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In one fell Swoop, Jetlines gets a leg up on its competition

Canada's newest ultra-low-cost carrier has made a bold move by changing its home base to Vancouver from Abbotsford

By Paula Arab

Canada Jetlines has yet to take its inaugural flight but it's already flying full throttle in its dogfight with rival airlines.

Canada's newest ultra-low-cost carrier made a bold announcement this month, changing its home base to Vancouver International Airport (YVR). It had planned to be based in Abbotsford, a 90-minute drive away on a good day without traffic.

Jetlines' mid-flight course correction strikes a serious blow to its two rivals – Flair Airlines and WestJet's Swoop – which are flying out of Abbotsford International Airport (YXX).

By flying out of Vancouver when it launches later this year, Jetlines gives itself a major advantage.

"We're going to avoid competing directly with Swoop because we do not want to get into a warfare similar to the one they are having with Flair," said Javier Suarez, Jetlines' CEO.

"As long as WestJet is determined to use Swoop as a competition killer, no startup airline has the financial muscle to duel with Swoop. That's the inevitable conclusion when an airline doesn't care if it's losing money."

Suarez, who became CEO in September, has an impressive background in network planning – choosing the right routes and deploying the right capacity to make those routes profitable. Jetlines will now fly within easy distance of the downtowns of Halifax, Quebec City, Montreal, Winnipeg, Edmonton, Calgary and Vancouver.

"I have no doubt our network strategy is going to work," he said. "Having launched more than 300 routes in my career, I understand what other airlines do to react. Time will show we're right."

Flying from Vancouver gives Jetlines several advantages with customers. YVR is just a 30-minute drive from downtown or a 20-minute, \$4 train ride. The transit route is connected to other subway lines, bus lines and a ferry terminal. Even by taxi, YVR is just a \$20 ride from downtown.

The Abbotsford airport, on the other hand, is 70 km from Vancouver and public transit doesn't get you anywhere near the airport. Taking a taxi from Vancouver would cost more than \$100.

Suarez did the same thing to get the edge on Ireland's ultra-low-cost carrier giant Ryanair when he was director of network planning for Spain's Vueling Airlines from 2010 to 2014. Ryanair was flying out of secondary airports in Barcelona and around Europe until Vueling moved to primary airports and stole a large share of its business.

“We had to pay slightly higher airport taxes but we found out passengers were willing to pay extra to fly out of the main airports,” said Suarez.

In four years, Vueling became the fastest growing airline in Europe, expanding from 37 aircraft to 105. Of more than 250 new routes Suarez launched for Vueling, he achieved a success rate of 92 per cent – meaning only eight new routes out of every 100 that he created were cancelled. (His success ratio got even better at Mexico’s VivaAerobus, where Suarez launched 55 routes, of which only one was cancelled.)

Vueling’s strategy forced Ryanair to relocate to primary airports to compete.

WestJet’s Swoop can’t match Jetlines’ move. WestJet has assured its shareholders and the financial analyst community that Swoop won’t cannibalize parent company WestJet’s sales. That means Swoop must use Abbotsford and Hamilton, while WestJet maintains the Vancouver and Toronto routes.

WestJet and Swoop are already under investigation by the Competition Bureau for predatory conduct and it would seem unwise to make any further moves while that file remains active, particularly as WestJet has proposed a joint venture with Delta Airlines that’s subject to regulatory approval.

Jetlines has outmanoeuvred Swoop. Rather than being the third ultra-low-cost carrier to fly from Abbotsford, Jetlines is going to be the first focused on flying out of Vancouver.

In one fell swoop, Jetlines has a leg up on the competition.

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