

**Student Name:**

**Student ID:**

**STRM083**

**Case Study Report: Ryanair: The Low Fares Airline – New  
Directions?**

**Lecturer:**

**Word Count:** 2725 Words

## Table of Contents

<b>Executive Summary</b> .....	2
<b>1. Introduction</b> .....	3
<b>2. External Factors and Uncertainties Facing Ryanair</b> .....	3
2.1. Brexit and Regulatory Changes .....	3
2.2. Labour Relations and Strikes .....	4
2.3. Competition and Market Dynamics .....	5
2.4. Ryanair's Coping Strategies .....	6
<b>3. Capabilities and Core Competencies</b> .....	7
3.1. Cost Leadership and Efficiency.....	7
3.2. Ancillary Revenue Generation.....	7
3.3. Network Expansion .....	8
3.4. Digital Innovation and Customer Experience .....	8
3.5. Financial Management.....	9
<b>4. Recommendations</b> .....	10
4.1. Diversify Revenue Streams.....	10
4.2. Strengthen Labor Relations.....	10
4.3. Explore Strategic Alliances.....	11
<b>5. References</b> .....	11

## Executive Summary

The report analyzes Ryanair, Europe's largest low-cost airline, to identify its external issues, solutions, and strengths. Ryanair has strategically spread its EU operations to reduce UK market dependence and prepare for disruptions. Brexit and regulations caused this. The airline must adjust to market and regulatory changes. Ryanair has had labour disputes and strikes since recognizing unions in 2017. Despite these disputes, the airline is fighting to maintain its low fares and cost base to stay competitive and gain customers' trust. Proactive employee management includes working with an Irish flight school to fill pilot positions when needed. Ryanair's financial performance improves with new revenue, digital platforms, and strategic partnerships. Hotel reservations, car rentals, and personalized gifts diversify the company's revenue. Strategic partnerships with Aer Lingus and Laudamotion have increased routes and customer choice, making it more competitive.

Ryanair is affordable and efficient. Low-cost secondary airports, point-to-point routes, complete aircraft, and constant operations and fuel use improvements help it do this. Cost control, intelligent investments, and shareholder value growth have kept the airline profitable. Ryanair's ability to quickly expand its network and base and optimize routes in response to market changes and competition is impressive. With its user-friendly website and app, personalized marketing, and "Always Getting Better," the airline is committed to digital innovation and customer satisfaction. Finally, Ryanair's skilled human resource management, especially of a diverse and geographically dispersed workforce, helps it manage labour issues and excel operationally.

### 1. Introduction

This report examines Ryanair, Europe's largest low-cost airline, to see how it handles external issues and capitalizes on its strengths. The main goal is to understand how Ryanair handles Brexit, regulatory changes, labor disputes and strikes, and competition in the highly competitive European airline market. This study examines Ryanair's coping strategies and core competencies to determine its low-

cost airline leadership. It aims to demonstrate its success and offer suggestions for growing and succeeding in this ever-changing industry.

## **2. External Factors and Uncertainties Facing Ryanair**

### **2.1. Brexit and Regulatory Changes**

Ryanair, Europe's largest low-cost airline, will struggle with Brexit and rule changes. Ryanair, which operates in the UK and EU, is most affected by Brexit. Air traffic rights, customs procedures, and visa requirements may need to be changed. If the UK and EU can't agree on an air travel deal, flight schedules and prices could change, hurting Ryanair's profits. The falling British pound after Brexit hurt Ryanair, which does a lot of business in the UK. Exchange rates affect the airline's income and costs, making budgeting and cost control harder. The UK's role in the EU's "open skies" transportation market and how EU companies can hire UK workers are unclear (IATA, 2018). Ryanair has expanded its EU operations, reduced its UK market dependence, and begun planning for the worst to cope with this uncertainty. But Brexit's effects are still unclear, so Ryanair must adapt to new rules and the changing market.

### **2.2. Labour Relations and Strikes**

Ryanair, Europe's largest low-cost airline, faces labour disputes and strikes. These issues have hampered the airline's operations, lowered passenger confidence, and hurt its bottom line. Ryanair's December 2017 decision to recognize unions, a significant change from its previous policy, is the issue. After a holiday schedule error cancelled thousands of flights, affecting over 300,000 passengers and costing the company €25 million, this strategy change was made. Labour disputes followed this sudden policy change. Unions in various countries wanted equal pay and working conditions for many agency-employed pilots (Independent.ie, 2017).

Ryanair has struggled to reach union agreements because they must discuss conditions, base transfers, and annual leave for each country separately. The company had to learn how to handle labour relations in different cultures because its network covered many European countries. The negotiation process became harder.

Ryanair was also ordered by the European Commission to give workers contracts in their home country instead of Ireland (Noonan, 2009). After lengthy negotiations over these issues, Unions have threatened to strike to get what they want. Flight schedules have been disrupted by strikes, such as the coordinated pilot and cabin crew strikes in several countries in September 2018 (O'Halloran, 2017). This discourages passengers from booking ahead. Ryanair offered low-cost daily deals to sway customers. It was determined to maintain its cost base and low fares.

Ryanair partnered with an Irish flight school to train 450 new pilots over five years. This was done to compensate for pilot shortages and maintain operations. The airline also anticipated hiring 1,000 pilots annually. Air traffic controller strikes, mainly in France, have caused "right-to-care" costs and made it harder to be on time. These issues reduced Ryanair's on-time performance from 89% to 75% in the first quarter 2019. Ryanair worries about labour relations and strikes because it's hard to balance the needs of different unions across its extensive network (Taylor, 2018). The company's ability to handle these issues will be crucial to its success in the European airline market and customer satisfaction.

### **2.3. Competition and Market Dynamics**

Ryanair, Europe's largest low-cost airline, faces market and competitive changes. Airline competition in Europe is fierce. Many companies want market share. Ryanair faces competition from low-cost airlines, regular airlines, and alternative transportation like high-speed rail and sea travel. Ryanair competes with well-known low-cost airline EasyJet. Ryanair and EasyJet are simple airlines. EasyJet offers low prices and direct European flights (Helterlin and Ramalho, 2007). Both airlines are competing for cheap travellers by lowering prices and other measures. Ryanair has had to change prices and innovate to compete with other low-cost airlines.

Ryanair faces low-cost and regular airlines like Air France-KLM, British Airways, Aer Lingus, and Lufthansa. Older airlines usually have first-class cabins, frequent flyer programs, and many routes. They offer a different value proposition than Ryanair because they serve leisure and business travellers (PRAKASH, 2023). Ryanair's flights compete with others when they pass through the same areas. This causes price and capacity wars. Additionally, European airlines face competition from other

modes of transportation, such as high-speed rail. Many Europeans choose trains for short trips because they are more convenient and environmentally friendly. Ryanair and other airlines must deal with the popularity of trains, especially on routes with good rail infrastructure.

Ryanair has focused on lowering prices, making more money, and improving routes to maintain its competitive edge. Low-cost airlines have point-to-point routes and few services, keeping prices low. Bag fees, on-board meals, and car rentals generate lots of revenue. It constantly changes its routes, frequency, and network growth to stay ahead of the market. Ryanair has been looking for ways to partner and cut costs due to competition. It has code-shared with Aer Lingus to attract long-haul passengers (EU, 2013). These ties can help Ryanair expand its market share and travel options.

#### **2.4. Ryanair's Coping Strategies**

Ryanair has several strategies to overcome challenges in the highly competitive European airline industry. These strategies demonstrate that the company wants to maintain its market leadership and adapt to changing times.

Ryanair has strategically spread its EU operations to mitigate Brexit and regulatory changes. Buy airlines like Laudamotion to grow in markets where Lufthansa and its subsidiaries in Germany, Austria, and Switzerland are strong (Humphries and Bryan, 2017). Ryanair wants to increase its tourism market share in popular vacation destinations by focusing on the Mediterranean. Diversification makes Ryanair less dependent on the UK market and prepares it to succeed in the EU regardless of Brexit.

Ryanair needed union recognition and negotiations to resolve labour issues and strikes. The airline's commitment to its core strategy shows its willingness to defend its low fares and cost base during strikes. However, managing different countries' labour relations takes a lot of work. Ryanair constantly negotiates working conditions, base transfers, and annual leave with unions (Halpin, 2018). This shows the company values good labour relations, stabilizing operations and building customer trust.

Ryanair has made money by offering extra services. These services include checked bag fees, on-board meals, car rentals, and hotel reservations. Ryanair wants to increase revenue by offering more services and becoming a travel hub. Ryanair has expanded into many services. Examples include "rooms.ryanair.com" for hotel bookings and CarTrawler for car rentals (Pereira, 2023). This strategy lets the airline capitalize on non-flight-related customer needs, increasing profits.

Ryanair's ability to change routes, frequency, and services has been crucial to its strategy for dealing with market changes and increased competition. The airline has stayed competitive by adding services, routes, and flights. Collaboration on projects like sending passengers to Aer Lingus' transatlantic flights has led to new revenue streams. Ryanair's code-sharing partnerships demonstrate its commitment to innovation and market share.

Finally, Ryanair's response to external issues shows its resilience and adaptability. Ryanair has navigated the complicated European airline industry by expanding into the EU market, managing labour relations well, maximizing side income, and adapting to changing times. Combined with Ryanair's low-cost model and customer-focused approach, these strategies help the company maintain its low-cost airline leadership despite uncertainties and competitive pressures.

### **3. Capabilities and Core Competencies**

#### **3.1. Cost Leadership and Efficiency**

Ryanair's competitive strategy is cost leadership and efficiency. The airline can offer low fares and stay profitable in a competitive industry because it is good at lowering operational costs. Ryanair's cost leadership comes from its ability to choose secondary airports and create the best point-to-point routes. This strategy reduces turnaround times and landing fees, lowering operating costs. Ryanair has always concentrated on high aircraft utilization rates, meaning its planes spend more time in the air and less on the ground. This method boosts plane revenue and lowers seat-kilometer costs (Rodríguez-García *et al.*, 2020).

Cost leadership also requires constant efficiency pursuit. Ryanair is always looking for ways to improve its operations, from ground handling to fuel efficiency. It buys

fuel-efficient planes like the Boeing 737 to cut fuel and maintenance costs (Kumar, 2019). The airline optimizes crew schedules and routes to cut costs. This efficiency applies to hiring costs since Ryanair has fewer employees than traditional carriers. This reduces labour costs and streamlines operations.

### **3.2. Ancillary Revenue Generation**

Ryanair has mastered making money from other sources, which is now a significant source of revenue. Ryanair's business relies on finding, marketing, and selling extra services. One of its most important traits is its ability to bundle services and products to meet customer needs. It offers baggage fees, food and drinks, early boarding, and assigned seats. Ryanair attracts many customers by letting them choose their services and customize their experience. This boosts revenue and customer satisfaction.

Ryanair excels at digital marketing and e-commerce. Good use of its website and mobile app to promote other services. With its digital capabilities, it has made its booking process easy so customers can add extras while booking (Rawool *et al.*, 2015). The company also uses data analytics to personalize offers and suggestions, which increases the likelihood that passengers will buy extra services. Using data to make extra money from other sources improves the airline's financial performance.

Ryanair also partners with car rental companies and hotel booking websites to offer more services. Because it integrates many travel elements, it makes money from more than just the flight. Ryanair can easily add third-party services to its digital ecosystem, demonstrating its ability to make extra money (Ryanair Corporate, 2020). Ryanair is good at understanding customers, using digital platforms, and forming strategic partnerships. These skills help it make extra money, which is crucial to its business strategy and financial success.

### **3.3. Network Expansion**

Ryanair has mastered network expansion as a strategy. Ryanair's agility in analyzing market demand, choosing profitable routes, and establishing bases in key locations are its network expansion strengths. The airline can expand and adapt its route



network to customer needs and market changes. Ryanair quickly fills underserved markets with routes. Many times, market share and profits grow.

The airline develops bases well. Ryanair bases itself in many European cities. Company operations can be centralized, costs cut, and city economies integrated. Ryanair can stay the cheapest and expand by establishing bases in secondary airports with lower operating costs and traffic (Olischer *et al.*, 2013). Essential to its operations, these bases simplify flight scheduling, crew management, and maintenance. Ryanair can adapt to market changes and competitor pressures, making network expansion possible (Dobruszkes, 2013). The airline constantly evaluates and changes its routes, adding flights to popular ones or eliminating underperforming ones. Ryanair can maximize its network, staying competitive and profitable.

### **3.4. Digital Innovation and Customer Experience**

Ryanair has been working hard to develop its skills and core competencies in digital innovation and customer experience. Digital platforms are constantly improving, which is an essential skill. Ryanair has invested in making its website and mobile app easy to use so passengers can book flights, manage reservations, and get travel information. This digital ability has helped the airline streamline the booking process, making customers happier.

Ryanair also excels at personalization and targeted marketing. The airline uses advanced analytics and customer data to satisfy everyone. Knowing how passengers behave and what they like helps Ryanair recommend seat upgrades, priority boarding, and in-flight services (Barrett, 2021). Customization increases profits and makes travel more enjoyable for passengers.

Ryanair also improves customer service well. "Always Getting Better" (AGB) illustrates this. AGB is fixing past customer service issues and improving the passenger journey (Garcia, 2016). For instance, they want more seats, lower flight change and cancellation fees, and better communication. Ryanair has rebuilt customer trust and brand image by listening to and acting on customer feedback. This customer-centred innovation skill boosts customer satisfaction and loyalty.

### **3.5. Financial Management**

Ryanair has strong money management skills and core competencies, which are crucial to its success. One of its most important skills is cost control. Ryanair keeps prices low by improving secondary airports, point-to-point routes, and plane use. Cost control lets the airline offer competitive prices and still make a profit. Ryanair manages risk well, including labor disputes, fuel price changes, and economic downturns.

Financial managers must also invest wisely. Ryanair has shown it can smartly partner and buy other companies to grow market share and revenue. Ryanair competed with Lufthansa and other low-cost airlines after buying Laudamotion. Strategic investments are planned to meet the airline's financial goals and make money (Efthymiou and Christidis, 2023).

Ryanair's financial management includes dividends and shareholder value. The airline started paying dividends in 2010, but by 2018, it had returned over €6 billion in special dividends. Ryanair manages capital allocation to focus on growth and investor returns because it understands money (Financial Times, 2009). Finally, Ryanair's financial health and success in the competitive airline industry depend on its money management. This includes cost reduction, smart investments, and shareholder value. With these skills, the airline can stay ahead in the low-cost market and make money even in a bad economy.

## **4. Recommendations**

### **4.1. Diversify Revenue Streams**

Ryanair must find new revenue streams to grow and weather the uncertainty of the airline industry. The airline has improved by using extra revenue for non-flight expenses. Ryanair's revenue for fiscal year 2018 was 28% from baggage fees, in-flight sales, and priority boarding (Ryanair, 2017). This shows how well the airline can make money non-flight-related. Ryanair's "rooms.ryanair.com" and CarTrawler partnership let customers book hotels and rent cars.

Digital platforms are thriving, and more people are booking services online. Ryanair revamped its website and app to make booking and adding extras easier. This digital innovation promotes online booking and allows businesses to make more money. Ryanair's personalized and targeted marketing using advanced analytics and customer data has increased service usage. Making offers and suggestions based on passenger behaviour has made Ryanair the most money. This shows that the airline can make more money in various ways with technology.

Ryanair can increase revenue by partnering with travel insurers, airport shuttles, and tourist attractions. These partnerships can help customers travel and earn more. Like other airlines, Ryanair offers loyalty programs and subscription plans to retain customers. Ryanair can keep adding services and using new technology to make money because it works.

#### **4.2. Strengthen Labor Relations**

Ryanair must improve worker relations to reduce labour disputes and strikes, which have hurt its operations and reputation. Ryanair has reportedly recognized and begun talking to unions. This significant change followed the 2017 holiday schedule error that cancelled thousands of flights, costing the company much money and damaging its brand. Ryanair recognized unions like the Irish Airline Pilots' Association (IALPA) to discuss and resolve employee issues (Tsang, 2018).

Ryanair should communicate openly with unions and employee representatives to improve labour relations. Increasing trust and collaboration will help resolve disputes and prevent strikes. Employee engagement programs at Ryanair could improve job satisfaction and health. These steps improve employee retention and job satisfaction. Ryanair appears to recognize worker concerns and is acting. Ryanair can improve operational stability and industry reputation by improving labour relations through ongoing negotiations, clear communication, and employee-focused initiatives.

#### **4.3. Explore Strategic Alliances**

Ryanair could grow, lower costs, and compete in the airline industry with strategic alliances. Ryanair may have formed strategic partnerships to improve services and

capitalize on synergies. Code-sharing with Aer Lingus simplifies transatlantic flights. This partnership expands the airline's route network and customer options, increasing its value.

To form strategic partnerships, Ryanair bought Laudamotion, Niki Lauda's Austrian airline. Ryanair competed with Lufthansa and its subsidiaries in Germany, Austria, and Switzerland. Laudamotion has expanded its fleet, improved efficiency, and received positive feedback from employees and founder Niki Lauda. These all indicate alliance success. Ryanair entered new markets with this purchase. Another winning strategic partnership.

Ryanair should partner with other airlines for strategic alliances, especially in growth markets. Ryanair's many short-haul flights can attract long-distance passengers. For a more complete travel experience, the airline should partner with hotels, ground transportation, and travel insurance companies. By carefully selecting and nurturing alliances, Ryanair can increase customer value, enter new markets, and strengthen its competitive position. Successful alliances and acquisitions support this.

## 5. References

Barrett, S.D. (2021) The sustainability of the Ryanair model. *International Journal of Transport Management*. **2**(2), 89–98.

Dobruszkes, F. (2013) The geography of European low-cost airline networks: a contemporary analysis. *Journal of Transport Geography*. **28**, 75–88.

Efthymiou, M., Christidis, P. (2023) Low-Cost Carriers route network development. *Annals of Tourism Research*. **101**, 103608.

EU (2013) Mergers: Commission prohibits Ryanair's proposed takeover of Aer Lingus. *European Commission - European Commission*. [online]. Available from: [https://europa.eu/rapid/press-release\\_IP-13-167\\_en.htm](https://europa.eu/rapid/press-release_IP-13-167_en.htm).

Financial Times (2009) Ryanair Holdings, RY4B:ISE summary - FT.com. *markets.ft.com*. [online]. Available from:

<https://markets.ft.com/data/equities/tearsheet/summary?s=RY4B:ISE> [Accessed January 21, 2024].

Garcia, M. (2016) Ryanair Reveals Always Getting Better Action Plan for Year 3. *Flight Chic*. [online]. Available from: <https://flightchic.com/2016/04/12/ryanair-reveals-always-getting-better-action-plan-for-year-3/>.

Halpin, P. (2018) Ryanair warns on profit as strikes and fuel prices take toll. [online]. Available from: <https://www.reuters.com/article/idUSKCN1MB1OI/>.

Helterlin, G., Ramalho, N. (2007) *How did the deregulation of air transportation in Europe foster entrepreneurial behavior and innovation in the European airline industry over the last twenty years?*

Humphries, C., Bryan, V. (2017) Ryanair CEO says Brexit contingencies include 'Armageddon' scenario. *Reuters*.

IATA (2018) *A study of the effects of the United Kingdom leaving the European Union on airlines flying to and from the UK Prepared for: The Industry Affairs Committee of The International Air Transport Association -IATA Final.*

Independent.ie (2017) Pilot unions' day 'is largely dead' - Michael O'Leary. *Independent.ie*. [online]. Available from: <https://www.independent.ie/business/irish/pilot-unions-day-is-largely-dead-michael-oleary/35428322.html> [Accessed 2BC].

Kumar, P. (2019) An Analysis of Michael Porter's Ryanair's Corporate Strategy. *IJRAR19J3563 International Journal of Research and Analytical Reviews*. 6(1).

Noonan, L. (2009) O'Leary admits stake in Aer Lingus was 'stupid disaster'. *Independent.ie*. [online]. Available from: <https://www.independent.ie/business/irish/oleary-admits-stake-in-aer-lingus-was-stupid-disaster/26518798.html> [Accessed January 21, 2024].

O'Halloran, B. (2017) Ryanair enters uncharted territory after year of turbulence. *The Irish Times*. [online]. Available from: <https://www.irishtimes.com/business/transport->

and-tourism/ryanair-enters-uncharted-territory-after-year-of-turbulence-1.3339727 [Accessed January 21, 2024].

Olischer, F., Thomas, Dörrenbächer, C. (2013) *Ryanair's policy of route relocation and withdrawal*.

Pereira, D. (2023) Ryanair Business Model - How Ryanair Makes Money? *The business model analyst*. [online]. Available from:  
<https://businessmodelanalyst.com/ryanair-business-model/>.

PRAKASH, P. (2023) Ryanair's CEO says consumers will always choose budget flights over environmental fears, as aviation has been wrongly made the 'poster child' for climate change. *Fortune Europe*. [online]. Available from:  
<https://fortune.com/europe/2023/12/27/ryanair-ceo-michael-oleary-consumer-budget-airline-environment-fears-aviation-climate-change/> [Accessed January 21, 2024].

Rawool, S., Boke, A., Shejy, G. (2015) *Gaining Advantages using Web Analytics: A case study on Ryanair*.

Rodríguez-García, M., Orero-Blat, M., Palacios-Marqués, D. (2020) Challenges in the Business Model of Low-Cost Airlines: Ryanair Case Study. *International Journal of Enterprise Information Systems (IJEIS)*. **16**(3), 64–77.

Ryanair (2017) *RYANAIR FULL YEAR PROFITS RISE 10% TO €1.45BN LOWER FARES & HIGHER OIL CUTS FY19 GUIDANCE to €1.25BN -€1.35BN*.

Ryanair Corporate (2020) Ryanair Signs Rentalcars.com To Drive Unrivalled Car Rental Experience – Ryanair's Corporate Website. *corporate.ryanair.com*. [online]. Available from: <https://corporate.ryanair.com/news/ryanair-signs-rentalcars-com-to-drive-unrivalled-car-rental-experience/>.

Taylor, C. (2018) Ryanair Cannot Afford an Endless War against Unions. *The Irish Times*. [online]. Available from: <https://www.irishtimes.com/opinion/ryanair-cannot-afford-an-endless-war-against-unions-1.3556538>.

Tsang, A. (2018) Ryanair, Long Opposed to Unions, Grapples With Strikes in Europe. *The New York Times*.

