

Cleared for Take-Off

Structure and strategy in the low fare airline business

By: Thomas C. Lawton

By Book review by Jasper Spruit

Thomas C. Lawton describes the low-cost airline model in his book *Cleared for Take-Off, Structure and strategy in the low fare airline business* (2001). Specifically the differences of mostly European low-cost airline models are discussed. An overview of this industry is given after which an extensive case study of low-cost airline Ryanair is discussed at a more detailed level.

Overview

An introduction to the several players in Europe and a retrospective of the developments that have created the space for these low-cost players in the aviation field is at subject in the first two chapters. At focus mainly is the European liberalization. Important are of course the three packages of the European Union and the freedoms of the air that are clearly shown in a table. Also the state aid matters in the European aviation industry are talked over and shown in a table.

In the third chapter a general view of the differences between low-cost airlines and the full fare airlines is given. Some of the characteristics of the European industry (e.g. the existence of many charters) is talked over and illustrated by several case studies. How does a low-cost airline work and what are the main differences with the majors or more traditional airlines? A number of tables and clear industrial views are means used to describe the development of the low-cost model in Europe is given.

The barriers in Europe for low-cost airlines are the most important part of chapter four. At the time of writing this book, a lot about the impact of the low-cost airlines on the European

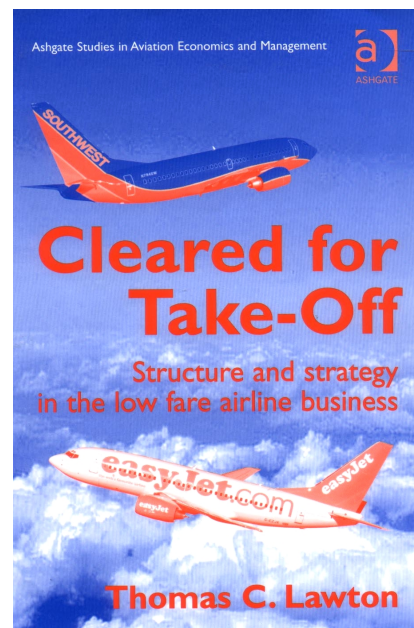
aviation industry remained unclear (which it still is). Here the author succeeds in predicting successful low-cost developments in Europe. Based on the former chapters the development of the low-cost model and the European industry is described clearly. The future potential of the market and the possibilities in the industry is given in the conclusion of this chapter.

Chapter five shows the changes in the industry caused by low-cost airlines with strong cost based production. What does the low-cost development mean for the total competition and the airline product that is offered analyzed generally?

An impressive case study of price leader Ryanair is given in chapter six, accompanied by the header "leader of the pack". The price elasticity of air travel the effects on the revenue and profits of the airline, the development of the airline and the cost based production are aspects that have been analyzed and shown clearly by the author.

Several other case studies of European players at the moment of writing the book are described in the following chapter. Some of the players might not be operational anymore today. The differences in the various models become clear in this chapter. For example the cost driven model of Ryanair against the more market driven Easyjet.

The low-cost model is invented in the United States (US) with the mother of the low-cost model, Southwest Airlines. Other (new entrant) low-cost airlines like Jetblue are mentioned. Interesting views of the industry of American low-cost airlines are shown.



Therefore chapter eight gives a clear view of the different models in the US market. An analysis of airlines and models from all over the world is given in chapter nine. The author describes airlines in the US, Canada, Europe, Australia and even Latin America and Africa.

Finally the epilogue looks back to the different models (especially Southwest, Ryanair and Easyjet) and their sustainability. A real clear vision for the future is lacking.

Concluding remarks

In ten chapters a clear view is formed on the low-cost industry and the basic questions how, why and where are answered. Although several industrial developments discussed in the book are not very current at this time anymore, the book still provides a clear view of the now existing European low-cost airlines and the different models that exist on this continent. It is a very useful book for the basic understanding of the successes and failures of the low-cost model.

Due to the enormous developments in the aviation industry in recent years, this book seems somewhat dated. However the use of a large number of scientific articles and interviews provides the book with some key figures and insights of the industry. And therefore this book is very useful for those who have an interest in the development of the low-cost airline model, specifically in Europe.

About the author

Thomas C. Lawton is Senior Lecturer in Strategic Management at Imperial College Management Business School, University of London, UK. He holds degrees from University College Cork and the London School of Economics and Political Science and has a doctorate from the European University Institute. He is Managing Director of Nimbus Consulting Ltd, a firm specializing in management development and strategic business improvement.

About the reviewer

Jasper Spruit studied economics on the Erasmus University Rotterdam, where he also did research to the success and fail factors of low-cost airlines in the US, Europe and Australia. He wrote his thesis about low-cost airlines and regional airports. (Title: 'Low-Cost Airlines and Regional Airports'). The research deals with the influence of a low-cost airline on regional aviation and specific a regional airport. For the research an extensive case study about

the European low-cost models, European aviation markets and differences in European airports is made. Currently he is looking for a job in the aviation industry.

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Other publications of Thomas C. Lawton

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