

The Edinburgh Reporter chatting with Michael O'Leary



The CEO of Ryanair, Michael O'Leary, was in Edinburgh this morning to speak at the Edinburgh Chamber of Commerce breakfast but of course he was keen as always to take up the opportunity of speaking to the press, particularly in light of the announcement by Little Red yesterday that they are pulling out of their Edinburgh to London routes. ("Ah yes – No more virgins in Scotland!")

O'Leary confirmed they are stepping into the breach: "We spoke to Edinburgh Airport last night and we have committed to taking our flight frequency up from three flights a day this winter to five flights a day next winter making up all of the capacity that is being lost with the departure of Little Red."

Even though the airline boss agreed that the flights are not on exactly the same route (Virgin Atlantic fly to Heathrow till 2015) he explained that it is important to maintain the capacity of running flights between the two capitals thus keeping prices low. "The problem for Little Red was that they were not able to persuade people to fly to Heathrow at their prices. We will bring in more seats at significantly lower prices."

At a fare of £19.99 one way the airline claims to make only £6 as there is £13 of Air Passenger Duty, but the important thing from O'Leary's point of view is to grow the market here in Scotland. "I think Scotland is going to grow strongly on the back of things like the Commonwealth Games and the Ryder Cup."

"I think we will still grow strongly in Scotland even though you did not get independence last month. It makes little difference to our business."

There was a good two way exchange with the business leaders at the Edinburgh Chamber of Commerce business breakfast where he had been speaking, and he admitted that not all of them were complimentary to his business model, but one senses that he was ready for the naysayers. He has had something of an epiphany in recent months and both he and the business itself are on a bit of a charm offensive. Mr O'Leary told us at our last meeting that he is taking lessons in being nice to people and today he admitted that had he known how easy life would be just by being nicer to othershe might have started before now.

He is dismissive of the effect of the independence question but clearly is on top of the political situation here: "One of the things the Westminster government are going to have to do is demonstrate in the next six months more and more devolution in Scotland. I think one of the things they will devolve is Air Passenger Duty (APD) or control over it. And I would hope that the Scottish Government will then keep its word and abolish the taxes. It will have a dramatic impact on growth here in Scotland, certainly in Prestwick. It is the one thing that hinders the development of traffic in Prestwick where the customer base is very price sensitive. Our two biggest routes there five years ago were from Belfast and London both of which suffered badly when APD was introduced. We would restore both of those routes at Prestwick if APD was scrapped.

"We are certainly not turning our backs on smaller airports. If you look around Europe we are operating at two or three airports in each city. For instance in London we serve Stansted, Gatwick and Luton. In Brussels we serve Charleroi and Zaventem. I think that in Glasgow we can easily serve two airports.

O'Leary explains that the introduction of routes out of Glasgow International to Dublin has allowed them to increase the number of flights to three from the one flight out of Prestwick which was offered previously. Part of the reason for this appears to be airport location.

He explained: "Some of our business market will just not use Prestwick, but it will continue to be a leisure airport. I think it has great potential as a leisure airport, but that in turn means it is much more price sensitive traffic and that is where APD has such an impact. I think we would like to continue to grow Prestwick but we are waiting for the new management team to be appointed there.

Asked about the improvements which he had proposed for the business customer and whether these were already paying off, O'Leary was quite frank and said: "I think so! We started this process about twelve months ago in improving a better customer experience. I think we have made mistakes in the past by being too focussed on just being the cheapest and not addressing what were fairly minor elements of our service that caused passengers a lot of grief, the free seating being one of those and of course being overly strict on the rules over one carry-on bag.

"We have addressed a lot of those issues in the last twelve months. We have rolled out a much better website and a new mobile app, a product that offers discounts for families travelling on Ryanair, discounts on checked in bags and allocated seats for the children, and now a new business product that gives business passengers flying with Ryanair flexible tickets, allocated seats, priority boarding and fast track through airport security. We have seen a huge and very favourable response from customers. Load factors are up, traffic growth is up strongly and profits are up as well. It is working!"

Ryanair's half year results will be out in the first week of November. The results in the last financial year showed a dip in company profits for the first time in five years but the CEO said that this year's profit guidance has already been increased. Asked about reasons for last year's dip the former accountant explained: "Last year the reason was softer pricing. A lot of other airlines reported softer pricing too

but I think it was the kickstart we needed to begin to address the problems of customer experience and all the things we have done this year. We can't always be the cheapest just for the sake of being the cheapest. We need to be the cheapest and the best in terms of delivery of customer experience and service too.

"I am a regular traveller and of course I know how the system works. But the business needs to evolve for new passengers coming to Ryanair. Regular users of our flights know how to comply with the system. They know all the rules. But I think we created an unnecessary fear factor against potential customers who haven't flown with us before, but who might like our prices. They have been put off by the image or the reputation that we will fight with them over baggage size or there will be a scrum at the boarding gate over free seating. There isn't and now we need to get that message across that we are being nicer to customers and customers are enjoying the experience. Try us you'll save money, save time and you'll have a pleasant experience as well."

Asked about the possibility of taking on any of Richard Branson's other businesses he dismissed the idea completely and said he is going to stick to airlines, rather than being distracted into running any other types of organisation.

"We will focus on being an airline. We are Europe's biggest airline and we want to continue to be that and continue to save our passengers money."

On their green credentials the CEO also claims that Ryanair is doing well. "We are ranked by independent studies as the greenest cleanest airline in Europe. We have the youngest fleet therefore the newest engines. We also do not offer an expensive or wasteful business class product therefore we carry more passengers per flight which equals fewer emissions per passenger than any other airline."

You have until Thursday to book flights to London with Ryanair at prices from £19.99 upwards.

Watch an excerpt from the interview with Michael O'Leary here: