

Jetblue case analysis essay

[Business](#), [Industries](#)



It provides low prices and comfortable services for passengers, which helps Getable establish its own customer groups. From 2003 to 2006, Getable utilized its limited resources rated increasing operation revenues each year, respectively, \$998 million, \$1,265 million, \$1,701 million, and \$2,363 million. It only took Getable four years to become one of the largest airlines by operating revenues exceeding \$1 billion in 2004. It is obvious that Getable is a valuable company.

Rarity Rarity means that the resources are scarce relative to demand. As for Getable, it successfully differentiates itself from competitors by offering high standards service and reliability at a discounted price. Getable combined the model Of Licks and legacy carrier to its own Operations.

Compared to Southwest, Getable provides passengers with comfortable experience and modern entertainment equipment. On the other hand, flight fares of Getable are much cheaper than the legacy carriers such as American Airlines. This characteristic makes Getable special and rare among all the airline companies. Maintainability and non-substitutability Initially, Stable's vision is "get-to-the-destination-at-all-cost" culture for the long-haul routes which has been proved to be successful. With the introduction of E190 airplanes, Getable starts short-haul routes business which focuses on "on-time" culture.

To some extent, Getable is non-vestibular due to its mix of two features. In a short run, Southwest won't consider improving service because of the increasing cost. And also, legacy carriers like American Airlines may not take lowering fares into account Exportability According to the financial and

operational data for selected carriers in 2005, Getable was not a quite powerful airline company compared with other big companies in the industry, according to the operation scales and revenues. But in terms of the operating profit, Getable got a good result while other big airline companies encountered operating loss in 2005. Besides, Getable introduced EI 90 as new airplanes, together with the former AWAY which has already earned good reputation; the company's future is promising and full of potential. To sum up, Getable owns valuable and scarce resources and capabilities to meet the market's demand and the future of Getable is exploitable.

External Analysis The Five Forces Model Degree of rivalry The participants involved in the airline industry are manifold. Legacy carriers and low-cost carriers are the two main groups of competitors.

As the representatives of legacy carriers, United and American Airlines established a unique operational system to deal with the numerous flights at specific airports. On the contrary, Southwest Airlines, Getable and other low-cost carriers provided an alternative model of operation which focused on the short haul transportation at secondary airports. Besides this two competitors, the regional airlines which are affiliated with legacy carriers and serve medium- and small-sized markets is also a significant ingredient of the industry. Although the segments in the airline industry are explicit, there are plenty of rivals and mimics in each segment and the competitions are extremely fierce.

Supplier power Apparently, the most major suppliers for Getable are Airbus and Embrace which are both reputable and dominated plane design and manufacturing companies. As the initial partner for Getable to cooperate with, Airbus enabled Getable to unify its processes from

training to servicing by providing the most popular planes-AWAY to Getable until nowadays. Meanwhile, the later cooperation with Embrace gave Getable a chance to Step into the designing Of EI 90 to provide higher quality of services for the passengers. Both of the two suppliers are powerful and play significant roles in the growth of Getable, specially after Getable had made clear that it should control its growth of capacity.

Nonetheless, Getable had to take the reaction of its t-van. Or suppliers into consideration when moving forward. Buyer power In the airline industry, the initiative is always owned by the customers. There are numerous choices shown in front of the consumers at the era of information today.

Therefore, Getable was in the advantageous and risky position at the same time. Getable is attractive by its lower fares with comfortable and thoughtful services. The key operating principle for Getable an especially meet the needs of the customers whose schedules are relatively tight during their leisure travels. However, with the introduction of EI 90, customers cannot be satisfied with the original service standards. The new customers who are business travelers or interested in the short haul routes have brought new expectations, which requires Getable to transfer its principle from “ get to the destination” to “ get to the destination without delay”. Otherwise, customers will definitely give their priorities to other airline companies whose service can meet their ARQ reorient better. Threat of new entrants As shown below (Table 1), the data demonstrate that the operating expenses of participants in the airline industry’ are extraordinarily high and there seems

to be little chance to make profits—most of the companies have both negative operating profit and net income.

Tablet Key Items of Financial and Operational Results for Selected Carriers,

2005 (\$ millions) Continental Delta Southwest Getable American United

Operating revenues 11,208 16,191 7,584 1,701 20,657 17,304

Operating expenses 11,247 18,192 6,764 1,653 21,008 17,529 Operating

profit(loss) (39) (2,001) 820 48 (351) (225) Net income(loss) (68) 3,836

548 (20) 892 (21,036) It is obvious that the entry barriers for new

participants are relatively high because of the cost of training, servicing and

maintaining and the huge expenditure of planes and related equipment. In

addition, the management of numerous customers and flights is quite

complex and it is an obstacle for new entrants to succeed before they obtain

enough practical experiences. Threat of substitutes Although airplane can be

seemed as the most prompt and reliable mean of transportation, a variety of

options are still available, especially in the circumstances of short haul

transportation.

For Getable, how to compete with railway and highway rivals within the

whole transportation industry needs to be figured out. The operational

strategies and principles for Getable ought to be improved to keep pace with

the development of itself and other means of In conclusion, Getable is

supposed to take the threats it transportation. Faces in its industry into

consideration in order to gain a further development. PESTLE Analysis

Political The political environment is relatively stable in the airline industry.

And Getable is in the advantageous and disadvantageous position

simultaneously in the light of a series of policies. The government deregulation seems to be a removal of controls and restrictions for the airline companies, but it may easily increase the probability of mistakes and risks.

In addition, the E190 pilots are also at a disadvantage in the policies regarding to the accumulating flying hours because of the short haul routes. Furthermore, the certification policies make it infeasible for pilots to fly both two plane types during a single month. On the contrary, Getable can take advantage of the demands of Air Line Pilots Association which enabled IEEA to be introduced to serve regional markets.

Economic The economic environment is much more unpredictable than the political environment. A variety of factors, such as fare wars, overcapacity (both staffs and equipment) and the expense of insurance, fuel and landing fee are fluctuate all the time. How to forecast and control the variation of these factors is one of puzzle that Getable must handle with. **Cultural** The multi-culture differences exist among customers and passengers all over the world. The larger scale the air companies are, the more cultural issues they will have to deal with. The influence of the terrorist attacks of September 11, 2001 is still sustained today. Apparently, cultural conflicts cannot be fixed solely by airline companies, but what they should do is to improve the security standards and guarantee the safety for the passengers.

Technological While "hub-and-spoke" system which used by legacy carriers is proved to be useful, Southwest Airline offered an alternative model to airline business which is known as "point-to-point" system. In addition,

Embrace and Airbus own the capability to produce qualified E1 90 and A320XLR airplanes, which supports Getable a lot in technological dimension.

Environmental Besides some regulations from the government, there are some factors that have critical effect on airline industry regarding to the environment, such as weather conditions, seasonality and global warming issue. Another problem is the carbon dioxide emission, which has huge influence on our environment. Legal context. On one hand, the deregulation in 1978 gives airline companies great amounts of opportunities to expand airlines. On the other hand, when Getable intends to enter the regional markets, the ALP dictates the size limits for the regional airlines, which leaves an adverse impact on Stable's development.

All the legal rules related airline industry play important roles in Stable's development which the company needs to take into consideration. Based on the analysis above, we can see that there are both opportunities and challenges exist in macro environment. Only if Getable fully utilizes the chances and finds out a proper way to avoid the risks can it earn a sustainable development. Alternatives According the dilemma Getable faces now, Getable has to make a decision to decrease its rate of capacity growth. One of the alternatives is to reduce the number of round-trips of A320XLR and E175.

The other one is reducing the available seats of each type of aircraft.

Considering the efficiency of controlling the growth Of costs as a decision criterion, the first approach is prior to the second one. Alternative 1 There is

an obvious increase of fuel prices for U. S. Domestic Commercial Air Travel since 2000. The price of fuel has grown up to \$2 per gallon in 2007.

One of the significant ways to reduce the fuel cost is to reduce the numbers of round-trips for each route. Getable started to use AWAY since established, the routes and numbers of round-trips has already matured. The economical scale of AWAY has already established to meet customers' emend. Present capacity provided by AWAY is large enough to maintain existing customers. If the company keeps a high growth rate of capacity of AWAY, Getable may not gain more customers to utilize these resources efficiently.

As for AWAY, our recommendation is to maintain the status quo, and try to utilize these round-trips to achieve a larger Available Seat-Male. In 2005, with the adding of El 90, Getable has enlarged its market in short-haul routes. In this way, Getable can also increase its profit. Although there are already lots of city-pair markets Getable has coco pied from 2005 until now, ewe city-pair markets still exist. Enlarging its short-haul routes is still one of Stable's main objectives for recent several years. For this part, our recommendation is attitudes can keep a slow increasing rate of Ease's capacity to make sure to satisfy the needs of new markets. By taking advantage of this alternative, Getable can control and reduce its cost both in fuel purchasing and staffing.

Reducing the growth rate of round trips may also decrease the demand of new airplanes so that reducing the budget of purchasing new aircraft. In addition, controlling the number of round trips an make the company focus more on each round trip and increase the punctuality of each flight. When

lowering the speed of growth, Getable can spend more time on staff training and establishing perfect service system. Although this method can help control expansion of Getable, it may cause customer churn. Reducing rate of capacity growth will also limit the increasing of new markets. In this way, Getable may lose some opportunities to develop its market share. Moreover, lower cost does not definitely lead to higher profit.

By conducting this approach, negative effects may also happen on SAM. We have to consider the risk on market share and revenues when choose this approach. Alternative 2 The other alternative for Getable is to reduce the seats number on the plane. As the data showed in the case, Embrace 190 and Airbus AWAY have 150 and 100 available seats respectively.

But every time when planes take off successfully, the seats of these two types of planes were not full. From cost management point of view, controlling the number of seat is a good way to save money for setting up other infrastructures. According to the average passengers data/flight presented in the case, one row (4 seats) can be moved from IEEE in which there will be 96 seats. And IEEE can remove two rows (12 seats) to 138 seats. These numbers are the proper seats number match each model under the cost minimization rule. Besides, the company can design a premium two-class service with business-class and executive economy cabins only. This improvement can not only evaluate the service quality of flight but also increase the satisfaction of the new and exist Reducing the number of seats means controlling the capacity customers.

Of plane and widening the seat pitch and width at the same time. As a result, the passengers can get more activity space and feel comfortable when they take a long distance flight. Once cut the seats number, the attached seat facilities can also be saved, such as: electronic screen, oxygen mask even flight crew, etc. However, it maybe not a perfect method from profit point of view. If the number of passenger reduces, it may bring some loss. As a result, that demand exceeds supply will lead customers who cannot buy the ticket to choose another airline company. Moreover, it will cost more if company changes seats design. It needs staff, technique and time to modify the whole flight structure.

Implementation Having considered the alternatives proposed above, it is better to integrate the two approaches. The recommendation is to decrease the seats of airplanes on some routes which have fewer average passengers per flight, such as from BOS Airport, Boston to PHX Airport, Phoenix. The average passengers was only 92.41 and revenue divided by available seat-mile was only 3.44 cents on the route as of April 2007. Meanwhile, Getable can reduce round-trips between some cities. However, numbers of round-trips should not be reduced during holidays or leisure time between resorts. According to the analysis above, in the long term, Getable needs to slow down the pace of purchasing new aircraft.

Therefore, we made a plan of deliveries of new airplanes for Getable (Table 2) based on the figures of planned fleet size from 2000 and 2011 and actual fleet size in 2013. In the short term, Getable should reduce seats on some of the airplanes. Besides, while controlling the turnaround times, Getable

should put more effort into decreasing the delays and cancellations which caused by technical problems, unscheduled maintenance, or miscommunication between pilots and crews on the ground this kind of factors. To make the plan more visualized, we put the tasks into a Giant chart (Table 3). In addition to the tasks, the company is supposed to collect the feedback from both crews and customers to measure if the plan is on track or it needs to be redesigned. Table 3 Timeline of Short-Term Tasks for Getable There are some other problems due to the differences between the AWAY and the EI 90. To solve these problems, Getable can standardize the designs and requirements of these two types of planes, such as the design of the cargo bins, and the required size of the luggage. Moreover, because of the efferent aircraft services and maintains, Getable could outsource this function in order to increase efficiency.

Contingency plan Since the weather conditions, seasons and holidays have a significant impact on Stable's operation, the company is ought to have some contingency plans to deal with crisis. First of all, pilots and other crews should be trained to operate both of the AWAY and the IEEE aircrafts. By doing so, if a plane is not be able to fly while only the other type of plane is available, Getable can switch the aircraft in a shorter time so that there would not be a longer delay or cancellation.