

By Bjørn Erik Barman-Jenssen

Low Cost Airlines and CARGO

Air Transport Colloquium 2013, Antwerpen



Europe's best
low-cost airline

norwegian


My topics

Norwegian's History

.....the future

**and why Cargo is a natural part of the
company's strategy.....**

Establish in 1993



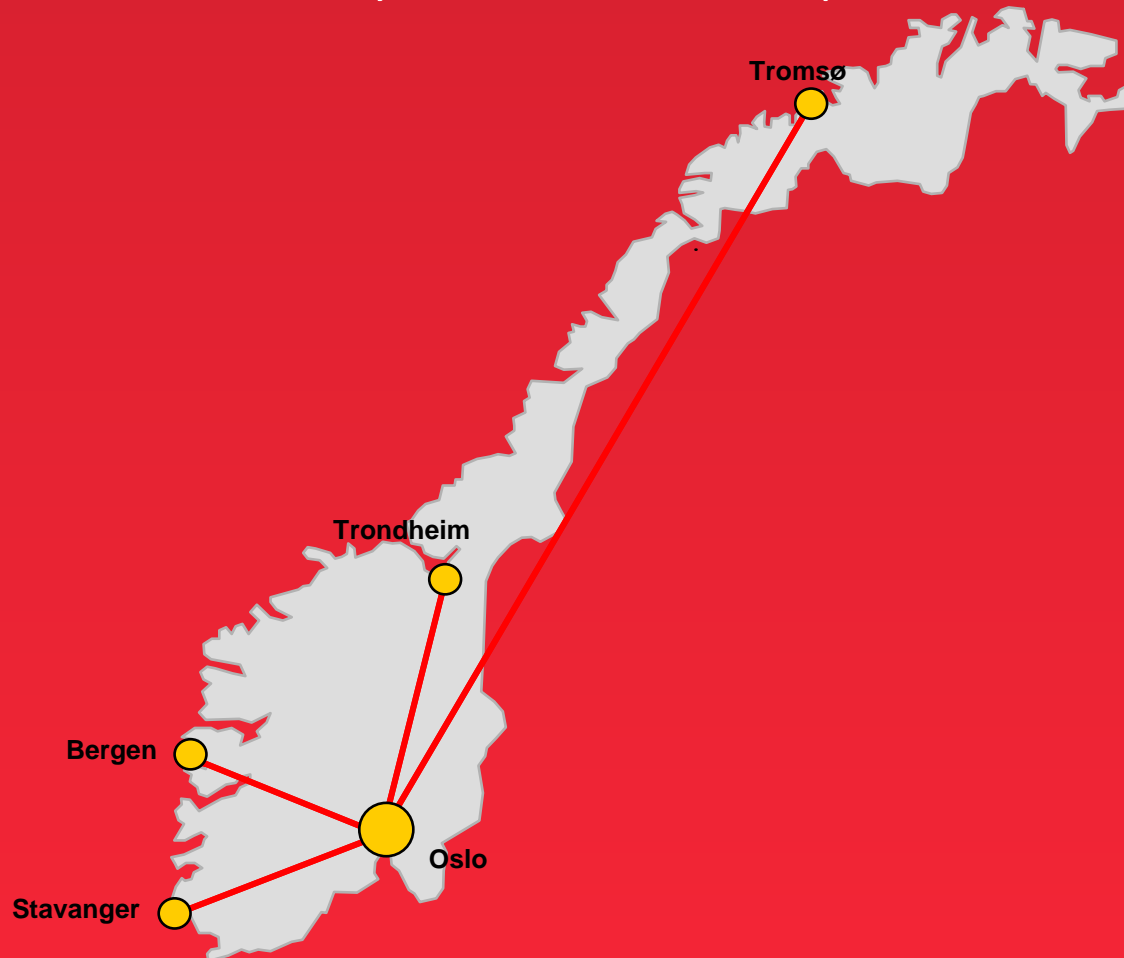
Jet operation started 1st September 2002



norwegian 

Forced to change course

- Established on 4 key domestic routes September 2002



They said we wouldn't last more than 30 days.....



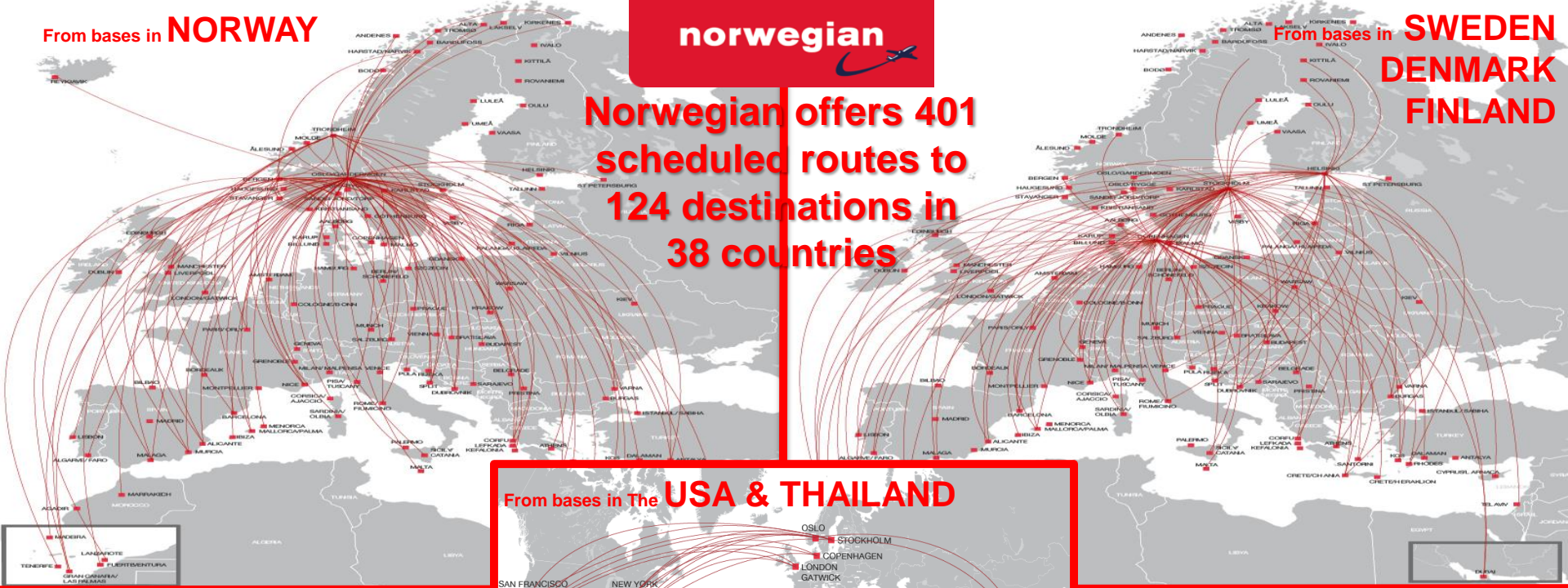
From bases in **NORWAY**

norwegian



**Norwegian offers 401
scheduled routes to
124 destinations in
38 countries**

From bases in **SWEDEN**
DENMARK
FINLAND

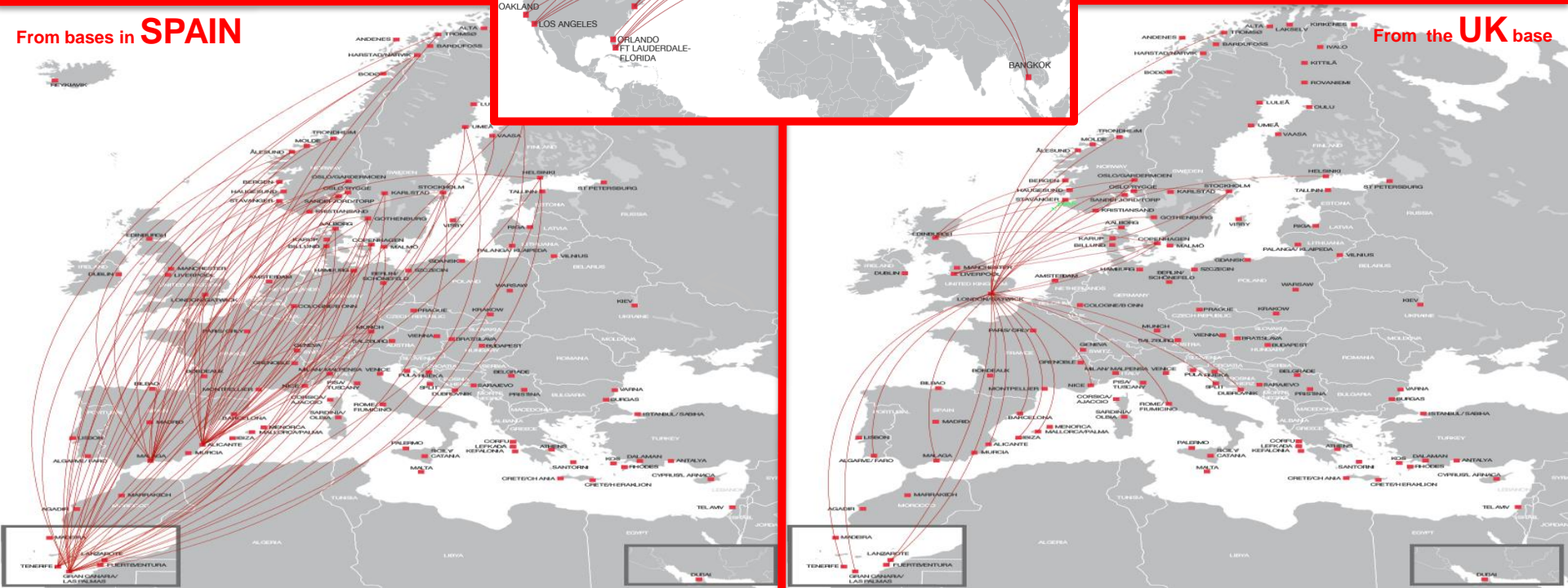


From bases in **The USA & THAILAND**



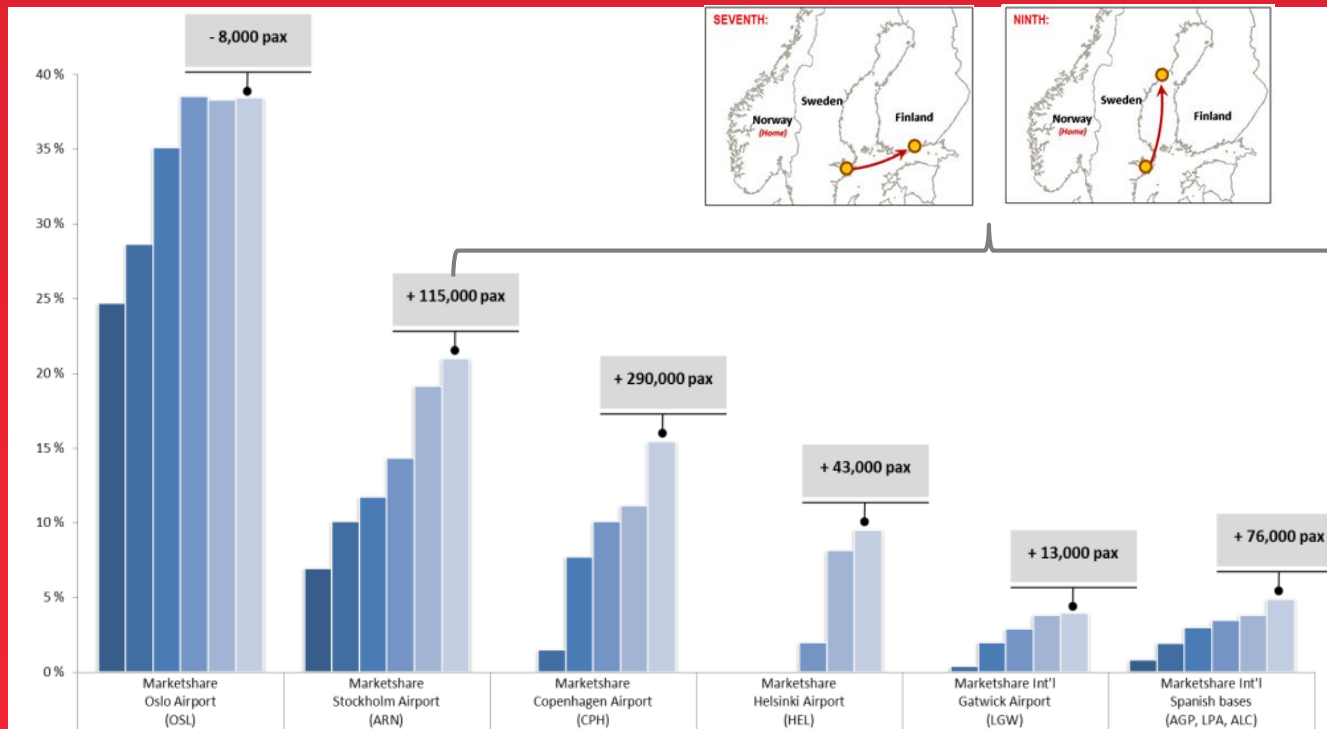
From bases in **SPAIN**

From the **UK base**



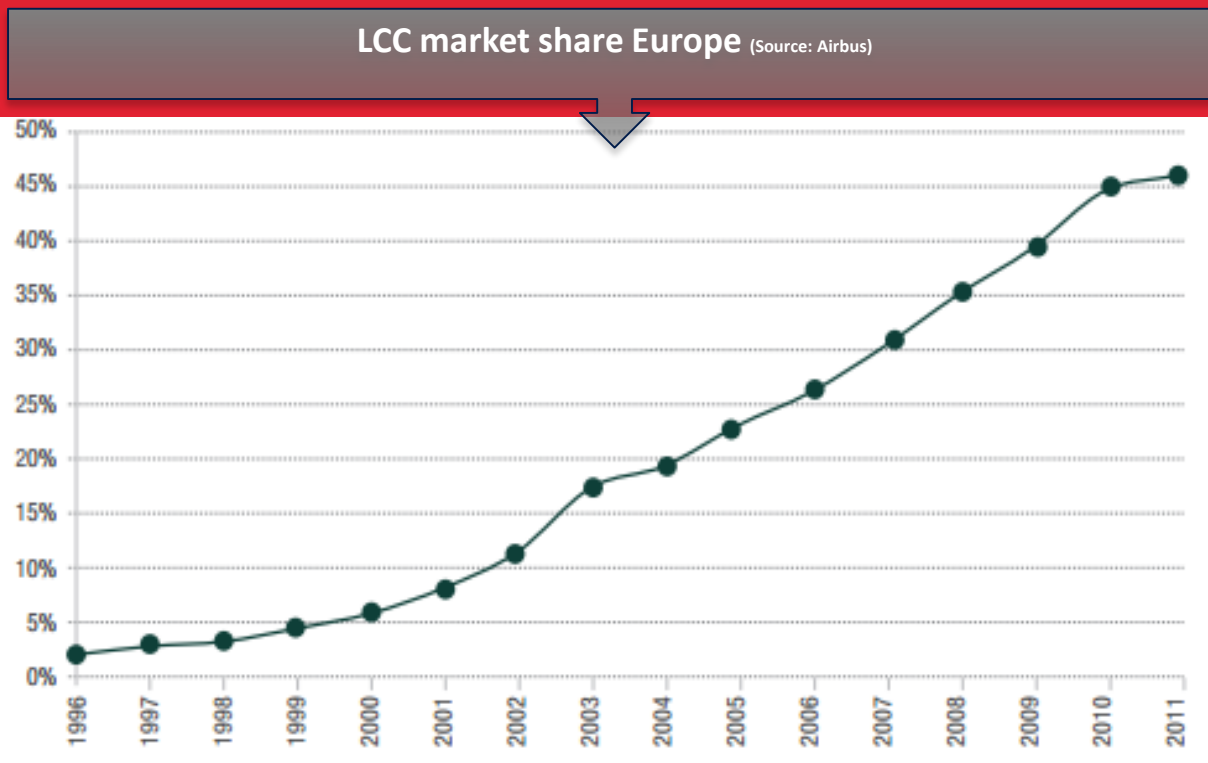
Today over 50% of Norwegians traffic depending on Open Skies in Europe

- Free market (all nine freedoms of the air - no restrictions)
- Enables *real* competition across borders
- 50 % of Norwegian's flights are seventh and ninth freedom flights



Profitable business models can grow

- “Open Skies” and competition has driven down prices
- Efficiency has become a prerequisite for survival
- LCCs (business model) are taking over...

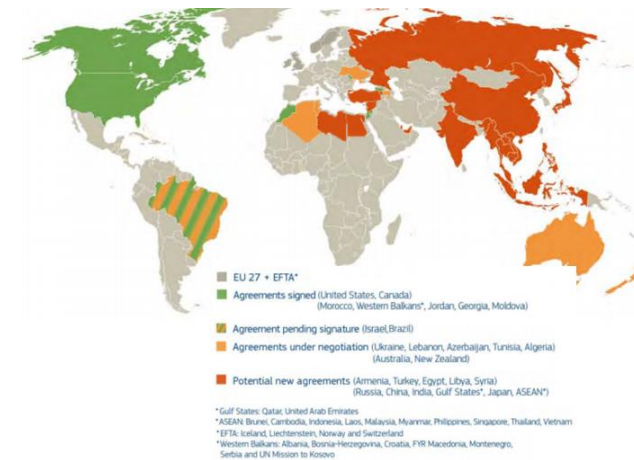


The world is moving in the direction of the global Open Skies

European Common Aviation Area (ECAA)
(full open skies within Europe)

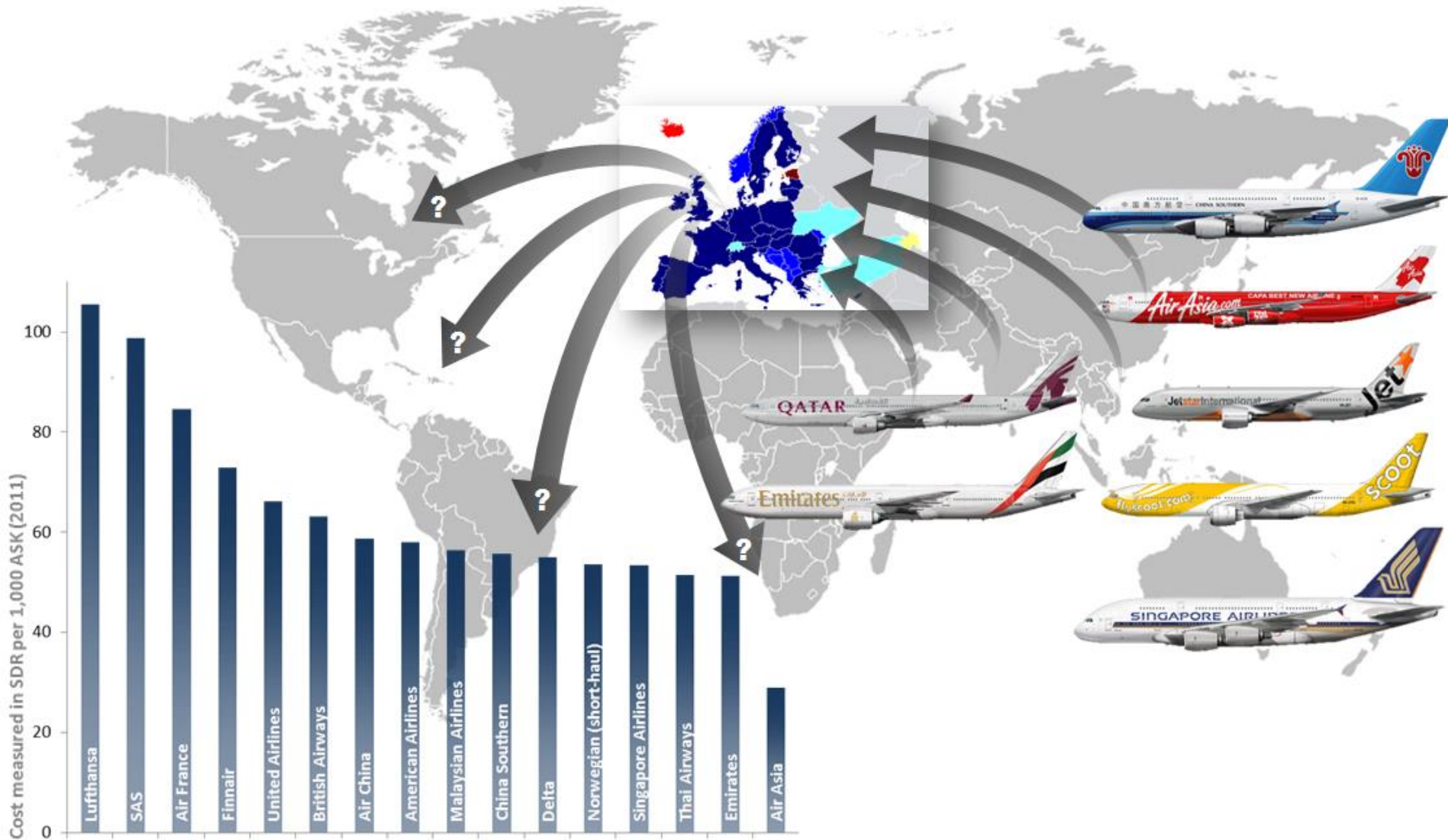
ASEAN Single Aviation Market (ASEAN-SAM)
(full open skies within ASEAN) (2015)

Level of Liberalization



A free market means that everyone can fly everywhere

Attracts efficient airlines



Norwegians future competitors

- Long-haul low cost will revolutionize the long-haul market – as it did short-haul
- Cannot compete on a global field when restricted to local conditions



AirAsia X



Scoot



Jetstar



Cebu Pacific



Country:

Malaysia

Singapore

Australia * Hong Kong * Japan *
Singapore * Vietnam

Philippines

Type:

Low Cost

Low Cost subsidiary of
Singapore Airlines

Low Cost subsidiary of
Qantas Airways

Low Cost

Aircraft in operation:
(long-haul)

11

9 Airbus A330-300
2 Airbus A340-300

4

4 Boeing 777-200 ER

11

11 Airbus A330-200

0

Long-haul launch Q3 2013

Aircraft on order:
(long-haul)

28

18 Airbus A330-300
10 Airbus A350-900

20

20 Boeing 787-9 Dreamliner

14

14 Boeing 787-8 Dreamliner

8

8 Airbus A330-300



How to get the same cost advantage on short-haul as the long-haul?



New Aircraft
Fuel & Tech **-20%**

Boeing 787-8 Dreamliner

Most efficient alternative

Fuel savings of **MNOK 50** per year per aircraft

International bases
Salary cost **-50%** compared to Nordics

BKK-base

Under consideration

Utilization
(Block hours /day)
+40%

Higher cruise speed

East - West Scheduling & less down time due to maintenance

	Block	Turn	Total	
BKK-ARN-JFK	19:40	03:00	22:40	Optimized
JFK-ARN-BKK	17:55	03:00	20:55	
JFK-ARN-JFK	16:10	03:00	19:10	Too low
BKK-ARN-BKK	21:25	03:00	24:25	Too high

Turnaround times optimized
Leisure traffic & no alliances

SAS Scandinavian Airlines	THAI	BRITISH AIRWAYS	Lufthansa
EWB - OSL - EWR	BKK - OSL - BKK	LHR - EZE - LHR	MUC - CPT - MUC
2 hrs 50 min	6 hrs 50 min	5 hrs 25 min	8 hrs 25 min

norwegian

Turnaround away from homebase: **1 hr 30 min**

Shared resources

Using low-cost back-office solutions

Long-haul

Short-haul

Distribution systems
IT & Automation
Flight OPS
Commercial
Finance
Scale



Efficient aircraft needed: Have not been available on long-haul earlier

- Wet leased aircraft with 50 % higher fuel consumption per seat
- Equivalent to 40 tons of fuel roundtrip Bangkok
- EUR 10M in savings - per airplane - per year (vs A340)

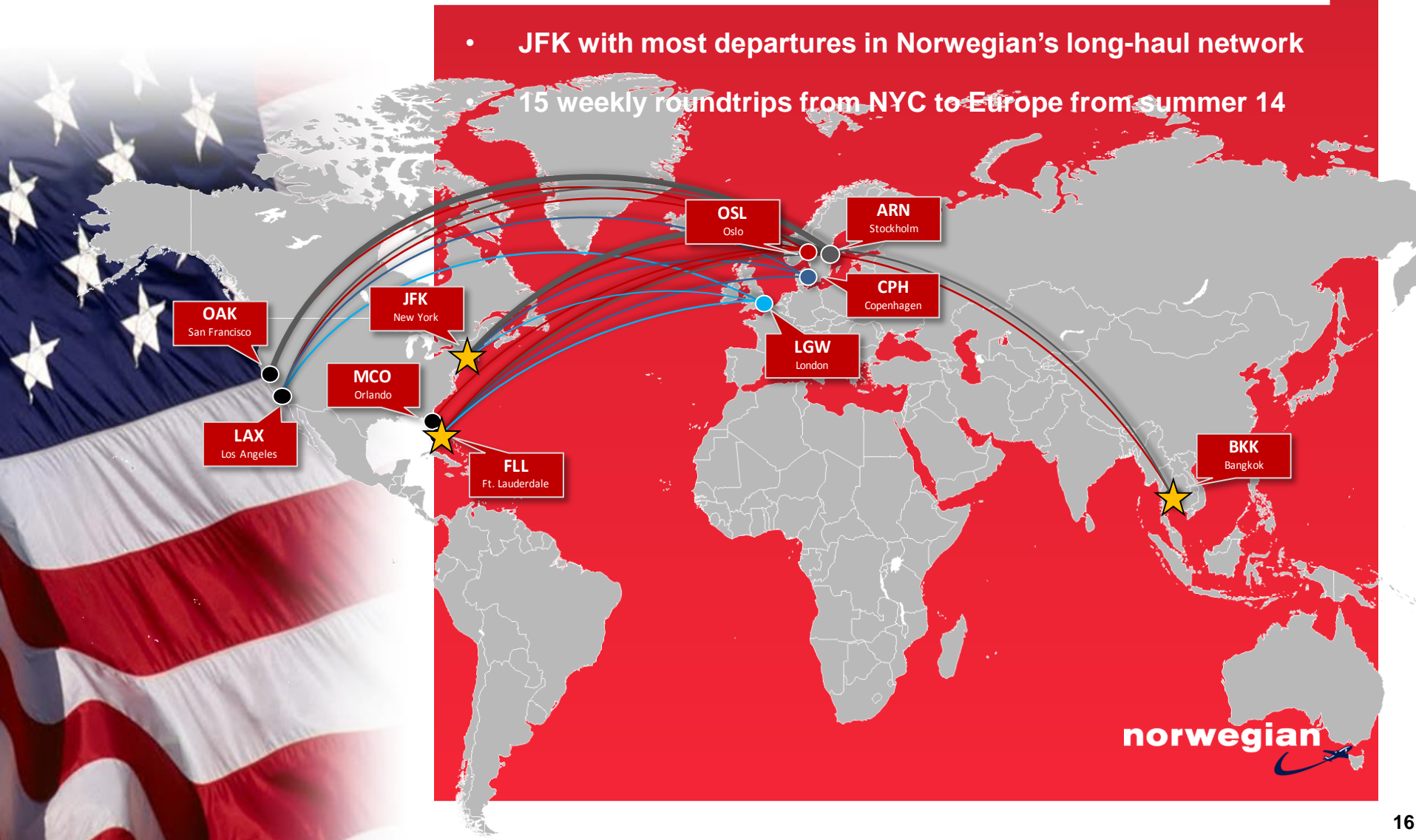


Competitors must be met on their terms

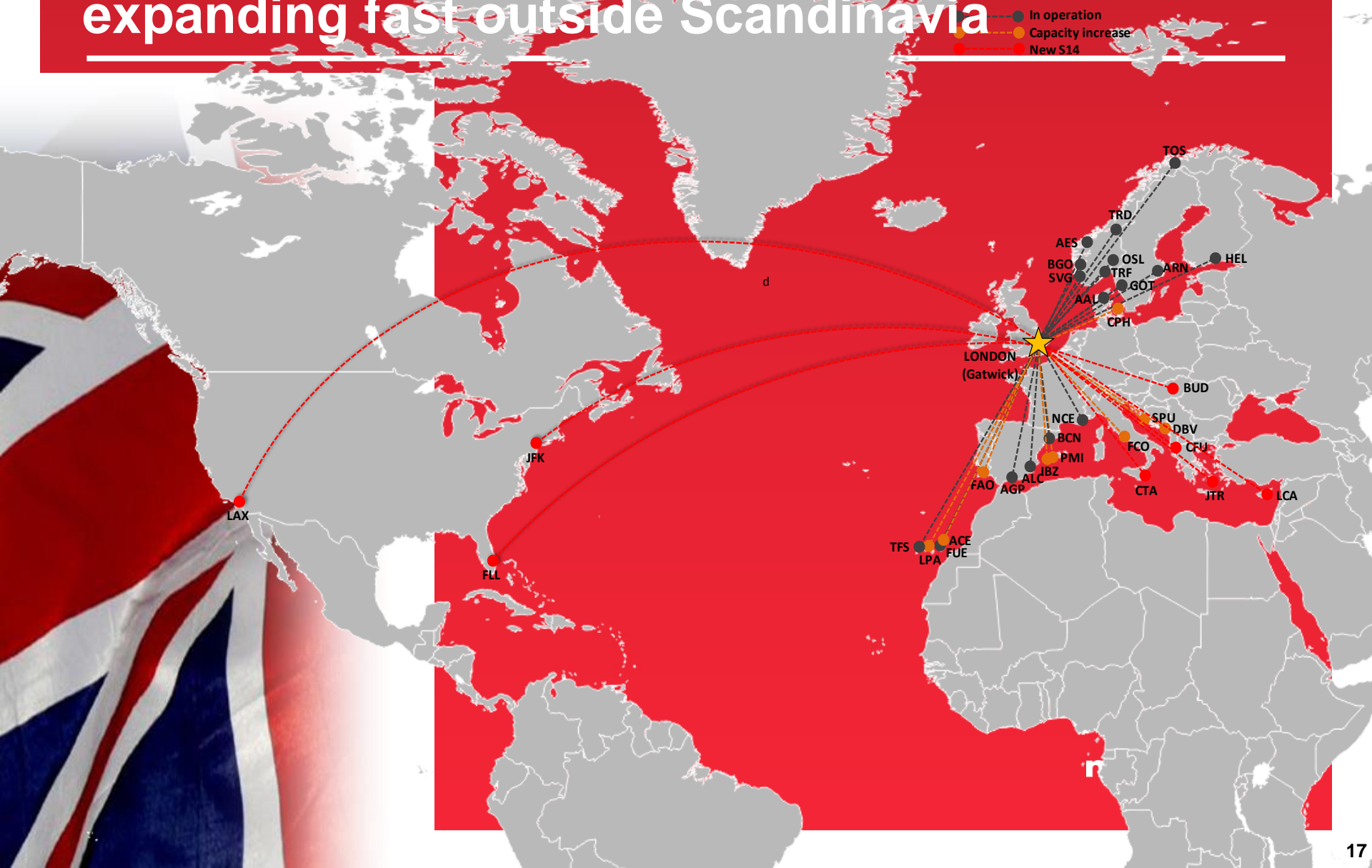


Local conditions where we fly (just like on short-haul) New crew bases in New York and Florida

- JFK with most departures in Norwegian's long-haul network
- 15 weekly roundtrips from NYC to Europe from summer 14



Global expansion. Norwegian operation expanding fast outside Scandinavia

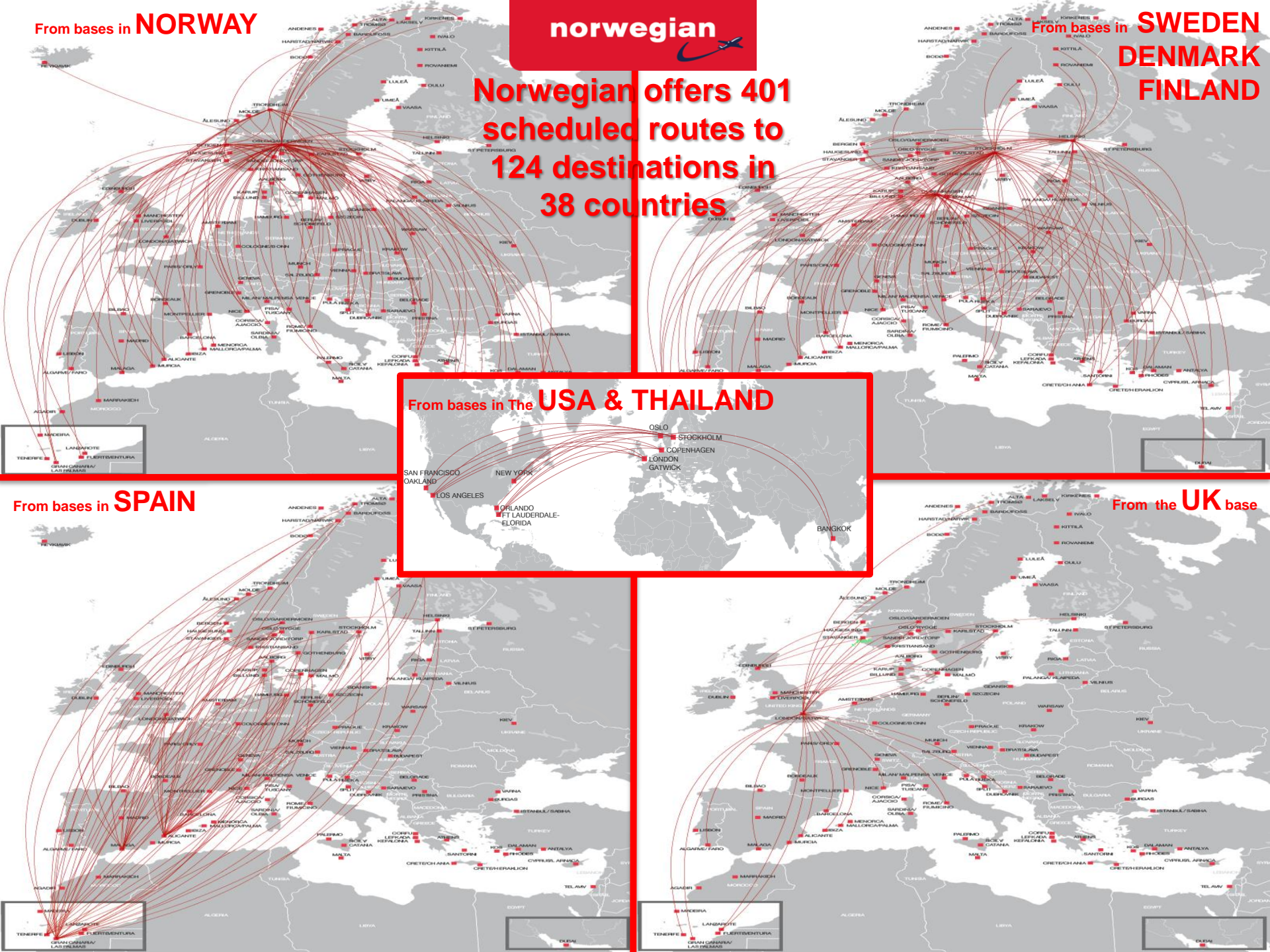


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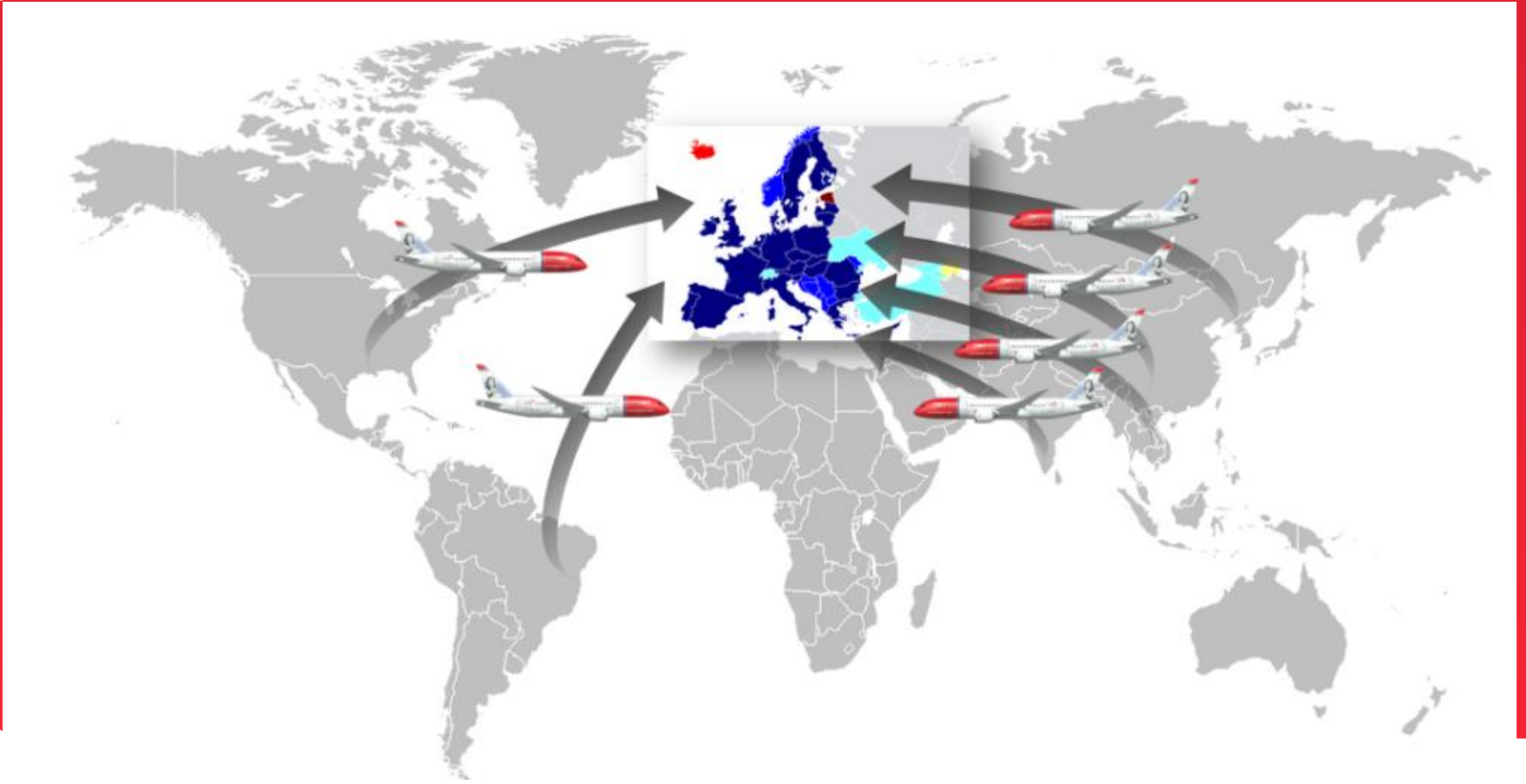
From the **UK base**

From bases in **SPAIN**

Efficient companies and free competition opens new markets

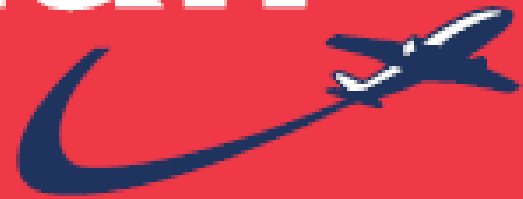
“ It (Chinese tourism) might be the biggest phenomenon to hit the global travel industry since the invention of commercial flight –

CNN



Why?

norwegian
cargo



The possibilities are enormous –
the competition will become global

