





# **Handbook of Low Cost Airlines**

Strategies, Business Processes and Market Environment

**2<sup>nd</sup> Edition**

By

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**&**

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## **PREFACE TO THE 2<sup>ND</sup> EDITION**

Since the publication of the first edition, Low Cost Airlines have increased their presence even further in society, the airline industry and in tourism. Meanwhile, additional studies, articles in professional and academic journals and anthologies on this subject have been published. Nevertheless, the current book experienced a steady demand.

About two years ago, the Erich Schmidt Verlag approached us and encouraged a revised second edition of the publication. After some consideration and consultation with coauthors we finally decided not to reprint. However, over the past few months, colleagues from Germany and other countries have repeatedly inquired whether this book is still available. The number of views on our profiles on research platforms such as Academia and Research Gate has shown that there is still an existing interest in our first anthology about Low Cost Airlines. The last stocks of the publisher as well as our own are now depleted, which is why we started looking for a way of an unchanged reprint.

With our new publisher, the ITD-Verlag, and its Managing Director and owner Dr. Martin Linne, we found a new publisher. He signalled interest in a reprint from the beginning, so that why we can continue to make the book accessible to the (professional) public. Thank you for the trust and support.

Many thanks to our previous publisher, the Erich Schmidt Verlag, and its CEO Dr. Joachim Schmidt, that the retransfer of the rights to the book has been easy and quick.

We hope that the preprint of publication will continue to be used as actively as before.

Sven Gross und Alexander Schröder

February 2016

## **PREFACE TO THE 1<sup>ST</sup> EDITION**

Whoever was the first low cost airline and, thus, the pioneer of the low cost idea – the Pacific Southwest Airline (PSA), Southwest Airlines or Laker Airways – this business idea has revolutionized the international flight market, and, with the appearance of Ryanair in 1985 and a multitude of follow-up airlines, the business model was also established in Europe and has become part and parcel of today's (European) flight market. Ever since then, the subject of "low cost airlines" has been largely analyzed and controversially discussed in the press and among economists and scientists.

Our book "Low Cost Airlines in Europa – eine marktorientierte Betrachtung von Billigfliegern" (Low Cost Airlines in Europe – a market-orientated study on no frills carriers) published in 2005 has met with great approval from research and practice, so that its first edition was quickly out of print. Consequently, we had to ask ourselves the question whether we should allow for the quick changes in the air traffic industry by preparing a revised edition. However, through several discussions and meetings with cooperation partners and business friends (a special acknowledgement in this respect is due to Thomas Büermann), the idea of publishing a more comprehensive handbook came about, with not only two authors taking the floor, but including the views of several experts from the field of research and (of particular importance for us) practice. In order to cover the numerous aspects of the low cost airline issue, it was our aim to not only integrate articles written from the low cost airlines' point of view, but also provided by cooperation partners and competitors. With the desire of not limiting the impact of our digest to the German-language market while accounting for the general practice used within the "airline branch", the present publication was written in English.

For this reason, we would like to extend our gratitude to all authors for their contributions to the success of this handbook. Our thanks go in particular to the field professionals for giving readers an insight into their companies and philosophies and for taking time off from their daily business to write an article for this handbook.

We also owe big thanks to our publisher, Dr. Joachim Schmidt, for showing great interest in the topic right from the start and for supporting us at all times with help and advice. Furthermore, we would like to thank the publisher of our first publication on the low cost airline subject, Prof. Dr. Walter Freyer, for encouraging us to produce another publication. Another particular thank you goes to our language advisor Kate Otter.

Finally, we would like to thank our families for providing us with the necessary support to compile this handbook.

Dresden and Wernigerode, April 2007      Sven Gross and Alexander Schröder

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Thomas Büermann, born in 1955, studied Computer Engineering at the Technical University of Berlin, getting his Masters Degree in 1980. For the next eight years he worked for one of the leading software companies in Germany, developing, implementing and managing a standard product for production planning and control in the manufacturing industry. Since 1987 he works with a leading supplier of IT services for the airline industry, initially in product management and later in business development of software products for various airline business areas such as schedule planning, crew management, operations and revenue management.

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Sven Groß, born in 1969, studied Tourism Geography and Economics at the University of Trier and Spatial Planning at the University of Dortmund. He got his Masters Degree in 1998 and was over several years a management and community consultant, personal assistant to the mayor of Bad Dürkheim and research associate at the chair of tourism economics and management at the Dresden University of Technology. In 2004, he did his PhD in the Department of Traffic and Transport Sciences Friedrich List at Dresden University of Technology. Since 2005 he is Professor for Transport Carrier Management at the Hochschule Harz – University of Applied Studies and Research, Wernigerode/Germany. His main research areas include tourism and transport (e.g. mobility management in tourism, airline management, transport concepts for destinations), sport tourism and events, business travel management, event marketing and management as well as tourist market research. He has authored nearly 50 publications on these subjects.

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Michael Hupe, born in 1964, studied Industrial Engineering at the Technical University of Darmstadt and got his Masters Degree in 1989. In 1995, he did his PhD in the Business Administration department of the Technical University. Afterwards, he joined Kreditanstalt für Wiederaufbau, the German Exim Bank, as Project Manager Aerospace Finance. In 1998, he started as Senior Project Manager for international BOT-Projects at Fraport AG, becoming head of the Fraport group finance department a year later. In 2001, he was a member of the Fraport IPO team. 2002, he became Managing Director of Dresden Airport. As an honorary appointment, he has been President of the Dresden Convention Bureau since 2005.

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Andreas Knorr, born in 1964, received his PhD in economics at the University of Bayreuth, Germany, in 1993 for a study on postal sector reform in the EU and New Zealand. He is now Professor of national and international economic policy at Deutsche Hochschule für Verwaltungswissenschaften in Speyer, Germany. He has published numerous articles in the field of transport economics, especially in the areas of airline deregulation, railroad and mass transit liberalization. His current research interests focus on the development of low cost carriers on the German and European market, the impact of state aids on airport competition in the European Union, and the competitive effects of alternative of designs public service obligations in mass transit and for railway services.

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