

Ryanair

Business



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Airlines and airports face escalating cost, revenue growth constraints and an increasing dissatisfied customer base. By offering passengers a highly differentiated experience and simultaneously enhancing its operational efficiency, the aviation industry can position itself to become and remain profitable in a volatile business climate. To accomplish this, the industry should adopt a new business model that combines distinctive customer services, a flexible infrastructure and greater collaboration, both among partnering airlines and between airlines and airports. The world of commercial aviation has changed dramatically during the past few years. If anticipated trends come to pass, these changes will continue – and in fashion likely to make the business climate even more difficult for airline and airports.

Challenges in operational costs and increased competition
Challenges regarding differentiation and the customer experience
All of these challenges point towards the need to develop a new business model for the aviation industry. The current business model is based on a trade-off between cost and quality of service. To improve the customer image and increase profitability, Ryanair could adopt hybrid business approach consisting of three important attributes
This business model is designed to simultaneously provide service differentiation and operational efficiency.
FLYING OUT OF SECONDARY POINTS
Many low cost airlines keep expenses down by flying out of secondary airports, avoiding major hubs where takeoff and landing fees are much higher while still getting passengers close to their destinations.
SHORT TRAVEL DISTANCE
As the routes offered by low cost airlines are

mainly short, domestic routes which may only take one to two hours, travellers might be fine with no amenities on flights.

LOW FARE AIRLINE Having a low fare is one way to attract more customers. But also we should keep in mind the operation balance whereby by reduction of the flight cost doesn't in any way undermine the airlines profits. Current areas to focus are: **CUSTOMER SATISFACTION** Any company's development is hugely fostered by customer satisfaction, offering the best to the customers. Some approaches that Ryanair can adopt to continuously continuously deliver products and services best suited to customer expectations: e-services: new technologies enable the customers to save time, while bringing added flexibility and convenience. E – services, which represents a major source of innovation and development, are key assets for implementing the continuous and long lasting improvements delivered by new technologies.

Services take on a worldwide dimension, through the implementation of electronic tickets and online booking service. This service enables a customer with the electronic ticket at any place in the world, to book a flight with the Ryanair. Customer relationship: Ryanair should be proactive in handling relationships with customers, continuously providing questionnaires and online research methods to obtain feedback on the quality of products and services and on overall satisfaction. Commitment to setting the global standard for quality of service should be an objective. Punctuality, for both departing and arriving flights, should remain as a strong point for Ryanair. Access for all: Ryanair should have a policy of access for all, providing special services for passengers who need assistance.

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These include unaccompanied minors and passengers with reduced mobility. For unaccompanied minors, provision of a full service with support throughout the trip. For passengers with reduced mobility, provision of comprehensive services. Strengthening passenger rights: compliance of all laws on air passenger rights e. g.

air passenger rights in event of denied boarding, cancellation, downgrading or delay. Air passengers should be systematically be informed of the new regulations on compensation and assistance. Increasing cargo customer satisfaction: pursue a quality policy to ensure reliability and safety, and improve quality of service and performance. An initiative to meet customer wishes for supply chain transparency. Meeting the needs of maintenance customers: have comprehensive services driven by a quality-oriented approach for the customers benefit.

Ryanair should implement a method that seeks to deliver hands-on management, and continuous improve process. EXTERNAL AND INTERNAL ENVIRONMENT FACTORS Air transport environmental issues have long been in airlines agendas. Ryanair should be committed to continuously improve its environmental performance in order to reconcile the growing demand for air transport with the need to protect the earths atmosphere. Key challenges include: To improve the environmental performance Ryanair should consider: Fleet renewal: the use of the newest technologies is the most effective tool airlines have for limiting noise and emissions. Air transport has already realized major environmental achievements in the past by improving fuel efficiency and thus reducing the growth of its CO2 emmissions, while considerably limiting the impact of aircraft noise.

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Ryanair should invest in new aircraft. The fleet age should aim at beating the world average age of 11.4 years. Operations procedures: ryanair should implement operational procedures to MARKETING MANAGEMENT In marketing is defined by the product. So we ask ourselves; what is the product? The product of an airline is split up in several parts: fleet and schedules, customer service, controlling product quality and even air freight product. In the business approach, the company is not observed in terms of the stages of the product life cycle analysis, although it might be so in the minds of management, but it is rather observed on a daily basis.

Aspects such as network, planes and configuration should be translated in the marketing strategy. Ryanair should have a Relationship Marketing strategy. Relationship marketing is about maintaining and strengthening relationships with existing customer. It is not just about the frequent flyer programmes, but also about the promise in advertisements and about the warm welcome that the existing heavy user, main customer, wants.

RESEARCH AIMS AND OBJECTIVES The main intention of the research is to look at ways of running a profitable low-cost airline, the challenges encountered by airlines.

The aims and objectives are to RESEARCH QUESTIONS To have a vivid picture on my research into how Ryanair can continue to be a profitable low-cost airline in the light of challenging airline sector, I intend to answer the following questions LITERATURE REVIEW The aviation industry has brought many benefits to society in both economic and social terms. The relative affordability and speed of air transport today have made international travel accessible to many people and it has become an integral part of their

lifestyle (Romanova, 2004). Few businesses are as important as the airline industry for the smooth and efficient working of a modern society. Air transport has come to play an irreplaceable role in service to commerce and to the travel needs of the millions of people who fly every day. It is a global, technologically advanced and dynamic growth industry (Lazar, 2003).

Air travel remains a large and growing industry. A number of factors are forcing airlines to become more efficient. Airline's profitability is closely tied to economic growth and trade. Airlines have had to recognize the need for radical change to ensure their survival and prosperity. For airlines, the future will hold many challenges.

Successful airlines will be those that continue to tackle their costs and improve their products, thereby securing a strong presence in the key world aviation markets (Stanford University, 2008). The airline industry has gone through plenty of turbulence over the last few years. Following a period of crisis caused by an economic slowdown in the United States and amplified by 9/11, the SARS epidemic and the war in Iraq, air traffic began growing again in 2004. The airline sector remains fragile, however, and a jump in oil prices or new terrorist attacks could set things back again (Montreal Economic Institute, 2006). Airlines are operated in an extremely dynamic, and often highly volatile, commercial environment.

Both opportunities and risks are part of everyday business for the company. As with any other company, airline companies have sustainability risks (social, environmental, operational, threat, strategic and financial risks) that have to deal with. Airline managers are responsible for the optimal decision-

making about corporate sustainability risks in their daily business (Southwest Airlines, 2008). The key issues facing today's airlines are optimization, improved capacity, cost savings and ability to react quickly to changes.

The portfolio of solutions for airline planning and control ranges from network planning, code share handling and new crew management, to pricing, price distribution and revenue management. The portfolio is rounded out by business intelligence services, marketing and sales solutions and consulting (Lufthansa Systems, 2008). Meanwhile, airlines face the following pressures (SAPAG, 2005): For a company to survive, I believe it is necessary to build a corporate sustainability management system, taking into consideration social, environmental, economic, business risks and strategic risks. This requires that employees understand everyday risk management without exception. It is also necessary to take measures for emergency management in the case of risk actualization and other measures based on business continuity planning, which take into consideration large-scale disasters, etc.

as such (Nomura, 2003). It is my assumption that CSM (Corporate Sustainability Model) can be the best and effective way to achieving corporate sustainability objectives by airline management. The airline industry is among the more complicated and dynamic industries for implementing corporate sustainability management. According to the Oliver Wyman survey, one of world's fastest growing airlines, facing significant challenges and new risks are determined as follows (Oliver Wyman, 2008): The CSM process consists of a series of steps that, when undertaken in sequence, enable continual improvement in decision-making.

Communication and consultation will be reflected in each step of the process.

Monitor and review is an essential and integral step in the risk management process. The basic model steps are; RESEARCH METHODOLOGYThe information in this report relates to the fiscal year 2005-10. It covers activities on major and minor airlines according to the following criteriaETHICAL CONSIDERATIONSAll of the data and ideas used in this research is quantitative data. The information used was readily and publicly available, with no any form of moral or ethical intrusion. Most of the research was done from secondary sources whereby I have paid royalties to the authors in the references.

Confidentiality of respondents is respected. If the aviation industry is to cater to the global growth in air travel, satisfy an increasingly demanding customer base and remain profitable, we think it will have to make major changes to its business model. It will have to offer passengers greater choice and a more differentiated experience – and simultaneously control its costs by creating a variable infrastructure, using shared processes and collaborating much more closely. Elements of this new business model should include: The emerging technologies we have identified above can play a major role in helping the industry achieve all these objectives. While the number of collaboration partners required for airports and airlines has soared, so can the potential benefits.

The technology is ready – are you?