

Marketing

Marketing Research

Easyjet and Company case study

Do you remember the bad old days when British Airways monopolized the air routes between England and France? You could forget about a cheapo to the Riviera, unless you were packing Louis Vuitton bags. So with a resounding bravo the European market welcomed Easy Jet. No frills, no meals flights... who cares, as long as the price is right. Yet, in the midst of an airline industry that has been greatly affected by the terrorist attacks of September 11, 2001, how profitable it is to be cheap when the 'big boys' are slashing their rates by half?

The once profitable business of flying in Europe was forecast to grow by almost 4% each year on an average base between 1998 and 2010. However, in a world struck by fear of new terrorist attacks, aviation accidents (Scandinavian Airlines System/Private, Milan, October 8, 2001; Sibir Airlines, Black Sea, October 4, 2001) and military US strikes in Afghanistan, global air traffic is expected to experience a decline of 10%. Against this background of great incertitude and environmental turbulence, low cost airliners like Easy Jet must reinvent their 'no frills, cheap rates' success formula in order to maintain its leadership among low cost airlines and ensure its long-term survival and profitability in the now shaky airline industry.

Apparently, Stelios' (EasyJet's CEO) vision of a low cost airline that deals directly with customers over the Internet, offers no free meals but refunds customers when the company's promise of 'easy' service is not fulfilled had hit the jackpot for achieving maximum revenue growth. For example in 2000, 5.6 million passengers flew with EasyJet (an increase of 84% from 1999). The airline's compromise with customer satisfaction is reflected in a focused marketing strategy that has aimed to provide low cost-basic services (e.g. well-trained staff, good quality food and beverages can be purchased on board) short flights for leisure and business travelers. Having opted to become leaders in their existing markets, EasyJet has not expanded geographically. Instead the company has made safety, security, customer satisfaction and a strong brand, the cornerstones of corporate strategy. Not long ago, the 'easy' appeal of the airliner had enabled the company to secure a differentiated rank among other low cost airlines and major flag and charter carriers. Suddenly, in the wake of terrorist attacks, promises of safety and security are redundant, and adequate service at a low cost is not sufficient to gain competitive advantage when competitors are offering a better, all-inclusive service at similarly low prices.

Exercise

Aware that a low cost-adequate service approach is not enough to maintain a competitive edge, EasyJet is considering adapting its strategy. The company wishes to penetrate other European markets (e.g. Portugal, Greece) improve its in flight service and perhaps even establish all-inclusive rates (ticket and onboard services). However, because both ventures would demand substantial investment, EasyJet management has approached your marketing research agency to gauge whether business and leisure travelers would welcome such changes. In this regard, you should also explore other alternatives that could attract consumers. You are also expected to research consumers' fear of flying and recommend strategies to appease these and increase the number of passengers flying with Easy Jet.

1. Justify the need for marketing research.
2. Define a research problem.
3. Determine if you will adopt a quantitative or qualitative methodology.
4. Discuss which research method(s) you would use.
5. Identity a suitable target sample.
6. Discuss potential limitations for your piece of research and anticipate ways in which these could be minimised.