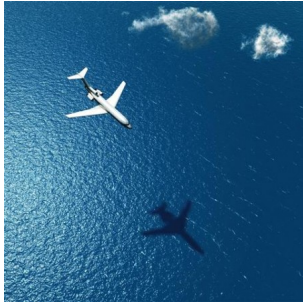


# LOW-COST AIRLINES - A SPECIES AT RISK OF EXTINCTION?



Between traditional companies and low-cost companies, the lines are becoming increasingly blurry. In multiplying services in the eyes of travelers, the latter approach their older counterparts without having to actually sacrifice that which led them to success: operating costs, which challenge all competition.

At the beginning, the low-cost model was simple

The low-cost companies took off from secondary airports far from the center, didn't offer any correspondence, charged for all the services on board, and didn't tolerate the least bit of deviation from the size of their baggage cabins. These were some sacrifices that travelers accepted only too gladly exchange for cheaper tickets. But today, the lines have shifted. Low-cost companies henceforth twist their model, digging into the inventory of their traditional counterparts. Even Ryanair, which is considered to be the last of its species, has recently bent its angles. It should soon integrate Global Data Synchronization, and will install itself in main airports: Zaventem to Brussels, Rome Fiumicino, and Barcelona.

## **Airlines are toward a hybrid model**

Is this enough to announce the end of the ultra-low-cost companies? "The concept has changed. Companies mix today the best of each model, in order to arrive at a new, more hybrid system," explains Linda Moreira, the French manager of Vueling. The boundaries are more open with an evident convergence between the two models, each trying to outdo the other. "The word 'low-cost' has been stripped of its meaning," deploras Francois Bacchetta, the French manager of easyJet. "For me, this isn't a way of treating clients but an operational model based on simplicity and the reduction of costs."

The grand majority of President-Director Generals of these companies prefer, rather, to use the term 'low-fare.' And if today they start copying a part of the model of traditional companies, it isn't solely to please their passengers because, with the multiplicity of low-cost companies and the arrival of new operators like Transavia and Hop for Air France or Germanswings for Lufthansa, the competition is harsh.

## **A large margin of increase**

The waiting times of clients have also changed. They refuse henceforth to be treated like cattle, and they wait for more consideration without, however, wanting to pay much more. And above all, this entire small sector fights to draw in business clientele who also happily navigate between these two models. Businessmen make up 20% of the clients of easyJet and 40% of Vueling. Even Transavia, while meant for leisure at the beginning, wants its share of the cake, not forgetting Ryanair. Despite all this, the low-cost companies becoming hybrids have good days yet to come. The rate of penetration in France doesn't surpass 20%, whereas in the United Kingdom, it has happily crossed the boundary of 40%. Thus, they have a large margin of increase.

Date: 2014-06-23

Article link: <http://www.tourism-review.com/low-cost-and-traditional-airlines-news4189>