

easyJet

Strategic Analysis

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Introduction

The report begins by looking at EasyJet's past and the cooperative strategies the company has used to advance its aviation market share. By analysing various strategies such as Porter's Generic Strategies and the Ansoff Matrix, readers get an idea of how the company approaches competitive advantage. By scrutinizing the airline's resources, including fleet composition, operational infrastructure and digital capabilities, the report assesses the extent to which EasyJet is leveraging its internal strengths. In addition, the report examines key performance indicators, revenue growth and customer satisfaction growth. It also noted how EasyJet is dealing with the complexities of sustainability and environmental responsibility. The report concludes by outlining future strategic directions for improving sustainability practices.

Background of EasyJet

From its establishment in 1995 until today, EasyJet has proven to be one of the fastest growing and most successful airlines in Europe. Thanks to its affordable prices and great services, an increasing number of passengers prefer EasyJet for their travels. Founded by Sir Stelios Haji-Ioannou, EasyJet is an example of how the right strategy can quickly achieve success. EasyJet employs over 12,000 people, including more than 2,685 pilots and 6,516 cabin crew members. Customer loyalty has increased since EasyJet promised to become the world's first low-carbon airline. According to the company, reducing prices would increase people's travel on short distances. EasyJet has an excellent marketing strategy that quickly gains popularity (EasyJet, 2022a).

Purpose of the Strategic Review

The purpose of this strategic review is to analyse the different strategies used by EasyJet and to assess the positive and negative aspects of its management. The main goal is to identify how EasyJet copes in the rapidly growing competitive landscape and market dynamics. It will also examine various schemes that are suitable for maintaining competitiveness in the future.

Key Business and Corporate Strategies

Identification of Business and Corporate Strategies

Over the years, EasyJet has implemented several key business and cooperative strategies that have helped successfully establish the company in this competitive and dynamic environment. It will examine some of the main strategies below (Whittington et al. 2019, p. 15):

- In order for the company to offer competitive prices, it needs to have the right strategy for reducing costs. EasyJet has focused on the efficient use of aircraft,

operating from more affordable airports, hedging fuel costs, and continuously optimizing revenue.

- Despite its low prices, EasyJet does not compromise on efficient and fast service. The company is distinguished by the balance it demonstrates between price and quality. Through its excellent strategies, EasyJet has proven itself as a leader among low-cost carriers. In a short time, the airline has attracted a large group of passengers to its benefit.
- One of EasyJet's most profitable strategies is the continuous expansion of the company with new destinations and routes. By entering new markets, the company consistently solidifies its position in the sector.
- EasyJet has established a strategy for digital transformation. The company invests a large portion of its revenues in digital technological innovations with the aim of staying one step ahead of its competitors. Through its easily accessible booking platform and mobile application, EasyJet is readily available and keeps people well-informed.

Analysis of Strategic Frameworks

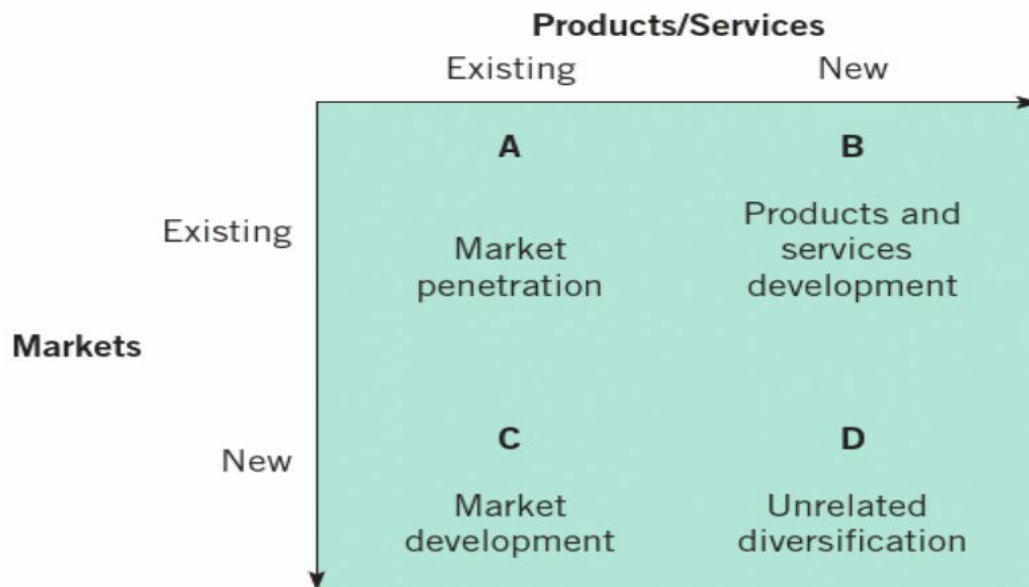
- **Porter's Generic Strategies** – Porter's Generic Strategies, developed by Michael Porter, are strategic approaches that businesses can adopt to gain competitive advantage in their respective industries. These strategies are based on the idea that businesses can achieve sustainable competitive advantage by either having the lowest costs in the industry, differentiating their products or services in a unique way, or focusing on a specific market segment. The three main generic strategies outlined by Porter are cost leadership, differentiation, and focus. Overall, Porter's Generic Strategies provide a framework for businesses to analyse their competitive position and choose the most appropriate strategy to achieve sustainable competitive advantage. However, it's important for companies to carefully assess their internal capabilities, industry dynamics, and competitive landscape before selecting and implementing a specific strategy. Additionally, successful implementation of these strategies requires continuous adaptation and refinement to stay relevant in a rapidly changing business environment (Whittington et al. 2019, p 205).

EasyJet's main strategy is based on Porter's Generic Strategies framework. The company successfully combines profitability with offering low fares due to its cost-minimization strategy. This strategy helps attract a group of people who are more price conscious. While cost leadership remains a core aspect of its approach, EasyJet distinguishes itself with its commitment to providing an excellent travel experience and using technology to enhance customer satisfaction.

- **Ansoff Matrix** – The Ansoff Matrix, also known as the Product-Market Expansion Grid, is a strategic planning tool used by businesses to analyse and devise strategies for growth. It was developed by Igor Ansoff in 1957 and remains widely used in strategic

management. The matrix helps companies consider different growth opportunities by evaluating potential strategies based on two dimensions: products and markets.

The Ansoff Matrix provides a framework for companies to evaluate and prioritize growth strategies based on their current market position, product portfolio, and growth objectives. By considering the four quadrants of the matrix, businesses can identify the most suitable growth opportunities and develop strategic plans to achieve sustainable growth and competitive advantage (Whittington et al. 2019, p 239).



Source: (Whittington et al. 2019)

EasyJet's strategic growth initiatives align with various quadrants of the Ansoff Matrix.

Market Penetration - EasyJet continuously strives to expand its market share with new destinations and offers various loyalty programs that skilfully attract new customers (EasyJet, 2022a).

Market Development: EasyJet seeks to explore new markets and expand its customer base by entering untapped regions and introducing flights to underserved destinations. This strategy allows EasyJet to capitalize on emerging travel trends and capture additional revenue opportunities (EasyJet, 2022a).

Product Development: While EasyJet primarily focuses on its core airline operations, it also explores opportunities for product development within the travel industry. This may include partnerships with hotels, car rental companies, and other travel-related services to offer integrated travel packages to customers (EasyJet, 2022a).

Diversification: While not a primary focus, EasyJet may consider diversification strategies in the future to mitigate risks and explore new revenue streams (EasyJet, 2022a).

Resources and Capabilities Analysis

Resources refer to the assets, both tangible and intangible, that a company possesses. These can include physical assets like machinery, facilities, and raw materials, as well as intangible assets like brand reputation, intellectual property, human capital, and organizational culture. Essentially, resources are the inputs or means that a company uses to conduct its operations and create value (Lynch, R 2018, p.116).

Capabilities, on the other hand, represent the organization's ability to effectively utilize its resources to achieve its strategic objectives. Capabilities are more dynamic than resources and often involve the integration and coordination of various resources to perform specific activities or tasks. They encompass the skills, knowledge, processes, and organizational routines that enable a company to carry out its business activities competently and competitively (Lynch, R 2018, p.116).

Value Chain and Value System analysis

The value chain is made up of support activities that help the primary activities be more effective and efficient as well as primary activities that are directly involved in the production and delivery of a good or service. Businesses can find potential for cost savings, differentiation, and competitive advantage by examining every stage of the value chain, including marketing, outbound logistics, inbound logistics, and after-sales support.

By taking into account the wider web of connections and exchanges between different players in the market ecosystem or industry, value system analysis builds on the idea of the value chain. It looks at the creation and distribution of value among suppliers, manufacturers, distributors, retailers, and consumers along the whole value chain (Whittington et al. 2019, p 96).

A value chain analysis looks at the tasks a business completes in order to provide a good or service to the market and pinpoints the places where value is added. This analysis for EasyJet entails breaking down all aspects of the airline's business, including post-flight experiences, customer service, and ticket sales. We can determine important areas of efficiency and possible areas for improvement by laying out EasyJet's value chain. Furthermore, by examining the value system, we can comprehend the ways in which EasyJet collaborates with partners, suppliers, and customers to generate and provide value along the whole supply chain (EasyJet, 2022a).

VRIO analysis

A strategic framework called VRIO analysis is used to assess an organization's internal resources and skills in terms of their ability to compete. It aids businesses in determining whether their assets and skills offer a long-term competitive edge. The VRIO framework

evaluates an organization's value, rarity, imitability, and capabilities to assist businesses in determining if they offer a sustainable competitive advantage. The long-term success and competitive position of the company in the market are expected to be enhanced by resources and capabilities that satisfy all four requirements (Whittington et al. 2019, p 104).

V	Value: Do resources and capabilities exist that are valued by customers and enable the organisation to respond to environmental opportunities or threats?
R	Rarity: Do resources and capabilities exist that no (or few) competitors possess?
I	Inimitability: Are resources and capabilities difficult and costly for competitors to obtain and imitate?
O	Organisational support: Is the organisation appropriately organised to exploit the resources and capabilities?

Source: (Whittington et al. 2019, p 99).

EasyJet VRIO analysis				
Valuable?	Rare?	Inimitable?	Supported by the organisation?	Competitive implications
YES	YES	YES	YES	Sustained competitive advantage

These analyses will provide a comprehensive understanding of EasyJet's internal strengths and weaknesses, enabling us to make informed recommendations for future strategic direction and resource allocation. Through a rigorous examination of its value chain, value system, and VRIO attributes, we aim to identify opportunities for EasyJet to enhance its competitive advantage and achieve long-term success in the highly competitive airline industry (EasyJet 2022).

Implementation of Strategies

Organisations must implement strategies successfully if they are to meet their goals and stay competitive. This section looks at how strategies are put into practice and evaluates how effective they are using the SAF framework, which looks at suitability, acceptability, and feasibility.

An organised method for assessing the feasibility and likelihood of success of strategic initiatives is offered by the SAF framework:

Suitability:

Definition: The alignment of selected strategies with the objectives, resources, and external environment of the organisation is evaluated for suitability. It looks at how well

the strategies work together to take advantage of the organization's strengths and meet its demands and possibilities (Whittington et al. 2019, p 376).

Application to EasyJet: Given its status as a low-cost airline and the competitive nature of the aviation sector, EasyJet's initiatives, like its emphasis on cost leadership and development into new countries, make sense. These tactics increase market share and growth by utilising EasyJet's well-known brand and efficient operations (EasyJet 2022a).

Acceptability:

Definition: Acceptability assesses how well the plans are received by different stakeholders, including as staff members, clients, investors, and the public. It takes into account whether the tactics meet financial, social, and ethical standards (Whittington et al. 2019, p 382).

Application to EasyJet: Stakeholders largely approve of EasyJet's strategies. Investors respect its financial performance and development potential, while customers value its services' accessibility and price. On the other hand, EasyJet may need to address sustainability issues to improve acceptability if concerns about the environmental impact are raised (EasyJet 2022a).

Feasibility:

Definition: The practicality and resource needs of putting the solutions into practice are examined in the feasibility phase. It assesses if the company has the infrastructure, skills, and resources required to carry out the strategies successfully (Whittington et al. 2019, p 391).

Application to EasyJet: EasyJet's implementation of its approach indicates its practicality. It can assist its growth ambitions with its fleet resources, route networks, and operational capabilities. But obstacles like shifting regulations and unpredictability in the market could affect viability, requiring quick fixes and flexible approaches (EasyJet 2022a).

Using the SAF framework to evaluate strategy execution offers insightful information about the suitability, coherence, and feasibility of selected tactics. Assuring feasibility, acceptability, and adaptability increases EasyJet's chances of implementing its strategy successfully and maintaining its competitiveness over the long run in the fast-paced aviation sector.

Competitive Positioning and Sustainability

A company's market position, long-term viability, and reputation are all impacted by its competitive positioning and sustainability, which are essential components of its

strategic framework. This section assesses EasyJet's competitive posture in the aviation sector as well as its sustainability initiatives.

Competitive Positioning:

Definition: The way a business places itself in the market in relation to its rivals and makes use of its advantages to set itself apart from the competition is known as competitive positioning (Barney, J, & Hesterly, W 2018).

Application to EasyJet: EasyJet is a prominent low-cost carrier in the European aviation sector, enjoying a strong competitive position. It has been able to draw in price-conscious passengers and successfully compete with established carriers thanks to its emphasis on operational efficiency, streamlined services, and reasonable pricing. EasyJet has established a distinct market niche by prioritising affordability, convenience, and value for money, thereby positioning itself as the go-to option for budget-conscious travellers (EasyJet, 2022b).

Sustainability:

Definition: Sustainability is the process of incorporating environmental, social, and governance (ESG) factors into corporate decisions with the goal of maximising positive long-term effects on society and the environment (Barney, J, & Hesterly, W 2018).

Application to EasyJet: EasyJet has taken a few steps to lessen its environmental impact because it understands the value of sustainability. This include making purchases of fuel-efficient aircraft, planning flights to minimise emissions, and committing to carbon offset schemes. In addition, EasyJet is investigating substitutes for sustainable aviation fuel (SAF) and allocating funds for R&D to promote environmentally beneficial technologies. EasyJet wants to improve its image, comply with regulations, and help create a more environmentally friendly airline industry by addressing environmental issues and adopting sustainable practices (EasyJet, 2022b).

Conclusion

In summary, EasyJet finds itself at a critical crossroads in its strategic development, able to effectively negotiate the intricacies of the aviation sector and seize new opportunities. Several significant insights have been revealed by a thorough examination of its corporate and business strategies, assets and competencies, competitive positioning, sustainability initiatives, and long-term strategic orientations.

EasyJet has established a strong position in the European aviation market thanks to its low-cost operational strategy, strong brand reputation, and operational efficiency. Travellers have responded favourably to the company's strategic focus on cost-effectiveness, ease of use, and customer-centricity, which has fuelled growth and increased market share.

EasyJet has additionally shown that it is dedicated to sustainability and understands the significance of environmental responsibility in the current business environment. EasyJet is establishing itself as a pioneer in environmentally conscious air travel by making investments in fuel-efficient aircraft, streamlining flight operations, and investigating sustainable aviation fuel substitutes.

Key strategic imperatives for the organisation include market expansion, improved customer experiences, fleet modernization, sustainability leadership, digital transformation, strategic partnerships, and resilience to external shocks.

In conclusion, EasyJet has positioned itself for sustained success and leadership in the global aviation scene through a strategic journey marked by innovation, adaptability, and a dedication to quality.

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