



Assessing the Performance of Airline Web Sites: The ARTFLY Case

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EXECUTIVE SUMMARY

This case takes place in the increasingly competitive environment of the airline sector. Airline websites and Internet-based booking systems enable transformation of airline operations and become strategic weapons for the majority of airlines worldwide. Established airlines are attempting to stimulate customers to use the Internet, in response to entry of low cost carriers that capture shares of their market and in order to reduce their sales costs. Nonetheless, the development and maintenance of websites and e-commerce platforms requires substantial investments in capital and labor. Therefore, airlines need to assess the performance of their e-commerce channels in terms of profitability, customer appreciation and volume of sales on a continuous basis. However, the design of an assessment model that can serve the managers of ARTFLY, one of the established airlines in the industry that deals with the recent challenges of the intensifying competition, is open for a wide variety of interpretations and should be determined due to the firm's nature of operations and due to its aim to increase the volume of its online sales.

Keywords: e-commerce evaluation; Internet-based services; Internet marketing; online shopping

ORGANIZATIONAL BACKGROUND

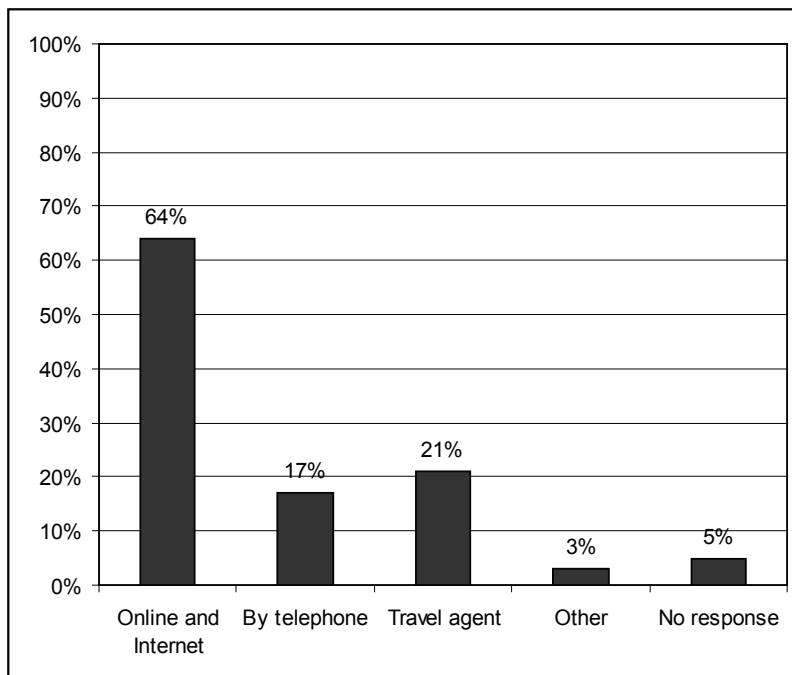
ARTFLY, founded in 1919, is a major airline that operates on a worldwide basis. In 2004 ARTFLY merged with the Air Minoli group and became a division within the joint Air Minoli/ARTFLY group. Air Minoli/ARTFLY has a worldwide coverage, in terms of destinations, flight routes and marketing units. The group uses two main European airports as their main hubs and offers air transport to 128 destinations in 65 countries in

5 continents. To illustrate the volume of the group's activities in 2004-2005 the ARTFLY group transported more than 20 million passengers and more than 600,000 tons of cargo, generating profits of 255 million Euros (\$300 million U.S.).

In 1995, ARTFLY was one of the first European airlines that introduced fully integrated e-business into its ticketing process, in response to radical changes in the air transport market (Rubin & Joy, 2005). In particular, the entry of low cost airlines and the price war that followed presented a tangible threat to ARTFLY's market. Low cost carriers succeeded in attracting increasing numbers of passengers who previously purchased their tickets through travel agents and airline branches and have shifted to booking their flights online via the Web sites of those carriers (see Figure 1). For example, the rise of EasyJet and Ryanair to dominance in the British market, flying 55 million passengers from and to the U.K., was achieved in part as a consequence of online ticket sales (ABTA, 2005). ARTFLY replaced its previous procedures with online bookings, electronic tickets, and electronic check-ins and boarding passes. Reducing its costs by direct sales and using the Internet as a prominent marketing channel were immediate actions that were taken by ARTFLY's management and assisted in surviving the intense competition in the market and maintaining its major position in this rapidly changing business environment.

In March 1996, the company launched its first Web site, which was mainly an electronic brochure with information on flights. A year later, new functionality was added

Figure 1. Channels of low cost flight bookings (Source: ABTA, 2005)



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