

LOW-COST AIRLINES ARE THE BIG WINNERS OF THE CRISIS



Will tomorrow's air travel be exclusively low-cost? This is not necessarily the way ticket prices are going, but in any case, low-cost airlines have weathered the crisis better in Europe and beyond. Even in the Middle East, where carriers are outbidding each other on product quality, low-cost airlines are not (yet) queens, but they are making a place in the sun.

In the space of a few decades, the low-cost model has conquered the world of air travel.

In Europe, among the most powerful players in the sector we find Ryanair and easyJet. The Irish company was even on the top step of the European podium, in terms of capacity in Europe, when it moved up to 5th place worldwide, for 2022.

This isn't bad for a company that isn't 40 years old and whose fleet has grown from 212 aircraft in 2019 to 505 in 2022. If its business model is questionable and contested, its competitors have not hesitated to jump on the bandwagon.

"Low-cost carriers have won the battle on short and medium-haul routes, and there is no reason why they should not continue their advance. Just look at the ones that are starting up again: Volotea, easyjet or Ryanair," explained Jean-Louis Baroux, former president of Air Promotion Group (APG), in November 2020.

Since then, Wizz Air has taken off again, conquering Europe. Last October, the Hungarian company was even in the top 20 companies with the most capacity in the world, overtaking Air France and British Airways.

Low-Cost Airlines: The Middle East Also Conquered?

Low-cost airlines have not stopped there. They have continued to take market share around the world, even on the turf of the very luxurious Gulf carriers.

At least, this is what OAG (aviation analytics provider) has demonstrated. The airline data provider went to explore the statistics of low-cost airlines in the region and not surprisingly, they are also making a name for themselves.

"As much as Doha maintained its 95% share of major airlines in September 2022 (compared to 2019) while Dubai saw low-cost share increase from 17% to 25% in September 2022 (compared to 2019), with notable increases from Flydubai (+27% over 2019 capacity) and IndiGo (+6%)," OAG reveals.

And that's not all, while the increase is contained, but not insignificant in Dubai, the conquest is much more palpable at Abu Dhabi airport. There, low-cost airlines have gone from 7% of traffic in September 2019 to 25% two years later.

At the same time, the region's major historical carriers have lost their luster.

"In Dubai, Emirates' share of total seats fell from 67% in September 2019 to 58% in September 2022, while Flydubai's share fell from 17% to 11%. Etihad also saw its total seat share drop from 84% in 2019 to 65% in 2022, losing ground to AirArabia Abu Dhabi and Wizz Air Abu Dhabi," OAG continued.

USA: Low-cost Carriers Dethrone Incumbent Carriers

The hubs created by the Gulf States to accommodate their regular airlines have finally favored the arrival of their little low-cost sisters. As in the rest of the world, low-cost carriers take care of short-haul flights thus feeding carriers like Emirates or Etihad for long-haul flights.

On the other side of the Atlantic, where the model is more established, traffic has returned to 2019 levels thanks to... low-cost carriers!

"Positively, North America (especially the U.S.) is now on the brink of a full recovery, fueled by strong growth in low-cost sectors. Carriers like Frontier have boldly entered legacy-dominated markets such as Dallas Ft. Worth as they boldly open new revenue frontiers," OAG analyzes.

Note, Southwest Airlines is now the second largest carrier (by capacity) in the world ahead of Delta Air Lines, for the week of November 7, 2022.

Interestingly, the three largest low-cost airlines on the list are all now operating at more capacity than they did in 2019, while Spirit Airlines (16th place) has increased its capacity by about 30% since 2019 when JetBlue (17th) is at breakeven.

Finally, this model keeps conquering the world, will it have a limit with inflation? The future will tell us.

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