

Swot and pest analysis of easyjet tourism essay



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

EasyJet seems like very good situation and more expertise will predict have great opportunities for the low cost strategy. Resultingly the saturated market and lack of other choice in the British, competition is likely aggravated - ineluctability followed by acquisition and coalition, an early sign of which is EasyJet's purchase of British Airline subsidiary "GO". In UK airline market, gave very less growth opportunities, therefore focus will be on the other continental market. Next step forward in this direction is a new base going Dutch, Berlin, with flights from 11 European cities, and as well on Eastern Europe. Price strategy was also the focus point, its expansion their route network. At last, promotion also needs to convince people that it is safe to fly and constitute EasyJet as Euro largest low fare airline.

3. 1 SWOT analysis

3. 1. 1 Strengths:

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)'.

The brand name ' EasyJet' has all the qualities required for long term memory storage and will not be easy to forget. The airline flies to main

destination airports throughout Europe making it very attractive to business travellers. It gains efficiencies compared to traditional carries with rapid turnaround times, and progressive landing charge agreements with airports, maximizing asset utilization. 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.

3. 1. 2 Weaknesses

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. On the other hand, the business model can over time become blurred under competitive pressure and consolidation of the Low Cost Carries (LCC) industry. The airline must be continuously innovative to maintain its current advantage in e-tailing. Increased fleet capacity could be difficult to fill during lean periods and in the face of growing competition in a matured market.

3. 1. 3 Opportunities

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.

3. 1. 4 Threats

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.

3. 2 PEST analysis

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

3. 2. 1 Political 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.

3. 2. 2 Economical 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.

Figure : Source “ Impact of Low Cost Airline” Mercer Management Consultancy 2002

Secondly, it is apparent that the low cost airline market is characterised by: mergers and acquisitions; the expansion of existing low cost airlines and finally, market exits as a result of bankruptcy e. g. Debonair.

Furthermore, the low cost carriers operate short haul, point to point traffic with short frequencies, pursue aggressive marketing campaigns and deal with secondary airports. EasyJet, however, has differentiated in this respect by dealing with major hub airports e. g. Gatwick.

Finally, the industry operates a low cost ethos, which is maintained by lean sales, high productivity of resources, low maintenance costs and low wages.

3. 3. 3 Social Factors

The low cost carriers position their product to leisure travellers and non business travellers, however EasyJet has differentiated 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.

Figure “ Low Cost Airlines Gaining Momentum in Europe” Schneiderbauer, D. & Fainsilber, O. (2000)

3. 2. 4 Technological Factors

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.