Memorandum of Finnair OYj : Finnair sells flights, cargo transport and package holidays to leisure travellers, business travellers and freight customers. Its protection from competition appears limited, with no clear lasting advantage.

Segment Information:

Revenue Segment	Total (€m)	Share of Revenue (%)
Passenger revenue	2,445.8	78.7
Ancillary revenue	200.4	6.5
Cargo	205.1	6.6
Travel services	254.8	8.2
Total	**3,106.2**	**100.0**

*Operating Margins not disclosed

Note: European Passenger revenue is the most important segment for both the profitability and the revenue of Finnair.

Moat Analysis:

1. Network effects - Unclear, Airline partnerships; lasting advantage unproven.
2. Switching cost - Unclear, Loyalty programme exists with retained users; customer lock in is unproven
3. Cost advantages - Unclear, Longer Asian routes; lower costs.
4. Intangible assets - Unclear, Established brand; but unclear pricing advantage
5. Efficient scale - Unclear, Extensive network; protection from entry is not concrete

Ranking: None, None of these moats are physically demonstrated through concrete evidence

Industry Dynamics:

1. Supplier Power - High, limited vendors cause higher prices and suppliers have higher bargaining power
2. Buyer Power - High, customers can be multihoming agents and choose competitive fairs
3. Threat of substitutes - Moderate
4. Threat of new entrants - Low, Establishing a new airline is an extremely expensive and lengthy process which is unlikely. Existing airlines however can enter new routes easily
5. Rivalry - High, high competition on all fronts (pricing, routes, passenger offerings, schedules)

Summary: The aviation industry is difficult for Finnair as it faces high competition from other airlines as well as rising costs from vendors and suppliers.