RYANAIR'S CEO ON TRANS-ATLANTIC SERVICE, IN-FLIGHT WI-FI AND UNBUNDLING

News / Airlines, Personalities

Ryanair CEO Michael O'Leary addressed the press in Copenhagen yesterday to announce 15 new routes to Europe out of the Danish capital, despite the airline's ongoing dispute with Danish labor unions, which forced Ryanair to close its bases in at Copenhagen and Billund airports.

Skift met with O'Leary in Copenhagen to discuss the airline's evolution as it turns 30, and the challenges ahead for the next 30 years.

NEXT STORYAeroflot to Gobble Up Its Russian Regional Rival Transaero2 days ago

First, we got to the burning question of when (or whether) Ryanair will cross the pond.

Skift: You've got WestJet now making inroads across the Atlantic to Europe, with planned flights to London, WOW Air using Reykjavik as a bridge to the Americas, but your previous announcement of transatlantic service was later retracted

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. When are we going to see Ryanair make that bridge?

O'Leary: Not for at least four or five years, because we can't find a fleet of long-haul aircraft at low prices.

Skift: Boeing's not doing something with the Dreamliner?

O'Leary: Boeing's doing lots of things with the Dreamliner, but as fast as Boeing and Airbus can produce long-haul aircraft, the Gulf carriers, Etihad, Emirates, Qatar, are mopping up all the orders. Historically, there used to be a five-year boom and bust cycle in long-haul aircraft values and you'd see aircraft sitting in the Mohave desert every four to five years. That hasn't happened now for 10 or 12 years, and it doesn't look like it's happening for another four or five years unless there's some [change] in the Gulf.

So, our plans now for the five or 10 years are to continue ordering more short-haul Boeing aircraft and to grow rapidly here in Europe. By offering very low prices we've demonstrated again and again and again that wherever we offer low fares there's enormous demand from consumers, citizens and visitors.

Skift: Going back to the future transatlantic move, would you consider a mixed Airbus/Boeing fleet?

O'Leary: I want to be careful now. We never said that we would fly long-haul. We've always said that while there was a long-haul business plan and a transatlantic model, it would be a separate company from Ryanair. It wouldn't be a mixed fleet. Because it would be a separate airline, it could be either an Airbus or Boeing aircraft.

Skift: Are we ever going to find Wi-Fi onboard Ryanair aircraft?

O'Leary: I'm not very technical so I don't much about it. At the moment we have a plan to fit Wi-Fi on the aircraft but, in Europe, it's difficult at the moment because you still have all the roaming charges. There's two costs to putting Wi-Fi on the plane. There's a physical weight cost which adds to your fuel bill and, two, you have expensive communications because of roaming Wi-Fi.

There a number of different satellite developments that might, in the next few years, come up with a very cheap Wi-Fi that would operate across Europe as a single market, as it does in the U.S. But until that arises I don't think you'll see Wi-Fi onboard Ryanair. It's something we're working on, but it's a couple of years away.

Letting Go of Baggage

Skift: Legacy carriers are now going unbundled, other low-cost carriers are trying all-you-can fly packages. What's the impact of these new fare models?

O'Leary: What the legacy carriers are trying to do is what the low-fares carriers have done for many years, which is to unbundle all these services that they previously assumed would be one big bundle and charge everybody a thousand bucks. Now everybody's saying: 'let the customer choose.' So you don't get a free meal onboard but if you want to buy a snack onboard you can do so; if you want to bring your own food bring it. If you want to bring a checked-in bag, pay for a checked-in bag, if you don't, you don't have to. You allow people to make their own choices, instead of in the old legacy model where you must pay two month's wages but you can bring a free bag and we give you a free meal [makes "blech!" sound]. Nothing's free.

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Skift: Do you worry about legacy carriers moving to unbundled fares, like SAS' new Go Light?

O'Leary: There's not a lot about to worry about with SAS. They're kind of stumbling around with Go Light and all these types of initiatives. Let's just go honest, and lower the fares.

Skift: What about KLM's unbundled fares, and others in Europe?

O'Leary: Honestly, I don't pay too much attention to them. It's all designed to replicate what the low-cost guys are doing.

Old Habits and New Dress

Ryanair mocked the mayor of Copenhagen for his ban of the airline for official business earlier this year. Ryanair representatives have repeatedly trashed the Danish labor model, and O'Leary took several opportunities to do so again during the press conference—more than once characterising the Danish model as "stupid."

We wanted to know how he reconciles this classic O'Leary behavior with the new and improved O'Leary—now advertised as loving puppies—and how the Always Low-Fares Ryanair brand adapts to the Always Getting Better Ryanair, with new attitude, new services, and new look.

Skift: The Always Getting Better campaign is a big shift away from the old Ryanair.

O'Leary: It's been a remarkably successful shift.

Skift: But you're still aggressive, still hitting hard, for example, here. How do you balance the two?

O'Leary: I think we let the customers decide. Always Getting Better is not just about not being aggressive. It's about listening to things about our service that our customers didn't like and fixing those.

But we're not changing fundamentally away from [who we are]. Are we going to be the lower fare provider in every market? Yes. Will you get a refund on a non-rerundable fare? No. Always Getting Better is about improving how we do things, within the existing low fare envelope. But I think if you look at the load factor and traffic this year it's been remarkably successful. I keep saying that if I'd know that being nice to customers was going to be so good for business, I would have done it years ago.

Skift: Thirty years on, how would you say Ryanair has evolved?

O'Leary: It's now Europe's largest international airline, also Europe's lowest fare airline, and it's the airline delivering the best customer service to passengers and consumers all over Europe.

Skift: So where will you be in 30 years time?

O'Leary: I hope that Ryanair will be about 10 times the size it is now and instead of carrying a 100 million a year we'll be carrying 1,000 million passengers a year.

Skift: Is the market there?

O'Leary: Across Europe, at these kinds of prices, absolutely.

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Skift: So you don't think you've already saturated the market? You dominate it.

O'Leary: Not only have we not saturated it, we're about to treble our size in the market in the next two months.

The Old O'Leary Is Still Around and Kicking Hard

He answered a reporter's challenge over the quality of Ryanair's service when the reporter pointed out that Skytrax rates Ryanair with only two stars out of five with the flippant, "I don't pay too much attention to surveys." Adding: "We carry 103 million passengers a year. That's the only survey that I really care about…There are lots of surveys that are generally funded by our high-fare competitors. It depends on what they're surveying from time to time…The only survey that really matters is what customers choose to do on a daily basis."

When O'Leary was challenged by another reporter about his take on the Danish model, he answered: "I don't think the Danish model makes sense." The reporter asked whether he would argue that with the Danish labor unions embroiled in the campaign against the airline, to which O'Leary replied: "Life's too short to be talking to labour unions."

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