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Texte N° 4

Why are no-frills airlines so cheap?

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In the 1950s flying was a privilege enjoyed by only the wealthiest. But in 2013 flying is a mass market, due in no small part to the growth of “no-frills” airlines offering flights at very low prices. How can no-frills airlines be so cheap?

Southwest Airlines, the world’s first successful no-frills carrier, pioneered ways of reducing operating costs that are now used all over the world. To reduce costs Southwest filled its planes with more seats, made sure each flight was packed and flew its aircraft more often than full-service airlines. No-frills airlines also cut costs by using only one type of aeroplane. Both Southwest and Ryanair fly only Boeing 737s. Business class was abolished. Fees for non-essential services like carrying luggage in the hold were introduced. Innovative sales strategies also helped. When easyJet was founded in 1995 it accepted only direct bookings. This cut out the fat fees charged by travel agents. Ingenious use of yield-management¹ systems – which raise ticket prices when demand is high and reduce them during quiet periods – also increased efficiency.

Ryanair has taken the no-frills concept further. Taking to heart the mantra that “all publicity is good publicity”, it has sometimes made provocative announcements – such as a plan in 2009 to charge passengers to use aircraft toilets.

Borrowing parts of the no-frills formula, such as stripping out non-essential services and introducing yield-management systems to ticket pricing, companies like SpeedFerries and Megabus have slashed ticket prices on Britain’s cross-channel ferry and on inter-city coaches in America. Oliver Wyman, a management consultancy, has even predicted that the introduction of airline-style yield-management systems to train travel will be one of the next great innovations in the American railway industry.

¹ yield-management : tarification en temps réel