Comparative Pricing Analysis Air

June to August 2008

easyJet

INSTITUTE OF TRAVEL MANAGEMENT

Survey Results

itmresearch

POWERED BY ARGATE

The true cost of flying Low Cost

easyJet provides cheaper option for business traveller on 80% of itineraries

The true cost of flying Low Cost carriers has been a matter of conflicting industry discussion & debate for a number of years, More traditional carriers & some TMCs have always claimed that additional elements such as separate speedy boarding charges and new distribution costs such as the new GDS sector bookings fees often meant that carriers such as easyJet were less price competitive overall.

During recent months ITM Leadership has also been vocal in challenging low-cost carriers such as easyJet on their claims that they remain a clear price competitive choice for the business traveller.

In response to these challenges, and in an attempt to clarify claim & counter-claim, easyJet commissioned ITM Research to conduct a completely independent and unbiased price comparison study.

The analysis involved ITM Corporate Members based within the South East with a traveller base that specifically flew in and out of one of the 4 highly competitive London airports.

The study was conducted on a random sample of 300 booked itineraries over a 3 month period during June to August this year and covered a basket of return fares across 22 European and UK Domestic ex-London routes.

easyJet fares were compared to both participating corporates who utilised economy cabin negotiated rates with traditional airlines and to other participating corporates who adopted a lowest logical economy fare policy on the day when it came to short-haul travel.

The research concluded that even allowing for GDS sector fees and speeding boarding supplements, on almost 80% of itineraries benchmarked, a London-based corporate traveller would have been able to make a greater overall saving by travelling easyJet instead of the actual carrier they chose to book.

When it came to UK Domestic travel – the frequency of the easyJet schedules meant that on 90% of occasions, easyJet were judged to offer a credible cheaper alternative itinerary to the flight booked.

Moreover, the savings opportunity for both UK Domestic and European travel for choosing easyJet often reached over £50 and in many cases over £100 vs. the carrier selected.

When it comes to the overall cost of business travel factors such as varying ground transportation costs between different airports, additional costs for checked-in luggage and the cost of a snack or beverage in-flight will undoubtedly vary between individual travellers – however, this most recent of studies suggest that, at a base level, the size of the average potential savings that can be achieved by selecting easyJet can credibly outweigh many of these other considerations.

Dimensions and Scope

Comparisons made between Return Direct Flights only either from/to the same airport or one within a credible distance – hence LTN departures benchmarked against LHR & STD departures. LGW departures benchmarked against both LHR and other LGW departures.

Departure time/arrival time window of carriers benchmarked was within 2 hrs of an easyJet flight.

Calculation of easyJet price was based on base fare, plus £8 return GDS booking fee and the relevant speedy boarding charges. (Note: easyJet's recent decision to reduce GDS sector fees to £6 per return trip has not be incorporated into this study).

Analysis assumed "carry-on" luggage only.

Comparisons were made on actual requested/flown itineraries made from a sample of ITM Corporate members/other corporate organisations within Argate client base. Note: Comparisons could only be made between lowest logical fares in market on day of purchase and the actual specific corporate rate deals only of those companies who participated.

Contents:

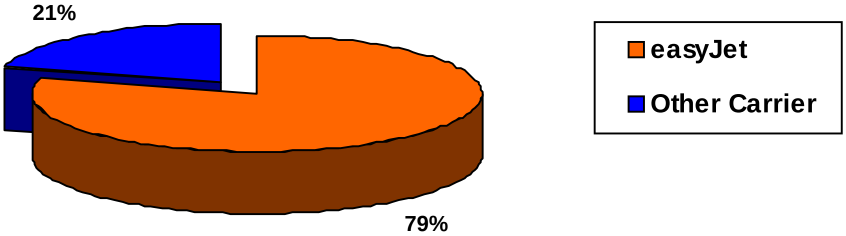
INSTITUTE OF TRAVEL MANAGEMENT

Waters Green House
Waters Green
Macclesfield
Cheshire
SK11 6LF

Telephone: 01625 430472
Fax: 01625 439183
www.itm.org.uk

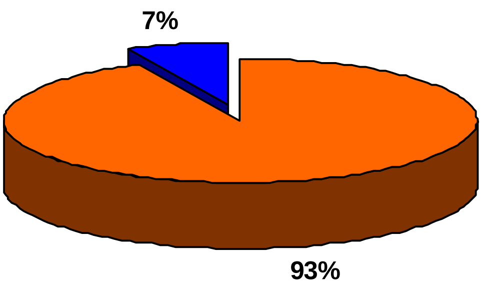
Lowest Price Carrier overall—the percentage of occasions where easyJet was the cheaper carrier over all the itineraries surveyed:

Fig 1



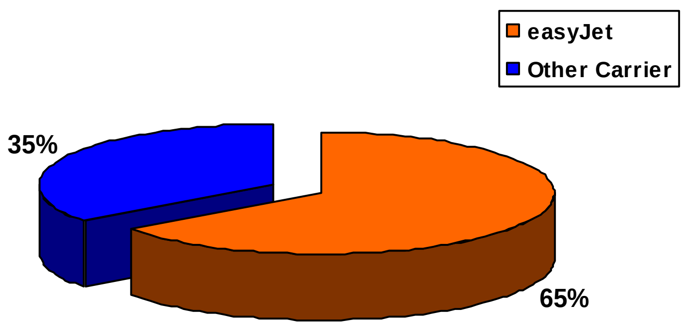
Lowest Price Carrier overall—the percentage of occasions where easyJet was the cheaper carrier for UK domestic itineraries:

Fig 2



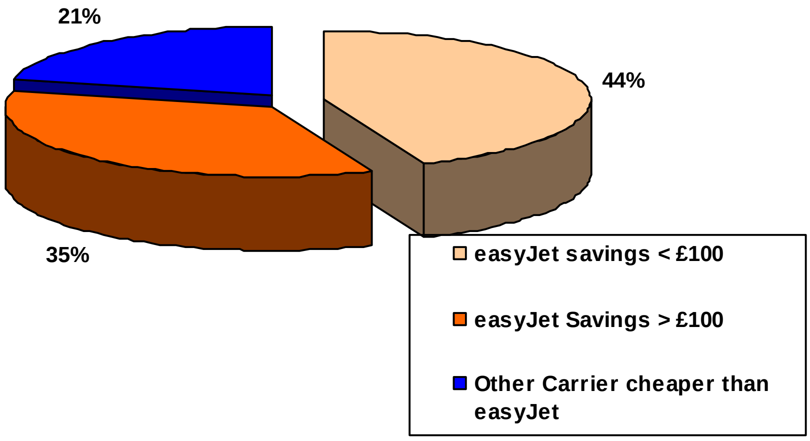
For bookings made within 48 hours of departure, the percentage of times easyJet was the cheaper carrier.

Fig 3



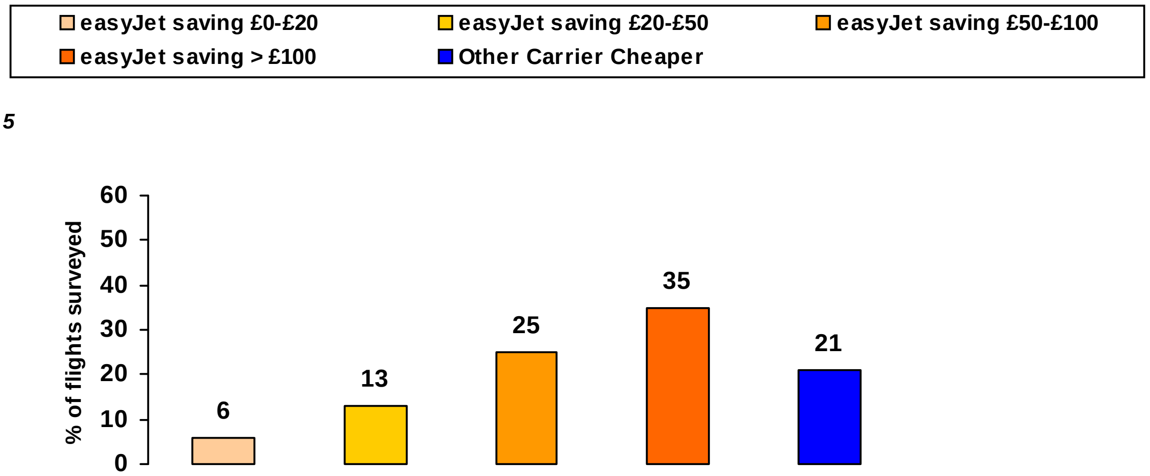
Size of savings potential versus selected carrier for all bookings:

Fig 4



The size of potential savings on the 79% of flights where easyJet was cheaper carrier.

Fig 5



The size of the saving on the 21% of flights where other carriers were cheaper than easyJet.

Fig 6

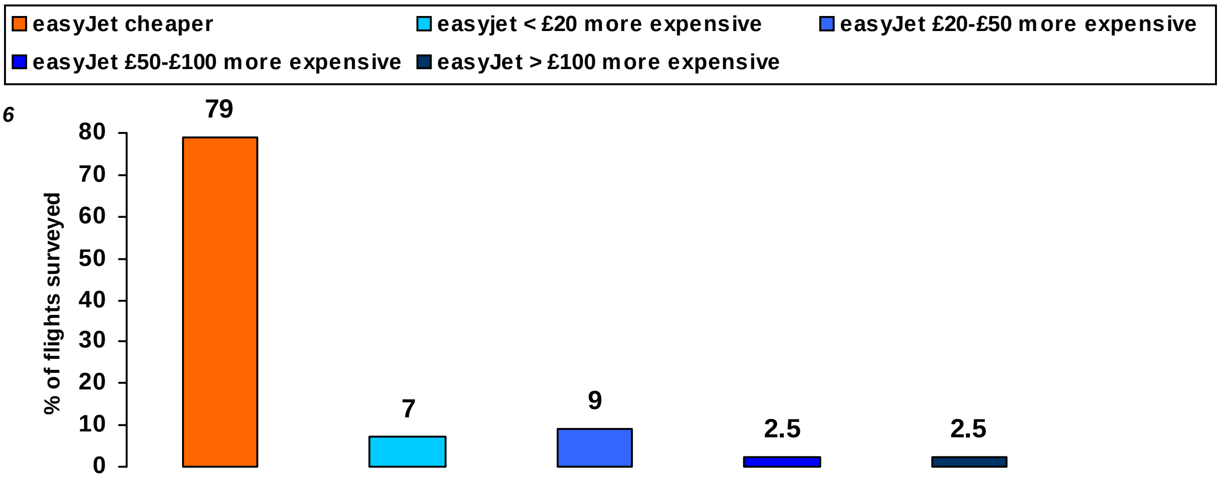


Fig 7

Size of Savings Potential where easyJet was found to be the cheaper alternative carrier.

Average Savings that could be achieved by flying easyJet vs. actual carrier selected
(even allowing for relevant easyJet GDS Fee and Speedy Boarding Charges)

Across ALL Itinerary Routes Surveyed: **£80-£84 per return trip**

Across UK-European Itinerary Routes: **£70-£74 per return trip**

Across UK-Domestic Itinerary Routes: **£110-£115 per return trip**

Across All Route Itineraries (Same Day Return) **£110-£125 per return trip***
Note: This figure heavily weighted to UK Domestic as easyJet frequency/timetable did not necessarily facilitate same day return on many European destinations

Across All Routes Itineraries (Next Day Departure) **£85-£90 per return trip**

ITM Research

ITM Research was established in November 2005 as one of the foundation stones of ITM's future development. The surveys, questions and commentary are created by the Research Working Party, comprising of ITM board representatives and individual supplier and buyer members. The ITM Research Working Party works in partnership with Argate Consulting, who act as advisors, facilitators, statisticians and publishers to ITM to provide the ITM Research surveys and reports.

ITM Research Survey types

ITM Research undertakes three survey types throughout the year.

Snapshot Surveys—undertaken four times a year across the ITM Research Buyers' Panel, these surveys comprise of approximately 10 questions on a single subject matter.

Commissioned Surveys - Undertaken up to a maximum of twice a year across the ITM buyer membership plus an additional twice a year across the supplier membership, these surveys are wholly commissioned and produced in association with a single sponsor company. Results are not necessarily published.

To discuss your research requirements with ITM for any of the survey types above please contact: paul.tilstone@itm.org.uk.

Institute of Travel Management

ITM is a not-for-profit organisation established over 50 years ago to support the business travel industry. Its main activities extend to promoting best practice, benchmarking and the development of individual and collective expertise through a structured education and conference programme. ITM represents over 1,000 buyer and supplier members from 7 UK & Ireland regions.

For commentary or questions regarding these surveys, or ITM in general, please contact secretariat@itm.org.uk with the subject field "ITM

Argate Consulting

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