

ADVANCED GCE
APPLIED TRAVEL AND TOURISM
Unit 15: Marketing in Travel and Tourism

G734/CS

PRE-RELEASE CASE STUDY

To be opened on receipt

JANUARY 2009



INSTRUCTIONS TO TEACHERS

- This case study **must** be opened and given to candidates on receipt.

INFORMATION FOR CANDIDATES

- You **must** make yourself familiar with the case study before you sit the examination.
- You **must not** take notes into the examination.
- A clean copy of the case study will be given to you with the question paper.
- This document consists of **8** pages. Any blank pages are indicated.

easyJet the story so far.....

- October 1995 - airline was established and started operations on 10 November 1995, based in Luton.
- November 1995 - easyJet offered two routes to Glasgow and Edinburgh, served by two Boeing 737 aircraft. 5
- Passenger numbers for the year ended 1999 were 3 100 001.
- November 2000 saw easyJet shares formally admitted to the London Stock Exchange.
- August 2002 - easyJet merged with Go Fly; the combined company became Europe's number one low cost airline. 10
- November 2002 - easyJet offered 89 routes from 36 European airports, operating 64 aircraft.
- Passenger numbers for the year ended September 2004 were 24 343 649.
- September 2006 - easyJet announced preliminary results for the year. Its fleet had grown to 122 aircraft and its network expanded to 262 routes and 74 airports in 21 countries (58 new routes and 11 new destinations had been introduced in the year). Passenger numbers rose by 11.5% to 33 million and it was able to post a record profit of £129 million before tax, a rise of 56% over 2005. 15
- Passenger numbers for the year ended September 2006 were 32 953 287. 20
- 2007 - fleet size grown to 126 aircraft covering 73 destinations.

Fig. 1

easyJet Brand

The easyJet brand is strongly associated with its simple, 'no frills' service. This service is targeted at both the leisure and business markets. The company's staff has shed some light on what easyJet stands for, in the form of a statement of the organisation's values: the so-called 'orange culture'. This means being 'up for it', 'passionate' and 'sharp'. 5

The original founder, Stelios Haji-Ioannou, still owns a 22% shareholding in easyJet, although he is no longer the chairman. easyJet does not own its brand, unlike most other airlines. Stelios has retained sole ownership of the 'easy' brand and licenses it to the airline (as well as to all other easyGroup businesses.) For most 'easy' businesses, the business pays a specified fee to Stelios for the use of the name. However, given the strength of the easyJet brand and the large amount of free advertising and publicity it lends to the other 'easy' businesses, it was agreed at the time of flotation that easyJet could use the name free of royalty. 10 15

Stelios controls other separate easyGroup businesses such as easyInternetcafé, easyCar.com, easyMoney, easyCruise and easyHotel. 20

Fig. 2

Press Release

British Airways and easyJet scoop Condé Nast Honours

British Airways, Cathay Pacific, easyJet and Emirates all came away with top honours from the Condé Nast Traveller magazine readers' awards.

The popular magazine asked its readers to complete a questionnaire, choosing 'the best that the travel world has to offer' in categories that included destinations, airports and airlines. 5

BA scooped the top award for best short-haul leisure travel airline, gaining a score of 91.11 out of 100 for customer satisfaction. Passengers rated the British flag-carrier's lounge facilities and loyalty schemes especially highly. BMI and Swiss were second and third in terms of short-haul leisure travel. 10

For long-haul leisure flights, Cathay Pacific was the readers' number one choice, with a score of 89.67. Punctuality and efficiency marked out the Hong Kong-based airline as being better than the rest. BA finished fourth in this category, behind Virgin Atlantic (89.25) and Emirates (88.13), with Virgin receiving particular praise for its in-flight entertainment (which gained a score of 92.06). 15

In the low cost airlines bracket, easyJet claimed the top spot, with a mark of 85.18 overall. It garnered praise for its service, child-friendliness and luggage handling. Second in the no frills market was bmibaby (84.59), followed by Australian carrier Virgin Blue and JetBlue Airways, an American budget carrier. Flybe, the Exeter-based airline, was placed fifth. 20

Dubai-based carrier Emirates took home the top award for business travel. Readers particularly liked its punctuality, in-flight entertainment and value for money, giving it a score of 90.51. BA and Singapore Airlines finished second and third respectively, with Cathay Pacific and Virgin Atlantic also making the top five.

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Fig. 3

easyJet Fares

Fares increase as the departure date gets nearer. In addition, the level of demand affects prices, so cheaper fares are often available during less busy periods, e.g. mid-week flights.

easyJet Mission Statement

To provide its customers with a safe, good value, point-to-point air service. To effect and to offer a consistent and reliable product and fares appealing to leisure and business markets on a range of European routes. To achieve this, easyJet tries to develop its people and establish lasting relationships with its suppliers.

As one of the pioneers in the European low cost airline market, easyJet bases its business model on a number of principles derived from the USA's Southwest Airlines. These principles are to:

1. minimise distribution costs by using the Internet to take bookings;
2. maximise efficient use of assets, by decreasing turn-around time at airports;
3. provide a 'simple-service model' which means the end of free on-board catering;
4. provide ticketless travel, where passengers receive an email confirming their booking, cutting the cost of issuing, distributing and processing tickets;
5. make intensive use of IT in administration and management, with the aim of running a paperless office.

easyJet Vision

To develop its strength as the largest low cost airline in Europe.

Fig. 4

easyJet Marketing

easyJet uses a variety of advertising media including online, radio and mobile display units (buses). The Advertising Standards Authority (ASA) records that it upheld one complaint relating to an easyJet advertisement. The advertisement appeared in the national and regional press and was headlined, 'Low fares needn't B A con!' 5

In 2004, easyJet and Hotelopia, a subsidiary of First Choice Holidays, launched a co-branded easyJetHotels accommodation booking service.

ITV has run a series called 'Airline' filmed at Luton Airport and Liverpool John Lennon Airport. This was also aired in the United States as A&E Network show 'Airline UK' - a UK version of the American show, first broadcast in 2004. 10

easyJet Booking

Initially booking was by telephone only, with all planes painted with the booking telephone number. There was no incentive for travel agents to make easyJet bookings because there was no commission, a standard practice for the low cost carriers. 15

easyJet Awards

Aviation Week's Best Performing Small Airline. 20
 Skytrax Research UK's Top European Low Cost Airline.
 Revolution New Media Awards Best Online Retailer.

In June 2006 the easyJet website was awarded the Best Airline Website Award at the TravelMole Web Awards. It beat rivals including BA and KLM. Judges commented that although actual contact with the airline can be hard, the website was 'user-friendly and pleasing to the eye.' These awards have led to extended media coverage. PR opportunities have included a wide range of editorial features and photographic opportunities. easyJet has capitalised on the affable Stelios, who is happy to give numerous press, radio and TV interviews. The 'orange and easy' brand continues to grow from strength to strength, demonstrating the success of one of the most recognisable brand images in the industry. 25
 30

Fig. 5



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Fig. 6a

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Fig. 6b