

Company of the Month: easyjet

Read the article below on easyJet.

1. Before you start reading... How often do you travel by plane?
2. Do you usually travel domestic, short-haul or long-haul routes?
3. How do you feel about the cost of the ticket?
4. How do you feel about the service you get?

Introduction

easyJet, one of Europe's leading low-cost airlines, has recently bought Go, the low cost airline created by British Airways, for £374 million.

Is this yet another sign of the fundamental changes taking place in European air transport? Is this going to change the 'luxurious' image of air travel which has existed since the 1930s?

Background

LEGAL BACKGROUND

easyJet owes its existence to the development of 'open skies' in Europe. Before 1987 European air travel was effectively carved up by the national flag-carriers which considered the air routes between major European cities to be their own permanent fiefdoms.

Under the old regime flying schedules, fares and even the number of passengers that each national airline could carry were negotiated between governments in highly uncompetitive 'bilateral' agreements. Competition from other airlines was almost unheard of. It is no coincidence that the concept of air travel as the preserve of the rich and famous is a hangover partly from this era.

That was all changed when the European Commission introduced its three-phase ten-year reform process in 1987. Today any airline holding a valid Air Operators Certificate in the European Union cannot be prevented from operating on any route within the European Union, including flights within another country.

<i>Try this exercise before you read on...</i>	
<i>Find the word or phrase from the text to complete these sentences.</i>	
1.	British Airways, Air France, Alitalia and Lufthansa are all nxxxxxxx fxxx-cxxxxxxx.
2.	A fxxxxxx is the area of land ruled by lord in ancient times.
3.	A rxxxxx is a system of government or control.
4.	A pxxxxxxx refers to an activity which is only suitable or allowed for a particular group of people.
5.	A pxxxx is part of a process of development or growth.

THE BIRTH OF EASYJET

easyJet started in March 1995 with low-cost flights from London's Luton airport to Glasgow and Edinburgh in Scotland supported by an advertising campaign "Making flying as affordable as a pair of jeans - £29 one way". After adding another route to Aberdeen (also in Scotland), easyJet began its first international service to Amsterdam. Routes to Nice and Barcelona were added before the end on 1996. In April 1997 easyJet launched its website, easyJet.com to provide information about the airline and in the following year to take online bookings. This has been an enormous success. Now nearly 90% of all passenger bookings are made online.

In 1995, the first operating year, easyJet carried 30,000 passengers. In 2001, the passenger numbers had increased to 7,664,000 giving the company £40,100,000 profit on a revenue of nearly £357million.

Now easyJet has purchased Go with 4,270,000 passengers. This will give easyJet a total of nearly 12 million passengers per year.

<i>Try this exercise before you read on...</i>	
<i>Find the word or phrase from the text to complete these sentences.</i>	
6.	A cxxxxxxx is a series of actions intended to achieve a particular result.
7.	Something which you have enough money to buy can be described as axxxxxxxxx.
8.	Do you know the rxxxx from Aberdeen to London by road?
9.	Many people prefer to buy oxxxxx rather than go to shops.
10.	The government collects a lot of rxxxxxx through taxes on petrol.

WHO IS BEHIND EASYJET?

easyJet was started by a young 28 year-old entrepreneur. It operates in a relaxed 'no ties', informal, paperless office. But this is not a 'rags-to-riches' story. easyJet was founded by Stelios Haji-Ioannou, the son of a family of Cypriot origin who own Troodos shipping. Stelios, whose first venture was Stelmar Tankers which operates 36 tankers, follows in the tradition of Greek shipping magnates like Aristotle Onassis.



easyJet is largely owned by members of the Haji-Ioannou family. They are reported to be planning to sell shares in the company to raises £100 million but this will still leave them with a controlling interest in the company.

Try this exercise before you read on...	
Find the word or phrase from the text to complete these sentences.	
11.	Richard Branson was the young exxxxxxxxxxx who started the Virgin Group.
12.	Cinderella is a classic 'rxxx-xx-xxxxxx' story of a poor young girl who marries a prince.
13.	Richard Branson's first business vxxxxxx involved selling old pop music records.
14.	Bill Gates, the co-owner of Microsoft is a software mxxxxxx.
15.	A lot of the people who had bought sxxxxx in the company lost their money.

Business characteristics

The success of easyJet is based on some basic business characteristics which save costs, whilst continuing to appeal to the flying public.

- The use of the internet for online booking and issuing of travel vouchers saves enormous fees normally paid to travel agents. The easyJet.com web site is open for business 24 hours a day, 365 days a year.
- easyJet sells one-price, one-way tickets, giving passengers greater flexibility, not forcing them to spend a 'Saturday night away' in order to get a discount. For an administrative charge of €16 (£10) passengers can change their bookings without any further penalty.
- easyJet focus on the 'short-haul' travel business and only use the 149 seat Boeing 737 aircraft. This specialisation maximises the utilisation of this fleet, whilst reducing maintenance costs.
- easyJet uses smaller, less congested airports where landing charges are lower and turnaround times are faster.
- easyJet does not offer free in-flight food or drinks. Snack food and drinks can be bought before or during the flight.

Try this exercise before you read on...	
Find the word or phrase from the text to complete these sentences.	
16.	A vxxxxxx is a document which is both a receipt for money paid and gives access to a service.
17.	The footballer was paid a big fxx for opening the supermarket.
18.	A pxxxxxx is something you have to do or pay because of something wrong you have done.
19.	Flights from Boston or Washington to New York are typical sxxxx-xxxx journeys.
20.	Start your journey early in the morning or you will find the roads are very cxxxxxxxx.



The future?

What is the future for short-haul air traffic? Is there a place for the traditional government-backed flag-carriers? Is the easyJet low-cost model going to spread world wide? What do you think?