Air Traffic in Ireland

Marie Sýkorová

Bachelor Thesis
2011

Tomas Bata University in Zlín
Faculty of Humanities

Univerzita Tomáše Bati ve Zlíně
Fakulta humanitních studií
Ústav anglistiky a amerikanistiky
akademický rok: 2010/2011

ZADÁNÍ BAKALÁŘSKÉ PRÁCE

(PROJEKTU, UMĚLECKÉHO DÍLA, UMĚLECKÉHO VÝKONU)

Jméno a příjmení:	**Marie SÝKOROVÁ**
Osobní číslo:	**H06454**
Studijní program:	**B 7310 Filologie**
Studijní obor:	**Anglický jazyk pro manažerskou praxi**
Téma práce:	**Letecká doprava v Irsku**

Zásady pro vypracování:

Irsko
Cestování a druhy dopravy v Irsku
Letecká doprava v Irsku
Ryanair a irský trh v oblasti letectví

Rozsah bakalářské práce:

Rozsah příloh:

Forma zpracování bakalářské práce: **tištěná/elektronická**

Seznam odborné literatury:

Guiney, Denise. The Tourism and Travel Industry in Ireland. Dublin: Gill & Macmillan Ltd, 2002.

Holloway, Christopher J. The Business of Tourism. Harlow: Pearson Education Limited, 2002.

Doganis, Regas. Flying off Course: The Economics of International Airlines. 3rd ed. London: Routledge, 2002.

Creaton, Siobhán. Ryanair: How Small Irish Airline Conquered Europe. London: Aurum Press Ltd, 2004.

Shaw, Stephen. Airline Marketing and Management. 6 ed. Aldershot: Ashgate Publishing, 2007.

Vedoucí bakalářské práce: **Ing. Mgr. Dagmar Svobodová**
Ústav anglistiky a amerikanistiky

Datum zadání bakalářské práce: **1. února 2011**

Termín odevzdání bakalářské práce: **6. května 2011**

Ve Zlíně dne 1. února 2011

UNIVERZITA TOMÁŠE BATI VE ZLÍNĚ
Fakulta humanitních studií
L.S.
1

prof. PhDr. Vlastimil Švec, CSc.
děkan

doc. Ing. Anežka Lengálová, Ph.D.
ředitelka ústavu

PROHLÁŠENÍ AUTORA BAKALÁŘSKÉ PRÁCE

Beru na vědomí, že

- odevzdáním bakalářské práce souhlasím se zveřejněním své práce podle zákona č. 111/1998 Sb. o vysokých školách a o změně a doplnění dalších zákonů (zákon o vysokých školách), ve znění pozdějších právních předpisů, bez ohledu na výsledek obhajoby [1)];
- beru na vědomí, že bakalářská práce bude uložena v elektronické podobě v univerzitním informačním systému dostupná k nahlédnutí;
- na moji bakalářskou práci se plně vztahuje zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, zejm. § 35 odst. 3 [2)];
- podle § 60 [3)] odst. 1 autorského zákona má UTB ve Zlíně právo na uzavření licenční smlouvy o užití školního díla v rozsahu § 12 odst. 4 autorského zákona;
- podle § 60 [3)] odst. 2 a 3 mohu užít své dílo – bakalářskou práci - nebo poskytnout licenci k jejímu využití jen s předchozím písemným souhlasem Univerzity Tomáše Bati ve Zlíně, která je oprávněna v takovém případě ode mne požadovat přiměřený příspěvek na úhradu nákladů, které byly Univerzitou Tomáše Bati ve Zlíně na vytvoření díla vynaloženy (až do jejich skutečné výše);
- pokud bylo k vypracování bakalářské práce využito softwaru poskytnutého Univerzitou Tomáše Bati ve Zlíně nebo jinými subjekty pouze ke studijním a výzkumným účelům (tj. k nekomerčnímu využití), nelze výsledky bakalářské práce využít ke komerčním účelům.

Prohlašuji, že

- elektronická a tištěná verze bakalářské práce jsou totožné;
- na bakalářské práci jsem pracoval samostatně a použitou literaturu jsem citoval. V případě publikace výsledků budu uveden jako spoluautor.

Ve Zlíně 4. 5. 2011 .... Lýskova

1) zákon č. 111/1998 Sb. o vysokých školách a o změně a doplnění dalších zákonů (zákon o vysokých školách), ve znění pozdějších právních předpisů, § 47b Zveřejňování závěrečných prací:

(1) Vysoká škola nevýdělečně zveřejňuje disertační, diplomové, bakalářské a rigorózní práce, u kterých proběhla obhajoba, včetně posudků oponentů a výsledku obhajoby prostřednictvím databáze kvalifikačních prací, kterou spravuje. Způsob zveřejnění stanoví vnitřní předpis vysoké školy.

(2) Disertační, diplomové, bakalářské a rigorózní práce odevzdané uchazečem k obhajobě musí být též nejméně pět pracovních dnů před konáním obhajoby zveřejněny k nahlížení veřejnosti v místě určeném vnitřním předpisem vysoké školy nebo není-li tak určeno, v místě pracoviště vysoké školy, kde se má konat obhajoba práce. Každý si může ze zveřejněné práce pořizovat na své náklady výpisy, opisy nebo rozmnoženiny.

(3) Platí, že odevzdáním práce autor souhlasí se zveřejněním své práce podle tohoto zákona, bez ohledu na výsledek obhajoby.

2) zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, § 35 odst. 3:

(3) Do práva autorského také nezasahuje škola nebo školské či vzdělávací zařízení, užije-li nikoli za účelem přímého nebo nepřímého hospodářského nebo obchodního prospěchu k výuce nebo k vlastní potřebě dílo vytvořené žákem nebo studentem ke splnění školních nebo studijních povinností vyplývajících z jeho právního vztahu ke škole nebo školskému či vzdělávacího zařízení (školní dílo).

3) zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, § 60 Školní dílo:

(1) Škola nebo školské či vzdělávací zařízení mají za obvyklých podmínek právo na uzavření licenční smlouvy o užití školního díla (§ 35 odst. 3). Odpírá-li autor takového díla udělit svolení bez vážného důvodu, mohou se tyto osoby domáhat nahrazení chybějícího projevu jeho vůle u soudu. Ustanovení § 35 odst. 3 zůstává nedotčeno.

(2) Není-li sjednáno jinak, může autor školního díla své dílo užít či poskytnout jinému licenci, není-li to v rozporu s oprávněnými zájmy školy nebo školského či vzdělávacího zařízení.

(3) Škola nebo školské či vzdělávací zařízení jsou oprávněny požadovat, aby jim autor školního díla z výdělku jím dosaženého v souvislosti s užitím díla či poskytnutím licence podle odstavce 2 přiměřeně přispěl na úhradu nákladů, které na vytvoření díla vynaložily, a to podle okolností až do jejich skutečné výše; přitom se přihlédne k výši výdělku dosaženého školou nebo školským či vzdělávacím zařízením z užití školního díla podle odstavce 1.

ABSTRAKT

Tato bakalářská práce je zaměřena na turismus a leteckou dopravu v Irsku. První část teorie podává přehled o cestování a dopravním průmyslu v Irsku. Další část odkazuje na největší irskou leteckou společnost Ryanair.

Praktická část se zabývá srovnáním nízkonákladových leteckých společností s klasickými dopravci s důrazem na obchodní model Ryanairu. V návaznosti na řešenou problematikou byl proveden průzkum názorů dvou odlišných národnostních entit na preferenci nízkonákladových společností přímo mezi pasažéry leteckých společností.

Klíčová slova: Irsko, letecká doprava, tradiční letecký dopravce, nízkonákladový dopravce, obchodní model, Ryanair, Aer Lingus

ABSTRACT

This bachelor work is focused on tourism and air transport in Ireland. The first part of theory gives an overview of the travel and transport industry in Ireland. The next part refers to the aviation in Ireland and the biggest Irish airline Ryanair.

The practical part deals with a comparison of low-cost airlines with conventional carriers and it is focused especially on the Ryanair Business model. In response to this problem research was done to survey opinions of two different ethnic entities on issues related to aviation and air carriers from the perspective of the passengers themselves.

Keywords: Ireland, air traffic, conventional airlines, low-cost airlines, business model, Ryanair, Aer Lingus

.

ACKNOWLEDGEMENTS

I would like to thank all the people who have supported me in writing my bachelor thesis. Particularly, I wish to express my gratitude to my thesis supervisor Mgr. Ing. Dagmar Svobodová for her useful comments and suggestions. Thanks also belong to my colleagues and ex-employees of Rynair Airlines for their valuable ideas and professional advice which have been vital impulses for this work. Finally, outside the academia, my thanks go to my family and friends who have always encouraged me.

Contents

INTRODUCTION

Since time immemorial, flying has belonged to the highest aspiration of human as there is something otherworldly, forcing us to see earth from height. Several millennia and many more or less successful attempts to rise to the sky have passed since the time of Homer and his mythical Icarus with wax wings.

Air transport development occurred mainly after World War II. We can comfortably get from one continent to another in few hours instead of weeks` sail across the stormy sea. Hundred years after the Wright brothers made few airborne leaps in their Flyer, our planet is surrounded by a network of air corridors, on which about 7,000 transport and cargo aircrafts operate night and day. It can be said that giant aircrafts, smaller commuters' aircrafts and luxury private aircrafts land at major international airports quite commonly. The Airbus A380, which is the largest transport aircraft, is 73 metres long with a wingspan of almost 80 metres and can carry up to 850 passengers in two floors. The inner arrangement allows adjusting the space according to the wish of the airline; a deluxe version provides the passengers with hotel-like comfort during the long-haul flights. This is preferred to flying at supersonic speed as each saving of a flight's hour increases the risk of the ozone layer destruction due to enormous exhalation and thus creation of the greenhouse effect.

Despite the ever fuller sky, flight safety expressed in a number of accidents to a number of take-offs still increases. A ratio of passenger's probability of being involved in an air crash is 1:11 million; therefore, flying is more than thousand times safer than going by a car. Aeronautical engineering has been able to take the best out of manufacturing technology and materials, automation and telematics. Nowadays, it is one of the fastest growing types of transport.

This bachelor work is focused on tourism and air transport in Ireland, an island country with a huge tourism potential, given by both its location and great natural and cultural heritage, which will always attract tourists from all over the world. Ireland has two main airlines: Ryanair, the strongest low-cost air carrier in Europe, and Aer Lingus, its long-term rival in a struggle for supremacy in the domestic market.

I have chosen this topic for two reasons. Firstly, I have spent six months at University of Letterkenny in Ireland, learnt a lot about the life there and collected valuable information and materials for my bachelor work. Secondly, I have been working as a cabin crew staff for two years and therefore, I can offer a closer perception of this issue.

As a result, this bachelor work aims to connect theoretical information drawn from literary sources with my personal experience, knowledge of the Irish environment and work on board. The theoretical part gives an overview of the travel industry in Ireland, changes that have taken place in the aviation industry and significantly influenced the development of air transport. In addition, it describes the history and development of Ryanair and Aer Lingus. The practical part deals with comparison of low-cost airlines with conventional carriers, and introduces a Ryanair Business model, elements of this model, its success, and limitations.

In response to this problem a questionnaire was created to survey opinions of two different ethnic entities on issues related to aviation and air carriers from the perspective of the passengers themselves.

A main research question was asked: *Does the low-cost airline Ryanair offer services to that extent that they satisfy also customers of conventional air carriers?*

This issue is elaborated in the methodological part, in which research questions are derived, a research method and technique of collection of data, which is evaluated and discussed in the final part of this work, are described.

I. THEORY

1 TOURISM AND TRAVEL INDUSTRY IN IRELAND

1.1 Ireland

Ireland is a small independent country which is divided into two parts: The Republic of Ireland and Northern Ireland. The Republic of Ireland takes up about five-sixth of the island which lies in the most westerly side of Europe. Northern Ireland occupies the rest of the island and together with Great Britain make up the United Kingdom. Dublin is the capital of the republic and Belfast the capital of the North. The area of the 26 countries of the Republic of Ireland is 27,135 square miles (70,280 square kilometres) and its population is more than 4.3 million. (Info Please 2011)

The magnificent scenery of Ireland's Atlantic coastline faces 2,000-mile-wide expanse of ocean, and its geographic isolation has helped it develop a rich heritage of culture and tradition offering variety and excitement to both the passive viewer and the more active holidaymaker. (Holloway 2002) There are excellent facilities for golfing, walking, riding, cycling, fishing and shooting together with a wide range of other leisure activities. The Irish are extraordinary people in my eyes. Their friendliness and willingness is not very often to see in nowadays. (Guiney 2002)

1.2 The Impact of Tourism on the Economy

While the tourist industry has its roots in the early 19th century, it was only 30 to 40 years ago that it began to emerge as a major element in the economy. In 1994 tourism such as invisible export was the country's fourth largest source of foreign earnings and State's highest-earning internationally traded service, more than three and half million overseas visitors came to Ireland in this year. It is especially important to the economy of areas which, for geographical reasons, are relatively unsuited to agriculture or industrial development. In this context tourism supports Government policy to achieve balanced economic growth throughout the country. In the late 1990s the Irish economy was buoyant, with a surplus of exports between January and August 2000 of £17 billion. (Guiney 2002) In 2005 the tourism industry has grown into a highly sophisticated operation contributing more than €4bn in overseas visitor revenue to the economy. This industry is an important source of revenue to the Irish government. This year UK and Irish exchequers will allocate €39m to Tourism Ireland for marketing the island of Ireland overseas. This level of exchequer funding is the largest amount ever made available for tourism promotion in overseas markets. (Guiney 2002)

1.2.1 Balance of Payments

International tourists bring money into the Irish economy. This could be in the form of US dollars, £ sterling, euro, etc. Those who travel on Irish airlines or ferries also earn foreign currency for the Irish economy. All of these earnings are known as invisible exports, and they help the Irish Government to pay its import bill. When Irish people travel abroad, for instance to Spain or France, they are spending Irish money abroad, in the same way as they would if they purchased a car made in Japan or wine made in France. This money goes out of the country. The Irish Government has to balance its imports and exports. (Holloway 2002)

The tourism industry must continue to offer tourists the friendliness, hospitality etc. for which the country is famous, and then the Ireland can expect the industry to expand for many years in the future. (Guiney 2002)

1.3 Travel Industry in Ireland

1.3.1 Internal Transport in Ireland

When tourists arrive in Ireland, most want to travel beyond the city or port they have entered, so therefore make use of one of the types of transport that exists within Ireland. They have the option of using rail, coach, or road transport. Most tourists who come to Ireland make use of at least one of these. (Guiney 2002)

1.3.1.1 Roads

As a result of its scattered rural population, Ireland has an extensive road complex. Numerous local roads are well-surfaced and consecutive advance has been made toward bringing the arterial roads up to the latest standards. The Irish Transport System has financial supervision over autonomous operating businesses directive of rail services, Dublin city buses, and bus services elsewhere. (Encyclopaedia Britannica eb.com 2011)

1.3.1.2 Railways

In 1984 begun electrified rapid-transit rail system was set up in Dublin in 1984. There are rail services within the major cities and towns. (Encyclopaedia Britannica eb.com 2011)

1.3.1.3 Waterborne Traffic

There is no longer any commercial traffic on Irish canals. The Royal and the Grand Canal are considered to be dominant canals in the country. Besides there are also smaller ports, which are significant mainly for the local business communities, however most of the country's seaborne trade tends to be conducted through the principal east and south coast ports, particularly Dublin, the country's major port, Waterford and Cork. (Encyclopaedia Britannica eb.com 2011) The state-owned British and Irish Steam Packet Company carries passengers, merchandise, and road vehicles between Irish and British ports, and the state's Irish Continental Line has ferry service to France. (Steam Packet 2011)

2 AIR TRAFFIC

2.1 Irish Airports

There are international airports in Dublin, Shannon, Cork, and Knock. Shannon was the world's first duty-free airport. The busiest airport is Dublin with an average daily traffic of 60,000 passengers, during the peak season it is about 80,000. More than 600 aircrafts land and take off at Dublin's airport a day. This total ranks Ryanair among the ten busiest airports in Europe. (Dublin Airport 2011)

Dublin, Shannon and Cork international airports are managed by Aer Rianta, a public company. Aer Rianta International (ARI) is a subsidiary company of the Dublin Airport Authority. ARI manages a number of airports abroad and operates duty-free facilities at several locations throughout the world. (Holloway 2002)

2.2 Irish Airline Companies

Many international airlines provide scheduled services within Ireland and destinations in Europe, North America and the Middle East. There is also a large volume of charter traffic. (Holloway 2002)

Irish airlines providing scheduled and charter services to and from Ireland include Aer Lingus, CityJet, Ryanair and Translift Airways. A number of small aviation companies provide passenger, freight and helicopter services within the country using the network of regional airports. These are located at Donegal, Galway, Kerry, Knock, Sligo and Waterford. (Guiney 2002)

2.3 Services Available in Ireland

2.3.1 Scheduled Services

These are usually offered by national flag carriers, like Aer Lingus or British Airways. Among private companies include Ryanair, Virgin or small company like Aer Arran Express. Scheduled flights run to published timetables and on particular routes. The Department of Public Enterprise awards licences for these routes. They run regardless of the numbers of passengers that are actually on the flight; because of this airline company tries to recoup its costs by charging process that can be higher than those on unscheduled flights. (Holloway 2002)

Airlines that provide these services also sell them directly to the customers from its company offices. Many sell their tickets through travel agents or via the internet. Competition from unscheduled services forced these airlines to introduce Advance Purchase Excursion (APEX) tickets, which allow the consumer to buy cheaper or specially priced tickets in advance of the flight. This type of regular scheduled service is very important to business people who require a reliable service regardless of cost. (Bína, Šourek a Žihla 2007)

2.3.2 Unscheduled Services

These are also known as chartered flights. They are offered by subsidiaries of large national airline companies, for example Condor, which is owned by Lufthansa, and by companies that operate only in the charter business like Air 2000. Chartered flights do not operate to any published timetables, thus a flight can be organised or cancelled at the will. They are often organised by tour operators, who hire or charter a plane to bring a group of tourists to a particular destination on an organised package tour. In case they are unable to fill the plane, the flight will be cancelled, and passengers are relocated on a different flight instead. Charter flights usually work on a passenger load factor of over 90 per cent. Such a high load factor means that charter seats can be offered at a cheaper rate than most scheduled flights. These flights occur mainly in the summer high season and often during the night. (Holloway 2002)

The introduction of APEX tickets by scheduled operators and the liberalisation of air services in Europe in the last ten years mean that many charter companies have come under financial pressure. Charter companies do not sell to the public; instead they sell to tour operators, who do all the advertising and marketing, and they do not own public offices in city centres; all of this ensures that their overheads are kept to a minimum. Charter companies often charter their planes to other airlines during busy times of the year; when this occurs, the planes appear to represent the company that is doing the hiring, same colours, logos. The uncertainty of flights means that many chartered flights only appeal to holiday-makers who will take a charter fight in order to save money. (Holloway 2002)

2.3.3 Air Taxis

These are privately chartered aircraft and helicopters. The size of the aircraft can vary from holding four to eighteen passengers. These planes are usually small and they can be used to get to small airfields that are perhaps close to a business. The range of these aeroplanes is usually 300 to 900 miles, which means that they are ideal for short distance. The hirer will decide on the destination, timing of flights, etc. (Holloway 2002)

The companies that provide such a service include WestAir Aviation and European Corporate Air. Irish Helicopters and Celtic Helicopters also provide a similar service. Business people, film industry and racehorse people use such a service when they want to get quickly to a destination, which perhaps is not close to a large international airport. (Guiney 2002)

2.4 Changes in the Airline Industry 1970-2000

2.4.1 Regulation of the Air Industry

International air transport was heavily controlled from its early development. Regulation of the industry began when Governments decided on the following:

- Who would receive the licences for scheduled routes
- The fares that were charged on these routes
- Whether routes would exist between countries and which cities flights would go to (Rodrigue, Comtois and Slack 2009)

The International Air Transport Association (IATA) was also involved in the negotiation of the airline industry. IATA was set up in Cuba in 1945. Its aim was to promote safe, regular and economical transport. It held traffic conferences at which fairs for passengers and cargo rates were decided. (Doganis 2001) The first conference took place in the Rio de Janeiro in 1947. Apart from fares, it also decided on baggage allowance, ticket design and rules for multi-sector trips. This led to 300 airlines accepting each other’s tickets and debt settlement between airlines companies was made through the IATA clearing house. In 1947 seventeen airlines used the clearing house to move US$ 26 million; in 1994 that figure had risen to US$ 22.8 billion. IATA is concerned with seven broad areas; these include safety, the environment, security, medical issues, legal issues, finance and accounting, and the standardisation of fares and documents. (Hirst 2008)

Improvements in the standards of aeroplanes between 1945 and 1970, including the introduction of jet engines and wide-bodied planes such as the Jumbo, made the transport more attractive to tourists. They could now get to their destination faster and cheaper. Competition began in the 1960s between chartered flights and scheduled flights. The US Government allowed first charter services to operate in 1962, and by 1974 one third of all air traffic from the USA to Europe was on chartered flights. Airfares in the US and the allocation of routes were the responsibility of the Civil Aeronautics Board. Their job was to give America access to airlines at a fair price. They also controlled the airlines, so that carriers could not enter new routes or leave old ones quickly; they also could not expand too quickly. During these years the US Government exempted IATA traffic conferences and airline companies from the Anti Trust Law, but this ended in 1978. (Hirst 2008)

2.4.2 Deregulation of the Air Industry

This ending of control of airline industry came about when the US Government introduced the Airline Deregulation Act 1978. This act only applied to USA flights, both domestic and international, but because of the important role of the American airline business it impacted all over the world. (Shaw 2007) Under the Deregulation Act, between 1978 and 1983 airlines were able to decide on their fares within a 'zone of reasonableness'; after 1983 airlines could set any fare they wished, there was no control other than market forces. (Holloway 2002)

The airline industry in the US was characterised by increased competition that led to a fall in the price of airlines. This boosted demand for air travel. New airlines came into the business, many of them tried to expand too quickly and therefore soon collapsed. Even older airlines like Pan American Airways failed to compete in the new market's environment. As prices fell, profits fell and costs had to be reduced which led to confrontations with unions. In many cases job specifications and pay were changed. Companies used new marketing ploys such as 'frequent flyers' to keep old trusted customers from moving to the opposition. Only the fittest companies survived and within ten years of deregulation being introduced, the airline industry changed completely. (Holloway 2002)

New airline companies dominated the American market, and they developed a system of flying called hub and spoke. This is when smaller planes fly from regional airports to a large airport. The regional airports are called the spokes. At the large airport, the hub, bigger planes are used for international, transatlantic, or intercontinental flights. The aim of such a system is to cut down on costly flights between cities; but while it does this, it also creates problems of co-ordinating flights and congestion at airports. (Rodrigue, Comtois and Slack 2009)

2.4.3 Deregulation in Europe

The liberalisation of European air transport was achieved in four stages:

- In 1987, under a *First Directive*, fare restrictions were reduced. Carriers were also given additional flexibility for cooperation within the limits of existing air service agreements
- In 1990 the so-called a *Second Directive* measures allowed all European airlines to carry passengers to and from their home countries to other EU Member States. Fare and capacity restrictions were further abolished.
- In 1993 a *Third Directive* came in force. This opened up access to EU air routes, fares could be set at any level and fifth-freedom rights were granted to EU airlines. This was very similar to the rights that had been agreed between Ireland and the UK in 1988.
- In 1977 *Cabotage Rights* were given to all EU members. Cabotage is the carriage on routes within the territory of a country; after this the EU was seen as one country. Liberalisation was completed in Europe. (Guiney 2002)

Deregulation in Europe was preceded by early liberalisation between Ireland and UK. Bi-lateral agreements were signed in 1986, which allowed open route schedules between the UK and Ireland. This created the conditions for the emergence of the first European low fare airline. Any number of airlines could fly on these routes and fares were not controlled. Fifth-freedom rights were allowed to Irish airlines and Concorde. Aer Lingus set up flights to Zurich via Manchester, and Concorde used Shannon on its way to the Caribbean. (Holloway 2002)

This liberalisation brought along with the need to compete also a new main rival Ryanair. The company silently entered in a market and was permitted to enter certain routes between Ireland and the UK, bringing competition to the duopoly that had existed for years within the national airlines, Aer Lingus and British Airways. Any number of airlines could fly on these routes and fares were not controlled. Fifth-freedom rights were allowed to Irish airlines and Concorde. Aer Lingus set up flights to Zurich via Manchester, and Concorde used Shannon on its way to the Caribbean. (Guiney, 2002)

2.4.4 Emergence of Low-Cost Airlines

The emergence of low-cost airlines and new competitive environment was not very propitious for national airlines. They were forced to switch from a highly controlled market, with forceful government protectionism, towards an open market. This kind of new market requires a competition which was not really welcomed by national carriers. In 1998, Ryanair started the first price war on the Dublin to London route. Aer Lingus immediately donned its battle gear and began to tinker with its air fares. The airline suddenly realised that it had some leeway to make it cheaper for its customers to fly to London. It was the beginning of the “war” between those two main competitors on the Irish field. (Creaton 2004)

As a result of a single aviation market, European carriers acquired almost unlimited freedom to choose routes, capacity, flight schedules and fares. The liberalization of European air transport market has been very successful and growing competition allowed consumers choice and reduction in prices in all areas. The goals of low-cost airlines set by European Commission for liberalization were reached in all levels. (Guiney 2002)

As can be seen, the airline industry has gone through a number of major changes since 1970, and no doubt it will face further challenges in the future.(Guiney 2002)

2.4.5 The Main Irish Airline Companies

Ireland has two main airline companies: Aer Lingus and Ryanair. There are also a number of smaller companies such as Aer Arann. Both Aer Lingus and Ryanair serve the international market while Aer Arann serves the domestic market. (Guiney 2002)

3 RYANAIR

3.1 History

3.1.1 Early Years

Ryanair was founded by Ryan family with original share capital of just £1, and the staff of 25 people. Ryanair, which was privately-owned Irish airline, started providing a scheduled air service in June 1985 in 15-seater plane between Ireland and the UK in order to break the duopoly routes between those two neighbouring countries held by British Airways and Aer Lingus. Within a year it was using two 44-seater planes on flights between Dublin and Luton; this flight offered unrestricted fare of £99. All other fares were doubles of this. Such competition was supported by the Minister for Transport who wanted to increase competition between the airlines. Europe in the 1980s had very high airfares and liberalisation was only in its infancy. (Ryanair 2011)

Ryanair set up services from Knock and Cork to London and in the same year company got its first jet aircrafts from Romanian state airlines Tarom. These aircraft are the kind of ACMI leasing. Tarom provided to Ryanair the complete aircraft, crew, technical support, including insurance and Ryanair paid to Tarom for flight hours. The contract covered three Romanian aircrafts. With the arrival of these jet aircrafts, the Ryanair route network extended to 15 scheduled flights. In 1987 Ryanair set up services from Dublin and opened up new flights from Luton and Knock in the west of Ireland. A year after Ryanair leased another three jet aircrafts from Tarom and at the same time started two new routes from Dublin to Brussels and Munich. It was the first time when Ryanair is considering the possibility to drive the business class and Frequent Flyer program. (Ryanair 2011)

The following year brought to Ryanair two new aircraft. The air fleet was now made up of 6 x BAC1-11 jets and 3 x ATR42 turbo props. Originally appearing successful business class and frequent flyer program were cancelled due to continuing financial losses of the company. (Ryanair 2011)

3.1.2 Nineties

By 1990 it was providing services between Dublin, Cork and Knock to all major airports in the UK. Many Irish emigrants and their families who lived in the UK were using its services to the West of Ireland. (Guiney 2002)

Despite the increasing number of passengers Ryanair got into financial problems in 1991. Because the company was not good in managing the airline, the presenting financial date was in constant looses from 1985 to 1991 with the exception of 1987. A new management team headed by Michael O'Leary was made of and by following the Southwest Airline model restricted Ryanair completely. O'Leary decided that for achieving lower prices, it was necessary to make quick turnaround times of aircraft, "no frills" and the introduction of only one economic class as well as the operations of just one type of aircraft. After visiting Sothwest Airlines O'Leary believes Ryanair could fill a huge hole in European market. The European aviation market was dominated by national carriers which were supported by their parent countries at that time. Ryanair was competing with the most famous airlines by reducing all expenses to a minimum, leaving only essential services and everything else aside and monetization. By doing this Ryanair became the first true low-fare airline in Europe. (Ryanair 2011)

The advent of liberalization in Europe allowed Ryanair to compete successfully first on the UK market and later to provide services within the UK. Ryanair offered fares on its UK routes that were half the price of their competitors. This encouraged the numbers flying on these routes to increase from 1.8 million in 1985 to 5.76 million in 1995. Many of these passengers were new to flying; lower airfares had tapped into a completely new market. In 1991 Ryanair started providing services to the newly-opened Stansted airport. It continued to provide more routes. In 1995 it started its first domestic UK service from London to Stansted to Glasgow Prestwick. The numbers of passengers continued to grow. (Guiney 2002)

The following figure shows the network development of Ryanair till 1996, which was with a couple of exceptions, restricted to England. The network existed of two integrated star patterns with a central airport in England and a central airport in Ireland (point A). (Low-Cost Carriers-Europe 2011)

Figure 1: ***Development network in 1996*** (Low-Cost Carriers-Europe 2011)

Ryanair increased its fleet by buying more B737s. In 1997 the company started to provide flights to the Continent from Ireland and the UK; Ryanair has made full use of its flights under the cabotage introduced in April 1997. The airlines has employed 200 people at its call centre and a further 1,100 staff worked in the airline. (Guiney 2002)

In 1998 Ryanair launched six European routes from Stansted and these were further expanded in 1999. The company decided to operate from England because of landing charges at Dublin airport. The use of Stansted airport has increased the market potential of Ryanair for its flights. Opening of the duty-free sales for international flights within the EU enabled buying of the cheapest ticket in history for £ 19.99 on the Dublin-London route. The success of the company has been due to its no-frills low-cost policy. Ryanair has been very successful since 1998. It has developed 14 new European routes. It has taken delivery of 25 new aircraft and carried almost 5 million passengers on 27 international routes. It has increased its profits by 20 per cent. By 2000 it was the most profitable airline company in the world. (Guiney 2002)

The Ryanair's further development is shown in the picture below. After 1996 the airlines started expanding to the rest of Europe. In 1998 Ryanair added new destination included Spain, Italy, Norway and Sweden (point B). (Low-Cost Carriers-Europe 2011)

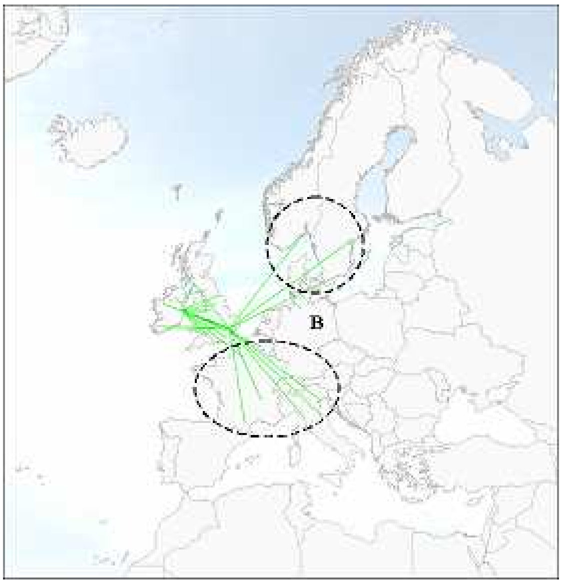

Figure 2: ***Development network in 1998*** (Low-Cost Carriers-Europe 2011)

3.1.3 21st Century

Ryanair established its websites in January 2000 to allow potential customers to buy direct from the company, thereby cutting out the travel agents. More and more online bookings contribute to efforts to reduce flight prices by selling directly to passengers and avoiding the costs arising from commissions to travel agencies. Within a few months the largest European booking portal is taking almost three-quarters of all bookings through the website. Today it is possible to book a ticket entirely via the website or the call-centre. Any other options are not officially offered. (Ryanair 2011)

In 2000 Ryanair also established its first continental European base at Brussels Charleroi airport and started to offer connections from Brussels to Dublin, London, Glasgow, Shannon, Venice, Paris and Carcassone. Later in the same year the company ordered 155 new Boeing 737-800 aircraft from Boeing to be delivered in over eight years. The terrorist attacks in September 2001 caused an enormous increase in oil prices and Ryanair recorded decline in demand for their services. Despite the fact Ryanair chosen Frankfurt Hahn as the second continental European base and launched other 10 new routes to Ireland, Great Britain, Norway, France and Italy. By these first low-cost flights to the German company Ryanair wanted to end the monopoly of Lufthansa and offer to customers cheaper rates. Ryanair successfully diverted Lufthansa's repeated attempts to block the Germany Courts in the low-cost competition in Frankfurt Hahn. In total in 2003 Ryanair launched 73 new routes and took delivery of another 14 Boeing 737-800. It was the first time when number of passengers was over 2 millions in one month. (Ryanair 2011)

While the network expanded further into Europe, the more regional network in Great Britain stayed in place. The airports in following figure 3 marked with a C where upgraded to a more central role in the network, which gave Ryanair a potential stronger position in the surrounding area. The network can also expand further through these central airports. (Low-Cost Carriers-Europe 2011)

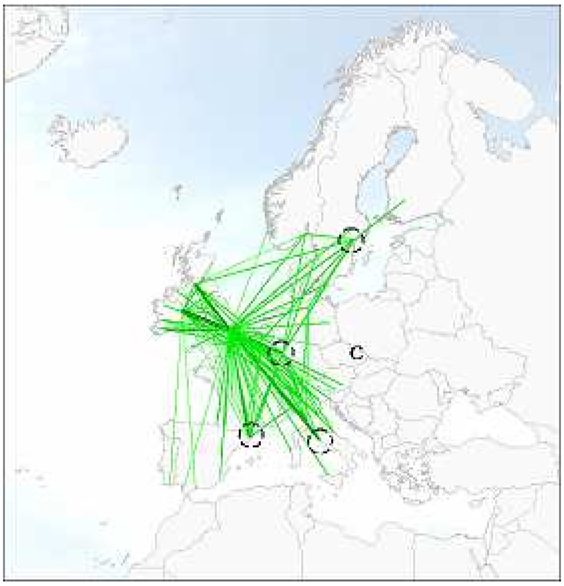

Figure 3: ***Network development in 2003*** (Low-Cost Carriers-Europe 2011)

By mid-2004 the airline operated 11 bases in Europe. In 2004, Michael O'Leary, warned against "bloodshed" during which the winter season should be survived by only two or three low-cost airlines. It was expected that it would be Ryanair or EasyJet. In the second quarter of 2004 the airline got into a mild loss of 3.3 million, this total was the first recorded red numbers for the past 15 years. Soon after Ryanair reported profits again. The enlargement of the European Union on May 1, 2004 opened the way to Ryanair and other low-cost companies to expand new routes to new EU markets. (Ryanair 2011)

In February 2005, Ryanair announced that the company would be interested in buying 70 more Boeing 737-800 aircraft with the view of enlargement of its travelling from 34 million to expect 70 million in 2011. (Ryanair 2011)

In June 2006 the company advertised, that for the quarter ending June 30, 2006, its average yield was 13 per cent higher than in the same quarter of the previous year and passenger numbers grew by 25 per cent. Net profit (€115.7 millions) grew by 80 per cent over the same quarter of 2005. Management said that despite the addition of 27 new aircraft and new routes, they are not able to keep the same growth rate in the rest of the year. Quick additions of new routes and new bases have given rise to the number of passengers and Ryanair have made one of the largest carriers in the European market.

Ryanair has posted a record profit of 329 million for the six months ended 30th September 2006. (Ryanair 2011)

In 2008, traffic grew by 15 per cent to 59 million passengers per year and thanks to the delivery of 18 new aircraft the number of Ryanair's fleet reaches to 181 Boeing 737 800 of new generation. It was realized 223 new routes and new bases in Alghero, Bologna, Cagliari and Edinburgh. (Ryanair 2011)

By 2009 we could be witnesses of the demise of some low-cost carriers such as Blue Wings (Germany), Fly Globespan (Great Britain), Seagle Air (Slovakia). Many low-cost airlines ended in these not very propitious years. (Ryanair 2011)

One of the airlines which did succeed in the field of aviation was the Slovakian low-cost Sky Europe Airlines. Actually, I was working for Sky Europe Airlines at that time as a cabin crew. It was namely this experience which allowed me to participate in the whole restructuring process and the final bankruptcy of the airline. Although the management of the company tried to do all possible steps for the company rescue in those months, there was no chance to help. The company did not do well in managing its costs. Even we as employees were put in this desperate struggle. I could see what impact this situation had not just on the employees but also customers and all the staff around.

Given the number of passengers who were stranded and stayed cut in the different parts of Europe after the collapse of Sky Europe, Ryanair announced that on September 1, 2009 the company launches rescue fares from Bratislava to Alicante, Barcelona, Brussels, Rome, London and Liverpool. Flights were available to 20 September 2009, and some flights to 17 December 2009. All flights were sold as one-way ticket a price of 25 euro including taxes. Even during these hard times in aviation Ryanair was able to turn this situation into its profit. (Ryanair 2011)

The network development of Ryanair after 2005 is shown in the picture below. As can be seen, the network expanded especially towards Spain area which is marked by D, and to the East Europe area pointed by E. (Low-Cost Carriers-Europe 2011)

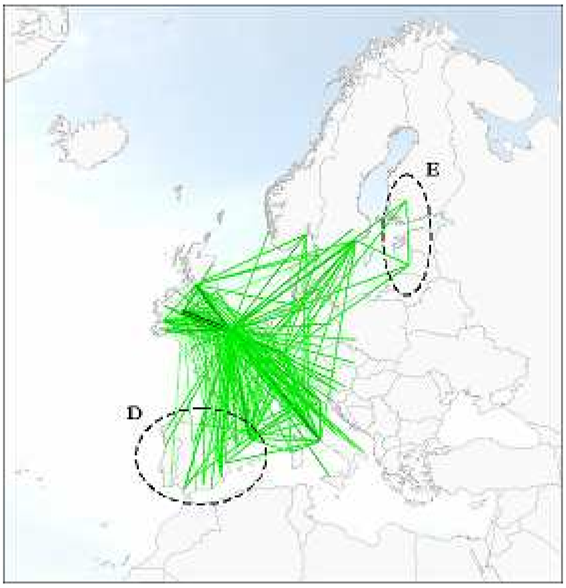

Figure 4: ***Network development after 2005*** (Low-Cost Carriers-Europe 2011)

3.1.4 Nowadays

On February 21, 2009, it was confirmed that Ryanair will close all check-in desks at the beginning of 2010. Michael O'Leary said that passengers will be able to leave their luggage check through the so-called "Bag-drop desks", but everything else will be done online. This became reality in October 2009. (Ryanair 2011)

In March 2010 Ryanair made an offer to Ruzyne airport. Ryanair's aim was to allocate to the Prague base six aircraft, operating 33 international routes which would raise more than 2 million passengers annually and bring 2000 new job opportunities. This offer was considered under the condition of lower fees at the Prague airport. Ryanair argued by the potential impending bankruptcy of our national carrier CSA, when CSA has decided to use a part of their fleet as collateral against bank loans, whereby reputedly preventing its common activity in normal air traffic. The offer was refused with saying that the charges are the same for all carriers and without any intention to accept the reduction. (Ryanair 2010)

In December 2009 Ryanair carried 65.3 million passengers a year with an average load factor of 82% and 1070 flights a day. These numbers put the company on first place within low-cost carriers in Europe. With a fleet of 41 aircraft Ryanair flies from 41 bases, serves 26 states and more than 150 destinations. (Ryanair 2011)

Within the latest bases are for instance Kaunas in Lithuania and Valetta in Malta. From this development we can infer the future direction of the company. It will be most likely aimed to eastern and south-eastern Europe, where the last extension of EU added a lot of potential destinations or bases. (Ryanair 2011)

3.2 Michael O'Leary

Michael O'Leary was born March 20, 1961 in Ireland. He graduated at Clongowes Wood College. In 1979 O'Leary started studying Business Studies at famous Trinity College in Dublin. After finishing University he started to work as a trainee in KPMG, later well known auditor's company, where he has been working as a tax consultant for two years. He left KPMG because he received a very interesting offer by one of the Ryanair's owners Tony Ryan. (Ruddock 2007)

O'Leary as a college friend of Tony Ryan's sons was asked to work as a financial and tax consultant for Ryan. The Ryan's main interest was still in GPA, besides he run the unprofitable airline Ryanair at that time as well. First of all Ryan wanted to know an O'Leary's first impression about the Ryanair. O'Leary was about to close Ryanair. According to him it was the best and only reasonable solution how to get from the financial problems. Despite the O Leary's not very optimistic opinion Ryan did not do that. By giving a second chance to the company, he sent O'Leary to USA to study there a business model of the Southwest Airlines. (Ruddock 2007)

In 1999 to 1994 after coming back from USA O'Leary executed a grade of head manager for Ryanair. He became a chief manager of the Ryanair Airline in January 1999. Under his convection Ryanair was run according to business model of Southwest Airlines. (Ruddock 2007) O'Leary's strategy was to reach a full capacity of the aircraft. Absence of business class could reduce the final price as low as possible. "These steps were made for the price of convenience but O'Leary did not care, he was willing to do almost anything." (Ruddock 2007, 447) According to Hrabálek maybe that's why O'Leary was so self-confident and he expressed totally unprecedented arrogance in comparison with other airlines as well as against the authorities. In Germany, Ryanair sprayed the aircraft with inscriptions which said “Goodbye, Lufthansa”. He did the same provocation to Alitalia Airlines in Italy. By this way of advertising he wanted to express that it is not possible to compete against him. The administration of UK airports O’Leary named “Expensive Bastards”. (Finančníci.cz 2011) One of the worst advertisements Ryanair ever made was addressed to travel agents. “Screw the travel agents. Take the fuckers out and shoot them. What have they done for passengers over the years?” (guardian.co.uk 2005)

We could find many similar examples which are extremely famous especially for the journalists. Despite the O Leary’s sometimes improper performing in front of society his private life is modest. (Creaton 2004)

3.3 Aer Lingus

Aer Lingus was founded in April 1936. During the Second World War Aer Lingus operated flights between Dublin and the UK. During the 1960s and 1970s the company expanded its services throughout Britain, Europe and the USA. The transatlantic route always caused financial looses for Aer Lingus. (Guiney 2002)

Liberalisation of air travel increased competition for Aer Lingus and in orders to compete successfully, routes were reduced and aircraft were changed to those that would prove more cost-effective. The company faced major financial problems in the early 1990s. The air transport reported losses of €127 million over the three years 1989-92. These looses were reported on all routes. The Atlantic route had only 40 per cent of American tourists using direct flights to Ireland, while 60 per cent came to Ireland via UK airport. (Guiney 2002)

The introduction by Ryanair of a € 73 fare within Dublin and Stensted in 1986 forced Aer Lingus to reduce its fares to remain competitive but it lost 10 per cent of market share and millions revenue. Borrowings were high which resulted in very high interest payments. In 1993 Aer Lingus was faced with options to save the company and these involved:

- Winding down the air transport business with the loss of 4000 jobs
- The closure of the Atlantic business with the loss of 950 jobs
- The consolidation of the air transport business on both the Atlantic and European routes with the loss of 450 jobs (Guiney 2002)

The third option was accepted along with the disposal of ancillary business including TEAM Aer Lingus. This became known as the Cahill Rescue Plan. The return to the core air transport business resulted in a return to profit by the end of 1994. Along with the restructuring plan, the Government gave to Aer Lingus € 157 million; this reduced the company's debts. (Guiney 2002)

In December 1999 Aer Lingus joined American Airlines, British Airways and six other airlines to become member of the Oneworld Alliance. It offered the benefits of membership of this alliance to its customers since 2000. (Oneworld 1999)

The 2001 season was not good for Aer Lingus; the poor performance of the US economy led to a decline in air traffic on the Atlantic routes. Industrial action which included strike days increased the wages bill by € 25 million per annum. The terrorist attacks in the USA in September resulted in cancellations and a fall in profits from €76 to €19 million, the company introduced major changes which included a cut-back in operations by 25 per cent, closure of routes and other routes have reduced numbers of flights. Some aircraft were taken out of the fleet, and over 2,000 jobs were cut, costing €51 million in redundancy payments. The company also looked for the Irish Government and EU to help them to survive this period of uncertainty. Aer Lingus was the company that was successful during 1990s. But events in September 2001 forced the company make many changes in its operations. (Guiney 2002)

Air Lingus is now a semi-low cost, point-to-point airline with a network of services within Europe, the UK and the US. Unlike full-low costs such as Ryanair which leads the competition within low fares airlines on European market. Aer Lingus competes in four distinct markets. Firstly, the transatlantic long-haul sector where faced to huge airlines such as American Airlines, Delta Airlines etc. Secondly, within the European Union against national carries such us Lufthansa and Czech Airlines. Thirdly, provincial market where Aer Lingus compete with British Airways, British Midlands, Ryanair etc. Finally, on domestic market within Ireland where the rivals are small Irish Airline, road and rails. (Dibb and Simkin 2001)

Liberalisation of air travel increased competition for Aer Lingus and Ryanair with its strong position played the main role in it. Aer Lingus faced brutal competition especially from Irish rival Ryanair on its intra-European routes. In 2003, Aer Lingus' chief, Willie Walsh, admitted the airlines Aer Lingus was not amused that the Government had allowed a small private airline to set itself up in its backyard."At one level it was quite helpful" to Aer Lingus, Michael Kennedy remember "You were always looking for change, to get people to do things differently and cut out unproductive practices. The single best motivator that we had was when there was a Ryanair aircraft sitting out on the ramp outside our window. You were able to say, “Look guys, you might not want it or like it, but they are here.” (Creaton 2004, 23)

Aer Lingus such as one of the earliest carrier recognized the right time for radical, urgent and permanent changes and changed its business model to semi-low cost operator. Maybe the decision to change its business model to apply low fare concepts was the most profound change that the company has ever made. (Taneja 2004)

In 2010 Christoph Mueller the Director of Aer Lingus confirmed that the carrier has decided to move away from low-cost model and would like to introduce a "hybrid" model. Since the company’s main interest is in the quality of customer service and the lower costs are inferior. (oLétání.cz 2010)

II. ANALYSIS

4 RYANAIR AND IRISH AVIATION

4.1 Emergence of Low-Cost Airlines in United Kingdom

As I already mentioned in the theoretical part, the emergence of LCAs in Europe was rather late phenomenon, now I would like to take a closer look at the main factors of why the British Isles were the country where the LCAs has put its roots first and why is this country very suitable for airlines business. (Lawton 2002)

From the point of view of traffic, the location of British Isles plays a very significant role in travelling and transportation. There are two possible ways how travel if you want to make international travel by car. It is possible to choose between ferryboats or tunnel trains, but both of these ways of travelling are uncomfortable, time consuming and quite expensive. (Lawton 2002)

Next, a close relationship between Britain and Ireland should not be omitted as they are linked also economically due to their inhabitants who visit mutually using airlines of both countries. (Lawton 2002)

From the perspective of technology, the progress of UK in this line was ahead of the progress of continental Europe in the mid 1990s as credit card utilization, internet access and online purchasing the UK were fully developed there. In spite of many years which have passed since 1990s this technological advantage is still live in the UK.

The UK is a very convenient country for LCAs since there is one of the biggest leisure air travel markets in Europe. The most desired flights for the leisure time consumers are the low-cost flights and as these conditions are propitious for stable development of LCAs, especially Ryanair was fully aware of this key factor when choosing its business model. (Lawton 2002)

There is a close relation within risk capital and culture and the emergence of LCAs. The UK has been traditionally known for having a highly entrepreneurial culture compared to other European nations.(Lawton 2002)

Finally, the British workforce is more adaptable than in many other European countries. The labour regime of the UK is the most liberal regime in the EU. For example unions are by far not as strong as in France where pilots ‘strikes are consider to be quite common as they take place very often. (Lawton, 2002)

4.2 The Inventor of Low-Cost Business Model

As I already mentioned above, the business model of low-cost airlines is not a European invention. The idea was originally introduced and performed by American low-cost carrier Southwest Airlines after deregulation of the European Aviation Market in late 70s. After 38 years of service, Southwest Airlines such as one of the most productive airlines in the sky operates more than 3,200 flights a day. It has nearly 35,000 employees and carries over 86 million passengers a year which makes it one of the biggest US airlines. Southwest has been a major inspiration to other low-cost carriers. (IR Solutions 2009)

4.3 Low-Fare Benefits in Comparison to Traditional Airlines

The fare of low-cost carriers is about 50-70 % lower than normal scheduled fares of conventional airlines. They have to maintain a sustainable cost advantage to survive in the long term. In the picture below there can be been clearly seen a comparison of all low-cost advantages with traditional airlines on short-haul routes (Doganis 2001)

	Cost reduction
Operating advanteges	
Higher seating density	-16%
Higher aircraft utilisation	-3%
Lower flight and cabin crew salaries	-3%
Use of cheaper secondary airports	-6%
Outsorcing maintenance/single aircraft type	-2%
Product/service features	
Minimal station costs/outsourced handling	-10%
No free in-flight catering	-6%
Marketing differences	
No agents commissions	-8%
Reduced sales/reservation costs	-3%
Other advantages	
Smaller administration costs	-2%
Total cost advantage	**-59%**

Figure 5: ***Price benefits of low-fare carriers*** *(Doganis 2001)*

The following figure shows an analysis of the distinct efficiencies that lead to the low fare and high volumes essential for the success of low-cost airlines.

LFAs	Traditional airlines	LFA advantages
Operate from mostly secondary, underutilised, regional airports	Operate from mostly primary international hub airports	Lower airport charges, faster turnaround times, less air traffic control-related delays
Fast turnarounds (25 min.)	Slow turnarounds due to use of congested hub airports	Better fleet utilisation
Direct point-to-point flights, no transfers, short-haul routes	Mix of long, medium and short haul routes with transfers ("connecting flights")	Lower complexity, higher capacity utilisation
Standardised fleet (only one aircraft type), higher seating density	Various aircraft types, low seating density	Cheaper aircraft financing; Lower maintenance and training costs; Simpler swapping around of flight and maintenance staff; Higher capacity utilisation
Distribution primarily through direct channels (internet, call centres)	Most tickets sold via travel agencies (high GDS costs, travel agent commissions, etc.)	Lower distribution costs, lower complexity
No "frills", extras paid for (e.g. catering, excess baggage)	Entertainment programmes, express check-in, VIP lounges, paper tickets, business class, "free" catering	Lower ancillary costs, less complexity; Additional revenues
Highly incentivised work force (variable proportion of salary up to 40%)	High basic salaries (variable proportion less than 10 %)	High employee productivity

*Figure 6: **Low-cost model advantages** (ELFAA 2004)*

The savings achieved through these lower costs and higher efficiencies reduced fares are passed on to customers. As demand for air transport is highly price sensitive, lower fares result in higher number of customers, which in turn leads to further efficiencies and accordingly lower costs. (ELFAA 2004)

4.3.1 The Business Model of Ryanair

There is no single description of a low cost or no-frills carrier, and they vary in form, but there seems to be some general agreement about their basic characteristics. As described by Lawton (2002) the Ryanair low cost/low fare model is divided into eight broad strategies.

No frills service

Ryanair does not provide meals or drinks, in-flight entertainment and does not operate frequent flyer points. Food and drinks are only for sale, or they have to be bough on board, the free baggage allowance in small, no sky-bridges are offered to the plane, the airports served are second tier, and there are no-reclining seats. (Lawton 2002)

Use of point to point secondary airports

The use of cheaper, secondary point to point airports is one of the most important cost saving strategies of Ryanair. There are basically two major advantages of such airports. In comparison to primary airports the traffic is not as huge there, that is why it is easier to avoid the possibility of a delay. Also, landing fees and aeronautical charges are lower there.

Because of the Ryanair's aircraft utilization and rapid turn-around times, it is easier to realize low-cost strategies at these small airports. Primary airports tend to be very busy and it is quite hard to keep 25 minute turn-around there. (Lawton 2002) The "25 minute turn-around" is a time counting from a landing time including passenger's disembarkation, unload and load baggage, clean the aircraft, refuelling and embarkation of new passengers until the time of a takeoff. This leads to a much more efficient use of aircraft. Despite the fact that secondary airports are often placed outside the cities of destination, passengers enjoy on-time flights.

Ticketless reservation system and automatic ticket prising

Ryanair Direct allows to its potential customer direct booking via the internet or through call centres, thereby cutting out the travel agents and paying lower travel-agent fees. (Lawton 2002) After making a reservation and when the payment is completed, customer receives a code, which they later have to present at the check in, after checking they will receive the flying ticket. Ticket prices change every day. The sooner you book the ticket, the cheaper it will be.

Although buying a ticket online could seem to be very easy, there are some backsides of this process. One of the disadvantages is that the sites are very often overloaded or completely out of order. I know this from my own experience as I used to be a frequent flyer of Ryanair. The process of booking normally takes you few minutes from your time, but in case of overload of sites you can get upset in these few minutes. Since the ticket prices are rising with the number of booked tickets, it happens very often that you choose the ticket of particular price but during the booking when the whole process is nearly finished the site fall down and you have to start the booking again from the beginning. The finding that the ticket price is about half more than it was few minutes ago is quite unpleasant. Another problem when you do not deal with a real person while buying the ticket through the web sites is, that the process of booking itself may not be very simple for everyone. The Ryanair booking portal is accessible in different languages, but for example Czech translation is not available, that is why for someone who speaks only Czech it is not possible to make a reservation without any assistance. The steps which are necessary to go through if you want to make your booking successful could be for instance for elderly people or not frequent flyer who are not familiar with this kind of portal for the first time quite confusing. Online booking portals can have their pitfalls; otherwise, the possibility of buying airline tickets online from the comfort of your room is a great convenience.

Minimise personnel cost

Ryanair is admirable in minimising its personnel expenses. In terms of crew, they usually work in multiply roles. Because low-cost airlines do not pay for cleaning, this takes place during “25 minutes turn-around” and at the end of every flight, flight attendances clean the aircraft, work as gate agents etc. Also pilots are often included in these cost saving techniques, for example they have to help to load luggage when they are in a hurry because of the given slot time. (Lawton 2002) It is a period of time given by the airport within which take-off has to take place. Especially low cost airlines try to avoid missing of slot times, whereas every slot time has to be paid by the airlines. In case of missing slot time, the new one is given, but the new time can be for example in one hour, and that would cause an aircraft delay. Every delay is very unpleasant for the company because it costs money; therefore crew has to try to do the best for keeping the slot time.

Direct point-to-point

Unlike other traditional full service airlines, which use the Hub and Spoke model, Ryanair follows a simple Point-to-point business model. As you can be seen in the figure below, this model is based on flights where the plane flies directly from point A to point B. The traditional full service airlines go to a central location where it is much easier for passengers to catch another plane to reach their destination. Contrary of the Hub and Spoke model, operating expenses are lower in LCA as aircraft are utilized more often because they do not have to wait for connecting flights. (US Department of Transportation 2009)

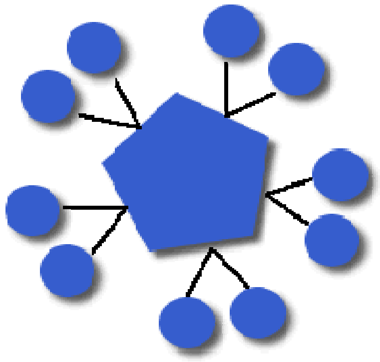

Figure 7: **Hubs and Spoke Model**

(US Department of Transportation 2009)

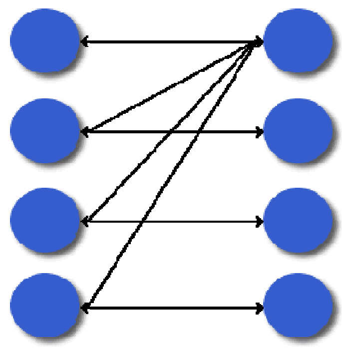

Figure 8*: **Point to Point Model***

(US Department of Transportation 2009)

Although hub-and-spoke networks often result in improved network efficiency, they have drawbacks linked with their vulnerability to disruptions and delays at hubs, an outcome of the lack of direct connections. It is necessary to point out that emergence of hub-and-spoke networks is a transitional form of network development rationalizing limited volumes through a limited number of routes. When traffic becomes sufficient, direct point-to-point services tend to be established as they better reflect the preference of users. (Rodrigue, Comtois and Slack 2009)

Within the main advantages of using hubs are connections offering a high frequency of services. For instance, instead of one service per day between any two pairs in point-to-point network, four services per day could be possible. Lower costs for the users as well as higher quality of infrastructures can be included among other advantages. (Rodrigue, Comtois and Slack 2009)

Standardized fleet

At the beginning of nineties Ryanair converted from a classic full service airline to a conventional low cost airline. Successfully following the business model of Southwest, the Airline Ryanair operates a single type of aircraft fleet which is Boeing 737. (Ryanair 2011) It allows training all pilots, flight attendances and engineers on all aircraft of the fleet. Thanks to that it reduces the maintenance and training costs as well as the cost of financing aircraft.

From the point of view of safety procedures, it is much easier for cabin crew members to operate on one type of aircraft. All operating CCMs have to complete an Initial Course approved by the Civil Aviation Authority, followed by the appropriate Conversion Course including a structured aeroplane visit on all types to be operated. Each CCM shall undergo a recurrent training and checking process. All CCMs have to be familiar with the location, operation and use of all items of safety equipment, emergency exits and escape aids on the aeroplane to which they are assigned, since they are responsible for the safety of passengers and the cabin. Every cabin crew member must know where every piece of safety equipment is stowed, how it is used and what are their individual duties and responsibilities. If Ryanair's CCMs operate on only one type of aeroplane, it is easier for them to remember all these procedures and emergency equipment locations. I can speak here from my own experience as a CCM, since I worked for a low cost airline which operated just on Boeings, and I also worked for traditional airlines which operate Boeings and Airbuses as well. There are many things what CCMs are responsible for and that is why there is the crew briefing before every flight where CCMs are examined. With the different type of aircraft, also emergency procedures, location of safety equipment and many other things differ. In case of operating just on Boeings, it is something like a routine after while, because almost everything, including operating procedures, is same there. If the CCMs are requested to operate on more than one type of aircraft, they have to prepare specially for each particular flight. Even when they are prepared as supposed to, they still have to keep in mind at all times, what aircraft type are they operating, what emergency procedures are applied there and where the safety equipment is located. It is paramount that the crew can react quickly and without hesitation, so they must be fully prepared in any case. Obviously, operating one type of aircraft is much less demanding for the crew and in the case of emergency situation, they will more likely react faster, as they are used to the working environment and all the procedures are unified. Even regular duties can be expected to be carried out faster and thus more efficiently by the crew operating in the same environment every day. Especially the crew operating on completely different planes (like Boeing and Airbus series) might be asked to switch to different procedures and differently operating equipment on daily basis, which can prove disastrous if the crew, is not fully prepared and some emergency arises.

Higher seating density

Ryanair such as full service airline distinguished between two different passenger groups and had two different classes during the first years of its operation. Due to removing the business class and reduction of space within the seats the number of seats of Boeing 737 increased by about 15%. The absence of the first class led to better aircraft utilization for Ryanair. (Doganis 2001)

Short-haul routes and quick turn-around time

Ryanair specializes only in short-haul routes between midsize cities and secondary airports. The flights are short and average turn-around times are only about 25 minutes, due to this Ryanair is able to increase the number of flights to the maximum. It means that more passengers can be transported a day as well. Thanks to those two factors Ryanair is able to achieve the maximum utilization of a standardized aircraft fleet. (Doganis 2001)

Due to all these strategies and cost savings Ryanair is able to compete in aviation business.

5 METHODOLOGICAL PART

5.1 Research Focus and Questions

Two different models of airlines, which are the major leaders of aviation in Ireland, were compared in the previous chapter. The Ryanair Business model very closely introduces the strategy of LC airlines, especially in the area of creation of financial reserves for an implementation of much lower plane ticket prices for its clients.

As was mentioned in the introduction, a passengers` survey via questionnaire dealing with a choice of an airline company and services provided by them was done. Based on the results, a possible preference of a LC airline will be assessed from different points of view.

For that reason, a main research question was asked:

Does the low-cost airline Ryanair offer services to that extent that satisfy also customers of conventional air carriers?

A hypothesis based on my own experience was set to answer the question. It says that customers will reject these services as one of the main criteria for a choice of the airline company is a price of a plane ticket. This fact enabled creation and development of LC airlines in the market.Four sub-questions, on the basis of which the hypothesis will be confirmed or not, were defined to answer the main research question.

1. Do you also use conventional (national) air carriers?

This question finds out whether the respondent has chosen Ryanair despite having experience with a conventional air carrier.

2. Is price the crucial reason for your choice of LC air carrier?

The question asks on the buying power of the company.

3. Does mass media information about a plane crash and technical problems discourage you from the choice of the given LC air carrier?

The question elicits the issue of safety. A positive response confirms the assumption that LC carriers do not secure technical support of aircrafts at a level comparable to conventional carriers.

4. Which services do you expect on board?

Options:

a) Refreshment for sale
b) Refreshment for free
c) Boarding sale
d) Young and pretty flight attendants
e) Pillow and blanket

Flight intervals were divided into:

a) Flights within the UK
b) Flights to continental Europe
c) Transatlantic flights

The responses will provide me with customers` expectations concerning services of individual air carriers. Next, they will be compared with my experience at Ryanair and finally, a conclusion will be drawn.

5.2 Quantitative Research Procedure

Based on the used method a quantitative research strategy was chosen. Social facts are viewed as things and therefore, they are considered to be data. Quantitative research applies deduction, the techniques of which are used to set hypotheses of theoretical statements. Results analysis is the basis for acceptance or rejection of these hypotheses.

5.3 Research Methods

A combination of research methods and techniques was used to answer the research questions. The main research methods were inquiry and documents analysis.

5.3.1 Inquiry Method

An inquiry method uses language for data collection. Inquiry is perceived as an observation by a human – a respondent. Inquiry as a research method appears in the questionnaire technique. The questionnaire uses closed questions formulated in advance and in the same terms and order for each respondent. (Žižlavský 2004)

5.3.2 Documents Analysis

Concerning a social scientific environment, documents are an important source of information. Cited literary and online sources were used.

5.4 Methods of Data Units Choice, Their Size and Research Implementation

The questionnaire, which was divided by nationality and gender, was prepared for 4 sample sizes of 50 respondents. The results were processed statistically and graphically.

Structure of Respondents:

- 50 Czech men and 50 Czech women, a total of 100 Czech respondents
- 50 Irishmen and 50 Irishwomen, a total of 100 Irish respondents

There was a random selection with a representation of all age groups.

The questionnaire was produced in a printed form. The selection of respondents took place during March 2011 at the International Airport Brno. Respondents of both sexes and nationalities were contacted and asked to complete the questionnaire at arrival and departure halls of the lines Brno - Dublin and Dublin - Brno operated by LC Irish airline Ryanair. (The questionnaires see Appendix 1,2)

Excel software was applied as an appropriate statistical tool. Respondents were inquired at ten-day intervals as the passenger`s mind can change over time. Hence, the results can be considered to be an authoritative source only for this and the nearest period, and inquiry should repeat at least four times a year.

6 DATA EVALUATION

6.1 Results and Comments

Data obtained from the questionnaires were processed in the following figures and tables. The tables are arranged so as to allow making comparisons between relative and absolute frequency of responses.

Question 1: ***Do you also use conventional air carriers?***

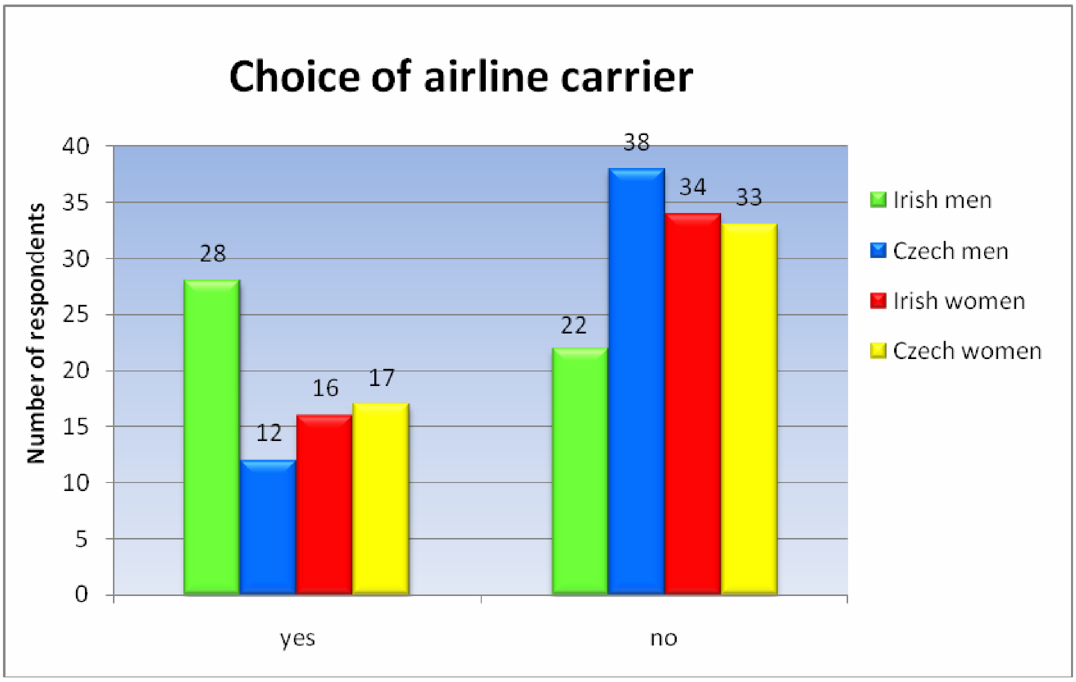

Figure 9: ***Choice of an airline carrier***

Table 1: ***Response to the question no.1***

Choice of an airline carrier	***Irish men***		***Czech men***		***Irish women***		***Czech women***	
	50 resp.	***%***	***50 resp.***	***%***	***50 resp.***	***%***	***50 resp.***	***%***
Yes	28	14%	12	6%	16	8%	17	8.50%
No	22	11%	38	19%	34	17%	33	16.50%

73 respondents reacted positively, which represents 36.5% out of the total number of 200 respondents. Out of these, 40 men, who corresponds 20%, and 33 women, representing 16.5%, responded positively.

Concerning nationalities, 44 Irish (22%) and 29 (14.5%) Czech passengers responded positively. Actually, Irish men gave positive answers in 28 cases (14%) while Czech men responded negatively 38 times (19%).

GRAPH INTERPRETATION

The following conclusions can be drawn from Figure 1:

a) The lowest number of customers who prefer LC air carriers is represented by Irishmen (22 men); they have higher demands on quality and on board services
b) Concerning the choice of airline carriers, Irishmen (28) are the most conservative as they prefer domestic operators
c) It might also indicate that men fly more frequently than women and that their choice was determined by their employers with the aim to provide national companies with profit
d) Conservatism of Irishwomen (34) and Czech women (33) is approximately on the same level
e) Czech men (38) seem to be the least conservative; on the other hand, it can also mean that, similarly to Irishmen, the choice of the airline is done by their employers. In addition, the Czech nature might play an important role here and in simple terms, they did not care for national companies and their market position.

Question no.2***: Is price the crucial factor for your choice of LC air carrier?***

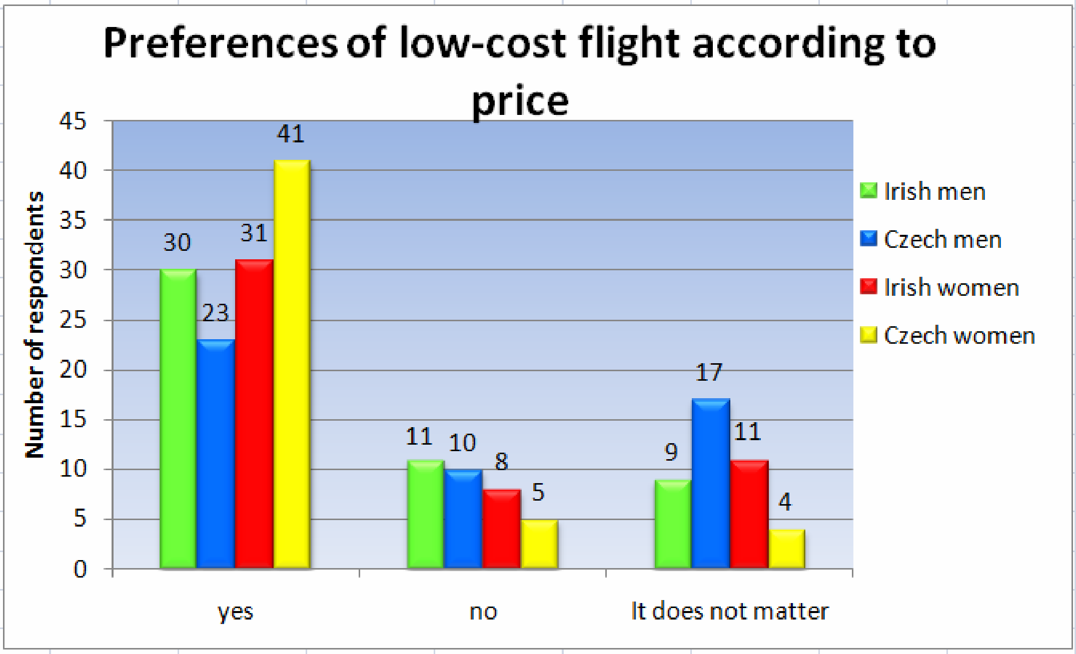

*Figure 10:**Low-cost flight preference***

Table 2: ***Response to the question no.2***

Price is crucial	***Irish men***		***Czech men***		***Irish women***		***Czech women***	
	50 resp.	***%***	***50 resp.***	***%***	***50 resp.***	***%***	***50 resp.***	***%***
Yes	30	15%	23	11.5%	31	15.5%	41	20.5%
No	11	5.5%	10	5%	8	4%	5	2.5%
It does not matter	9	4.5%	17	8.5%	11	5.5%	4	2%

125 respondents reacted positively, which represents 62.5% out of the total number of 200 respondents. Out of these, 53 men (26.5%) and 72 women (36%) responses were positive.

A relatively high number of respondents, 41 (20.5%), indicates that they do not care about that.

Concerning nationalities, 61 Irish (30.5%) an 64 (32%) Czech passengers/customers responded positively. In fact, Czech women gave positive answers in 41 cases (20.5%) while Irishmen responded negatively 11 times (5.5%).

17 Czech men (8.5%) stated that they do not care about the price, which represents the highest number.

GRAPH INTERPRETATION

The following conclusions can be drawn from Figure 2:

a) LC flights are the most frequently chosen by Czech women (41), followed by Irishwomen (31). It is possible that women fly on business less than men; thus they prefer low-cost flights for private journeys

b) Approximately the same number of Irishwomen (31) and Irishmen (30) give preference to LC airlines meanwhile the situation of Czech men (23) is completely opposite. Again, it might be deduced that the choice of airlines lies in the hands of the employers. This fact could be an object of the next research

c) Price of a plane ticket is not a crucial factor for Czech men (17). Again, a theory “I have to fly so I will fly with the first possible airline” should be taken into account.

d) According to 9 Irishmen and 11 women the price does not play an important role in their decision about what airline to fly with.

e) Only 9 Czech women out of 50 do not care about the plane ticket price. Concerning this fact, it is necessary to state that Czech woman, unlike Czech men, do not fly on business and thus they choose LC airlines and are the most thrifty people.

Generally speaking, passengers prefer LC airlines and the price is one of the crucial factors affecting the choice of an air carrier.

Question no. 3***: Does mass media information about a plane crash and technical problems discourage you from the choice of the given LC air carrier?***

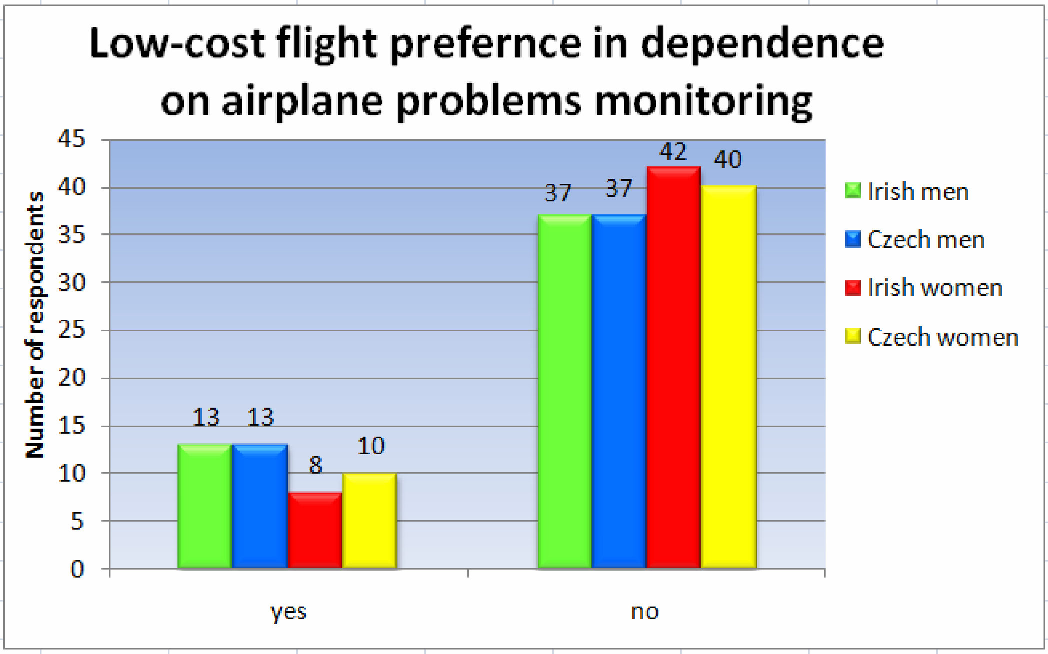

Figure 11: ***Low-cost flight preference in dependence on airplane problems monitoring***

Table 3: ***Response to the question no.3***

Flight problems	***Irish men***		***Czech men***		***Irish women***		***Czech women***	
	50 resp.	***%***	***50 resp.***	***%***	***50 resp.***	***%***	***50 resp.***	***%***
Yes	13	6.5	13	6.5	8	4	10	5
No	37	18.5	37	18.5	42	21	40	20

44 respondents reacted positively, which represents 22% out of the total number of 200 respondents. Out of these, 26 men and 18 women, representing 13 % and 9 % respectively agreed on this question.

Concerning nationalities, 21 Irish (10.5%) and 23 (11.5%) Czech passengers/customers responded positively. In addition, a group of Irishmen and Czech men gave positive answers in 13 cases (6.5%) while Czech women responded negatively 42 times (21%).

GRAPH INTERPRETATION

The following conclusions can be drawn from Figure 3:

a) It can be seen that most of the passengers (156, i.e. 78%) automatically assume that LC carriers secure technical support of aircrafts at a level comparable to conventional carriers; hence, they do not associate the choice of airline company with a question safety

b) Concerning the passengers discouraged by the previous information, the number of Irishmen and Czech men is the same, i.e. 13 respondents (6.5%) while only 8 Irishwomen (4%) and 10 Czech women (5%) deal with this fact.

Assumption:

Women are braver than men, but at the same time they are also more light-hearted: “Why should I pay attention to that, I cannot affect this state, it has nothing to do with me.” In addition, their less technical erudition in this field cannot be omitted as they are not able to consider the possible problems, and therefore, they are not interested in them.

In summary, it can be said that people do not dwell on this issue before travelling by plane. Probably a different situation would take place after a plane crash; on the other hand it can be estimated that it would last only temporarily.

Question no.4: ***Which services do you expect on board?***

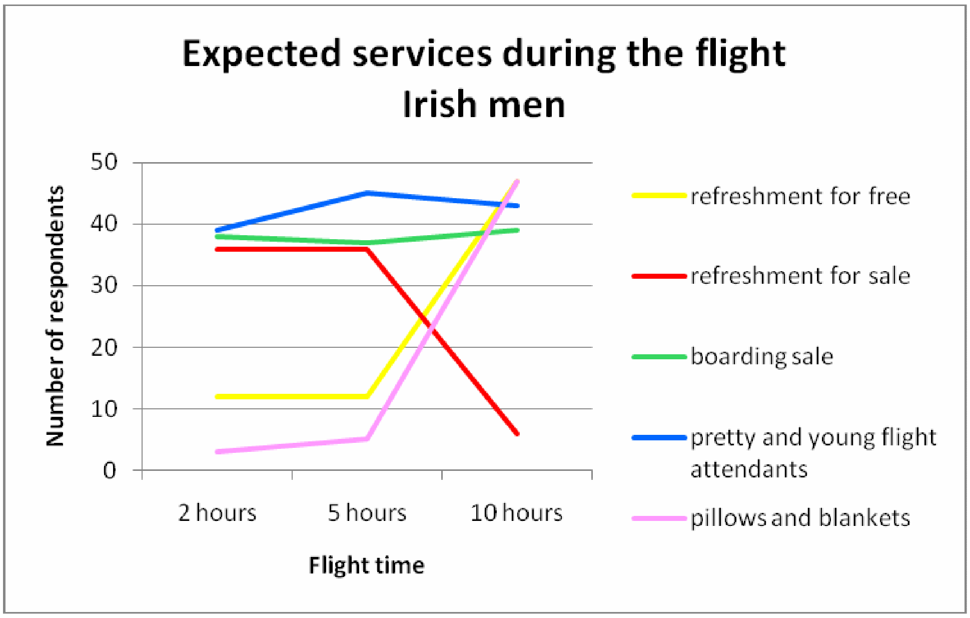

Figure 12: ***Expected service during the flight – Irish men***

Table 4: ***Response to the question no.4 (Irish men)***

Expected service during the flight - Irish men	**time**					
	2 hours		**5 hours**		**10 hours**	
	R	**%**	**R**	**%**	**R**	**%**
refreshment for free	12	6%	12	6%	47	23.5%
refreshment for sale	36	18%	36	18%	6	3%
boarding sale	38	19%	37	18.5%	39	19.5%
pretty and young flight attendants	39	19.5%	45	22,5%	43	21.5%
pillows and blankets	3	1.5%	5	2.5%	47	23.5%

Figure 4 shows a rise of customers' demands for services with increasing flight duration. Unlike domestic and continental flights, Irishmen expect free refreshments, and possibility of being provided with pillows and blankets, etc. during longer flights. But at the same time, they eager most for young and pretty cabin crew members, and opportunity of a sky shop. These two services are demanded regardless the flight duration.

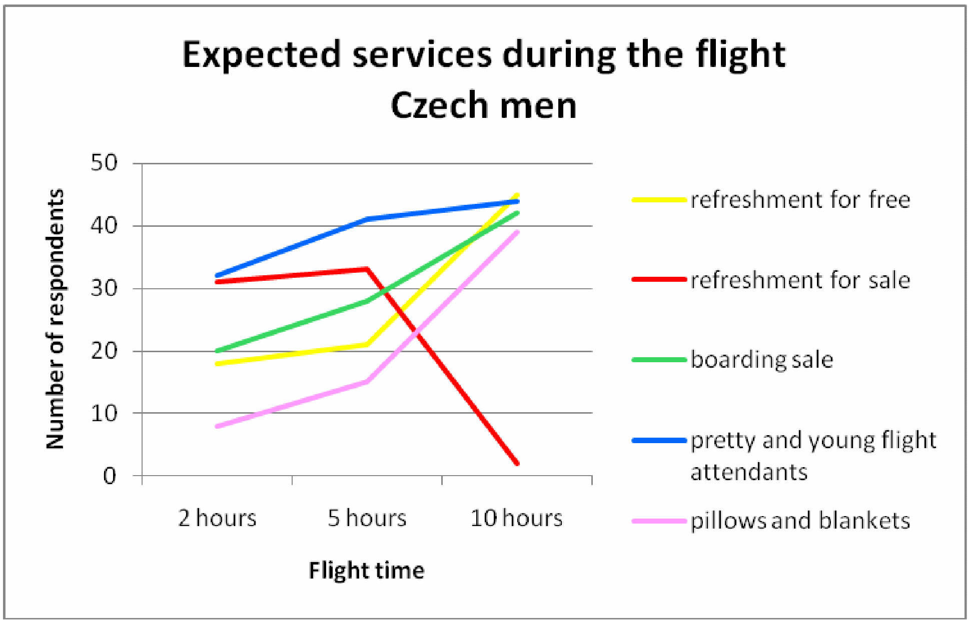

Figure 13: ***Expected service during the flight – Czech men***

Table 5: ***Response to the question no.4 (Czech men)***

Expected service during the flight - Czech men	time					
	2 hours		5 hours		10 hours	
	R	%	R	%	R	%
refreshment for free	18	9%	21	10.5%	45	22.5%
refreshment for sale	31	15.5%	33	16.5%	2	1%
boarding sale	20	10%	28	14%	42	21%
pretty and young flight attendants	32	16%	41	20.5%	44	22%
pillows and blankets	8	4%	15	7.5%	39	19.5%

As can be seen in Figure 5, Czech men claim the same services, especially young and nice staff. Sky shop is preferred rather on longer journeys. More of them expect free food and beverages, as well as blankets and pillows, with the increasing length of the flight.

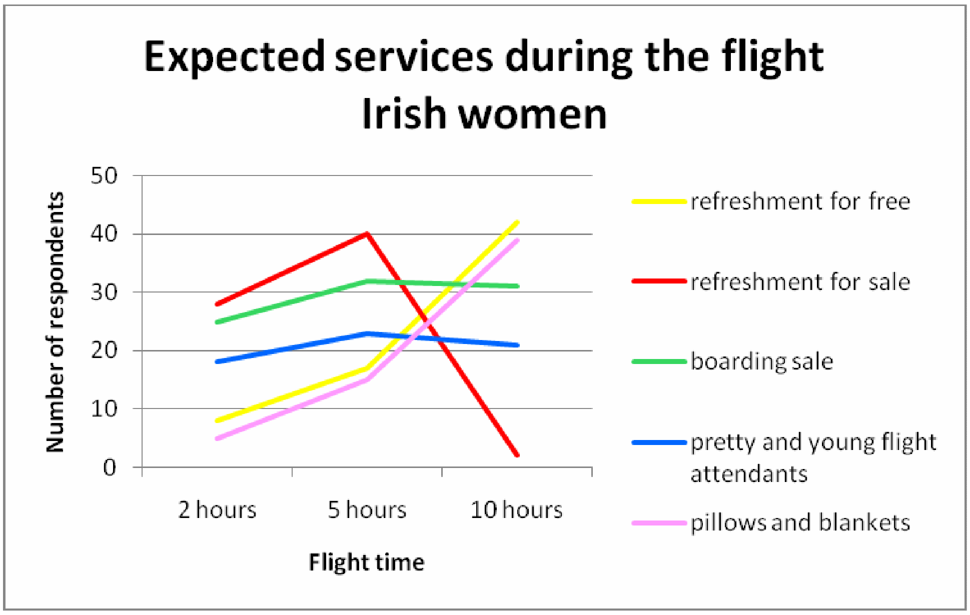

Figure 14: ***Expected service during the flight – Irish women***

Table 6: ***Response to the question no.4 (Irish women)***

Expected service during the flight - Irish women	**time**					
	2 hours		**5 hours**		**10 hours**	
	R	**%**	**R**	**%**	**R**	**%**
refreshment for free	8	4%	17	8.5%	42	21%
refreshment for sale	28	14%	40	20%	2	1%
boarding sale	25	12.5%	32	16%	31	15.5%
pretty and young flight attendants	18	9%	23	11.5%	21	10,5%
pillows and blankets	5	2.5%	15	7.5%	39	19.5%

Based on facts from Figure 6, it can be observed that Irishwomen most expect free food (21%) and possibility of lending blankets and pillows (19.5%) during longer flights. A need to purchase something from the sky shop does not change significantly with the length of the flight. About a third of them await young and friendly flight attendants; again, this demand does not change significantly with the length of the flight.

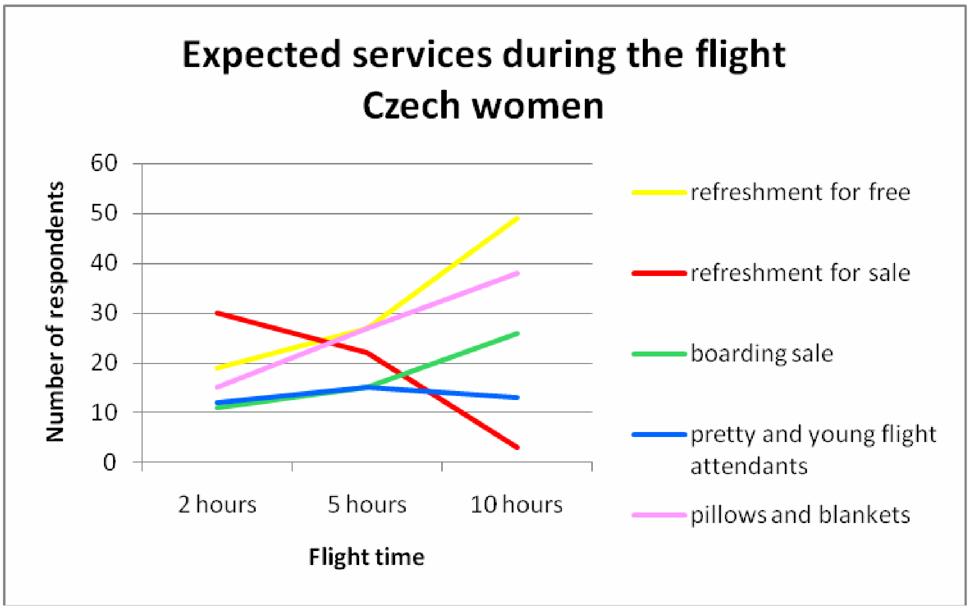

Figure 15: ***Expected service during the flight – Czech women***

Table 7: ***Response to the question no.4 (Czech women)***

Expected service during the flight – Czech women	time					
	2 hours		5 hours		10 hours	
	R	%	R	%	R	%
refreshment for free	19	9.5%	19	9.5%	49	24,5%
refreshment for sale	30	15%	30	15%	3	1.5%
boarding sale	11	5.5%	11	5.5%	26	13%
pretty and young flight attendants	12	6%	12	6%	13	7.5%
pillows and blankets	15	7.5%	15	7.5%	38	19%

The last group of respondents is represented by Czech women. Here the trends show major differences in requirements for services in comparison to other sample groups. In particular, a larger number of them (9.5%) expect free food even during short continental flights, and the need increases with the length of the flight. Considerable number of Czech women (7.5%) also calls for pillows and blankets and their number grows with the increasing length of the journey. On the other hand, they consider the presence of young and friendly cabin crew staff to be the least important factor. It does change with the increasing length of the flight.

To sum up, service requirements of each sample groups do not change significantly. Substantial difference is found only in the view of Czech women who, in fact, do not need young and friendly staff on board. More than a third of Czech women and men demands free refreshments even in short-distance flights. It can be estimated that here nationality plays an important role.

6.2 Conclusion and Discussion

Looking for the answer to the main research question whether the low-cost air carrier Ryanair offers services to the extent that satisfies also needs of customers of conventional air carriers, the hypothesis that customers prefer the plane ticket price and therefore they are content with the minimum of services was set.

Four sub-questions, which were analyzed in chapter 5.1, had been set to answer the research question. The analysis was performed by comparison of the measured frequencies.

The following conclusions were reached:

1. Do you use also conventional (national) air carriers?

73 respondents, i.e. 36.5% out of the total number of 200 respondents, reacted positively. It means they choose LC air carriers too although they have also experience with using services of conventional air carriers. The other 127 respondents (63.5%) fly solely with LC airlines.

2. ***Is price the crucial factor for your choice of LC air carrier?***

It was found out that the plane ticket price is the main criterion for the choice of LC air carrier for 125 respondents, i. e. 62.5% out of the total number of 200 respondents. 34 customers (17%) do not consider the price when choosing LC airline and the last 41 (20.5%) makes a choice according to other aspects.

3. ***Does mass media information about a plane crash and technical problems discourage you from the choice of the given LC air carrier?***

22% out of all inquired people responded positively to this question dealing with safety. It confirmed my assumption that LC airlines do not secure technical support of aircrafts at a level comparable to conventional air carriers. The remaining 78% of respondents take that the technical condition of aircrafts and overall service are at the same level as those of conventional airlines.

4. ***Which services do you expect on board?***

As for as the services on board, passengers` requirements are basically the same. Most requested services are offered also by LC airlines; they are not included in the plane ticket price and passengers pay for them directly on board. On the other hand, their price is several times lower than the price of services included in the plane ticket price at conventional air carriers. Moreover, conventional airlines often include fees for services which customers do not demand. Most passengers are fully satisfied with the offer of LC airlines because low cost of the flight remains their top priority.

SUMMARY:

1) ***It can be noted from the above that for most respondents a LC airline alternative is a priority as far as 63% of all respondents states it as the only option.***
2) ***The plane ticket price is not an essential criterion in the choice of airlines only for 17% of the customers.***
3) ***Then, 22% of the passengers are worried about their safety when flying by LC airline.***
4) ***Services required by the customers are offered by both, conventional and LC airlines, but the fees for those of LC air carriers are substantially lower.***

With regard to the results of the research, the hypothesis can be accepted. Sub-questions analysis confirmed the assumption that most customers prefer the choice of airlines according to the plane ticket price; LC airlines have lower prices due to findings described in Chapter 3 Ryanair Business model. By giving preference to LC airlines it can be concluded that the passengers prefer paying for the required services, whose range does not differ from that of conventional air carriers, directly on board. This fact was one of the main prerequisites of formation and development of LC airlines.

CONCLUSION

The bachelor work was focused on tourism and airport transport in Ireland, which has two main airlines long-struggling for the supremacy in the domestic market. The first one is Ryanair which is known as the strongest LC air carrier in Europe, and the second one is a competitive national company Air Lingus.

The aims of the work were firstly a comparison of their different strategies with the focus on Ryanair Business model, secondly a survey via questionnaire dealing with a choice of airlines in connection with the services provided on board and thirdly different points of view on giving preference to LC air carriers.

The theoretical part characterized travel and transport industry in Ireland, especially air transport. It started with a brief summary of the Irish airports, airline companies and types of air services. Then it described the preconditions needed in order to allow foundation of the low-cost airlines. Only after the deregulation of the aviation market was it possible for companies like Ryanair to operate within Europe. The end of this part dealt with the European low-cost leader Ryanair which is the biggest Irish airline at the same time. It took a closer look at its history from its first flight to present, and its founder Michael O'Leary. Finally, its biggest rival on Irish aviation market Aer Lingus, which is a good example of an effect of LC airlines foundation on conventional air carriers, was mentioned.

The practical part was divided into two sections. The first one concentrated on the detailed introduction of strategies of LC airlines and it is focused on the Ryanair Business model, especially in a field of monetary reserve to provide the clients with the lower plane ticket price. In contrast, the strategy of Irish national companies, whose main representative is Air Lingus, was presented. In addition, these models were confronted with my personal experience and insights.

In further reference to this issue, a survey via questionnaire was done in the methodological part of the work. It investigated opinions of two different national entities on issues related to air transportation. Looking for the answer to the main research question whether the low-cost air carrier Ryanair offers services to the extent that satisfies also needs of customers of conventional air carriers, the hypothesis that customers prefer the plane ticket price and therefore they are content with the minimum of services was set.

With regard to the results of the research, the hypothesis could be accepted. The Sub question analysis confirmed the assumption that most customers preferred the choice of airlines according to the plane ticket price; LC airlines had lower prices due to findings described in Chapter 3 Business Ryanair model. By giving preference to LC airlines it could be concluded that passengers preferred paying for the required services, whose range did not differ from that of conventional air carriers, directly on board. This fact was one of the main prerequisites of formation and development of LC airlines.

BIBLIOGRAPHY

Books:

Bína, Ladislav, Šourek, David a Zdeněk Žihla. 2007. *Letecká doprava II*. Praha: Vysoká škola obchodní v Praze, o.p.s. (VŠO)

Creaton, Siobhán. 2004. *Ryanair: How a small Irish airline conquered Europe*. London: Aurum Press Ltd.

Dibb, Sally, and Lyndon Simkin. 2001. *The marketing case book: cases and concepts.* London: Thomson Learning

Doganis, Rigas. 2001. *The airline business in the 21 century.* London: Routledge

Doganis, Rigas. 2002. *Flying off course: The economics of international airlines*. 3rd ed. London: Routledge

Guiney, Denis. 2002. *The tourism and travel industry in Ireland*. Dublin: Gill and Macmillan Ltd.

Hirst, Mike. 2008. *The air transport system.* Cambridge: Woodhead Publishing Limited

Holloway, Christopher J. 2002. *The business of tourism.* Harlow: Pearson Education Limited.

Lawton, Thomas C. 2002 *Cleared for take-off: Structure and strategy in low-fare airline business.* Burlington: Ashagate Publushing

Rodrigue, Jean-Paul, Comtois, Claude and Brian Slack. 2009. *The geography of transport system.* Oxon: Routledge

Ruddock, Alan. 2007. *Michael O'Leary - A life in a full flight.* Dublin: Penguin Ireland

Shaw, Stephen. 2007. *Airline marketing and management*. 6th ed. Aldershot: Ashgate Publishing.

Taneja, K Nawal. 2004. *Simply-Flying: optimizing the airline business model.* Aldershot: Ashgate Publishing, Ltd.

Tůma, Jan. 2007. *Zajímavosti o letecké dopravě.* Praha: Columbus

Žihla, Zdeněk. 2007. *Letecké služby.* Vysoká škola obchodní v Praze, o.p.s. (VŠO) Doganis, R.: *Flying Off Course*. London 1991.

Žižlavský, Martin. 2004. *Metodologie výzkumu v sociální politice a sociální práci*. Brno: Masarykova univerzita.

Websites:

Ryanair. All News: Ryanair nabízí Praze základnu s vice než 2 miliony cestujících ročně v důsledku blížícího se bankrotu ČSA.2010. Ryanair. http://www.ryanair.com/cz/news/ryanair-nabizi-praze-zakladnu-s-vice-nez-2-miliony-cestujicich-rocne-v-dusledku-bliziciho-se-bankrotu-csa (accessed February 24, 2011).

Dublin Airport. About us: Facts and Figures. 2011. Dublin Airport. http://www.dublinairport.com/home.aspx (accessed March 13, 2011).

ELFAA. Documents. European Low-Fares Airline Asociation. Liberalisation of European Air Transport: The Benefits of Low Fare Airlines to Consumers, Airports, Regions and the Environment. 2004. ELFAA. http://www.elfaa.com/documents/ELFAABenefitsofLFAs2004.pdf (accessed April 5, 2011).

Steam Packet: About us. Steam Packet. 2011. http://www.steam-packet.com/en/AboutUs (accessed February 1, 2011)

Encyclopaedia Britannica eb.com. Ireland: Waterborne traffic. 2011. Encyclopaedia Britannica eb.com. http://www.britannica.com/EBchecked/topic/293754/Ireland/23026/Waterbore-traffic?anchor=ref210923 (accessed February 2, 2011).

Encyclopaedia Britannica eb.com. Ireland. Transportation and telecommunications: Roads and railways. 2011. Encyclopaedia Britannica eb.com. http://www.britannica.com/EBchecked/topic/293754/Ireland/23024/Transportation-and-telecommunications (accessed February 2, 2011).

Info Please. Country: Ireland. 2011. Info Please. http://www.infoplease.com/ipa/A0107648.html (accessed April 5, 2010).

Ryanair: About us: History of Ryanair. 2011. Ryanair http://www.ryanair.com/cz/about (accessed March 1, 2011).

Ryanair. About us. Investor Relations news: Annual Report 2009. Ryanair. http://www.ryanair.com/doc/investor/2009/Annual_report_2009_web.pdf (accessed March 8, 2011).

Finančníci.cz. Podnikatelé: Michael O'Leary- CEO v Ryanairu. Finančníci.cz. http://www.financnici.cz/michael-oleary (accessed February 28, 2011).

U.S. Department of Transportation. Aviation: Airline Business Model.U.S.2009. Department of Transportation.http://ostpxweb.dot.gov/aviation/airlinebusinessmodel.htm (accessed March 15, 2011).

oLétání. Aerolinky: Letecká doprava. 2010. oLétání. http://www.oletani.cz/2010/09/aer-lingus-odchazi-od-low-cost-modelu/ (accessed February 24, 2011).

Ryanair: All News. 2010. Ryanair. http://www.ryanair.com/cz/news (accessed February 20, 2011).

IR Solutions. Southwest: One Report 2009.2009. IR Solutions. http://216.139.227.101/interactive/luv2009/ (accessed February 28, 2011).

Low-Cost Carriers-Europe. Network Development: Ryanair. 2011. Low-Cost Carriers-Europe. http://www.jvdz.net/index2.html (accessed March 15, 2011).

Guardian.co.uk. Environment. Business: The Guardiane profile: Michael O'Leary. 2005. Guardian.co.uk.Environment http://www.guardian.co.uk/environment/2005/jun/24/theairlineindustry.travelnews (accessed March 27, 2011).

Oneworld. News: Aer Lingus to join oneworld. 1999. Oneworld. http://www.oneworld.com/ow/news/details?objectID=1275(accessed March 4,2011).

LIST OF ABBREVIATIONS

ARI	Aer Rianta International
APEX	Advance Purchase Excursion Tickets
CCM	Cabin Crew Member
IATA	Air Transport Association
LC	Low-Cost
LCAs	Low-Cost Airlines
LF	Low-Fare

LIST OF TABLES

LIST OF FIGURES

APPENDICES

APPENDIX P I: QUESTIONNAIRE - ENGLISH

Gender: male ☐

female ☐

1. **Do you also use conventional (national) air carriers?**

   yes ☐

   no ☐

2. **Is price the crucial reason for your choice of LC air carrier?**

   yes ☐

   no ☐

   it does not matter ☐

3. **Does mass media information about a plane crash and technical problems discourage you from the choice of the given LC air carrier?**

   yes ☐

   no ☐

4. **Which services do you expect on board?**

   flights within the UK ☐

   flights to continental Europe ☐

   transatlantic flights ☐

   refreshment for free ☐

   refreshment for sale ☐

   boarding sale ☐

   pretty and young flight attendants ☐

   pillows and blankets ☐

It is necessary to tick answers in both section in question number four. At first choose the flight duration, tick just one answer in this section. In the section below it is possible to choose more than one answer.

APPENDIX P II: QUESTIONNAIRES - CZECH

Pohlaví: muž ☐

žena ☐

1. **Požíváte při letecké přepravě i tradiční (národní) letecké přepravce?**

   ano ☐

   ne ☐

2. **Je rozhodujícím důvodem vašeho výběru nízkonákladového přepravce cena?**

   ano ☐

   ne ☐

   nevím ☐

3. **Odradí vás medializované informace o nehodách a technických závadách letadel od výběru nízkonákladového přepravce?**

   ano ☐

   ne ☐

4. **Jaké služby očekáváte na palubě letadla?**

   lety uvnitř UK ☐

   lety nad kontinentální Evropou ☐

   transatlantické lety ☐

   občerstvení zdarma ☐

   občerstvení na prodej ☐

   palubní prodej ☐

   pěkné a mladé letušky ☐

   polštáře a deky ☐

V poslední otázce nejdříve proveďte volbu délky letu pouze jednou z variant, v další části otázky lze vybrat odpovědí více.