

# LOW-COST AIRLINES GAINING GROUND IN THE MIDDLE EAST



Though most airlines in the United Arab Emirates are state-run, low-cost airlines can make significant impact in the market. The senior analyst at Capa Centre for Aviation, Simon Elsegood, said that the traditional carriers are being replaced by low-cost airlines in the region.

He explained that low-cost carriers have made giant strides in terms of growth compared to other regions of the world. With an increase of 1.8% in the tourism and travel IT solution from last year's 13.5%, Amadeus has cited rise in growth. Such an increase in the travel sector did not go unnoticed because it put Middle East in the 2nd position worldwide behind the Asian market.

However, these airlines still have a long way to go to. This is because having been in the market for approximately 10 years they have not yet approached the market share of airlines in Oceania, North American and European markets. **Unlike Middle East carriers that take only small part of the market, low cost airlines in Europe or North America have a 30% market share.**

Major low-cost airlines that operate in Middle East are Nasair, Jazeera Airways, Air Arabia and FlyDubai. Jazeera Airways is Kuwaiti-based while Air Arabia and FlyDubai are based in the UAE. Nasair is Saudi-based. In addition, there is Indigo and SpiceJet both of which are India based carriers serving the Middle East market. There is also a Hungarian airline known as Wizz Air that is set to enter the UAE market this week. This airline is scheduled to make its first flight from Al Maktoum international, Dubai's latest airport. Air Arabia, FlyDubai and other UAE carriers can meet the Middle East demands. The Indian carriers on the other hand focus on low prices.

John Strickland a managing director for a UK-based foundation JLS Consulting stated that even though there is potential for growth in the region, government regulations do not help. He says that the market is ready for products that are on offer only government policies slow down the growth. Strickland also stressed that Wizz Air is committed to introduce new pricing options that are affordable to the existing market.

With far-reaching partnership, fleet and network state controlled airlines like Qatar, Emirates and Etihad airways have dominated the region. Low-cost carriers should therefore consider their options before facing these established carriers head on.

The founder and partner at Aviation Consultancy AirInsight, Addison Schonland insisted on this saying that it will be difficult for low-cost airlines especially those based in Dubai to take Emirates, Qatar and Etihad airlines head on. To him it is a battle they will not win. Therefore, he thinks these low cost carriers should introduce their affordable prices to other regions excluding Dubai, Doha and Abu Dhabi.

Schonland says that low-cost airlines upset the market by introducing low fares and other free services such as free meals and early booking services. **He said the carriers need open access to markets to maintain their disruptive influence.**

Unlike Europe where open sky policies make both big and small airlines equal, such steps are not

being encouraged in the Middle East despite numerous attempts by regional governments to discuss such matters. Therefore, low-cost carriers have to be innovative in attracting new passengers and increasing revenue. By capturing new markets and operating different types of aircrafts, they will achieve their goals. As Elsegood states, low-cost carriers have reached a level of maturity where they can attract valuable customers.

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