

AIR TRANSPORT PROCESS OF WIZZAIR COMPANY

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This article explains current and future trends in public transport process in airline Wizz Air. It analyzes the company according to selected indicators. Then compares it with the competition and analyze developments of the ticket price during the reporting period.

Key words: low-cost carrier, air transport process.

1 INTRODUCTION

Although air transport is the youngest type of transport passenger, cargo and mail but during period it was build in a dramatic expansion. Today it is available to all social classes of the population of countries, that are economically developed. It is used for business or private use. Now it is considered as the most comfortable, safest and fastest form of transport. Whereby her globalist and need of cooperation in many entities (etc. highly professional staff) is the most comprehensive industry of economic activities. The liberalization of economic environment possible increase her productivity and the consequent reduction in prices for transport. This meant that most carriers now operating in developed markets in a highly competitive environment. Therefore recent years are marked by rivalry between two fundamental concepts of aviation - a traditional and low-cost model.

2 CHARACTER OF OFFERED PRODUCTS

After liberalization of an economic environment had carriers make major decisions regarding the focus of services and shape the overall strategy. Segmentation by offered product was created after the mass arrival of low-cost airlines, while the European Union in the mid 90's, remove obstacles in the internal space for air traffic and fly was possible across whole union.

Traditional carrier offers the ability to transport and transfers within their network system and interline cooperation with other carriers. His product highlights with the convenience, comfort and free on-board services. Passenger knows his seat even before boarding and the ticket price contains transport to the airport. For sale transport tickets this carriers primarily use travel agencies. Somewhat they offer his capacity to charter flights or to transport cargo and mail.

Low-cost carriers offers specifically point to point transportation only. Aircraft have only one travel economy/tourist class and seats are tightly. They do not provide any additional services free and for on-board services or extra baggage passenger has to pay special charge. Their network is not formed in continuity with other links. They focus on the simplification of internal processes and continuous cost reduction. They specialize in regular passenger services of transportation on short or medium distances.

2.1 Differences in the product offers

The main differences in the product offers are:

Traditional carrier

- uses mostly the main airport and transport to and from the airport provides free
- on-board services has passenger included in ticket price
- allow to carry more luggage for no extra charge
- uses several types of classes in the aircraft
- allows withdrawal or change of flight for free
- has regular customers which is in loyalty programs like a frequent flyer
- the different fares offered by different tariff conditions in one market
- for the cheapest flights passengers must be in the final destination at least overnight from Saturday to Sunday, or at least 7 days for overseas flights
- has varied fleet of aircrafts
- offers regular and charter flights
- through cooperation with other carriers offers network system of links

Low-cost carrier

- due of cost saving it uses smaller and more faraway airports
- uses only one economic class
- ticket sales take place exclusively via the internet
- uses a single union of aircraft fleet
- not offers an option for reserve seats
- offers specifically point to point transportation without transfers or connecting flights
- offers commercial products on-board
- passengers pay extra charges for baggage or check-in (printed tickets), or for priority boarding
- doesn't return money for ticket, changes in reservation are associated with high fees

2.2 Purchase of transport

Low-cost airlines offers cheap transport, which has more negatives than positives. Mainly passengers which need standard comfort need not like this kind of transport. Conversely, if passenger wants the best price and the shortest time to reach the desired destination, for him this flights are advantageous article.

Benefits:

- Good price, especially when purchasing air ticket in advance time from the departure date
- Simple purchases and reservations - systems are tailored to the clients who use air transport for the first time

Disadvantages:

- Any changes in ticket or reservation can be done only for additional fees
- At transit flights in the event of delay or cancellation of one link company does not guarantee transportation to the final destination
- Air transport in low-cost carriers can't be booked a few days ahead
- Has additional fees for checked baggage and in-flight services as well as credit card payment
- It uses only one economic class and seats are tightly abreast.

3 WIZZ AIR COMPANY PROFILE

It is a Hungarian-Polish low-cost airline. The aim of the company is to make air travel to citizens of Central and Eastern Europe, but also offer a totally new approach to travelers from the European Union through the use of latest technology on which they are able to provide services for friendly prices. The official date is the date of registration, which was 4th September 2003. The first flight took place on 19 May 2004 from Katowice to London. It was 19 days after the Poland and Hungary joined to European Union and on the single European aviation market. The Chief Executive officer is József Váradi, former CEO of MHA - Hungarian National Airlines. Company is located at the Liszt Ferenc International Airport in Budapest.

Wizz Air operates a young fleet of 45 pieces of a aircraft type Airbus A320-200 with an average age of approximately 4 years. The aircraft are equipped with 180 comfortable leather seats. Cab configuration in Airbus A320 is 3-3 or A,B,C-D,E,F. The servicing of machines from the 2004 is managed by service Lufthansa Technik. For February 2013 the airline offers 80 destinations. Links covering mostly central and western Europe. On the other hand, they serve the less-attractive part - Northern Europe. Thanks to his destination to Norway is Wizz Air the largest carrier between Poland and Norway with a total of 35 flights a week.

3.1 Financial and Operating indicators

In this section were selected indicators compared with competitors, notably Vueling and Norwegian Air Shuttle.

3.1.1 Number of carried passengers and load factor

The comparison was made based on statistics from 2005, when the company Wizz Air and Vueling started their own business. The indicator of carried passengers leads from the beginning of the research Norwegian carrier, but which can rely on over 20 years of existence. The companies started with about two million passenger traffic per year. Average year increase of 30%, all the companies received over 12 million passengers in last year. The best indicator passed in the Norwegian company that he is the biggest company and serves the most destinations (125), employs 2,500 people (about thousand more than Vueling and Wizz Air) and owns 70 aircraft (53 Vueling, Wizz Air 39).

But in load Factor statistics clearly leads the Hungarian Wizz Air, which occupied on average 83% flight seats and the difference from Norwegian is 5% and from Vueling even 10% in seating capacity.

Regarding on-year statistics during 2012 Wizz Air transported at least passengers, but keep the average use of seating capacity over 85%. From this perspective, it cannot compete with the Norwegian company that this average reached only once in July.

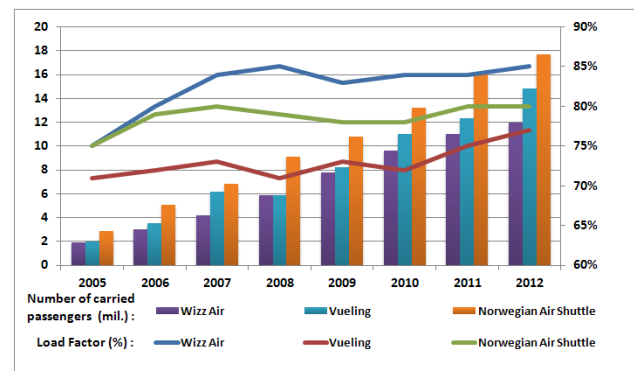


Figure 1. Number of carried passengers and Load Factor

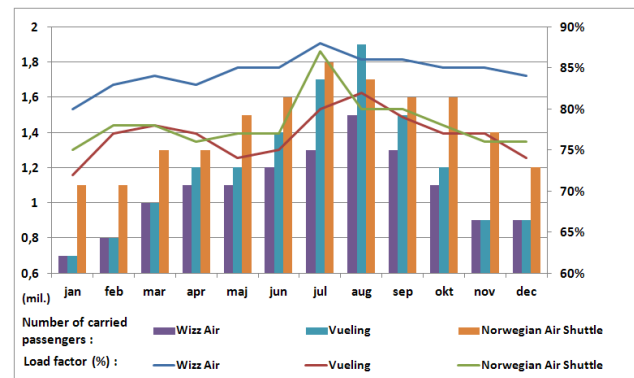


Figure 2. Number of carried passengers and Load Factor per year 2012

3.1.2 Offered seating capacity

Offered capacity is directly related to the number of passengers carried and load factor. Wizz Air in statistics greatly lagging behind competitors when offered from about 0,5 to 0,7 million seats less. The reason is lower number of destinations served and smaller fleet. But this is not a disadvantage, on the contrary - Wizz Air offers only the number of seats that can effectively use.

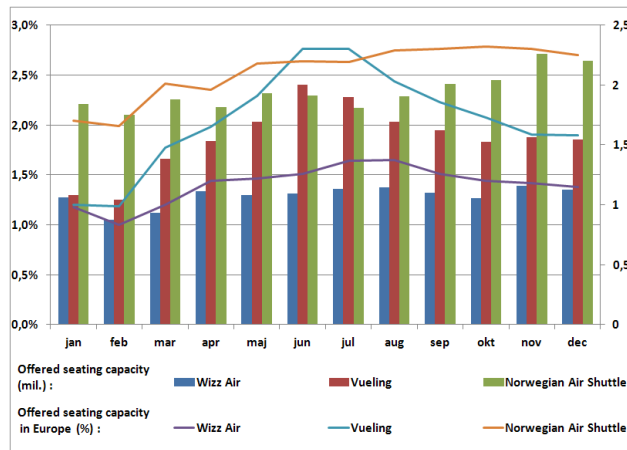


Figure 3. Offered seating capacity

3.1.3 Revenues, costs and profit

The most profitable company is NAS. Wizz Air made his first profit since the inception in 2010, but then was again in loss and therefore in this comparison is the worst. Wizz Air has the highest operating cost, although serving a new fleet. Comparing the incomes are these costs average more than 100%, which means that the company is in the long term loss. But in the year 2012 revenues increased significantly and at the same rate of growth can be expected profit for the following year. The best indicators has Vueling, which costs in 2012 were only 77% of revenues.

The Wizz Air company reported a loss and high operating costs. The problem is rather low incomes, that is caused by the competitive fight on several airports with either Romanian flag carrier in the eastern market and Irish Ryanair on the northern and western markets. Just fight again Ryanair seems like a battle between David and Goliath, and therefore company has to consider, whether it would be better to withdraw.

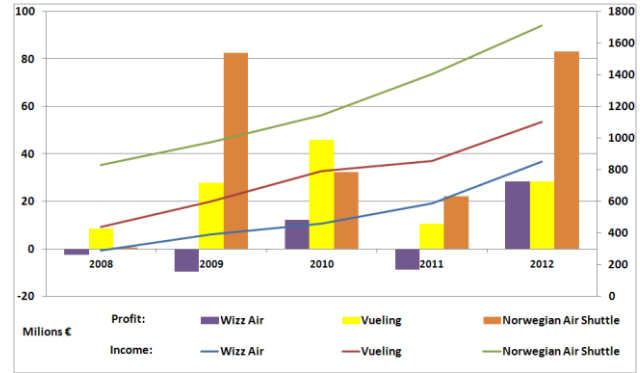


Figure 4. Profit and income of companies

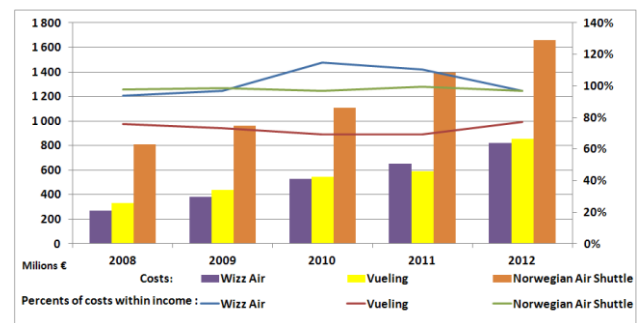


Figure 5. Operations costs and percents of costs within income

4 STATISTIC OF PRICE PROGRESS

To determine when is the best moment to buy tickets at the company Wizz Air was established this statistic. The main characteristics that affect the price is the remaining time until the departure and remaining capacity of seats. Data were collected daily during the week from Sunday to Saturday for a total of 107 days. The results of these observations are then processed for daily and weekly comparison. Monitored was the link from Budapest (BUD) to London on Luton Airport (LTN) and from Warsaw (WAW) to London as well. The daily and weekly relative to the route BUD-LTN for the entire period was the highest price on Sunday and Friday. For the route WMI -LTN it was Saturday, only because for the connection of two links into one, what resulting in a price increase. Final statistics has table where the average price was found. The route BUD-LTN has cheapest flight on Tuesday for 23 € and was available for this price even 34 days before departure. From Warsaw to London could flight at least for 12 € on Tuesday as well, if you have the transport booked 67 days before departure. The overall average prices compared on both routes were the lowest on Tuesday and Wednesday.

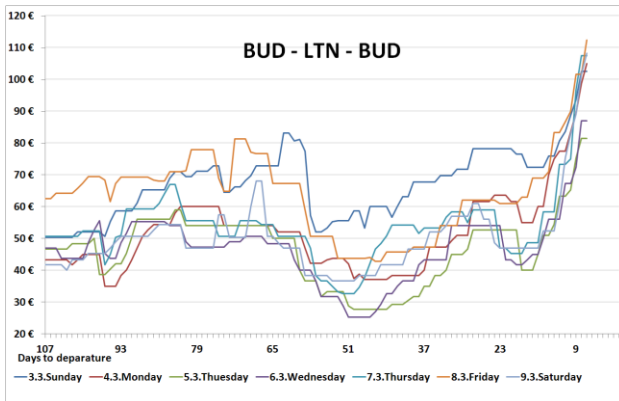


Figure 6. Progress of day prices on route BUD-LTN-BUD

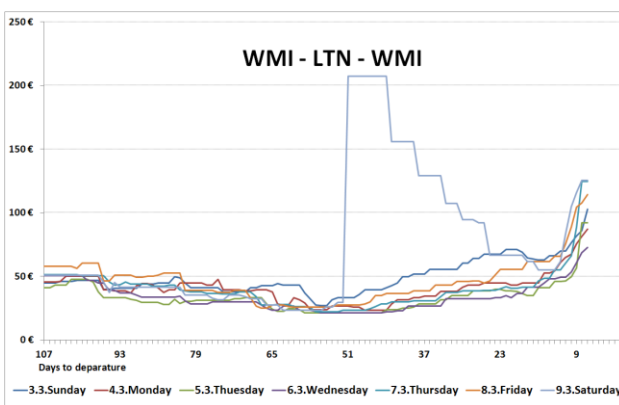


Figure 7. Progress of day prices on route WMI-LTN-WMI

5 AIR TRANSPORT PROCESS

It is the sum of the individual phases, which passengers using air transport must pass.

1. *Flight reservation* - is carried out exclusively via Internet, which represents 99% of all reservations.
2. *Booking process* - gradual steps, which includes reservation system on company website, the passenger selects the main parameters of destination and flight forms with additional services which confirms payment.
3. *General transport conditions* - the most difference from competitors is company rules of baggage. Passengers can transport only one free small hand luggage, which must followed dimensions 42x32x25cm that it must fit under the seat. For additional baggage will apply the conditions of carriage of the specify fee.
4. *Refund* - Wizz Air return money only in selected cases, provided after payment of an additional fee, which usually exceeds the total cost of the ticket.
5. *Fees* - Wizz Air has addition, different types together 70 major charges for services, which play an important role in the revenue policy of the company.

6. *Loyalty Programs* - offers customers a choice of three programs and only Wizz Discount Club is like a frequent flyer program which has traditional carriers.

5.1 Transport process

Transit to the airport only offers for the subscription services and is performed via shuttle bus or WizzTaxi. Check-in on most flights starts 220 minutes before departure and this service has special fee. Only on-line check-in is free. The negative is that the company does not offer the option of self-service check-in at any airport. Waiting for departure does not offer extra services, there is a few duty-free shops. After the call for boarding passengers are divided into two rows, first odd board is preferentially passengers with WizzXpress prepaid service. For boarding passengers company use bus and boarding steps. The flight itself does not offer the best either the worst comfort. The seats are tightly abreast but in terms, passenger has more place in seat than customers of Easy Jet company. On board Wizz Air is not offered a hot meal but prices of menu with small condiments are not all the worst. In the survey would be best passed Vueling, which serving coffee and croissant together for 4 €. Wizz Air customers pay same price and the highest price for this items has Ryanair, their customer pay 4,6 €. Similarly, the company publishes his own magazine, but that is 124 pages consisting of 50% share of advertising. It also contains interesting articles and offer Wizz Boutique with fashion supplement, which can be purchased directly on board. Low cost companies has a lot of promise from these services and therefore are trying to make in every opportunity.

5.1.1 Safety on board

For safe flight should turn off all electronics. In exceptions are devices able to switch on flight mode, but even they must be turn off during takeoff and landing.

6 FUTURE NEWS

In the future, the company plans some news. Main news will be addition of new air routes. The main objectives of the destination sphere is to dominate in the low-cost market of Romania and Norway. With new aircraft with saving sharklets delivered to Wizz Air Ukraine plan to occupy links of carrier AeroSvit, which has this year financial problems and threatened with bankrupt. In addition, from Kiev looking to fly to further 18 destinations and the most important milestone is Moscow.

In technical innovations the company plans to continue to expand his fleet which in 2019 should include 137 aircraft, current number is 45. They are also planning to introduce a system for mobile check-in, and his own Internet Television to present new destination and traffic conditions.

Wizz Air is in the expansion and will also need new staff. The company plans to train it in the new training center, which is open in this summer. The base would be in Budapest and they will train over 1,500 new employees.

7 CONCLUSION

Low-cost made air transport available for passengers, who could not have afford it before. As they offer the lowest prices, they need to reduce transportation costs. This corresponds to reduced comfort, charges for services on board and additional luggage or transit to fairway airport. But for modest travelers it's not a big loss. Who don't need excessive luxury and flight regarded for making their journey not an object, it is not reason why not take advantage offer of low-cost airlines. Wizz Air has a modern and youngest fleet of aircraft, serving 80 destinations across Europe. For the market in Central and Eastern Europe has not competition. Although the policy is primarily the development of tourism in this part of the world, most uses of transportation is from cheap labor force pointing to the west or north Europe.

By changing the conditions of carriage and luggage, they have made a courageous move that takes away passengers more comfort, but nothing has changed yet in transport operations. Only in the reduced costs for individual flights and fuel economy, thanks to lighter aircrafts. Still has new opportunities to expand into other markets in Europe or Asia. This is also due to the introduction into service of new extended-range machines, which are equipped with special winglets. The key step will be enter in the Russian market, and flights to the world's best know destination - Dubai. This year gives the answer as to whether this strategy will bring the desired effect.

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