

## **Summary „Workshop 1 - The new reality: will the aviation world become only low cost? Opportunities & limitations of the model from a global perspective.“**

We are now seeing traditional full service airlines respond to the competitive pressures coming from low cost airlines.

Traditional airlines are unbundling their fares, are introducing basic fares for transport only and are offering additional products and services at a cost. They are now focused on generating non-ticket sources of revenue - just like low cost carriers, but more critically they are attempting to lower their costs by setting up lower cost airline subsidiaries to compete directly with low cost airlines in point to point markets while continuing to offer business travellers higher quality services at a higher price.

Now customers have real choice and can make the trade off between price and services. Meantime the low cost airlines are improving the services they offer by flying to more main airports and introducing new products and services including frequent flyer programmes.

Over the next few years we should expect these new low cost airlines and hybrid airlines entering the market. However there will be failures, and mergers in the low cost and full service airlines but the winners will be those that have managed to control their costs as they adapt and change to the new competitive environment.

- summarized by Patrick Murphy -