

## **Case Brief : Ryanair : Defying Gravity**

### **I. Reason for successful growth of Ryanair**

- A. Choosing Michael O'Leary to lead the company with his expertise in unconventional tactics.
- B. Catered to passengers who were looking for alternate means of transport by providing a low-cost service that people could easily afford.
- C. Specifically targeted leisure travellers over business travellers; since they were not very strict on time schedule but rather the fare they could afford.

### **II. Effectiveness of the strategy**

- A. O'Leary had several good strategies to woo the customers he targeted :
  - 1. Replaced Ryanair fleet with used Boeing 737-200s when economy was weak. Cost cutting on the interiors of the flight.
  - 2. Low-fare philosophy which allowed passengers to buy the cheapest tickets one day in advance of the flight as opposed to the standard 14-day advance purchase.
  - 3. Fly to less-crowded secondary airports to reduce airport operations costs.
  - 4. Drafting in-house ads, attention grabbing publicity stunts by O'Leary himself.
- B. By 2013, Ryanair had become one of the largest airlines in the world, carrying over 79 million passengers, employing 9,394 people.

### **III. Failures in the strategy**

- A. Unhappy work crew. Pilots were being paid 30% below the norm and had to pay for their uniform and training.
- B. Pilots and crew working 95% of legally allowed maximum limits as opposed to its competitive carriers who were working 70% of the time.
- C. Services that most airlines viewed as fundamental, such as free meals, drinks, snacks, preassigned seating, and reservations flexibility, were completely eliminated.
- D. The emphasis on customer service was reduced drastically. Interline baggage transfer was yet another passenger convenience that was not offered.

### **IV. The "Always Getting Better" campaign**

- A. The industry was changing and competitive carriers were always furiously in battle to set low prices. EasyJet, reported higher revenues per seat, higher passenger capacity growth, and better operating margins than Ryanair which led to the birth of this campaign.
- B. The campaign called for a revamped reservations promising booking tickets a lot easier and seamless, a generous baggage allowance, allocated seating with the option to choose seats for a fee and My Ryanair Club, a frequent flier program.
- C. Learning from easyJet to have a low-cost model but not compromise on culture, rules and customer focus, was the great idea behind the campaign.
- D. These steps and changes, I believe, is a **radical transformation** because :
  - 1. The whole fundamentals of Ryanair were changed by bringing about these changes to challenge their rivals, and to offer low-cost while providing improved customer service.
  - 2. There is a huge gap in the state of affairs of how Ryanair was working before the campaign and after, by improving on a lot of areas and not compromising on culture.

#### **V. Challenges faced in 2018**

- A. Shortage of pilots due to exercising their own holiday options, affecting 400,000 passengers for which compensation of €240m to €500m was announced.
- B. Competitors taking up pilots of Ryanair on their carriers and publicising it. Bad publicising stunt by O'Leary when he disrespected the pilots by saying they are not hard-worked.
- C. Fighting a battle against legitimate employee demands to unionize, negotiate with unions that were already recognised; leading to strikes and cancellation of about 300-2400 flights daily as a consequence.
- D. Video going viral on racist matters and poor handling by Ryanair for which apology was late and not welcomed. Complaints on money making tactics to seat families away from each other in order to make them pay extra to be seated together.
- E. Given the history of Ryanair since O'Leary, I would suggest Ryanair to —
  - 1. Invest in good PR to do damage control effectively and efficiently.
  - 2. Improve employee relations and customer support.
  - 3. There is total dependence on O'Leary. Should invest in a leadership team.