetstar Group has grown from providing employment to 400 people in 2004 to more than 7, 000 across the Asia Pacific today. Collectively the Jetstar Group offers over 3, 000 flights a week to 57 destinations in 16 countries and territories across the Asia Pacific region with a fleet of around 95 aircraft.

Jetstar is a value based, low fares network of airlines operating in the leisure and value based markets. Jetstar’s mission is to offer all day, every day low fares to enable more people to fly to more places, more often. Strategy and structure Jetstar is part of the Qantas Group’s two-brand growth strategy, where Qantas competes at the premium and business market and Jetstar focuses on leisure markets. The Jetstar Group comprises: Jetstar Airways in Australia and New Zealand (wholly owned by the Qantas Group) Jetstar Asia based in Singapore.

The company is managed by Newstar Holdings, majority owned by Singapore company Westbrook Investments (51 per cent), with the Qantas Group holding the remaining 49 per cent Jetstar Pacific based in Vietnam (majority owned by Vietnam Airlines with the Qantas Group holding 30 per cent) Jetstar Japan, a partnership between the Qantas Group, Japan Airlines, Mitsubishi Corporation and Century Tokyo Leasing Corporation Jetstar Hong Kong, a partnership between China Eastern Airlines and the Qantas Group (subject to regulatory approval). Brand

The Jetstar brand design is based on the Southern Cross constellation, with the orange star representing the smallest star of the Cross, Epsilon Crucis. The airline’s colours, orange, silver and black were chosen for their bold and modern feel. Fleet Current fleet: As of December 2012, the Jetstar Group fleet consists of 96 aircraft, including: 79 Airbus A320-200 aircraft, seat-configured for up to 180 passengers Six Airbus A321 aircraft, seat-configured for 220 passengers 11 Airbus A330-200 aircraft, with two cabins (economy and business) for up to 310 passengers Fleet orders:

Jetstar has ordered 14 Boeing 787 Dreamliners, which are due to be delivered in 2013. These new-generation aircraft include features such as larger windows, improved cabin pressure to reduce jetlag and fuel consumption about 20 per cent lower than similar-sized aircraft. In August 2011 the Qantas Group placed an order for 110 Airbus A320s. The Jetstar Group has access to these aircraft to facilitate its growth. This includes 78 A320 NEOs (New Engine Option), which reduce fuel consumption by 15 per cent and will be available for delivery from 2015. In total, Jetstar has about 150 aircraft on back order.

Network The Jetstar Group’s network is made up of 56 destinations in 16 countries and territories. Check out our interactive route map to find out exactly where we fly. Low fares Jetstar aims to have the lowest fares on all the routes it operates and backs every fare with a Price Beat Guarantee. Should any customer find a lower fare online, on the same day, same route and at a comparable time, Jetstar will beat the fare by 10 per cent. Customer experience Jetstar customers only pay for what they need. Customers can choose between two types of fares – Economy or Business (on selected international flights).

Once a fare is selected, customers have the option to add on checked baggage between 15 - 40 kilos per passenger and/or a bundle of extras, which can include seat selection, in-flight products, fare flexibility, lounge access and Qantas Frequent Flyer Points. For domestic flights on Jetstar Australia and New Zealand, passengers may choose to purchase a variety of snacks and beverages. Depending on the length of the flight, hot meals are also made available for purchase. On Jetstar Asia’s short haul flights, a variety of snacks, beverages, hot meals, comfort items and duty free goods are available for purchase.

On long haul flights (onboard the Airbus A330-200), economy class passengers can choose to pre-purchase a variety of meals, entertainment, and comfort options to customise their flight experience. Business class passengers enjoy wide comfy leather seats in a separate cabin and inclusions such as meals, entertainment and comfort packs along with seat selection and additional baggage. Business passengers who choose a Business Max bundle also benefit from lounge access, Qantas Frequent Flyer Points and Qantas Frequent Status credits.

Interline and codeshare partners The Jetstar Group has three codeshare partners on select Jetstar routes, being Qantas, Japan Airlines and American Airlines. The Jetstar Group has 25 interline partnerships on select Jetstar routes: American Airlines, Aircalin, Air Canada, Air France, Air Niugini, Air Pacific, Air Tahiti Nui, British Airways, Cathay Pacific, Dragonair, Emirates, Etihad, Finnair, Japan Airlines, Jet Airways, KLM; LAN Airlines; Lan Argentina; Lan Ecuador; Lan Peru; Lufthansa; Qantas; Qatar Airways; Royal Jordanian and United.

Performance Jetstar has been profitable every year since its launch in 2004. The airline delivered a record Underlying EBIT (Earnings Before Interest and Taxes) of AUD$203 million in 2011-12, a 20 per cent increase on the previous financial year. In the same period, Jetstar grew overall capacity by 14 per cent and carried 20. 6 million passengers, an 11 per cent increase on the previous financial year. Awards Jetstar Airways Awards: Best Low-Cost Airline - Australia/Pacific 2012 and 2011 (Skytrax) Partner of the Year 2012 – Changi Airline Awards

Top 5 Airlines by Absolute Growth in Cargo Carriage 2012 (Changi Airline Awards) Best International Budget Airline 2011 (About. com Readers’ Choice Award) Best Low-Cost Airline - Australasia 2009 (Skytrax) Top 5 Carriers for Passenger Growth 2009 (Changi Airline Awards) Low-Cost Carrier of the Year 2008 and 2007 (CAPA) Best Low-Cost Airline Asia Pacific 2008 (Budgie$) Best Low-Cost Airline - Worldwide 2007 (Skytrax) Best Cabin Crew - Australia and New Zealand 2007 (Skytrax) Operational Excellence 2007 (Airline Business) Jetstar Asia Awards:

Top 10 Airlines by Passenger Carriage - 2012, 2011, 2010, 2009, 2008 and 2007 (Changi Airline Awards) Largest Growth in Passenger Traffic from Singapore 2011 (Changi Airline Awards) AsiaOne People’s Choice Award for Best Budget Airline in 2010 Best Brand Experience Low Cost Airline in 2008 (Ad Asia Magazine) Best Asia Low Cost Carrier 2006-2007 (Changi Airline Awards) Best Low Cost Airline -Asia and South East Asia 2006 (Skytrax) Low Cost Airline of the Year 2006 Merit Award (CAPA) Best Budget Airline of the Year 2006 (TTG Travel Awards)

Jetstar Pacific Awards Vietnam’s most popular e-commerce website 2008 Bruce Buchanan, CEO of Jetstar, admits that new | low-cost airlines would increase competition but Jetstar would thrive through fleet expansion and new marketing strategies. Why have so many airlines that have subsidiaries, including THAI, Singaporean Airlines and Malaysian Airlines, adopted a multi-brand strategy? The Qantas Group's two-brand strategy, utilising both Qantas and Jetstar brands, allows the group to design and grow products that suit the specific needs of a broad customer base.

This strategy sees the Qantas brand focus on the premium and business traveller - with products and a route network catered for these groups whilst Jetstar focuses on serving the needs of the leisure and value-oriented traveller. By having " two brands" the Qantas Group is able to assess different market opportunities and deploy the best product to suit the opportunity and specific market conditions. In Europe, we know that Ryan Air is the biggest low-cost. Who is the biggest in Asia now? How does Jetstar position itself in this market?

In terms of revenue, Jetstar is the biggest. In terms of fleet size, we believe AirAsia to be the biggest. It is our intention to continue to grow our Pan-Asian strategy and to be a leading low-fares carrier in the Southeast Asian region. What are Jetstar's plans to enhance competitiveness? Jetstar's Pan-Asian strategy is providing the core platform for our competitiveness. We are currently looking at regional growth opportunities and new services from our growing networks from bases in Singapore, Australia, New Zealand and Vietnam.

A key focus for us is looking for network opportunities that allow us to maximise existing networks and complement existing flying as well as looking at brand new opportunities in Asia. The growth in the awareness of our brand really supports the growth of our networks throughout Asia and provides us a strong competitive advantage. As Jetstar matures in the region, our ability to consistently offer the lowest fares on the routes we serve and our ability to focus our marketing and business | model around this core offering continues to provide us with an attractive and compelling customer offering.

Our strong association with Qantas and its industry-leading safety standards is also a powerful association as we grow in Asia. What plan does Jetstar have to start new flights to both existing and new destinations? What plan does Jetstar have to expand its fleet? For the remainder of the financial year 2010/2011, Jetstar will add a further eight A320 aircraft and two A330 aircraft into its groupwide fleet for opportunities in Australia, New Zealand, Singapore and Vietnam.

This will involve introducing first time long-haul flying from Singapore when the carrier commences direct daily services between Singapore and Melbourne on December 16 and then direct daily services between Singapore and Auckland on March 16, 2011. Jetstar Asia will welcome an additional two A320 aircraft this year for flying from Singapore and an additional A320 aircraft will be added to domestic New Zealand flying. Jetstar's China expansion will continue with flights to Guilin in southern China from Singapore to also soon commence - representing its sixth collective Chinese mainland or wider China destination.

In the medium to long term, Jetstar will be looking to grow its existing fleet of nearly 70 aircraft by an additional 50 aircraft over the next five years. In mid-2012, the carrier will welcome its first Boeing 787 Dreamliner, Jetstar becoming the first carrier in the Jetstar group to operate these state-of-the-art aircraft. Jetstar is scheduled to receive 15. What is Jetstar's marketing strategy for the rest of 2010? What new services does Jetstar plan to offer? Jetstar will be expanding services in all markets over the course of the current financial year.

In Australia, we will be adding up to 30 per cent additional domestic capacity for the financial year ending 2011. In New Zealand, we have recently announced an additional two A320 aircraft to be based in New Zealand, representing an additional 717, 000 seats annually. In Singapore, we will be adding an additional two A320 aircraft to its fleet of 10 based in Singapore by the end of 2010, which is in addition to the commencement of first time value-based long-haul flying from December, which will eventually see two A330 aircraft based in Singapore.

At Jetstar Pacific in Vietnam, we are planning the introduction of its second A320 aircraft to join its existing fleet of five B737s and one A320 this calendar year as part of a fleet renewal process towards a future all-A320 operation. How has Jetstar performed financially, and what are your expectations looking ahead? Jetstar Brands posted an EBIT of $131 million Australian dollar for the financial year ending June 2010. How does Jetstar perceive the competition once Thai Tiger Airways gets off the ground and how will you cope with it given that several low-cost irlines are competing in the same areas. Will price-cutting be the answer? The Thai market has always been a competitive one and we don't expect that to change as new entrants come onto the market. Of all the low-cost carriers, Jetstar is the only one to offer a low fares guarantee which stipulates that should a customer find a lower-fare online on the same date at a comparative time to a Jetstar service, Jetstar will be discount that fare by 10 per cent.