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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, May 2018

Programme: MBA (General)

Course Name: Management Information Systems

Course Code: DSIT 7009

No. of page/s: 4

Semester – **II**

Max. Marks : 100

Duration : 3 Hrs

(Please answer the questions **IN CONTEXT**)

Section A (5*2=10 marks)

Describe (in short):

- a. GIS
- b. Structured Decisions
- c. Portal
- d. Transaction Processing Systems (TPS)
- e. Disruptive Technologies

Section B (5*6=30 marks)

Write short notes on any 5:

- | | |
|---------------------------|---------------------|
| (a) Intellectual Property | (d) Systems Analyst |
| (b) Cookies | (e) Dashboard |
| (c) Privacy | (f) Drill Down |

Section C (2*10=20 marks)

Attempt any 2 questions:

- 1) Give the various Business Models over the Internet.
- 2) What are “Knowledge Work Systems”? Give Examples.
- 3) Who uses “Business Intelligence”? Elucidate with Applications.

Section D (4*10=40 marks)

Based on your study of the following caselet, Please answer the questions provided at the end.

This historical case shows how the easyJet web site (Figure 8.10) became the main sales channel for easyJet from its launch in the 1990s. How the Internet was used for service delivery and marketing communications is also described. This case study has been retained since it is a popular case illustrating the benefits of a planned strategy to digital channels. By 2008, 98% of seats are sold online and easyJet still incentivizes people to book their cheap flights online through a £7.50 discount for each leg of a journey.

EasyJet was founded by Stelios Haji-loannou, the son of a Greek shipping tycoon who reputedly used to 'hate the Internet'. In the mid-1990s Haji-loannou reportedly denounced the Internet as something 'for nerds', and swore that it wouldn't do anything for his business. This is no longer the case, since by August 1999 the site accounted for 38 per cent of ticket sales or over 135,000 seats. This was past the company's original Internet contribution target at launch of 30 per cent of sales by 2000. In the period from launch, the site had taken more than 800,000 bookings since it was set up in April 1998 after a shaky start of two sales in the first week and one thousand within the first month. In March 2000 easyJet increased its online discount to £2.50 for a single trip – a higher level of permanent discount than any other airline. By September 2000, Internet sales reached 85% of total sales. Since this time, the growth in proportion of online sales has decreased. By 2003, over 90% of all sales were online.

The articles relate the tale of the owner's office being graced by a photo of the owner with horns on his head and a Mexican moustache on his upper lip. The image was contributed as a complaint by an aggrieved customer. The nature of the entrepreneur was indicated since he sent the customer two free tickets.

The company was originally set up in 1994. As a low-cost airline, looking to undercut traditional carriers such as British Airways, it needed to create a lean operation. To achieve this, Haji-loannou decided on a single sales channel in order to survive. He chose the phone. At the time this was ground-breaking, but the owner was encouraged by companies such as Direct Line insurance, and the savings which direct selling would bring.

Although Haji-loannou thought at the time that there was no time to worry about the Internet and that one risk was enough, he was adaptable enough to change. When a basic trial site was launched, he kept a close eye on how popular the dedicated information and booking phone line was (having a web-specific phone

number advertised on the site can be used to trace the volume of users on the site). A steady rise in the number of calls occurred every week. This early success coincided with the company running out of space at its call centre due to easyJet's growth. Haji-loannou related, 'We either had to start selling over the Internet or build a new call centre. So our transactional site became a £10 million decision.'

Although the success of easyJet could be put down solely to the founder's adaptability and vision, the company was helped by the market it operated in and its chosen business model – it was already a 100 per cent direct phone sales operation. This meant it was relatively easy to integrate the web into the central booking system. There were also no potential channel conflicts with intermediaries such as travel agents. The web also fitted in with the low-cost easyJet proposition of no tickets, no travel agents, no network tie-ups and no in-flight meals. Customers are given a PIN number for each order on the web site which they give when they get to the airport.

Sales over the Internet began in April 1998, and although easyJet's new-media operations were then handled by Tableau, a few months later easyJet took them in-house.

The Internet is important to easyJet since it helps it to reduce running costs, important for a company where each passenger generates a profit of only £1.50. Savings to easyJet made through customers booking online enable it to offer at least £1 off to passengers who book online – this is part of the online proposition. Online buyers also benefit from paying the price of a local call, instead of the standard national rate of easyJet's booking line.

The owner says that 'the savings on the Internet might seem small compared to not serving a meal on a plane, which saves between £5 and £10, but when you think how much it would cost to build a new call centre, pay every easyJet reservation agent 80 pence for each seat sold – not to mention all the middlemen – you're talking much more than the £1 off we give online buyers'.

What about the risks of alienating customers who don't want to book online? This doesn't worry the owner. He says 'I'm sure there are people who live in the middle of nowhere who say they can't use the Internet and will fly Ryanair instead. But I'm more worried about keeping my cost base down, and finding enough people to fill my aeroplanes. I only need six million people a year, not all 56 million.'

Promotion

The Internet marketing gurus say 'put the company URL everywhere'. EasyJet has taken this literally with its web address along the side of its Boeing 737s.

EasyJet frequently varies the mix by running Internet-only promotions in newspapers. EasyJet ran its first Internet-only promotion in a newspaper in *The Times* in February 1999, with impressive results. Some 50,000 seats were offered to readers and 20,000 of them were sold on the first day, rising to 40,000 within three days. And, according to the marketing director, Tony Anderson, most of these were seats that otherwise would have been flying along at 600 mph – empty. The scalability of the Internet helped deal with demand since everyone was directed to the web site rather than the company needing to employ an extra 250 telephone operators. However, risk management did occur with a micro-site built for *Times* readers (www.times.easyjet.com) to avoid putting a strain on easyJet's main site.

Anderson says, 'The airline promotions are basically designed to get rid of empty seats.' He adds, 'If we have a flight going to Nice that's leaving in 20 minutes' time, it costs us very little to put some extra people on board, and we can get, say, £15 a head for it.' Flight promotions are intended to avoid attracting people who'd fly with easyJet, so advanced booking schemes are intended to achieve that.

A later five-week promotion within *The Times* and *The Sunday Times* newspapers offered cheap flights to a wide range of all easyJet destinations when 18 tokens were collected. In total, 100,000 seats were sold during the promotion, which was worth more than £2m to the airline. Thirty per cent of the seats were sold online, with the rest of the transactions being completed by phone; 13,000 orders were taken over the Internet in the first day alone with over 15,000 people on the site at one point.

The web site also acts as a PR tool. Haji-loannou uses its immediacy to keep newspapers informed about new promotions and offers by phoning and e-mailing journalists and referring them to the web site rather than faxing.

The web site is also used as an aggressive tool in what is a very competitive marketplace. Haji-loannou says 'Once we had all these people coming to our site, I asked myself: 'Why pay a PR company to publicize what we think when we have a captive audience on the site?'' For example, easyJet ran a competition in which people had to guess what BA's losses would be on 'Go', its budget rival to easyJet (the figure turned out to be £20m). Within minutes of the BA results being announced on 7 September, the easyJet site had the 50

easyJet.com
Discover the Best

Book cheap flights, hotels and car hire online with easyJet

Welcome to easyJet.com, the best place to book your cheap flights online. With low cost flights across many top European destinations you're bound to pick up a deal that fits your budget. Search our extensive network for bargain flights to Spain, France, Germany, Italy and more. Or visit our partner sites for great value hotels and car rental deals.

<p>English</p> <p>How would you like your easyJet.com?</p>	<p>Deutsch</p> <p>Wie hätten Sie Ihr easyJet.com gerne?</p>	<p>Français</p> <p>Comment aimeriez-vous votre easyJet.com?</p>	<p>Italiano</p> <p>Come vorresti il tuo sito easyJet.com?</p>
In English	auf Deutsch	en Français	In Italiano
You need only read one. Your selection will be translated for your next visit.	Die Sprache(n) mit der Sie wählen, Ihre Wahl wird in Ihrer nächsten Besuchssprache übersetzt.	You need only read one selection. Your choice will be translated into your preferred language.	Basta leggere una volta la tua scelta e il tuo sito sarà tradotto nella tua prossima visita.
<p>Castellano</p> <p>¿Cómo desea su easyJet.com?</p>	<p>Nederlands</p> <p>Hoe wilt u uw easyJet.com hebben?</p>	<p>Polsku</p> <p>W jakim języku chcesz przeglądać easyJet.com?</p>	<p>Portugues</p> <p>Como gostaria de ler a sua easyJet.com?</p>
en Castellano	Nederlands	Po Polsku	En Portugues
¿Cómo desea su selección de idiomas? Su selección será traducida a su idioma de visita.	U kunt een taal kiezen die u wilt. Uw keuze wordt automatisch vertaald in uw gewenste taal.	Wybierz język, w którym chcesz przeglądać. Twoja preferencja zostanie automatycznie przetworzona.	Tem a sua seleção de idiomas. A sua seleção será automaticamente traduzida para o idioma da sua visita.
<p>Česky</p> <p>V jakém jazyce chcete mít easyJet.com?</p>	<p>Magyarul</p> <p>Hogyan szeretné a saját easyJet.com-ját?</p>	<p>Dansk</p> <p>Hvordan vil du se easyJet.com?</p>	<p>ελληνικό</p> <p>Πως θέλεις να προτιμάς το δικό σου easyJet.com?</p>
Česky	Magyarul	på Dansk	Στο ελληνικό
V jakém jazyce chcete mít easyJet.com? Vaše volba bude automaticky přeložena do vašeho jazyka.	Önnyelválasztást szeretne-e megtenni? A választás automatikusan lefordítjuk.	Önspråkvalget vil blive automatisk oversat til dit foretrukne sprog.	Πως θέλεις να επιλέξεις το δικό σου easyJet.com? Η επιλογή σου θα μεταφραστεί αυτόματα στην γλώσσα που θέλεις να χρησιμοποιήσεις.
<p>Català</p> <p>Com preferiries easyJet.com?</p>	<p>Estonia</p> <p>Mis keel on te soovitud easyJet.com saiti vaadata?</p>	<p>Latvia</p> <p>Kādu jūs vēlaties savus easyJet.com?</p>	<p>Türkçe</p> <p>Sizce nasıl easyJet.com'un lütfen dilde görmek istediğiniz istersiniz?</p>
En Català	Estonia	Latvia	Türkçe
Com preferiries una selecció de llengües? La teua selecció es traduirà automàticament al idioma de visita.	Keeltavalikku soovite teha? Valik teie valitud keeleks on automaatselt teie keeleks muundatud.	Jumspråkvalget vil blive automatisk oversat til dit foretrukne sprog.	Önspråkvalget vil blive automatisk oversat til dit foretrukne sprog.
<p>Slovenia</p> <p>Kakšno spletno stran easyJet.com si želite?</p>	<p>Hrvatski</p> <p>Na kojem jeziku želite Vaš easyJet.com?</p>		
Slovenia	Hrvatski		
Uporabite spletno stran, ki jo želite. Vaša izbira se bo avtomatsko prevedla v vašo materinščino.	Odaberite jezik na kojem želite Vaš easyJet.com. Vaša odabir će se automatski prevoditi na vašu materinščinu.		

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easyJet web site
(www.easyjet.com)

flight-ticket winners from an incredible 65,000 people who had entered. In a similar vein a section of the site was entitled 'Battle with Swissair', giving easyJet's view that Swissair's head had persuaded the Swiss government to stop easyJet being granted a commercial scheduled licence on the Geneva-Barcelona route. EasyJet also called itself 'The web's favourite airline', in 1999, a direct counterpoint to British Airways' slogan of 'The world's favourite airline' for which it enjoyed a court battle.

EasyEverything

Following the brand extension success of Virgin, easyJet has used the 'easy' prefix to offer additional services as part of the easyGroup:

- easyEverything, a chain of 400-seat-capacity Internet cafés originally offering access at £1 an hour. This is run as an independent company and will charge easyJet for banner ads, but clearly the synergy will help with clickthrough between two and three per cent. The only concession easyEverything makes towards easyJet is that café customers can spend time on the easyJet site for free.
- easyRentacar, a low-cost car rental business offering car rental at £9 a day. These costs are possible through offering a single car type and being an Internet-only business.

Implementation

The articles report that Russell Sheffield, head of new-media agency Tableau, which initially worked with easyJet had an initial problem of colour! 'He says there was a battle to stop him putting his favourite colour all over the site.' The site was intended to be highly functional, simply designed and without any excess baggage. He says 'the home page (orange) only had four options – buy online, news, info, and a topic of the moment such as BA 'go' losses – and the site's booking system is simpler to use than some of its competitors'. He adds: 'great effort was put into making the naviga-

tion intuitive – for example, users can move directly from the timetables to the booking area, without having to go via the home page'.

The site was designed to be well integrated into easyJet's existing business processes and systems. For example, press releases are fed through an electronic feed into the site, and new destinations appear automatically once they are fed into the company's information system.

Measurement of the effectiveness of the site occurred through the dedicated phone number on the site which showed exactly how many calls the site generated, and the six-month target within six weeks. Web-site log file analysis showed that people were spending an average of eight minutes a time on the site, and better still, almost everyone who called bought a ticket, whereas with the normal phone line, only about one in six callers buys. Instead of having to answer questions, phone operators were doing nothing but sell tickets.

Once the web site generated two-fifths of easyJet business, it was taken in-house and Tableau now acts solely as a strategic adviser.

Source: Based on Revolution articles: EasyJet site a success in first month, 1 August 1998; EasyJet promotion sells 30,000 seats, 1 November 1998; Say hello to Mr e-Everything, 13 October 1999.

Questions

- 1 To what extent was the Internet revenue contribution of around 90 per cent achieved 'more by luck than judgement'?
- 2 Explain the proposition of using the Internet for the customer and define the benefits for the company.
- 3 Explain how easyJet uses the web site to vary the different elements of the marketing mix and as a marketing communications tool.
- 4 Use a news source such as www.ft.com or review its investors' relations site (www.easyjet.com/EN/about/investorrelations.html) to find out how easyJet has extended its Internet applications.