

# Turkish Low-Coster Forces Rivals to React

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With its new routes to Russia, Turkish budget airline Pegasus is forcing its competitors to drop their fares.

Competitors' ticket prices are falling due to Turkish low-coster Pegasus Airlines' addition of Moscow and Sochi routes this month, the carrier's commercial director said Wednesday.

Now ticket prices on the Moscow-Istanbul flight on Aeroflot and Turkish Airlines, which were in the range of \$400 earlier this fall, have dropped to as low as \$300 to be more competitive with Pegasus' \$233 near-term offer, Guliz Ozturk said. Round trip tickets purchased well in advance on Pegasus's Moscow-Istanbul flight start at \$83.99, she added.

The carrier operates on a low-cost model where extra charges are placed on ancillary services, such as meals, insurance, seat selection and extra baggage. Passengers are able to check in one piece of luggage that weighs up to 20 kilograms at no additional cost.

Russia's Air Code requires airlines to provide such services, including free meals and luggage transportation, which other low-costers have described as a big barrier for market entry.

Pegasus did not meet any resistance from aviation authorities regarding their onboard food policy. The biggest challenge instead was getting authorities to liberalize routes to Russia. It took three years for Pegasus to get landing rights in Moscow and even now they are only allowed to operate three flights per week, though they initially received permission for seven.

"The Russian market should be more liberalized and quickly," Ozturk told The Moscow Times. "There is huge traffic between Russia and Turkey, so if we have a more liberal agreement in front of us, we would explore more opportunities and traffic would grow."

Pegasus Airlines currently operates three flights per week between Domodedovo Airport and Istanbul's Sabiha Gokcen Airport. The first flight took off Oct. 8. The low-coster launched flights between Sochi and Trabzon three days later with ticket prices as low as \$27 one way.

Moscow and Sochi are not the first Russian destinations for the airline. It debuted here in 2009 with flights between Istanbul and Krasnodar, and has carried 252,111 passengers on this route as of Aug. 31. Flights between Omsk and Istanbul were launched in June 2012, though the seat occupancy rate on that route averages only 63 percent as compared to Krasnodar's 83.5 percent.

Krasnodar and Omsk were not first priorities for the airline, Ozturk said, but rather were the cities the aviation authorities assigned.

Pegasus expects to carry more than 50,000 passengers on the Moscow-Istanbul flight annually while operating three flights per week. The plan is to increase frequency, working up to daily flights and possibly two flights per day.

"We are very happy at Domodedovo that Pegasus is flying to us because the Turkish market is growing faster than the Russian market in aviation and Turkey is one of the primary desired holiday destinations for Russian passengers," Daniel Burkard, Domodedovo's communications director said.

Turkey is the most popular destination for Russian tourists, with 2.5 million Russians vacationing there in 2012, according to the Federal Tourism Agency. This high volume is largely credited to the visa-free regime between the two countries.

Pegasus' seat occupancy for Moscow is at 93 percent for flights in the coming days and Ozturk said that sales also look "very promising" for the following months.

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