

Ryanair (2019, Ivey)

- *Full Name of the Case:* Ryanair: Flying Too Close to the Sun
- *Teaching Note Available?* Yes
- Case is available through Harvard Business Publishing (product #: W19258-PDF-ENG)

Ryanair is a low-cost European airline, which was founded in 1984 and is headquartered in Dublin, Ireland. With a business model inspired by that of Southwest Airlines, it has become known for its extremely low prices, offering unheard-of airline fares for short-haul flights.

The case opens with some facts about the airline industry in Europe, as well as the role of “low-cost carriers” (LCCs) in shaping the industry in the past few decades. It then describes the “Ryanair model”; some features, for example, are buying and maintaining only one type of aircraft, servicing cheaper secondary airports, and providing customers a “no-frills” experience.

The case next describes some important problems Ryanair faced in the early 2010s, which the company addressed through pivoting its business model towards becoming more customer friendly. Other business model moves included social and digital initiatives such as building a digital platform to become the “Amazon.com of travel.” At the same time, Ryanair continued to be brutally cost-conscious, leading to some embarrassing and high-profile issues.

The case closes by asking whether Ryanair’s low-cost business model and fast growth are tenable moving forward, especially following a well-published crisis in 2017 involving rostering errors, as well as tensions with unions. Although the case ends in 2019, another crisis that needs to be taken into consideration, of course, is the COVID-19 pandemic that brought air transportation to a near-standstill in 2020.

In order to address the question of how sustainable and “fit for the future” Ryanair’s business model is, students can be asked to conduct *PEST* and *Business Model Canvas* analyses, two important tools for business model analysis and evaluation described in **Chapter 9** (tools 7 and 12). (Another tool from that chapter that instructors can highlight are *Business Model Templates* [tool 6], such as “no frills,” or “add-on.”)

The case can also be used to discuss the differences between the business model and traditional strategy, and to point out that, as argued in **Chapter 2**, the business model is an important, yet not all-encompassing concept. There are many other firm-level choices and challenges (like communication with customers, relationships with employees, etc.) that can affect the performance of a company with a novel business model. Lastly, the case allows for a (probably animated) discussion of evolving value

propositions (**Chapter 8**). It thus provides for a nice transition from **Chapter 8** (value proposition), to **Chapters 9** (tools) and **10** (challenges).

Copyrighted Material