

UNIVERSITY OF BOLTON
RAS AL KHAIMAH CAMPUS

Bolton Business School

M.SC. BUSINESS INFORMATION SYSTEMS

SEMESTER II
EXAMINATIONS 2008/2009

E-BUSINESS STRATEGIES AND MODELS

MODULE NO: EBU4007DL (RAK)

Date: Tuesday 26th May 2009

Time: 1.00 – 4.00 p.m. (Three Hours)

INSTRUCTIONS TO CANDIDATES:

There are SIX questions on this paper.

Answer ANY FOUR questions.

All questions carry equal marks.

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Case Study Description – Fast Jet Limited

Fast Jet is a comprehensive travel and holiday services company with an annual turnover of £500 Million. It earned a net profit of £80 Million in 2008. It provides air tickets and also holiday packages at competitive prices to its customers throughout the United Kingdom. It offers travel, accommodation, and sports & adventure trips to holiday locations worldwide. The company is operating for the past 18 years and has 18 branches around the United Kingdom. Fast Jet has excellent relationships with several airlines and hotel chains including British Airways, Emirates, Qantas, Holiday Inn, Ramada, and Ibis. Majority of the company's revenues come from the Middle income customers who are price conscious. However, the customer service and good relations is also a decisive factor for Fast Jet's customer base.

The company is known for its good customer service throughout its branches in the UK, which helped it to gain a number of loyal customers. Fast Jet sells its services both offline and online. Majority of its revenues (72%) come from its physical stores, and the rest through its website which was built in 2004 by an external IT firm. However, the sport & adventure trip packages have been a real success for Fast Jet in the last 3 years constituting 45% share of its overall revenues and profits.

In the past few years Travel, Holiday & Leisure industry has faced many challenges because of economic slowdown and other market factors. Some of the players such as XL Holidays have disappeared from the market because of recent recession and falling demand. Many competitors of Fast Jet, such as new travel agents and holiday companies, have established websites to provide online holiday booking at low prices. These websites are now attracting large pool of customers who want to search for low cost holidays and buy them online. Fast Jet is now facing heavy competition in the market from these online holiday shops. The sales have fallen by 25% in its branches in the last two quarters. Interestingly, the online sales have grown by 19% (Year on Year) during the same period.

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Considering the market scenario, the senior managers at Fast Jet embarked on developing a new e-business strategy for the company. As part of the strategy they want to improve its website by developing several interactive features. They also want to invest around £3 Million to implement its new e-business strategy i.e. improve its website technologically and also build its online brand image, as a company which provides excellent customer service at competitive prices. The Website should reflect the company's quality image and help its business grow in near future. Fast Jet wants to spend the above allocated budget and implement its e-business strategy within the next 9 months.

Fast Jet's current website has basic features such as product catalogue, payment facilities and contact details. In a recent survey, its customers rated the website as average and static without any interactive or appealing features. In fact, most of its online visitors are its past customers who are aware of its good service in its physical branches. The website is currently maintained by an in-house Web Administrator. In addition, the company has two IT programmers who look after day-to-day IT support activities.

Questions

- 1) Discuss the role of the following e-business models for Fast Jet and how they can be used to improve the company's business performance.
 - A) Third-party Market Places
 - B) Value Chain Integration

(25 Marks)

- 2) Discuss the usefulness of Porter's Five Forces Model. Evaluate Fast Jet's competitive position in its market environment using the Porter's Five Forces Model.

(25 Marks)

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- 3) Evaluate Fast Jet's business portfolio using BCG Matrix and suggest a future course of action. **(25 Marks)**
- 4) Fast Jet can either improve its website "In-house" (by hiring new web developers) OR by "Out sourcing" it to an external web development company. Discuss in-depth which one of these two strategies (In-house OR Out sourcing) would be suitable for Fast Jet and why? **(25 Marks)**
- 5) Using various principles of e-marketing describe how Fast Jet can promote its website to its potential and current customers in order to improve its online sales. Within this context describe how web analytics can be used. **(25 Marks)**
- 6) Answer the following questions **(25 Marks)**
- A) Discuss the role of Fast Jet's physical stores across the UK in its e-business (e.g. Building website traffic).
 - B) Briefly explain the measures Fast Jet needs to take regarding the website security and customer data privacy & protection issues.

END OF QUESTIONS