

Czech University of Life Sciences Prague

Faculty of Economics and Management

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Bachelor Thesis Abstract

Comparison of traditional and low cost airlines

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Summary:

The bachelor thesis is focused on introduction of traditional and low cost model on the European market. The theoretical part deals with the history of aviation, classification of airlines, differences between traditional and low cost airlines and some basic terms that are needed for understanding the topic.

The analytical part includes brief information about chosen airlines, their destinations, fleet and products. The main part is dedicated to comparison of products and services, followed by changes in ticket prices, comparison of prices at specific routes. The final part compares all products in economy class.

Keywords: traditional airlines, low cost airlines, aviation, comparison of products and services, airline ticket prices

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Aims and objectives:

The thesis is thematically focused on traditional and low cost airlines. The goal is to provide information about traditional and low cost model and also about their representatives on the European market. The main aim is then to compare airline products together with services. The last objective is to compare ticket prices on selected routes.

Readers can expect detailed comparison of products, prices, advantages and disadvantages of low cost and traditional airlines.

Methodology:

The thesis is divided into theoretical and practical part.

The first part is theoretical part. In this part will be used methods such as induction, deduction and also the comparison method that accompanies the whole bachelor thesis.

In the practical part will be employed methods of analysis and basic statistical methods such as average, maximum, minimum. For simplification and visualization of the results there will be also used graphs, tables and pictures.

Conclusion:

The goal of this study was to provide information about traditional and low cost model and also about their representatives on the European market. The main aim was to compare airline products together with services. The last objective was to compare ticket prices of traditional and low cost carriers on selected routes.

The theoretical part first dealt with the aviation history. Afterwards the airlines were divided according to different criteria; one of them was the character of product. It divided the airlines to traditional and low cost airlines. Further the part was dedicated to introduction of 2 airline models – traditional and low cost. This part explained several terms such as alliance, frequent flyer programme or club membership. There were also presented the main differences, advantages and disadvantages of flying with traditional and low cost airlines. The last section was dedicated to airline strategy – the type of market and product strategy.

The analytical part focused on representatives of traditional and low cost carriers. In this section were introduced 6 companies. For each carrier were given basic information about the company, destinations, fleet, products and services. The next section focused on ticket prices. I chose two routes: Prague to Paris and Prague to Brussels. For each route I chose 5 dates in the future and compared the actual air fares between each individual company. I was also dealing with the average ticket prices depending on the days of the week and the number of weeks before departure.

In results I compared all price packages offered by traditional and low cost airlines. In the cheapest fare the best product and service was offered by Air France, followed by Czech Airlines. On the contrary the worst product was provided by low cost carrier - Ryanair. The surprise was the highest fare, where dominated the low cost airline Vueling.

It can be said that the basic product is practically the same for low cost airlines and traditional airlines today. In this price package everyone will only get a flight and nothing else. But still a person has to decide with what company he will fly. It depends predominantly on the preference and choice of each passenger for which airline he decides. Afterwards I compared traditional and low cost carriers according to average weekly ticket prices. The result of it was that a ticket with traditional companies we should buy at least a

month in advance, while by a low-cost carrier type Ryanair would be better to wait until the 3rd week before departure.

In my opinion information about all these companies and their comparisons can attract those who are beginning to fly or people who are really interested in this topic. In both cases it will help them to get more involved in the issue and then being less surprised by provided products, services and prices.

The future of traditional and low cost airlines I see in further convergence of their products and prices. After the saturation of the European Market, it means that practically all regional and secondary airports will be occupied by low cost companies. If there won't be place for further expansion they will also start to concentrate on the east market. It will be really difficult for traditional airlines being able to compete with them. So probably in future we can expect foundation of subsidiaries of traditional airlines that will focus mainly on long haul service.

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