

Background

Airline alliances

I've just come back to Prague from Mexico and although I booked my ticket through Czech Airlines, I never once stepped onto a Czech Airlines plane. I flew KLM to Amsterdam, Delta Airlines to the States, Aero Mexico to Mexico City and the same on the way back. I was travelling on the SkyTeam Alliance who were proud to tell me that they were voted the Best Airline Alliance 2007 in a survey for the Business Traveller Magazine. In the survey subscribers to the magazine were asked which companies have made their business travels more enjoyable and SkyTeam came top due to its reliability, high-quality service and extensive network. My journey back from Mexico made me wonder what the purpose of these alliances is.

Since 1997 three multi-airline alliances have developed. The smallest alliance in terms of number of airlines is Oneworld with 11 airlines. This alliance links national giants American Airlines, British Airways, Cathay Pacific and Qantas. Next, with 13 airlines, is SkyTeam which links Delta, with Air France/KLM, Korean Air and Aero Mexico, amongst others. Finally with 23 airlines there is Star Alliance which includes United Airlines, Lufthansa, ANA of Japan and Air New Zealand. All of them claim that their alliance provides travellers with better services including more staff, greater rewards, easier check-in and smoother transfers. 'All of the alliances allow the business traveller to move through the world more easily and more efficiently,' says Nathan Harvey, an Airline industry writer. 'Thanks to better connections and shared services the airlines are able to offer more departure times and cheaper fares.'

But the traveller is not the only one to benefit – the alliances are also beneficial for the airline companies. They can reduce costs by sharing

operational costs, staff, sales offices and maintenance facilities.

However, the real driving force behind the alliances is that they are seen as a way for the American companies to overcome protectionist rules in other countries, especially Europe. For example, US airlines argued that European carriers had an advantage over US airlines. This was because the European airlines could fly passengers from the States into Europe and then fly them on to their final destinations within Europe, whereas US firms were not allowed to operate flights between two European countries. This meant they were having to hand their customers over to their European competitors.

Critics of the alliance system claim that the alliances are not as beneficial to the customer as it is claimed. 'When two competing airlines are in the same alliance they share the routes meaning a reduction in services and numbers of seats available and thus an increase in prices,' claims Rowena Bergson who works for a passenger focus group. 'Also, despite over 40 airlines belonging to alliances, much of the world is not covered. In fact, outside North America, Europe and South East Asia coverage is very limited,' Bergson continues. This is something the alliances seem to be aware of with Chinese, Brazilian and African airlines due to join in the near future.

The airline alliances are also facing other threats: low-cost airlines prefer to go in for head-to-head competition rather than forming alliances, while the Open-skies deal between the US and Europe may reduce the need for such cooperation. But, for the foreseeable future the alliances look like they are here to stay, because as David Grossman wrote in *USA Today*, 'it's far less expensive to sell tickets on someone else's airplane than to operate your own.'

Reading file 4

Exercises

1 Work with a partner. Discuss these questions.

- 1 What factors are important to you when choosing an airline to fly with? Why?
- 2 Which airline would you most / least like to fly with? Why?
- 3 In what ways do you think airlines can improve the service they offer their customers?

2 Read the text quickly and choose the best title for the article.

- a Airline alliances: Which airline is the best?
- b Airline alliances: Travelling by plane is fun
- c Airline alliances: A new way to travel
- d Airline alliances: The pros and cons

3 What is an 'airline alliance'?

4 Read the first paragraph and find the place names to match 1–3.

- 1 The place visited by the writer: _____
- 2 One place on the writer's journey: _____
- 3 Possibly the writer's home town: _____

5 Read the second paragraph. Find the numbers referred to in 1–4.

- 1 The number of alliances mentioned in the text: _____
- 2 When the alliances first started: _____
- 3 The number of airlines in the largest alliance: _____
- 4 The number of airlines in the smallest alliance: _____

6 Read the text again and make a list of the advantages and disadvantages of airline alliances. Then compare your answers with a partner.

7 Match 1–10 to a–j to form collocations. Then look at the text to check your answers.

- | | |
|----------------|-------------|
| 1 high | a quality |
| 2 extensive | b future |
| 3 business | c group |
| 4 departure | d fares |
| 5 operational | e traveller |
| 6 cheaper | f carrier |
| 7 driving | g force |
| 8 local | h times |
| 9 focus | i network |
| 10 foreseeable | j costs |

8 Using the text to help you, decide what the collocations in 7 mean.

9 Look back at your text and choose three words or phrases you could use in your day-to-day work.

10 Discuss with a partner whether you think airline alliances are a good idea or not.