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16th May, 2016

Civil Aviation Authority
 Consumers and Markets Group
 Gatwick Airport South

By email: economicregulation@caa.co.uk

Economic regulation: A review of Gatwick Airport Limited's commitments framework

Dear Sir or Madam:

We welcome the opportunity to respond to the consultation on the proposed scope of CAA's mid-term review.

The CAA's hypotheses that Gatwick's poor on-time performance is caused by the airport commercial practices or below average quality of service at the airport is demonstrably incorrect. To test the CAA's hypotheses, we compared airlines who represent 71% of Gatwick's traffic with Ryanair and their average performance in a comparable size airport (Manchester). If the CAA's assumptions are correct, airlines should have a better on-time performance at Manchester Airport and airlines should have a similar (poor) performance at Gatwick Airport.

Table: Average delays per selected airlines at Gatwick and Manchester airports in 2015

Carrier	Market Share	Average Delay in minutes		% of flights with a delay between 31 and 180 minutes	
	Gatwick	Gatwick	Manchester	Gatwick	Manchester
EasyJet	41%	18	19	18%	17%
BA	15%	18	13*	16%	14%
Norwegian	8%	19	33	17%	31%
Thomson	7%	17	20	16%	17%
Total	71%				
Average		18	21	18%	21%
Ryanair	2%	7	13	5%	12%

Source: CAA annual statistics 2015

Note: (*) BA Cityflyer

We note that

- 4 airlines (EasyJet, BA, Norwegian and Thomson) have poor on-time performance in Gatwick (18 minutes);
- Ryanair has an average of 7 minutes' delay in Gatwick;

- Gatwick does not have material disadvantages versus Manchester: 18 minutes' delay versus 21 in Manchester; in both airports on average on-time performance is approx. 80%;
- in 2015 approx. 180 airlines had good on time performance in Gatwick with less than 8 minutes' delays;
- Gatwick's performance statistics for 2015 show that their quality commitments are met.

Our test demonstrates that CAA's investigation hypotheses are not met, our findings show that delays are the result of suboptimal airlines processes and procedures and the consequence of inefficient airline practices. In fact, the largest airline operating at Gatwick Airport, EasyJet, reports in their Annual Report 2015¹ a punctuality target of 84%, which is consistent with their Gatwick Airport's on-time performance (82%). Furthermore, EasyJet's CEO Carolyn McCall states that an 80% on-time performance is well accepted by passengers and improving their on-time performance is not necessary:

'for us 80% is our threshold...if you do 80% otp you are doing well for passengers, customer satisfaction is ok, we could do 90-95% otp as an airline, but would drive lot of cost to do that, and we do not need to do that'²

CAA intervention is neither required nor requested by the market. The market is able to correct itself by

- punishing bad performing airlines with lower load factors and higher unit costs;
- removing assigned slots for consistent poor on-time performance;
- rewarding high-performing airlines with high load factors.

The CAA should therefore terminate this inquiry since it is founded on the false hypothesis that Gatwick Airport is responsible for poor on-time performance. The evidence clearly demonstrates that a few airlines are accountable for delays and content with existing performance levels.

We trust our analysis is helpful to the CCA. If a conversation would be helpful, we would be pleased to welcome you in our Dublin office.

Yours faithfully,



Marco L. Gatti
Airport Economics Manager

¹ <http://corporate.easyjet.com/~media/Files/E/Easyjet-Plc-V2/pdf/investors/result-center-investor/annual-report-2015.pdf> page 16.

² http://corporate.easyjet.com/investors/presentations-webcasts/2015.aspx?sc_lang=en