German
DLR Aerospace Center

DLR Low Cost Monitor

Low-cost airlines see widespread growth and a slight rise in prices in summer 2018

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- Record number of low-cost connections from Germany
- Eurowings is the foremost provider in Germany, with a 48 percent market share
- Düsseldorf is the number one German airport for low-cost flights
- Focus: Aeronautics, transport

Prices for low-cost flights stagnated during the 2018 summer season, then again showing some slight increases, accompanied by another massive expansion of low-cost airlines in Germany. Eurowings and Easyjet expanded their network with the acquisition of numerous aircraft and routes from the bankrupt Air Berlin, while meanwhile Ryanair expanded its operations at Frankfurt Airport into one of its biggest bases in Germany. Eurowings continues to be the market leader in Germany, with a 48 percent share. Its competitor Ryanair comes in second, with a share of around 19 percent, but now offers 305 routes, compared to Eurowings' 390. The array of flights from Europe to destinations overseas is also growing through the influx of new concepts and aircraft models. The front-runner airline in this sector is Norwegian, which expanded its services to North America and Asia by 50 percent in summer 2018. These results have now been published by the German Aerospace Center (Deutsches Zentrum für Luft- und Raumfahrt; DLR) in the 'Low Cost Monitor 2/2018', a report issued every spring and autumn since 2006.

6750 departures from Germany every week

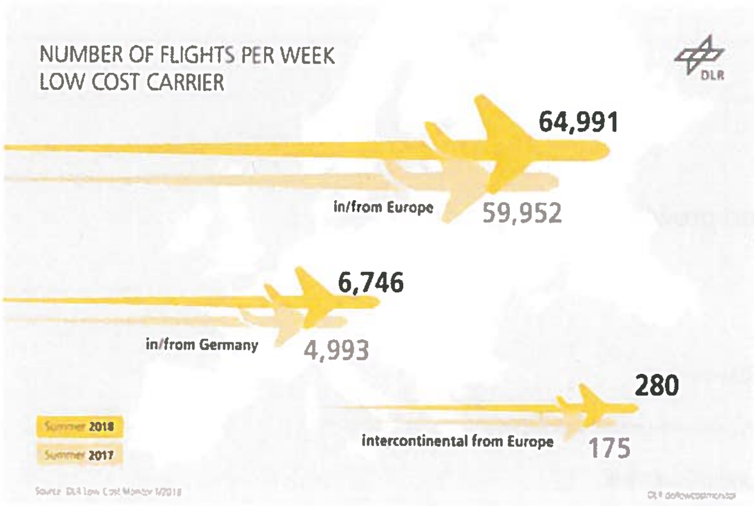
"As the market leader in Germany, Eurowings increased its flights by 25 percent against the previous year, and now has 3200 departures every week," says study leader Peter Berster of the DLR Institute of Air Transport and Airport Research in Cologne. "Overall, we listed a record of 6750 departures per week, of which 35 percent are new services. Ryanair accounted for 1269 flights per week, and Easyjet for 1095." There are now 926 low-cost flight routes from Germany – 124 more than in the previous year. This growth in the number of routes is largely the result of the expansion of the bases of Ryanair in Frankfurt and Eurowings in Munich. Passengers bound for destinations in Spain, Greece and Italy have been particularly well served. The share of the low-cost segment in flights from German airports is now around 32 percent, compared to 25 percent in summer 2017. Growth is clearly evident here as well.

Average prices rise slightly, while Ryanair gets cheaper

"Rising oil prices have led to slight price increases for low-cost airlines against the previous year," Berster explains. "This autumn, the price range is around 38 to 100 euro, compared to 35 to 97 euro in autumn 2017, and 40 to 105 euro in autumn 2016." According to the analysis, only Ryanair flights saw a price reduction, but in this case the rules on hand luggage changed so that passengers can no longer carry up to 10 kilograms free of charge. Only a small handbag is allowed. "Despite its increased presence at major airports, Ryanair lowered its costs again compared to last year, continuing the trend for falling ticket prices," Berster says. "But other companies have also managed to keep prices very low, despite the slight increase in their costs." The price range quoted here is roughly the average gross fare for a typical selection of routes on the leading low-cost airlines in Germany: Eurowings, Ryanair, Easyjet and Wizz. The average prices given in the Low Cost Monitor are determined on the basis of different advance booking periods – from one day up to three months.

Düsseldorf in first place

Düsseldorf's major airport has seen impressive growth in its low-cost flight offer. "Due to a massive increase in services, particularly due to Eurowings, Düsseldorf has reached over 1000 departures per week, making it the German airport with the largest number of low-cost flights," Berster explains. "Germany's busiest airport, Frankfurt, only played a minor role in the low-cost segment in summer 2018 due to its distinctive function as a hub for conventional scheduled services and the fact that at times it is at full capacity," Berster continues. Looking at Europe as a whole, the airports of Barcelona, London and Dublin saw the most low-cost traffic, due to the high number of routes offered by Vueling, Easyjet and Ryanair.



Low-cost global travel from Europe

Norwegian and Eurowings are expanding their offer of low-cost fares for long-haul flights. The Scandinavian budget airline again expanded its range of intercontinental flights, this time by 50 percent against the previous year. Its advertising is aimed at passengers who traditionally travel on the classic alliance airlines from the major airports of London, Paris, Copenhagen and Stockholm. It recently added Rome and Madrid to its list of major points of departure in Europe, putting it in direct competition with Air France. Destinations include New York, Los Angeles, Fort Lauderdale and Oakland in the United States, and Bangkok in Asia. Thanks to smaller, modern aircraft, it is now also able to serve secondary airports on both sides of the Atlantic, such as Edinburgh in Europe and Providence in the US. In total, Norwegian offered low-cost connections from Europe to North America and Asia on 57 routes in summer 2018. Eurowings has a major presence in Düsseldorf and Munich, but is looking to withdraw Cologne from its long-haul routes.

Across Europe, Ryanair and Easyjet are continuing to extend their market lead. Ryanair now boasts over 15,000 departures from the European mainland per week, while Easyjet is closely behind, with just under 12,550 departures. While Ryanair added around 200 routes in summer 2018, Easyjet grew its network by around 140 routes. Competition among budget airlines in Europe remains relatively low. Just over 1400 routes are served by two or more airlines. In order to cater to its expanded selection of routes, Ryanair now has a fleet of over 440 Boeing 737 aircraft, each with 189 seats, marking a 10 percent increase on the previous year. Over the same period, Easyjet grew its overall fleet by around 10 percent, to 312 aircraft. Norwegian has also expanded its aircraft fleet: in addition to around 120 B737 aircraft, it now has almost 30 modern long-haul Boeing 787 aircraft, which are used for intercontinental transport to Asia and North America. It has also acquired around 10 Boeing 737Max8 aircraft – a long-haul version of the Boeing 737 – which allow intercontinental flights particularly from smaller airports.

Low-cost and traditional scheduled flights

Airlines often shape their low-cost offers in very different ways. As a result, it is only possible to define a few differentiation criteria for the low-cost market segment, such as low prices and general availability or direct sales online. A trend for mixing business models is becoming increasingly apparent among airlines. While Ryanair is also operating more at major airports and attempting to attract premium customers through its add-on packages, charter carriers and established airlines are increasingly stepping into the budget airline market via subsidiaries or their own offerings. In Germany, Lufthansa has transferred its domestic and European flights to and from the hub airports of Frankfurt and Munich to its subsidiary Eurowings. The results of the study are based on data from a reference week in July 2018.

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Contacts

Falk Dambowsky
German Aerospace Center (DLR)
Media Relations
Tel.: +49 2203 601-3959
falk.dambowsky@dlr.de

Dr Peter Berster
German Aerospace Center (DLR)
DLR Institute of Air Transport and Airport Research
Tel.: +49 2203 601-4554
Fax: +49 2203 601-2377
peter.berster@dlr.de

Prof. Dr. Johannes Reichmuth
German Aerospace Center (DLR)
DLR Institute of Air Transport and Airport Research
Tel.: +49 2203 601-2180
Johannes.Reichmuth@dlr.de

Ryanair fleet of Boeing 737 aircraft

Across Europe, Ryanair continue to extend its market lead. Ryanair now boasts over 15,000 departures from the European mainland per week and added around 200 routes in summer 2018. Ryanair has now a fleet of over 440 Boeing 737 aircraft, each with 189 seats, marking a 10 percent increase on the previous year.

Credit: Ryanair.

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