



Will Europe's charter carriers be replaced by “no-frills” scheduled airlines?

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Abstract

Europe's charter airlines traditionally have carried their passengers at significantly lower unit costs than their scheduled counterparts. The emergence of “no-frills” scheduled carriers with their focus on low costs has produced major challenges not only to full service providers but also to the charter operators. A comparison of charter and “no-frills” airlines' operating costs indicates that while the differential has been significantly reduced, the advantage still lies with the former. The greater flexibility offered to the traveller by the latter though has seen the demise of many short haul charter services. Increasing numbers of travellers are opting to put together their own holiday packages using the Internet. Charter airlines need to respond to this threat to their short haul markets by offering greater flexibility to their customers. © 2001 Elsevier Science Ltd. All rights reserved.

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1. Introduction

The short answer is no, at least that is not those that form part of large vertically integrated tour operating organisations. It is clear, however, that charter operators are particularly vulnerable on the seat only element of their businesses especially on short sectors of up to 2.5 h flight time. The most successful of the “no-frills” carriers are concentrating their efforts on this type of route. While the average sectors flown by the vertically integrated charter carriers are around 3.5 h, many of the traditional summer holiday destinations, for example, the Balearic Islands and mainland Spanish resorts, are less than 2.5 h flying time from the main charter traffic generating countries. The greater choice provided by the “no-frills” airlines in terms of departure time, length of stay and single sector booking, has led to the disappearance of the charter product on many routes of under 2.5 h flight duration. The flexibility offered by the “no-frills” carriers is particularly attractive to consumers of short break holidays. As increasing numbers of consumers begin to put together their own holiday packages, charter carriers will face a dwindling share of the growing seat only market and an overall decline in the demand for their traditional product,

unless they can begin to match the flexibility offered by the “no-frills” airlines.

2. Key features of Europe's charter sector

Since the early 1960s, Europe's charter airlines have accounted for a significant proportion of air transport activity in the region, mostly as a result of being able to carry their clients for under half the cost that scheduled carriers would have incurred. The cascade analyses undertaken by the UK CAA in the late 1970s revealed that the costs incurred by a charter airline in carrying a passenger were typically between 50% and 60% lower than for a scheduled carrier operating the same route (Civil Aviation Authority, 1977).

While a certain degree of supplier concentration was evident in the 1980s, it was during the 1990s that the tour-operating sector underwent considerable consolidation of both a vertical and horizontal nature. The volatility of the charter market and its poor image with travellers led tour operators to set up their own in-house airlines. Most European charter airlines now form part of vertically integrated organisations incorporating a tour operator, travel agency chain, airline and, more often than not, hotels and providers of ground transportation. (See Appendix A for details of French, German and UK charter carriers.) The trend to vertical

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Table 1
Vertical integration in the UK inclusive tour market

Tour operator	Market share (%)	Owner	Airline	Travel agent
Airtours	25	Airtours	Airtours	Going Places
Thomson	23	Preussag	Britannia	Lunn Poly
Thomas Cook	18	C&N	JMC airlines	Thomas Cook
First Choice	15	First Choice	Air 2000	Travel Choice

Table 2
Vertical integration in the German inclusive tour market

Tour operator	Owners	Market share (%)	Airline
TUI	Preussag, WestLB & Schickedanz	27	Hapag Lloyd
C&N	Lufthansa & Karstadt	23	Condor
LTU	Rewe (40%) SAirGroup (49.9%)	20	LTU
Frosch Touristik	Airtours and D Guntz	6	Fly FTI

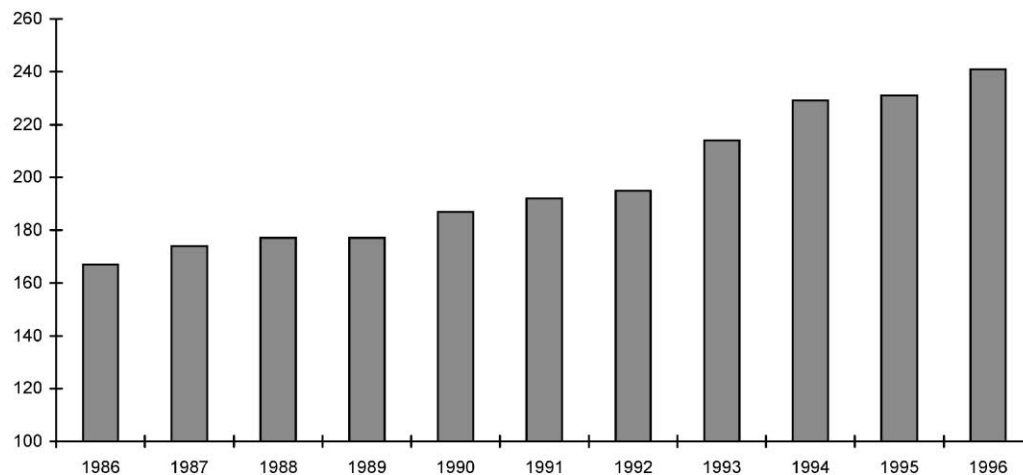


Fig. 1. Average seating capacity of the UK Charter Fleet. (Source: Klee, 2001/02).

integration first occurred in the UK market, but spread to other major inclusive tour generating countries during the 1990s. Airtours was the first of the major tour operators to see the potential for cross-border acquisition, following the Third Package. Tables 1 and 2 provide details of the extent of vertical integration in respectively the UK and German package tour sectors. Typically, an in-house charter airline would provide between 70% and 90% of its parent's flight requirements.

The vast majority of charter airlines today employ the most modern jet aircraft available, often being the launch customers for particular types (e.g. Boeing 757-300). Whilst the Boeing 737-200 with a seating capacity of 130 seats at 28/29 in pitch was the most popular aircraft in use in the 1970s and early 1980s, it was superseded by a combination of the Boeing 757-200 (with typically 235 seats) and the Airbus 320 (with 180 seats) from the mid-1980s. Fig. 1 shows that the average seating capacity of the UK fleet increased by over 50% between 1986 and 1996. This contrasts markedly with

the scheduled sector in which the average size of aircraft used within Europe fell after 1982.

3. Key characteristics of the “no-frills” sector in Europe

While there are close on one hundred charter airlines currently registered in Europe, the number of “no-frills” carriers can be counted on the fingers of one hand. Ryanair was the first of the new low cost players, building its success on Irish Sea routes, which provide cheap travel for the large VFR market between the UK and Ireland. EasyJet is the other success story to date, commencing its operations in 1995 from Luton, one of London's then under-utilised airports. A summary of the key characteristics of the “no-frills” operators is provided in Table 3.

The most notable failure so far, has been Debonair, which was also Luton-based. Operating a fleet of BAe 146-200 aircraft, it adopted a very different philosophy to other “no-frills” carriers. By providing 32 in seat

Table 3
Key features of “no-frills” operators

Features	“No-frills” Carriers	Charter airlines
Direct sell	✈	
Extensive outsourcing	✈	(✈)
High density seating	✈	✈
High public awareness	✈	
No in-flight catering	✈	
Pre-bookable seats		✈
Point to point traffic only	✈	✈
Seat assignment		✈
Secondary airports	✈	(✈)
Short haul focus	✈	
Short turnarounds	✈	
Single aircraft type	✈	
Single class cabin	✈	✈
24h operation		✈

pitch and on-board refreshments, it did not really fit the classic “no-frills” mould.

4. Cost differences between charter and “no-frills” scheduled carriers

In a recent Cranfield Air Transport Group Research Report (Mason et al., 2000) the economics and operating characteristics of 28 low cost carriers were compared. It was apparent that the combination of larger aircraft, longer flight sectors, greater aircraft and crew utilisation, and higher load factors provides the typical charter airline with significantly lower costs per passenger carried than its “no-frills” scheduled counterpart. As Fig. 2 reveals, in 1997 the two largest “no-frills” scheduled operators in Europe, easyJet and Ryanair, had unit costs more than double those of the largest UK charter airlines. The high costs of Debonair¹ are also apparent, as is the cost advantage UK charter airlines have over their German counterparts. The relatively low unit operating cost achieved by Virgin Express partly resulted from the fact that around half of its operations in 1997 comprised charter services.

For the purposes of the Cranfield study, charter carriers were divided into those that form part of vertically integrated tour operating groups and those that remain independent. The sources of cost advantage that the two types of charter airline have over their “no-frills” scheduled counterparts were analysed and are summarised in Table 4 below.

4.1. Aircraft size

Aircraft size has a profound effect on an airline’s unit costs. It is usually the case that the larger an aircraft, the lower will be its direct operating costs per passenger

kilometre. The flying costs per block hour of a large aircraft are, of course, greater than those of a small aeroplane, but when this cost is divided by the corresponding total output of each aircraft a lower unit cost is produced. This situation occurs because the hourly productivity of a larger aircraft increases more rapidly with size than does its hourly operating cost. Other characteristics of an aircraft affecting operating costs include range, fuel consumption, capital charges and maintenance requirements.

In 1999, while the average seating capacity of the UK charter fleet (the largest in Europe) was 224, the aircraft most commonly in use with the “no-frills” operators, the Boeing 737-300, provided only 149 seats.² EasyJet, with a fleet comprised entirely of this type of aircraft, achieved a unit cost of 3.84 UK pence per available seat-kilometre (ASK) in 1998. For short and medium haul charter operations the Airbus 321 (with 220 seats) and Boeing 757 (with 235 seats) are typical, whilst for long haul flights the Boeing 767-300 (with 326 seats) and Airbus 330-200 (with 360 seats) predominate.³ Air 2000, with a mix of Boeing 757 and Airbus 320 aircraft, had a unit cost of 3.00 UK pence per ASK in 1998, representing a 22% reduction over the equivalent figure for easyJet.

4.2. Sector distance

Average sector distance affects the utilisation of aircraft and crew, the amount of fuel used per block hour, the relative size of station costs and part of a carrier’s maintenance expenses. The integrated charter airlines typically fly sectors of over 2000 km, in marked contrast to the less than 1000 km flown by the low cost scheduled companies, as Fig. 3, which depicts the relationship between sector distance and unit costs in 1997, reveals. Air Europe Italy had the lowest unit costs in 1997 of the carriers surveyed, its high average sector length (7362 km) playing a significant part in this achievement. Of the low cost scheduled airlines, Air Europa had the lowest unit costs. Ryanair had the lowest average sector length (481 km), some 20% of the typical distance flown by the integrated charter carriers.

4.3. Load factor

High load factor has long been a feature of the charter sector. The aircraft size advantage of the non-scheduled

²Some low cost airlines use smaller capacity aircraft than the 737-300. For example, Buzz relies mainly on the BAe 146-300 with 110 seats and a large part of Ryanair’s fleet consists of 130 seat Boeing 737-200 aircraft.

³UK charter carriers pack more seats into their aircraft than their German and Scandinavian counterparts. For example, LTU configures its Boeing 757 aircraft with 210 seats and Condor its Boeing 767-300s with 269 seats.

¹Debonair ceased trading in September 1999.

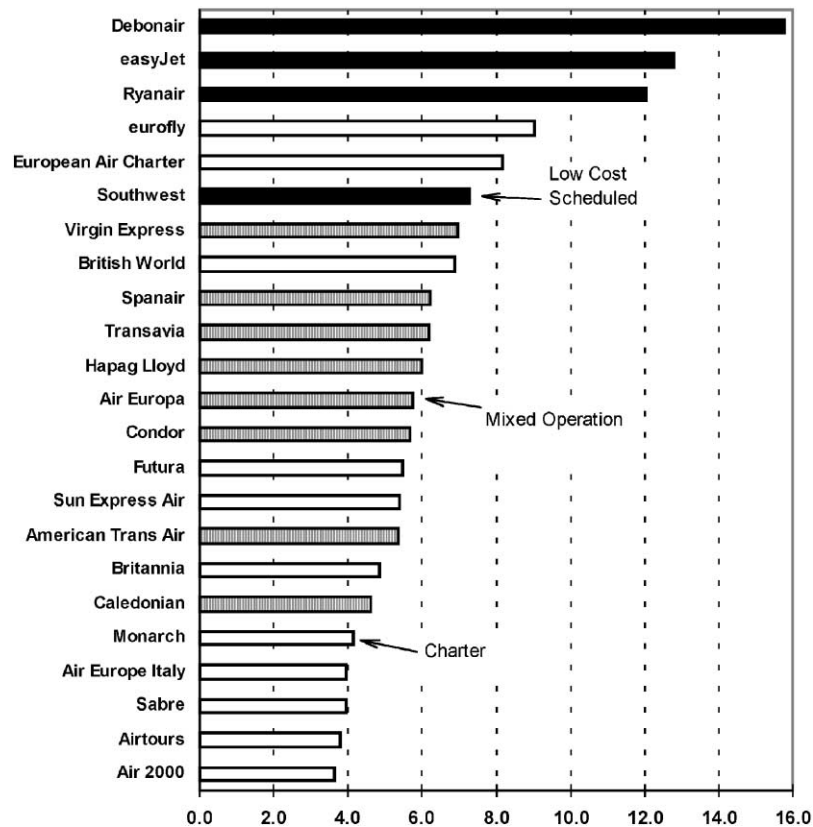


Fig. 2. Operating cost per RPK in 1997 (US cents). (Source: Mason et al., 2000).

Table 4
Sources of cost advantage^a

Characteristic	No-frills scheduled	Integrated charter	Independent charter
Larger aircraft		✈	(✈)
Longer sectors		✈	(✈)
Higher load factor		✈	✈
Higher aircraft utilisation	(✈)	✈	(✈)
Higher labour productivity		✈	(✈)
Lower distribution costs		✈	✈
Lower passenger service costs	✈		
Lower landing fees	(✈)	✈	(✈)
Lower insurance premiums		✈	(✈)
Lower aircraft leasing costs		✈	(✈)
Lower admin & finance costs		✈	(✈)

^a Note: Brackets indicate that the advantage does not apply to all carriers in the category.

carriers is enhanced by the high load factors that most achieve. In 1999, aircraft operated by Airtours flew with on average 91.6% of their seats occupied, as is shown in Fig. 4.⁴ During the same year, Ryanair, the longest-lived of Europe's "no-frills" airlines, achieved an average load factor of 67% and easyJet, 77%.

⁴ Civil Aviation Authority, 1999.

4.4. Aircraft utilisation

Aircraft utilisation for short to medium haul scheduled carriers is with few exceptions lower than that achieved by charter airlines. Fig. 5 contrasts the daily utilisation rates of the Airbus 320 fleets operated by British Airways and Air 2000. The seasonal nature of the charter business is immediately apparent, with Air 2000 aircraft operating twice as many flying hours

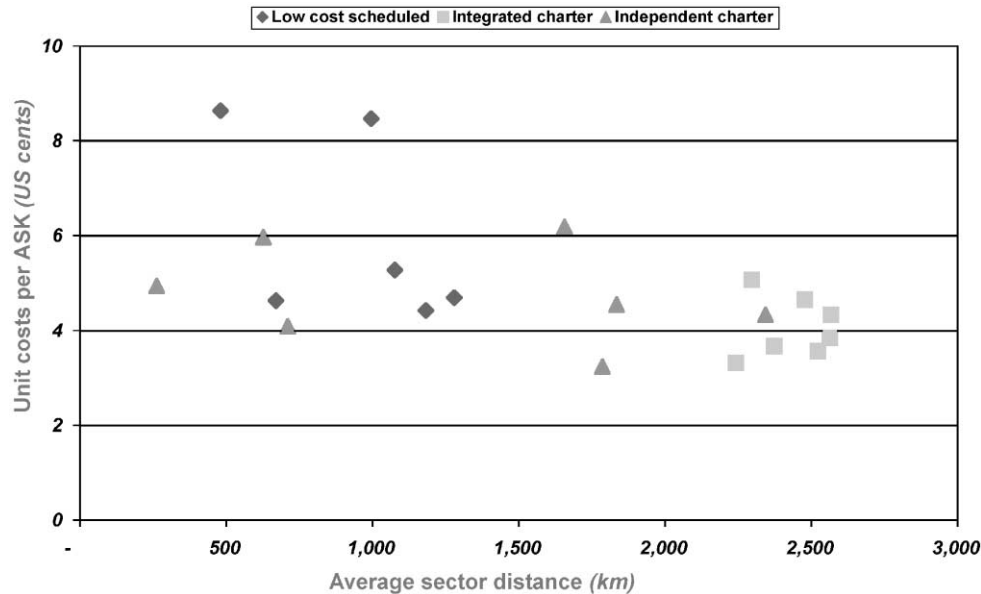


Fig. 3. Influence of sector distance on unit costs. (Source: Mason et al., 2000).

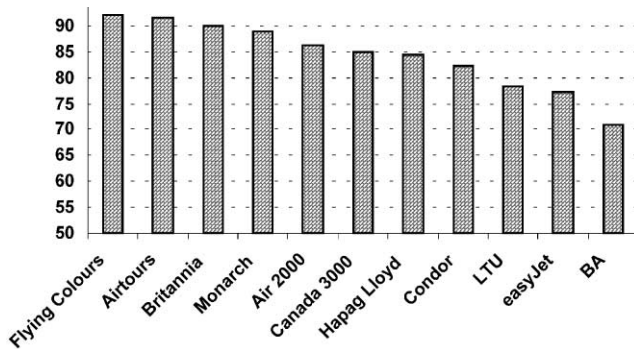


Fig. 4. Passenger load factors (%) in 1999. (Source: Civil Aviation Authority, 1999).

during the third quarter of 1999 compared to the first quarter of 2000. Despite the large seasonal variation, each of Air 2000's aircraft are in the air annually for close to double the amount of time of the BA Airbus 320 fleet. The shorter turnaround times achieved by the new low cost carriers, however, has reduced the gap that has traditionally existed. Even the best rate of around 10 h per day achieved by the new breed, though, fails to match the 12–13 h of the charter sector.⁵ While short haul scheduled carriers usually are constrained to operating between the hours of 07:00 and 22:00, charter airlines are not so limited. More recently though, some

⁵In 1999, easyJet's fleet of Boeing 737-300s achieved a daily utilisation rate of 10.2 h, some 20% lower than the 12.3 h Britannia obtained from their Boeing 757s.

of the low cost scheduled carriers have been following the example of the latter. For example, GO is operating an overnight service from Stansted to Reykjavik during the summer months and easyJet has been extending their operating day on services to summer holiday destinations.⁶

4.5. Labour productivity

Labour productivity is considerably influenced by the extent to which a carrier outsources its activities and by the nature of the product it offers to its customers. The low cost scheduled and charter airlines have much in common in terms of the products they supply, but wide differences are apparent with respect to the degree of outsourcing that occurs. For example, the long established charter operators often undertake their maintenance in-house, whereas the low cost scheduled companies have in the main outsourced this activity. Fig. 6 contrasts the levels of output per employee that were achieved by a selection of charter and "no-frills" scheduled carriers in 1997. The labour forces of the integrated charter companies are shown to be producing around three times the level of output of even role model Southwest's employees.

4.6. Distribution costs

Distribution costs are virtually non-existent for the vertically integrated charter airline, as sales and promotion

⁶One of easyJet's daily services from Palma arrived into Luton at 03:15 in summer 2000.

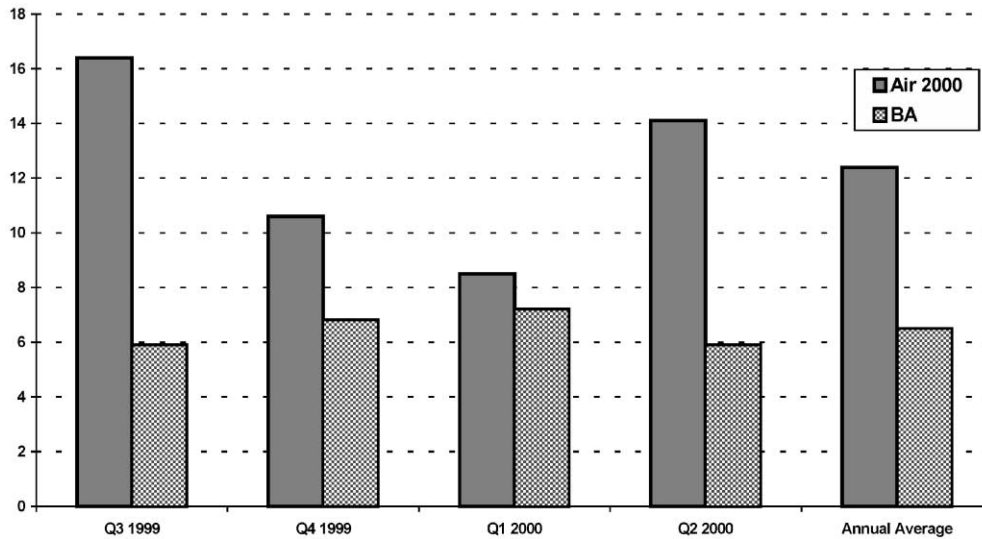


Fig. 5. Daily utilisation rates (h) of Airbus A320 aircraft. (Source: Civil Aviation Authority, 1999).

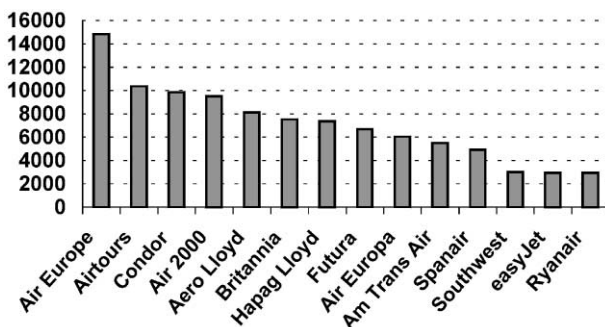


Fig. 6. Labour productivity ('000 ATKs per employee) in 1997. (Source: Civil Aviation Authority, 1999).

activities are undertaken by the tour operator parent company.⁷ By contrast, the direct sell scheduled low cost carriers need to expend a sizeable proportion of their resources to notify the public of their services. The lower distribution costs associated with Internet selling has proved an attractive option for the low cost scheduled carriers. Currently, easyJet obtains 86% of its bookings via the Internet.

4.7. Passenger service costs

Passenger service costs cover primarily in-flight catering and entertainment expenditure. The “no-frills” scheduled carriers expend very little in this regard and therefore have the advantage over their charter rivals. In certain instances, the quality of in-flight catering

provided by charter airlines is substantially better than that supplied by the large network scheduled companies to their economy class passengers. By providing in-flight refreshments that must be purchased, “no-frills” carriers reduce the amount of turnaround time, as considerably less time is spent cleaning and restocking aircraft. With less being consumed, easyJet have considered it appropriate to replace one of the three lavatories on board its Boeing 737-300 aircraft with an additional seat.⁸

4.8. Landing fees

Landing fees will be lower on average for charter carriers due to their greater use of secondary airports and avoidance of peak time operations at primary airports. Ryanair is possibly the one exception to this general rule owing to its policy of flying to under-utilised airports,⁹ at which landing charges are low.

4.9. Insurance costs

Insurance costs are lower for the longer established charter carriers than for the new entrant low cost scheduled companies. Once established, however, it is likely that the differential will reduce over time. The higher aircraft utilisation rates achieved by the charter sector also contribute to lower hull insurance expenses when averaged out on a per flight basis.

⁷ A similar situation applies with regards to ticketing. Most of the new breed of scheduled players has sought to reduce this item of expenditure by not issuing customers with tickets.

⁸ While passengers may be happy with this situation on one of the company's shorter sectors, routes of over 2 h flying time may provoke a somewhat different response!

⁹ These airports are often located a long distance away from the cities they purport to serve.

Table 5
Number of destinations served from London in summer 2000^a

	Easyjet	Ryanair	Buzz	Go	Virgin express
Domestic	6	1	—	1	—
Business/City break/VFR	6	15	11	11	3
VFR/Holiday	—	7	—	—	—
Holiday	3	6	3	6	—
Total	15	29	14	18	3

^aSource: OAG Flight Guide, 2000.

4.10. Aircraft leasing costs

Aircraft leasing costs are unlikely to differ significantly between the three categories of carrier. However, the charter companies experience lower leasing costs per seat-km owing to the higher levels of utilisation they obtain from their aircraft. Obtaining accurate data on the leasing rates that specific carriers have been charged, however, is nigh on impossible.

4.11. Administration and finance expenses

Administration and finance expenses will be lowest for the integrated charter airlines, as many of the tasks usually included under this category will be undertaken by the tour operator parent company. It would seem likely that similar sized “no-frills” scheduled carriers and independent charter airlines would face much the same levels of expenditure on general administration and finance.

5. Impact of the “no-frills” sector on traditional charter markets

In terms of the markets that the low cost scheduled operators have been attracted to enter, it is clear from Table 5 that different strategies are apparent. To simplify matters four categories of market have been identified, namely: domestic routes, intra-European routes with significant levels of business traffic that also have VFR and short break holiday potential, VFR routes with short and long stay holiday potential, and traditional holiday routes. To provide an insight into the impact of the low cost scheduled carriers on each of the latter three market categories, examples from each are cited. Whilst it is evident that there is a wide variation within each category, it is nonetheless possible to draw certain tentative conclusions about the longer-term implications for the charter sector.

The new low cost carriers have had a significant impact on UK short haul scheduled routes. For example, between London and Glasgow “no-frills” operators currently account for around one third of

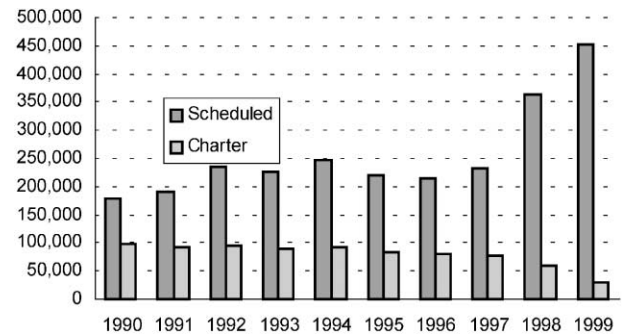


Fig. 7. London—Florence/Pisa Passenger Traffic. (Source: Civil Aviation Authority, 1990–1999).

traffic, whilst on the London–Stockholm route Ryanair provides around 20% of seating capacity. Certain markets traditionally the preserve of charter carriers though have also proved vulnerable. A significant number of the shorter sectors operated by charter companies have been targeted.

5.1. Examples of VFR and short break routes

For more than 25 years a large number of Italian destinations have been served from the UK by charter airlines during the summer months, catering both for the VFR market and short and long stay holidaymakers. Over the past 3 years, however, many of these destinations have been subject to the attentions of Ryanair and are now no longer served by charter carriers. For example, a route that traditionally has exhibited a significant element of charter traffic is London–Pisa/Florence.¹⁰ The number of passengers carried on charter flights, however, has declined considerably since Ryanair began operations between Stansted and Pisa in May 1998, as may be seen from Fig. 7. In summer 2000, there were only four charter flights per week operating between London’s airports and Pisa.¹¹

¹⁰As the runway at Florence is relatively short, most jet aircraft serving the region operate into Pisa (1 h away by road or rail).

¹¹All four services were operated on Saturdays from Gatwick.

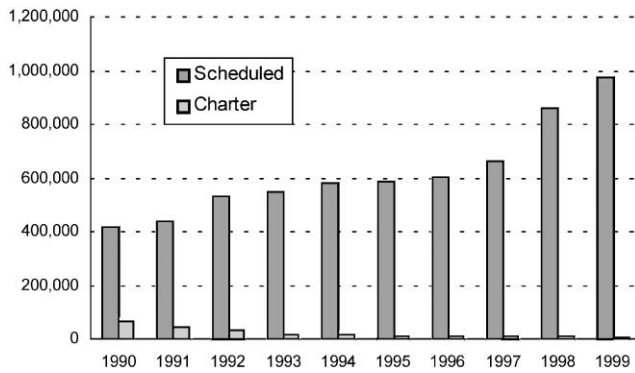


Fig. 8. London—Nice Passenger Traffic. (Source: Civil Aviation Authority, 1990–1999).

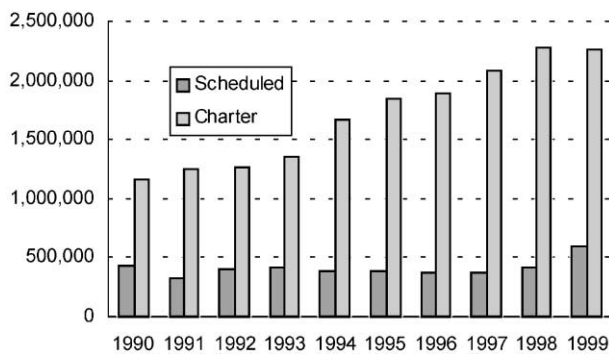


Fig. 9. UK—Malaga Passenger Traffic. (Source: Civil Aviation Authority, 1990–1999).

Charter traffic has also all but disappeared on another route of around 2 h flight duration, London–Nice. Fig. 8 shows traffic volumes on the route during the 1990s. During summer 2000, easyJet was operating 41 flights a week from Luton to Nice, compared to BA's 44 and British Midland's 14. In 1999, the “no-frills” airline accounted for 32.7% of overall demand between London and Nice.

5.2. Examples of long stay holiday routes

Of the 16 destinations listed under the holiday category in Table 5, only six are traditional charter markets (Alicante, Faro, Ibiza, Malaga, Nice and Palma). EasyJet and GO have been the only low cost scheduled carriers so far to operate these routes. In 1999, around 6% of passengers travelling between UK airports and Malaga used the services of “no-frills” scheduled operators. Fig. 9 shows annual passenger traffic between UK airports and Malaga on charter and scheduled flights during the 1990s. Total scheduled traffic between the UK and Malaga in 1999 amounted to 601,309 passengers, of which around 30% travelled with easyJet and GO. Scheduled services to Malaga were provided from only six UK airports, four of which serve

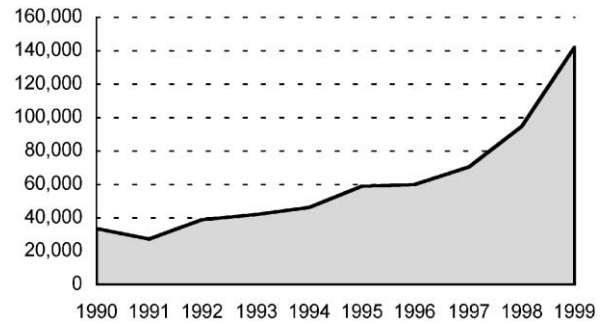


Fig. 10. Luton—Malaga Scheduled Passenger Traffic. (Source: Civil Aviation Authority, 1990–1999).

London, whereas significant charter traffic, amounting to over 2.25 million passengers in total, was evident at no fewer than 19 UK airports. A little over 70% of this charter traffic was to and from regional airports. This is in marked contrast to the scheduled traffic, of which over 90% was to and from airports serving London.

An interesting battle ground between charter and low cost scheduled carriers has been the Luton–Malaga route, on which Monarch Airlines, aside from transporting thousands of package tour customers to the Costa del Sol on its charter flights each year, has for many years been building up a scheduled service conveying clientele with their own villas and apartments in the area. As may be seen in Fig. 10, scheduled traffic between Malaga and Luton grew steadily throughout most of the 1990s as Monarch slowly built up frequency. The large increase in traffic since 1998 however, has been due to easyJet.

In summer 2000, easyJet was operating 17 flights per week on the route using Boeing 737-300 aircraft equipped with 149 seats, whilst Monarch was providing eight weekly services (five with 220 seat Airbus 321 and three with 180 seat Airbus 320). It remains to be seen whether easyJet will win this battle. Whilst easyJet has the advantage in terms of service frequency, the full service provided by Monarch on its flights may persuade some passengers to fly with the charter carrier. The key determinant however, is likely to be price. The prospect of getting a cheap ticket with easyJet may influence many travellers to choose the “no-frills” operator, but the reality is that given Monarch's lower unit operating costs, passengers using the charter airline's scheduled service could well be paying less, particularly at peak travel times.

5.3. A city break market with continuing charter demand

Not all routes of around 2–2.5 h flying time with “no-frills” services though have seen the disappearance of charter traffic. For example, between London and Stockholm there is still a significant demand for charter

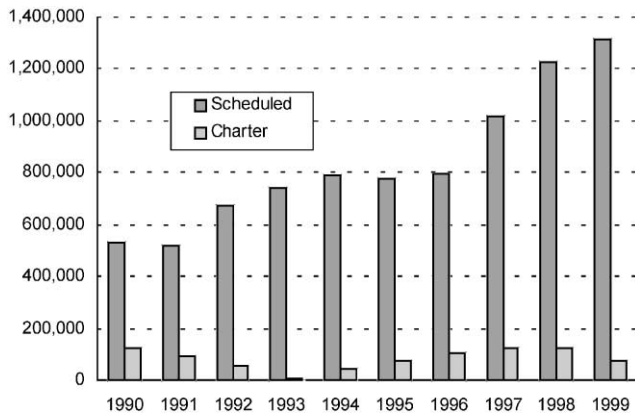


Fig. 11. London—Stockholm Passenger Traffic. (Source: Civil Aviation Authority, 1990–1999).

services. Fig. 11 shows how charter and scheduled traffic has varied between the Swedish capital and London airports during the 1990s. Between 1996 and 1999 overall traffic grew by 53.7%. The impact of Ryanair, which introduced a service to Skavsta¹² in November 1997, is clearly evident. Just under 20% of scheduled service daily capacity is now provided by the low cost airline.¹³ Charter traffic on the route has consisted entirely of inbound passengers, most taking a short break holiday in London. In summer 2000, Premiair was operating two flights a week from Arlanda to Stansted, using 379 seat DC-10-10 aircraft, on behalf of its tour operating parent, the Scandinavian Leisure Group (SLG). SLG's costs for transporting city break passengers using this size of aircraft is likely to have been much lower than Ryanair would have been willing to charge to perform the same task.

6. The “seat only” market

The evidence to date would tend to suggest that charter carriers are vulnerable to low cost scheduled carriers on sectors of up to 2.5 h flight time, particularly with regard to customers who wish to purchase only their flights. Accurate data on the seat only proportion of traffic on charter flights is difficult to obtain, however. A consensus of opinion regarding the UK and German markets suggests somewhere in the region of 20%. As consumers gain confidence in buying via the Internet (and in the future, interactive digital television), it would seem inevitable that more people will be attracted into putting together the ingredients to make up their own holiday packages. The possibility of obtaining really cheap flights from “no-frills” carriers and the ease with which they can be purchased will tempt more and more

people to find their own accommodation and arrange their own surface transfers.

Charter airlines have responded to this competition for their “seat only” traffic in a number of ways. Air 2000, for example, has converted some of its charter flights into scheduled services. The company has focussed on the more popular holiday destinations, providing flights from several UK airports. For example, scheduled services currently are operated to Malaga from Birmingham, Bristol, Cardiff, Glasgow, Gatwick, Manchester and Newcastle. Interestingly, the two largest UK charter operators, Airtours and Britannia, have not so far adopted this strategy. Monarch however, has expanded its Crown scheduled services to include Manchester, providing flights to Alicante and Malaga. One of the newest names in the charter sector, JMC Airlines, has also dipped its toes in the water by offering a daily scheduled service from Gatwick to Malaga. A full in-flight service is provided on the flight.

Charter carriers have also sought to make it easier for travellers to book seats on their flights. Most have introduced web sites at which customers can make direct purchases. The provision of greater choice in terms of the duration of holidays is another means by which tour operators have sought to hold on to their traditional clientele, so providing customers for their in-house charter airlines.

7. Conclusion

How charter airlines choose to respond to the competition from “no-frills” carriers will depend on how many of their traditional consumers opt to put their own holiday packages together. Strong competition however, has always been a feature of the charter market. A listing of charter carriers that have failed over the past four decades would fill several pages. Those that remain are highly successful, well-respected companies and are undoubtedly highly efficient at what they produce. It would be surprising to say the least, if they and their tour operating parent companies were unable to devise effective means of responding should large numbers of their consumers begin to put together their own holiday packages.

The lower operating costs of the charter carriers result primarily from the nature of their business. As long as these companies continue to concentrate on their traditional core activities, namely carrying the clientele of tour operators, then their cost advantage should remain. However, if they were to refocus their operations to concentrate on providing scheduled services, it is difficult to imagine how this cost differential could be sustained.

Those consumers who are willing to search out and book their own accommodation and local transport

¹² Skavsta is located 100 km to the south of central Stockholm.

¹³ Ryanair now provides a thrice daily service from Stansted to Skavsta using 189 seat Boeing 737-800 aircraft.

Table 6
French, German and UK charter airlines^a

	Number of aircraft	Vertically integrated	Independent	Scheduled subsidiary
<i>France</i>				
Aeris	5		✈	
Aerolyon	2		✈	
Aigle Azur	2		✈	
Air Jet	3		✈	
Air Liberté	30			✈
Air Mediterranée	3		✈	
AOM	27			✈
Corsair	13	✈		
Euralair	7		✈	
Star Europe	5	✈		
<i>Germany</i>				
Aero Lloyd	20		✈	
Air berlin	18		✈	
Britannia Gmbh	3	✈		
Condor	36	✈		✈
Condor Berlin	8	✈		✈
Fly FTI	6	✈		
Germania	14	✈		
Hamburg Int'l	2		✈	
Hapag Lloyd	29	✈		
LTU	31			✈
<i>UK</i>				
Air Scandic	2		✈	
Airtours	26	✈		
Air 2000	27	✈		
Britannia	33	✈		
British World	11		✈	
European AC	15		✈	
Flightline	8		✈	
JMC	27	✈		
Monarch	22	✈		
Sabre	6	✈		
Titan	6		✈	
Virgin Sun	4	✈		✈

^aSource: Klee, 2001/02.

generally will be seeking the cheapest airfare available. Whilst the low cost scheduled carriers have been able to capture the public's interest by offering some incredibly low fares, availability of these is strictly limited (as letters to national newspapers have testified). Searching for the lowest fare will not always lead the independent traveller to a low cost scheduled airline.

Unlike the long established charter airlines, not all of the current "no-frills" carriers are profitable. How many will be around in 5 years time remains to be seen. It would seem unlikely that many of Europe's flag carriers will choose to follow BA's and KLM's strategies and establish their own low cost subsidiaries. Given the scale of charter operations in Europe, it would seem unlikely that the level of penetration by "no-frills" carriers in the US domestic market will be realised this side of the Atlantic.

Appendix A

French, German and UK Charter airlines (see Table 6).

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