

# Estonia Air Big Buy Case

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Case Exam due December 5, 2015 no later than 5 PM. Please submit as a PDF file to Melih Fidanoglu at <mailto:mfidanoglu@gmail.com>

**Note:** using your understanding of the economics of the airline industry and the financial analysis you have studied, please answer the following questions. There is no absolute right or wrong answer, what is important is to provide an explanation, a convincing argument that answers the questions posed.

We have assembled a brief PowerPoint presentation on Case analysis for those who have not done cases before and for those of you who may have not undertaken a case analysis for a while. This file is on the course website.

Case Questions:

1. Using the tools of Porter's model as well as comparator and core competency tools identify strengths, weaknesses, opportunities and threats (SWOT Analysis) for Estonian Air. Provide a summary in a 4 cell table (10 marks):

Strengths	Weaknesses
Opportunities	Threats

2. Using Porter's 5 Forces model, what is your assessment of the degree of competitiveness in the regional airline industry? (10 marks)
3. What are the competitive groups of the worldwide airline industry? Illustrate a competitive map of Estonia Air's position in the industry. (10 marks)
4. In light of the analysis you conducted in Questions 1, 2 and 3, is the European regional carrier market space defensible in the long term against encroachment by either legacy or low cost carriers? Do regional carriers, like Estonian Air, risk being 'stuck in the middle' and ultimately driven out of business? (10 marks)
5. Should Estonia Air expand its fleet? Why or why not? (10 marks)
6. From a financial point of view, which alternative would be best for Estonia Air over the next six years (the term of the lease)? Be sure to take into account variations in fuel prices, passenger traffic growth, ticket prices and staff salaries. Remember that Estonia Air can consider adding zero, one or two planes. You might try to evaluate each plane Estonia Air is considering in terms of operational criteria (load factors, scheduling, crew and maintenance training), etc.) (20 marks)
7. Considering both the qualitative and quantitative analysis completed, what do you recommend for Estonia Air? Be sure to include a discussion of the factors that led to your decision. (30 marks)

Total: 100

Each group will submit their case analysis. The front page will have the Title of the Case “Estonia Air Big Buy Case”, and on the next line “Airline Economics & Finance, Case Final Exam”, below this please list the name of each member in the group and the date that you submit the case analysis. The submission should be no more than 15 pages including tables and charts.