

Ryanair strategic management analysis

Environment, Air



The purpose of this report is to analyse Ryanair's strategic position, in addition describing and evaluating its strategies between 2006 and 2010. The first part of the report will include PESTEL, SWOT and Porter's five forces to evaluate the most important factors that affect Ryanair's strategic position. Furthermore, at the second part, Ryanair's corporate and business level strategies will be analysed and evaluated.

The Ryanair airline was founded in 1985 as a family business to serve a south Ireland – London Gatwick route. After five years of gradual development Ryanair adopted the successful low fares model of Southwest Airlines (Ryanair, 2010). The adoption of this model gave to Ryanair a comparative advantage in an industry characterised by fierce competition. During the following years Ryanair became one of the largest LCC in Europe and the largest European airline in the IATA traffic rankings with 181 aircraft, 59 million passengers and a 14% passenger increase in 2009. Looking at the published financial data of the company it can be observed a slight revenue increase from €2, 941 million to €2, 988 million and a €319 million profit. (Ryanair Annual report 2010). Furthermore, in June 2010 Ryanair paid its first ever dividend to shareholders of €0. 34 per share (FT, 2010).

3. PESTEL analysis

To assess the macro-environment of Ryanair a PESTEL analysis will be used. Through the PESTEL framework and by assessing the Political, Economic, Social, Technological, Environmental and Legal factors, the Opportunities and Threats can be identified. Therefore, future trends and significant changes can be forecasted through this analytical tool (Johnson et al, 2008).

(P)olitical factors

Ryanair's main operating area is Europe and is affected by the EU airline policy. Specifically, EU allows the free transportation of passengers and goods in the EU which facilitate the airlines' operation. Additionally, plans such as the "Single European Sky II" aim to increase the efficiency of the air traffic management reducing delays, cancellations, the airlines costs and passengers travel time (Europa, 2010). Therefore this political environment is favourable for Ryanair's low cost strategy due to low turnaround times and efficient flight planning.

Furthermore, Ryanair had continuously attempted to acquire Aer Lingus, its major competitor in the Irish market and obtain the monopoly in the Irish market but faced strong resistance by the EU and the Irish government (Done and Buck, 2006).

Another important factor is terrorism; during the last decade, the threat of a terrorist attack in civilian aircrafts reduced the number of passengers and increased the airport costs due to additional security measures. Ryanair experienced increasing costs due to the increased personnel that was forced to employ and to the additional security processes that extended the boarding time (Done, 2005; Done and Blitz, 2006; Done and Hall, 2006).

Also, the political pressure of the OPEC oil cartel countries often lead to fluctuations in the price of oil with a significant impact as it will be described later in this report (Hoyos, 2008).

Another significant political factor is the negative relation of Ryanair with the labour unions. Specifically, Ryanair refused continuously to recognise unions and had often conflicts with its personnel that generated losses to the company due to legal expenses and strikes (O'Higgins, 2008). Additionally, Ryanair is affected by airport strikes that cause disruptions in its flight schedule leading to unexpected costs such as passenger compensation (Daily Mail, 2010). Also, aircraft manufacturers' strikes such as Boeing can cause delays in aircraft deliveries changing Ryanair's strategic plans (Done, 2008).

(E)conomic factors

Aircraft fuel is derived from oil; therefore a rise in the price of oil can have a severe impact in Ryanair's profitability. During the oil price rally of 2008 a daily increase of 3% in the price of oil could eliminate a year's profits (Seany, 2008; Done, 2008). Additionally, one of the methods for cost cutting of LCC is the marginal fuel expenditure. Therefore, as Ryanair faces high risk in its operating costs there is an increased need to hedge this price risk, usually with financial instruments (Done, 2006).

The 2008 recession has several and often contradictory implications for Ryanair and its strategy. The recession reduced demand for flights as people either chose cheaper means of transport or reduced their travel. However, LCC faced a lower decrease as passengers abandoned mainly expensive airlines (Mortishead, 2008). Furthermore, Ryanair's CEO Michael O'Leary argued that LCC will gain benefits from the recession due to increased demand for their services and lower aircraft prices (Woodman and Evans,

2008). Also, recent press publications indicated that the air passenger traffic returned in pre recession levels (Clark, 2010).

Concerning monetary issues, the recent decline of the euro will have negative impact in Ryanair's plans. The Euro declined against the US Dollar from \$1.55/€ in late 2008 to \$1.20/€ in mid 2010 (Yahoo Finance, 2010). Consequently, US made Boeing which Ryanair uses, will become more expensive (Ryanair, 2010). Also, a study on the pricing strategies of European LCC showed that the fare for the same flight and airline is different depending on the currency in which it is denominated violating the law of one price. Therefore, the airlines have a preference in certain currencies and charge a premium for other currencies (Bachis and Piga, 2007). Furthermore, July 2010 figures show that declining fuel prices will maintain inflation holding prices (Cohen, 2010). Also, the ECB will keep interest rates low at 1% facilitating Ryanair's finance from leverage (Atkins, 2010). Additionally, the corporation tax in Ireland is expected to increase which may push Ryanair to avoid higher taxation through the strategy of debt financing rather than equity financing (Cahill, 2010).

(S)ocial Factors

The ageing population of Europe implicates that the number of people above 65 will rise in the future (Duncan, 2007). Therefore, pensioners with medium income and an abundance of recreational time will increase the demand for low cost travel and vacation. Also, the LCC have created a different travel lifestyle in Europe increasing the number of passengers and in conjunction with the end of the recession the travel demand will rise. Furthermore, the

corporation cost cutting in business travel will increase LCC demand.

Therefore, the passengers of Ryanair come from a wide background including elder people, business travellers and young students. Passenger diversification is beneficial for Ryanair as it is not significantly affected by social changes. However, the airline is pressed from the decline of tourism in Ireland that reduces passengers' volume (Ryanair Annual report, 2010).

(T)echnological factors

Ryanair takes advantage of the new technology capabilities in many areas. For example in 2009, Ryanair considered to use wireless technology to allow the use of in-flight mobile phones to passengers (Done, 2009). Furthermore, Ryanair continues to use the internet for its successful online reservation system usually making special offers for internet customers as well as hotel and holiday reservations (Ryanair, 2010).

Moreover, Ryanair aims to gradually renew its fleet with new technology aircraft that will reduce the airlines' fuel costs and carbon emissions (BBC, 2009; Ryanair, 2010). Additionally, new technology gives the ability for effective cost management in many areas. For example, Ryanair aircraft are supplied with marginal fuel to complete their journey in order to reduce consumption. Also, the turnaround times in airport are smaller due to efficient IT planning (Ryanair strategy, 2010).

(E)nvironmental factors

Airlines have been often accused in the past for the pollution they produce. This includes carbon emissions, fuel tank empty process before landing and noise pollution. Ryanair's management had many conflicts with

environmentalists accusing that the company does not care about climate change and global warming. Michael O’Leary argued that Ryanair is the “greenest airline” because it changes its fleet with new eco-friendly aircraft and operates with as many passengers as possible (Webster, 2007). Ryanair reduced fuel consumption and CO2 emissions by over 45% during the last 10 years using new aircrafts and mechanical parts, maximising passengers per flight and minimising the indirect flights that require double take-off and landing (Ryanair, 2010).

During April 2010 the Icelandic volcano “Eyjafjallajökull” erupted producing tons of ash and disrupting all the European flights for weeks causing financial losses to the airlines (Filotrani et al, 2010; Rothwell and Rahn, 2010). Many airlines including Ryanair insisted to resume flight but ash was discovered in jet engines and the aircrafts were forced to stay in the ground (BBC, 2010). Moreover, Ryanair was forced against its will to compensate passengers due to EU legislation (O’Doherty, 2010). Therefore, forecasts for unexpected physical incidents need to be included to the strategic plans of Ryanair.

(L)egal factors

Ryanair had been often involved in legal battles such as the case with European Commission over airport subsidies. The dispute was the action or not of Ryanair as a private investor and the existence of illegal state aid in Charleroi airport. The result of this case found Ryanair as the winner and claiming that this should be applied to its other similar cases (Done, 2008).

Furthermore, Ryanair had been accused for anticompetitive practices.

Ryanair’s attempts to acquire rival Aer Lingus had been stopped by the

European Competition authorities in July 2010 because this acquisition could lead to a monopoly in Ireland damaging consumers' interest (Tait and Clark, 2010; Brown, 2009).

Also, Ryanair had been accused for misleading and unfair advertising, where observing bodies such as the OFT banned Ryanair for providing false information on its website about available flights and demonstrated prices that did not include taxes (CNN, 2008).

3. 7 Macro-environment summary

Ryanair operates in a challenging industry affected by various factors.

Government and EU interference is usual in blocking Ryanair expansion plans, where strikes can often incur significant losses to Ryanair.

The barometer for the profitability of Ryanair is the price of oil in conjunction with the economic conditions that affect consumer demand. Furthermore, the ageing population and the increased demand for low cost business travel will push Ryanair to make adjustments to correspond.

Additionally, the technological advantage that the company gained in the past years will benefit the company in terms of environmental taxation and corporate social image. Also, the recent physical events proved that their possibilities increase the risk in the industry.

Moreover, Ryanair's actions are closely observed by the authoritative bodies where legal battles have been observed. Therefore, it can be suggested that Ryanair's strategic management needs to be based in possible scenarios.

4. Porter's five forces

To analyse the operating environment of Ryanair and evaluate the nature of the competition Ryanair faces, a Porter's Five Forces analysis will be used, created by Porter E. M professor at Harvard University Business School. The five forces are: the competitive rivalry, the threat of new entrants, the bargaining power of suppliers, the bargaining power of buyers and the threat of substitutes. Furthermore, this approach allows assessing the profit potential as a player in the LCC industry (Finlay, 2000).

Competitive Rivalry

Ryanair competes with no frills airlines such as Easyjet and Air France in the LCC market but also with the major European airlines such as Lufthansa, Air France and British Airways. Therefore, the airlines industry is highly competitive. Ryanair itself copied the Southwest airlines model; therefore it is easy to follow competitors' innovations. The pressure on profitability is high as the main objective is to minimise the cost and obtain the cost advantage in order to offer the lower price to consumers. Price wars are usually observed in the industry as the services are very similar between the major competitors (Cockcroft, 2008). Additionally, the players in the industry often create strategic alliances and adopt code sharing schemes.

Furthermore, mergers and acquisitions are a usual phenomenon such as the British Airways-Iberia and the Air France – KLM cases (BBC, 2004; BBC, 2010).

Entry Barriers

There are high barriers to enter this industry as it requires a large initial capital investment. Also, the airline industry is not a profitable industry and

in conjunction with the price wars is difficult to survive. It is very common for airlines to have losses in their financial statements such as Ryanair in 2009 (Ryanair Annual report 2009). Therefore a new entrant must be able to handle with losses at the beginning. Another barrier to entry is the limited availability of landing slots at the European airports.

The slots are already reserved by established airlines and are difficult to obtain especially in airports with high passenger demand (Bray 2008).

Threat of Substitutes

There are many substitutes in terms of travel such as cars, trains, ferries that usually are cheaper. However they do not offer the speed of air travel, airlines have the absolute advantage in terms of time. Hence, the threat of substitutes is relatively low. Also, in the airline market there are various competitors such as British Airways and Air France that offer very similar services and often make offers. There are no switching costs from one company to another; preference is made on a cost basis limiting brand loyalty.

Bargaining power of suppliers

Boeing and Airbus are the main aircraft suppliers for large airlines. During the last years Ryanair completely renewed its fleet with Boeing 737-800 aircraft making Boeing the main supplier of aircrafts to Ryanair (Ryanair, 2010). Therefore, there are high switching costs for Ryanair because of the training costs of its pilots and engineers to adapt in Airbus aircrafts. Thus, the bargaining power of Boeing is high. Ryanair in a possible attempt to reduce Boeing's bargaining power cancelled an order of 200 aircraft in late

2009 (BBC, 2009). Also, Ryanair is highly relied on the price of oil providing high bargaining power to oil suppliers. Price hedging is limited and high rises in prices can manipulate Ryanair's fuel costs. Additionally, Ryanair primarily uses regional airports and avoids large and expensive international airports. For example, Ryanair plans to reduce its winter capacity in the UK due to increased airport fees (Clark, 2010). Hence, the bargaining power of suppliers is high.

Bargaining power of buyers

Consumers have high bargaining power which is mainly attributed to their price based preference; most of them will select the flight with the best price. Also, the vast majority of Ryanair bookings are through the internet, providing consumers the ability to compare flights and prices before making their final selection (King, 2008). Hence, the bargaining power of buyers is high.

Porter's five forces summary

Ryanair is the definite market leader with 65, 282, 000 passengers overcoming all European airlines in international destinations (IATA, 2010). Competition in the industry is fierce and price wars are a usual phenomenon. The threat from substitutes is low but the bargaining power of buyers and suppliers is high, adding pressure to the company. However, the entry barriers are high and the entrance of new competitors is unlikely. Mergers and acquisitions are an increasing trend in the industry, pushing Ryanair to acquire its competitor, Aer Lingus.

5. SWOT analysis

Based on the implications from the analysis of the remote and operating environment a SWOT analysis will be applied examining the strengths, weaknesses, opportunities and threats that the airline faces, in order to identify the strategic capabilities of Ryanair that give it competitive advantage and are divided in resources and competences. Resources are the unique tangible and intangible assets of the company while competences are the ways that the organisation uses the competences to gain competitive advantage (Johnson et al, 2010).

(S)trengths

Ryanair was the first low cost airline in Europe and during the last decade it built a unique resource; its strong brand name and reputation. The company employs this resource and with strong marketing follows an aggressive pricing strategy (Travel Daily news, 2010). Furthermore, the company achieved to have wide passenger diversification and be flexible in customer change.

Also, it is the LCC market leader that provides it the capability to set the trends in the market (Done, 2009). Also, Ryanair develops a strategic resource by gradually renewing its fleet with Boeing 737-800, environmental friendly aircrafts with low maintenance costs, large passenger capacity and low turnaround times through continuous operation that provide Ryanair a core competency (Done, 2009).

Furthermore, a Ryanair's core competency is the low operating cost that achieves by selecting low cost airports. Additionally, it prefers its internet

booking process for the 94% of bookings and avoids intermediaries that require a booking fee (Ryanair, 2010). Moreover, the absence of extras in in-flight services decreases the cost and allow for greater price margins. Furthermore, the company hedges fuel prices through financial instruments to avoid the impact of unexpected increases (Done, 2009). Also, Ryanair demonstrates a 126% revenue increase from 2005 to 2010 and a 420% cash increase from 2009 to 2010 indicating financial strength and a strong cash position (Ryanair Annual report 2005-2010).

(W)eaknesses

One of Ryanair's weaknesses is that it does not operate long distance international flights outside Europe; therefore it is not known outside this continent unlike many of its competitors that have long distance flights (Flightmapping, 2010). Moreover, Ryanair is vulnerable to volatile fuel prices that manipulate its profits and increase its fares (Done, 2009). Furthermore, the use of secondary airports might have low cost but they are far from major destinations, fact that repulses many passengers (Barbot, 2006). Additionally, the legal battles and the conflicts with labour unions deteriorated Ryanair's corporate image (Feehan, 2006; Clark, 2010).

Another example is the compensation that Ryanair paid to Sir Stelios Hadjiioannou chairman of Easyjet for an aggressive advertisement in July 2010 (BBC, 2010). Also, the European Union and authoritative bodies such as the OFT often block Ryanair's expansion plans due to monopoly law and other legislations (Peel and Clark, 2010).

(O)pportunities

Ryanair's success enhanced during the recession and its passenger number increased which occurred mainly because of the addition of new routes and of the increased demand for low cost business travel that creates new opportunities for Ryanair to acquire a larger market share mainly against expensive airlines. (GLG, 2009). Additionally Ryanair plans to expand in transatlantic flights and operate flights to the United States entering the global destinations market (Millward, 2008).

Moreover, the EU expansion allows more people to travel without restrictions and opens the opportunities for Ryanair to expand in Central and Eastern Europe destinations such as Bulgaria, Romania and the Baltic countries. Furthermore, the gradual participation of these countries to the European Monetary Union will further enhance the opportunities. Also, most of the new EU members have low GDP per capita, fact that provides additional expansion motives to LCC (European Commission, 2010).

(T)hreats

Ryanair is operating in a competitive environment with various threats. During the last years there is a trend of airline strategic alliances that strengthen the competition further in the industry (Brueckner and Pels, 2004). Furthermore, unexpected incidents such as terrorist activities and volcanoes can disrupt flights for long time generating losses to the airlines (O'Doherty, 2010).

Also, fuel price increases due to political and financial instability push to increased fares and costs. Moreover, changes in taxation, flight regulation and airport charges can reduce profitability margins (Bounds, 2009). The recent appreciation of US Dollar threatens Ryanair as it increases fuel costs and aircraft purchases. Also, the recession might lead the consumers to LCC carriers but can also result to significant decrease in travel demand and number of passengers (Milmo, 2009).

Moreover, the competition in the industry is fierce and price wars can generate financial losses. Additionally, non LCC with more in-flight services are adopting competitive pricing strategies and attract passengers (Done, 2009).

6. Ryanair's strategies

To describe Ryanair's strategies in this report, the business-level and corporate-level strategies will be analysed. Furthermore, to evaluate Ryanair's strategies the acceptability and suitability criteria will be used.

Business-level strategy

To assess Ryanair's business level strategy the Porter's generic strategic options model will be used to describe how Ryanair gains a competitive advantage through its strategy.

Michael Porter, in his model describes three generic strategies to achieve competitive advantage: Overall cost leadership, differentiation and focus (Johnson et al, 2010). The overall cost leadership strategy aims to manage the company's operations in order to achieve the lowest cost in the industry.

Additionally, differentiation aims to offer a different product that satisfies better the consumer needs. Furthermore, the focus strategy aims to concentrate to a segment of the market to obtain the competitive advantage in this segment.

Ryanair's successful selection is the overall cost leadership which reduces the cost. In this way the company can make profits by lowering the cost when its fare is comparable to the market fares. Also, it can acquire a larger market share by offering the low fare comparing to its airline competitors and make profits by increasing its sales.

Firstly, the airline operates mainly short haul routes. According to its strategy report the average flight duration is 1.2 hours. Therefore, the airline does not offer in-flight services for a small trip reducing the cost. Additionally, the airline operates direct flights avoiding multiple landings-takeoffs that increase the cost and mainly chooses secondary airports that have lower fees and less traffic. Therefore, the cost is reduced and the turnaround times are smaller (Ryanair strategy, 2010).

Concerning its operating costs the airline focuses its cost reduction in the following areas: Aircraft costs, personnel productivity, customer service, and airport fees.

The airline gradually renewed its fleet with new aircraft of a single type and company: Boeing 737-800. This lowers the aircraft maintenance costs and the engineers' and pilots' training while it might bargain a lower price for a large amount of aircrafts (Ryanair strategy, 2010). However, by the end of

2009 Ryanair cancelled the order for 200 aircraft and postponed it possibly to bargain a lower price (BBC, 2009).

Moreover, the airline is providing incentives to maximise its personnel productivity to achieve a better cost/benefit ratio and increase its personnel loyalty. Specifically, it operates a performance related pay, a stock option scheme and offers bonuses for productivity and performance. Furthermore, Ryanair is minimising its customer service expenses by avoiding having its own aircraft and passenger staff in many airports and prefers to use third party companies for customer and handling services. Also, the vast majority of the bookings are through its website reducing the cost for intermediaries or travel agencies and does not operate a telephone helpdesk to avoid a significant expense. (Ryanair strategy, 2010)

Also, the airline targets to sign beneficial contracts in airports that has a large amount of passengers Also, it selects low cost gates and cheaper outdoor ladders instead of expensive jetways (Ryanair strategy, 2010). In 2009 Michael O’Leary, said that he plans to abandon all check in desks at the airports and save €50 million, leaving only a baggage drop off point (Done, 2009).

Lastly, the airline’s management is considering two new cost reduction ways. One proposal is to charge €1 for toilet use during a flight (Hobson, 2010) and innovate with very low fare seats for standing people in a short haul flight (Fincham, 2009; Leach, 2009). However both are subject to health and safety regulations and approval from the authoritative bodies.

Corporate-level strategy

To assess the corporate-level strategy of Ryanair the Ansoff's strategic directions model will be used which refers to different growth options that a company has, such as market penetration-consolidation when a company stays in its current market with its existing product, product development when a company stays in its market and develops its product, market development when a company enters new market with its existing product and diversification when a company enters new markets and develops its product (Johnson et al., 2008).

Ryanair's choice for strategy development is possibly diversification because Ryanair plans to enter to new markets and develop its existing products. Furthermore, this direction is not solid because Ryanair is applying market development more than product development; Ryanair is expanding in new countries in Europe and has plans for the US. However, changes in services, fare pricing and innovations can be considered as product development. Moreover, Ryanair is developing " Related diversification" because its strategy development is " beyond current products and markets but within the capabilities of the value network of the organisation" (Johnson et al., 2010) and applies both vertical and horizontal integration.

Ryanair does not have the potential to acquire a supplier or develop its own aircraft; therefore it attempts to apply backward integration by renewing its fleet with the new aircrafts Boeing 737-800 that will allow it to fly with more passengers per flight, less fuel and will allow it to promote its new aircraft to consumer improving the cost/benefit ratio. Additionally, Ryanair is improving

its customer services that include from internet bookings to flight completion to increase consumers' loyalty and improve the corporate image.

Furthermore, Ryanair is applying forward integration by offering new products and services to increase its revenue. Continuing to innovate in Europe it offers a whole low cost travel package to consumers by diversifying in hotels, cars and cruise holidays and credit cards (Ryanair, 2010; Travelmail, 2009). This strategy is similarly followed by Ryanair's rivals.

Also, Ryanair is applying horizontal integration in two ways. In its core activity as a passenger carrier it offers a variety of additional cost-based options to the passenger such as additional luggage, fast boarding or travel insurance. Moreover, there are many in-flight additional paid services such as food and drink, DVD renting and mobile phone usage. However, this strategy is copied by major competitors such as Easyjet that offers similar services.

The second way is the expansion of Ryanair to new markets where beyond its planned expansion to the US (Millward, 2008) there are opportunities to expand in Central and Eastern Europe. Through this strategy Ryanair will be able to participate in the market share of these markets and start competing in the intercontinental airline market. Furthermore, the airline targets to increase its flight frequency in its existing routes and expand in domestic routes of European countries (Ryanair strategy, 2010).

Another important element of Ryanair's corporate strategy is the desire to acquire its rival Aer Lingus. During the last years the airline industry is

characterised by mergers and acquisitions such as Air France and KLM in a way to survive in a competitive environment by increasing profitability. Ryanair, following the market trends acquired its rival Buzz in 2003 and made continuous attempts to acquire Aer Lingus but was blocked by the European Commission (Tran, 2003; Tait and Clark, 2010).

7. Strategy evaluation

To evaluate Ryanair's strategies the following criteria will be used: suitability and acceptability.

Suitability

Suitability examines if the strategy addresses the most important elements of the strategic position of the company (Johnson et al., 2010). In this report the suitability of the strategy will be tested assessing its suitability with PESTEL and Porter's five forces outcome.

One of the crucial points that the macro-environment indicates is the price of oil. The suitability of the strategy against this point is neutral, where Ryanair has reduced its fuel consumption through short haul flights, buying new aircraft and hedging. However, the price of oil is still a barometer to Ryanair's profitability. Another important issue is the recession where Ryanair's strategy is successful as it continues to keep the cost low and maintain consumers' demand. Furthermore, Ryanair's strategy is sensitive to the political and environmental factors because a negative incident can affect significantly the operation and profitability of the company.

Concerning the challenges of the operating environment and the competition, Ryanair's strategy is addressed successfully through important issues as it diversifies in new markets and services, increasing its revenue. Furthermore, building on its successful low cost strategy and reducing the cost even more, challenges the competition and lifts additional entry barriers to new entrants. Moreover, the attempts to acquire Aer Lingus are suitable to response to the mergers-acquisitions trend and to increase competitiveness. However, as it faces legal obstacles in this case, Ryanair could concentrate to acquire other competitors.

Acceptability

Acceptability is related to the expected performance from a strategy that strategy that in this report will be examined in two factors: return and risk.

Considering the risk of its strategy, it will be measured based on the leverage and liquidity of the company. In terms of liquidity the company faces low risk and is able to cover its liabilities twice as its current ratio is 2.01 and its quick ratio is 2.01. Furthermore, its debt-equity ratio is 1.08 and indicates that the company is mainly financed through debt, facing long term leverage risk.

Furthermore, to examine the corporation's returns the financial ratios and the shareholder's value will be evaluated. The ROCE decreased from 11.77% in 2007 and 12.52% in 2008 to 3.45% in 2009 (Hemscott, 2010). Ryanair's profitability is declining possibly due to the amount of funds invested in new aircraft and expansion plans. Positive profitability signs should be expected in the following years.

Concerning the shareholder's value, the strategy is performing well as the company paid its first dividend to shareholders of €0.34 per share (FT, 2010). Also observing Ryanair's share price, after a gradual increase from €4 in 2006 to €6.33 in late 2007