

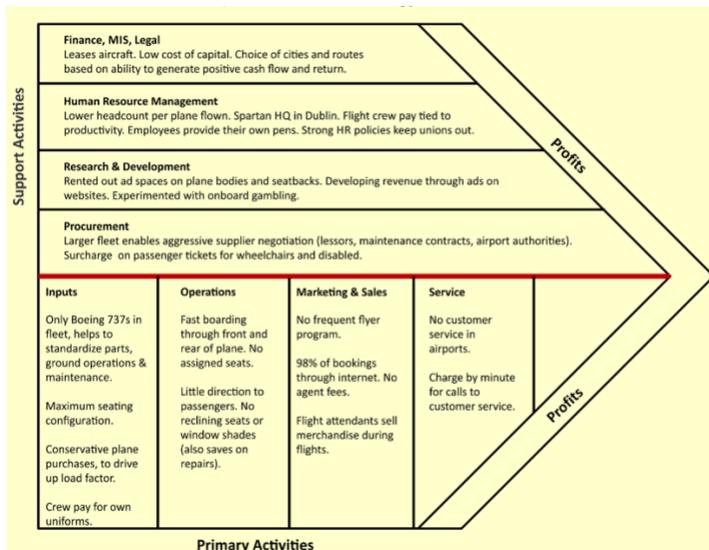
Ryanair: Marketing and operations alignment

Marketing and operations are two sides of the same coin (Zanon et al., 2012). Both departments in a firm should unite their efforts to differentiate their offerings and deliver their value proposition. Customer value is the core of obtaining a competitive advantage and is affected by total quality management (TQM) and marketing management. Marketing confirms that the business is 'doing the right thing', and TQM helps marketing to achieve operational effectiveness and continuous improvement for 'doing the right things right' (Mahmood et al., 2015; Walters, 1999). These management styles are complementary business approaches to enhance business performance, financial performance and organisational effectiveness, thus helping to maintain and build competitive advantage. For this article, I chose Ryanair, Europe's leading low-cost airline, to evaluate how the cross-functional integration between marketing and operations builds its competitive advantage, helps it conquer threats to maintaining low fares and enhances digital initiatives to shape its customers' journeys. I will firstly demonstrate the benefits of Ryanair's marketing and operations alignment and how this interface helps to achieve its success. Then I will list the challenges and risks it has faced between the two functions and elaborate on how these obstacles have been overcome. Finally, I will provide ideas for improving Ryanair's current interface between marketing and operations strategies to further develop its competitive advantage.

Ryanair's mission is to offer low fares that generate increased passenger traffic while maintaining a continuous focus on cost containment and efficiency operation (Writer, 2020). It implements a low-cost, 'no frills' strategy to create superior value for its customers. Ryanair

differentiates itself by targeting fare-conscious leisure and business travellers who might otherwise choose alternative forms of transportation or not travel at all by creating a blue ocean that outperforms rivals and captures a greater share of the market space. Cost savings are found in the elimination and reduction of factors the industry competes on. Buyer value is lifted by raising and creating elements the industry has never offered (Chan, K. & Mauborgne, 2004). In Ryanair's case, it differentiates its service and positions itself for competitive advantage. According to Kotler and Keller, 'Competitive advantage is a company's ability to perform in one or more ways that competitors cannot or will not match' (2016, p. 304). Ryanair's success depends on how well it coordinates marketing and operations activities to conduct core business processes. These can be seen through its value chain (Figure 1).

Figure 1. Ryanair's Low-Cost Strategy Value Chain



Source: NANOPDF.com

Ryanair's CMO Matthias Wenk stated that its marketing strategy is in simplicity and speed of execution (Farey-Jones, 2018). Its decision-making process is fast, so it doesn't get held up by process. The marketing strategy keeps advertising costs to a minimum through internal

marketing and exceptional social media use while making the most of any publicity. The company is the world's most searched airline website and nothing on Google because everyone knows what Ryanair stand for (Rogers, 2017). In addition, unlike other traditional airlines, it doesn't use third party agents to sell tickets; 98% of bookings are made through Ryanair's website, thus avoid commission fees and keep fares low. Furthermore, known as the godfather of ancillary revenue, Ryanair's cabin attendants aggressively push onboard sales of beverages, food and merchandise. Thus, the airline can deliver on its promised value as 'the cheapest flight' while remaining very good at the flight's execution. Marketing and TQM are synergistic for efficient management of Ryanair's value creation and value delivery process. Once Ryanair identifies customer needs and expectations, it assembles resources for specifications and features which fulfil those needs and expectations. This is where integrated efforts in marketing and operations are required (Mahmood et al., 2015). Ryanair's TQM delivers quality objectives through the lowest fares and passenger service.

Furthermore, through deploying Six Sigma quality programme, Ryanair has eliminated a number of significant cost drivers associated with other airlines and retained both low fares and high service to improve customers' experiences (SixSigma, 2017). In order to maintain the key competitive advantage of low fares, Ryanair's operation model needs to keep operating costs low to enable low fares on a profitable basis. Firstly, Ryanair uses a single type of jet, Boeing 737-800, for its entire fleet to reduce its maintenance, overhaul and staff training costs and to increase flexibility of staff allocation. Secondly, Ryanair endeavours to control its labour costs through incentivising high productivity, such as onboard sales of products by cabin crew and payments based on the number of hours flown by pilots. Thirdly, Ryanair saves on customer

service costs by partnering with external contractors to enhance its direct sales customer experience and mobile app. Finally, it reduces airport handling costs by requiring all passengers to check-in online and charging a checked bag fee. Ryanair's marketing and operations interface integration makes a decisive contribution to its operational efficiency, which in turn strengthens the value and competitive advantage of the company. Building complementary operations and marketing competitive capabilities and priorities can be of strategic value (Zanon et al., 2012), and 'when activities complement one another, rivals will get little benefit from imitation unless they successfully match the whole system' (Porter, 1996).

Customer value is the source for obtaining competitive advantage. A main objective of today's firms is quality improvement. To provide best value, companies should consider providing best quality service at competitive prices to attract large numbers of customers. In order to satisfy explicit and implicit expectations of customers, quality shifts to 'value generation by a continuously improving system in every respect' (Mahmood, 2015). Ryanair is explicit about taking advantage of its cost leadership strategy to deliver low fares for target customers; however, the airline's challenges suggest that the interface between marketing and operations should consider delivering differentiated customer experiences to improve customer retention. For example, Ryanair's brand has suffered from its portrayal as a company that 'hated customers'; its low prices do not go together with high customer satisfaction. According to Gould, only 15 percent of customers are prepared to compromise service for the cheapest deal, while 62 percent are looking for a reasonable balance between price and service (2018). Some issues, such as the poor employee relationship, became a risk. Ryanair could not continue to avoid productivity payments and increases to salary levels, therefore significantly

affecting the company's performance. The second challenge is competition from other airlines and other modes of transport. Customer choice continues to increase, but does Ryanair's cost leadership strategy still drive growth (Gould, 2018)? To overcome the conflict of quality assurance, Ryanair rolled out the 'Always Getting Better' programme to reset consumer perceptions and move away from its label as most hated airline (Faull, 2014). Marketing initiatives such as new personalised website and app, Ryanair room website, digital content such as the 'Try Somewhere New' travel guide and videos in multiple languages grew the traffic of customers and revenue (Ryanair, 2017). Operations aligned with the firm's overarching competitive strategy. Other examples include initiatives such as 'punctuality promise to aim for 90% of flights to be on time', 'dedicated claims team', 'greenest airline to promise plastic free from their operations in the next five years' and 'Ryanair transfer to achieve a wider choice of ground transport with new partner CarTrawler' (Initiatives, 2018). To create a personalised digital experience across its platforms, Ryanair partnered with tech company Boxever to understand the needs of customers in each interaction, strengthening the interface between marketing and operations by designing personal, relevant and valuable experiences that deliver the promised value throughout the whole operation process to improve engagement (Boxever, 2019). The partnership with Boxever enables Ryanair to understand the needs of customers and make each interaction with the customers more engaging. Building complementary operations and marketing competitive capabilities and priorities can be of strategic value. Once these elements are aligned, they result in improvements to organisational performance (Zannon, 2012).

By identifying customer requirements and putting quality at the heart of everything, TQM can be seen as an improvement approach to the way operations and processes should be managed and improved (Slack & Brandon-Jones, 2019, p. 561). To maintain the competitive advantage in a highly competitive travelling industry, Ryanair must become adaptive and innovative to form its own efficient operations strategy, which is one of the major elements to success. However, Ryanair's passengers' perception of quality not only results from an evaluation of the intrinsic quality attributes of the service, but is also affected by the marketing mix (service design, sales promotion, distribution, pricing). Ryanair focuses on customer experience to deliver differentiated, superior service or lower prices that drive revenue. Since former Ryanair CMO Kenny Jacobs realised that digital is key for improving customer experience through personalisation, a digital strategy focusing on advertising has been conducted to communicate prices and personalise the experience through its website, email and owned media with aircraft and airports (Moth, 2014). To efficiently deliver new strategies and improve company performance, Ryanair needs to enhance its cross-functional interface strategy between marketing and operations. TQM is a continuous concept in which Ryanair aims at improving processes and services to meet the needs and expectations of customers. The House of Quality or Quality Function Deployment (QFD) is a process for determining the customer (the 'whats') and the design characteristics of the new product and service (the 'hows'). QFD deploys resources through the organisation in response to customer requirements and provides a systematic process for integrating TQM into new service development activities (Slack & Brandon-Jones, 2019, p. 126). In Ryanair's case, TQM implementation helps to deliver quality objectives, constantly improves to offer the lowest fares at all times on all routes,

responds quickly to complaints, provides prompt refunds, improves customer experience through online reservations and offline service, and takes measures to speed up check-in.

Besides TQM, Six Sigma enables Ryanair to improve its marketing's strategic, tactical and operational processes. If TQM helps to maintain and improve the current process, Six Sigma focuses on minimising defects and delivering better and effective results (MSG). By applying Six Sigma to marketing, Ryanair is able to eliminate a number of significant cost drivers associated with other airlines, to retain low fares and high service, and to become proactive about performance improvement. Six Sigma implementation enables the airline to keep up with its competitors and increase its revenue by stimulating passenger growth and offering no-frills service.

As it moves towards a position as a digital leader in the industry, Ryanair can use new technologies, processes and organisational structures to proactively lead rather than follow customers on their digital journeys. By aligning cross-functional departments, including operations managers and marketers, everyone in the company can work to understand customers' wants and needs at each step of the customer journey (Edelman & Marc, 2015). Ryanair is execution-oriented, fast and agile, and constantly testing and iterating improvements. For instance, Ryanair's low fare and digital strategy delivers a differentiated experience for target customers. Marketers provide customer insights and ensure that the brand standards are embedded throughout the journey (Edelman & Marc, 2015). Operations managers oversee the back-end support for each piece of the journey, from the online interface to in-flight customer service. By making the journey a compelling and customised experience, Ryanair can earn customers' loyalty and gain a competitive advantage.

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