

# LUXAIR

## *Style and Flair in the Air*

by Luigi Vallero



SPA PHOTOGRAPHY

Remember the ‘good old days’ when airlines used to pamper passengers—even those seated in economy—and took care of every aspect of the air transport business? With the spread of low-cost carriers, and ever-increasing competition in every air travel market, it seemed that the ‘traditional’ company was bound for extinction. But, in the heart of Europe, an ‘old fashioned lady’ of the airline business is still managing to doing things with style, flair, and—most importantly—making a profit too.

A diamond-shaped landmass set between its much bigger neighbors (France, Germany, and Belgium), the Grand Duchy of Luxembourg [Grand-Duché de Luxembourg] is one of the smallest and oldest countries in Europe. The state, slightly smaller than Rhode Island, is also home to a varied ethnic mix of 450,000 people comprising Luxembourgers, and Portuguese, Italian, French, and German groups.

Boasting a rich economy based on steel and glass production, chemicals, technology, tourism, and financial services, the country is strategically positioned in the heart of a rich regional area called SaarLorLux—spreading between the German Saarland and Rhine Palatinate regions, the French Lorraine, and southern Belgium—thus providing an ideal catchment area of as many as four million people living within a two-hour drive from its tiny but extremely efficient airport.

## Forty years of service

The nation's flag carrier, Luxair, can trace its history to Luxembourg Airlines, formed late in 1947 with the backing of Scottish Aviation. Operations began in February 1948 with two 24-seat Douglas DC-3s, but services were suspended that September. Flights resumed briefly the following year with a 6/8-seat de Havilland Dragon Rapide. The company, however, remained in business as a booking and handling agent and at one time was owned by Seaboard & Western Airlines.

As Luxembourg's economy underwent diversification and began to shift its main focus from steel production to the financial and service sectors, parallel to its link with Belgium and the Netherlands (as the Benelux countries) and the formation of the European Union, the need to end the Grand Duchy's isolation was apparent. At least it was to Pierre Gregoire, the minister of transport, and Pierre Hamer, the director of civil aviation. Faced with considerable political and public opposition, they nevertheless eventually persuaded three leading steel mills and two banks to support a national airline.

Consequently, Luxembourg Airlines was reorganized as Société Anonyme Luxembourgeoise de Navigation Aérienne (Luxair), with the state holding a 44% interest. Roger Sietzen became the airline's first president (a position he held for 36 years).

Five months later, on April 1, 1962, Luxair started operating services with a Douglas DC-4 (from Trek Airways) and the second prototype Fokker F27 Friendship, leased from the manufacturer (with technical support from KLM Royal Dutch Airlines). The first scheduled route was to Paris, followed quickly by Amsterdam and Frankfurt.



A year later, Luxair's first own aircraft was added: another Fokker F27 (registered LX-LGA) and named *Prince Henry*, marking the beginning of a tradition that continues today, with each aircraft named after members of the constitutional monarchy or famous castles of the Grand Duchy.

Apart from establishing links to major European traffic centers, Luxair was also founded to serve popular holiday spots. Nice and Palma de Mallorca were the first two destinations, from April 1964, followed by Barcelona. These seasonal flights were operated as 'scheduled inclusive tour charters', a lucrative activity that continues today. More Friendships were added, along with a former PIA Vickers Viscount 800.

Increased demand for holiday operations meant that, in 1968, a tour offshoot of the airline—Luxair Tours—was

formed with the aim of stimulating traffic at weekends, when business travel demand is traditionally low. Accordingly, the first holiday brochure was published under the new brand name.

In March 1970, Luxair's first Caravelle VI R (LX-LGE, *Princesse Marie-Astrid*), leased from Sud Aviation, entered service; two others were subsequently acquired from Austrian Airlines. In the same year Luxair participated in the creation of Cargolux—in which it now holds a 34.88% stake—later to become one of the world's leading airfreight carriers.

The Seventies were years of constant growth and consolidation for Luxair, which gradually increased the number of destinations served within Europe and other Mediterranean countries.

Meanwhile, Findel Airport (IATA: LUX/ICAO: ELLX, once known as Sandweiler) had become a European haven for low-cost, non-IATA operators, thanks to Luxembourg's



PHOTOS: LUXAIR

A Boeing 737 customer for nearly 30 years, Luxair replaced its Dash 400s (pictured) with Dash 700s earlier this year.





*The Luxembourg–Saarbrücken service, flown four times daily as part of the Munich route, is possibly the world's shortest scheduled hop for the Fokker 50, with a published block time of 25 minutes for the 75km (45mi) separating the two airports.*

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*Luxair calls the ERJ 145 the 'Eurojet'.*



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unrestrictive open skies policy. Loftleidir offered North Atlantic flights to the USA via Keflavik (*Airways*, Sep/Oct 1996), Trek Airways flew to South Africa (on charter to Luxair, later using the name Luxavia, an IT charter subsidiary), and International Air Bahama and Freddie Laker's International Caribbean Airways connected with the Caribbean. These budget-conscious services attracted travellers from all over continental Europe. Because of the increasing volume of traffic, the airport's modest terminal was replaced on October 31, 1975, with a structure that is still in use today.

With Findel now established as a genuine hub for the airline—with spokes radiating all over Europe, and traffic figures burgeoning—the airline kept pursuing its policy of constant improvement

Luxair received its first 737-200 in 1977 to replace the Caravelle. In the mid-Eighties, in order to link Luxembourg with other financial centers such as Geneva, Luxair added three Fairchild Metro IIIs.

The airline's first Fokker 50—to replace the F27—was delivered in November 1989, while May 1991 saw the first 28-seat EMBRAER EMB-120 Brasília taking over from the Metro (operating under the name Luxair Commuter). This modernization process continued the following year when Luxair's first Boeing 737-400 joined the fleet, followed one year later by a 737-500. The year 1992 was also important for the airline because Lufthansa took a 13% share in Luxair.

## Preparing for a new era

Committed to developing a whole range of services within the industry, the airline opened the Luxair CargoCenter on April 26, 1996, which handled 500,000t (1.1 billion lb) of freight annually. This was expanded, in 2001, when the opening of the Logistic Center brought total capacity to an impressive 750,000t (1.6 billion lb).

At the end of the Nineties a changing economic climate forced Icelandair (as Loftleidir had become) to end the sole surviving intercontinental service from the Grand Duchy. Luxair, enticed by the possibility of expanding into long-haul operations, signed a wet-lease agreement with CityBird Airlines (*Airways*, March 1998), and on March 30, 1999, began flights with one of the Belgian company's Boeing 767-300ERs to Newark. While CityBird supplied cockpit crew, Luxair's own staff provided their highly regarded cabin service. Unfortunately, both low yields and traffic volumes caused the experiment to be short-lived, and after only six months the service was discontinued.

Not all was bad in 1999, though, and for the first time in its history Luxair surpassed the symbolic number of one million passengers carried per year. The first day of 2001 saw the appointment of a new president and CEO in the person of Christian Heinzmann, who came from Flemish carrier VLM Airlines (*Airways*, December 1999).



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*At Luxembourg-Findel Airport, Luxair accounts for 75% of all passenger traffic.*



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## Lessons learned

On November 6, 2002, Luxair suffered its first fatal accident (which claimed the lives of 20 of the 22 on board), when a Fokker 50 inbound to Findel from Berlin-Tempelhof crashed short of the runway. The official report was criticized severely and led to a near-strike by the company's pilots earlier this year. Industrial action was averted only after a meeting of government ministers and the airline's unions and management. While the incident left a bitter aftermath between pilots and management, the investigation—as well as confidential reporting within the airline—is being reviewed and the lessons learned from the tragedy will ensure that Luxair reflects the country's image of trust, reliability, and efficiency.

## Luxair today

Despite the adverse publicity the airline has regained its customers' esteem, and Luxair continues to rank among the best in the industry in terms of reliability. In 2003 it was confirmed as the most punctual among the thirty AEA (Association of European Airlines) members, with a 93% on-time departure record.

Luxair's cooperation with EMBRAER, which had begun with the Brasílias, flourished in October 1997 when a purchase

agreement for two ERJ 145s was signed. A year later, five more aircraft were ordered, and the fleet now stands at eight.

After six years' service, the ERJ 145s are now performing particularly well to destinations such as Copenhagen, Frankfurt, Hamburg, London (Stansted), Manchester, Milan (Bergamo/Orio al Serio), Nice, Rome, Turin, Vienna, Warsaw, and Zürich. The type offers jet comfort on high-yield, daily-frequency routes previously flown by the Fokkers, or twice-daily frequency on segments previously flown once a day with the bigger 737s. ERJs are also deployed on mixed business/leisure or leisure-only schedules to destinations as far away as Athens, Malta, Monastir, and Tunis.

Last July, options were exercised for two 37-seat ERJ 135s to replace Fokker 50s serving London City (*Airways*, March 2004), leaving Luxair with an all-pure-jet fleet next spring.

In the meantime, in February 2003 the board of directors approved an order for two 141-seat Boeing 737-700s, the first of which entered service in March 2004. A third aircraft is due in January 2005, and Luxair has an option on a fourth.

The arrival of the Next-Generation 737s coincided with a corporate revamp, including a revision of the livery which has now a more contemporary look, despite keeping in the meantime an eye firmly on its past by retaining its traditional light blue as the main colour and historic 'flying L' symbol.

Luxair continues to evaluate future fleet requirements, with the current focus on 70-seaters, such as the EMBRAER 170





*Luxair prides itself on the quality of in-flight service.*

family (Airways, June 2004), or even the Fokker 70 should production be restored by Rekkof.

## More than an airline

Business travel, tour operations, passenger handling, airport shops, catering services, and freight handling are all activities in which Luxair is and has been involved almost since its beginning. Indeed, it is this hectic mix which has been regularly contributed to the airline's profitability.

The core airline business is based on a comprehensive European network. Other destinations, always offered on a scheduled basis and available as either seat-only or on an all-inclusive basis, are served at least once a week and change according to the season. On these flights a part of the aircraft capacity is sold in blocks through tour operators—mostly Luxair Tours—and the remainder directly to individual customers, with adjustments made to the proportions according to demand.

The airline transacts much of its sales through the main global distribution systems—Luxair joined the Amadeus

Direct Access network in 1991—and although as a traditional carrier it still relies on agency sales too, an ever-increasing number of bookings are now made through its website.

Luxembourg's soul is partly French and partly German, and this is reflected in the level of cooperation with both Air France and Lufthansa, with which Luxair code-shares on all routes to its French and German destinations.

Passenger handling, is still done in-house and affords customers transiting the compact Findel Airport the complete Luxair experience on the ground as well as in the air. The multilingual staff at the Luxair Passenger & Ground Handling department are also responsible for all other passengers that use the airport. In 2003 there were 42,970 movements at Findel, of which 28,438 were Luxair flights. The original building, now called Terminal A, which suffered from congestion, has been complemented by Terminal B, which opened in May 2004. This is dedicated to handling exclusively commuter operations with aircraft of up to 50 seats through its ten gates. By 2007, a new terminal complex is expected to be in operation, taking over the current Terminal A traffic. All the shops available within the terminals are also handled by the airline and contribute to the company's profits.

Onboard catering and service have always been of high quality, regardless of whether the flight is business- or leisure-oriented. This author has sampled Luxair services on a number of routes in the past two years, and although reductions have taken place Luxair's economy product still ranks among the best in Europe, while business class has retained all its 'old time' charm. As examples, an afternoon service from Luxembourg to Turin (a 50-minute leg) in business means a delightful porcelain plate filled with tempting 'luxury' delicacies, a dessert, Luxembourger pralines, and liberal quantities of Champagne. A flight from Olbia to Luxembourg (taking less than 1 hour and 40 minutes) on an all-economy 737-500 included newspapers, a full cold meal service—including smoked salmon salad, canapés, apple custard cake, and chocolates—served with metal cutlery, and continuous drink refills. On shorter segments, such as the 30-minute flight to Frankfurt, catering has been reduced in economy to only orange juice or water, whereas business class passengers can still enjoy 'royal' sandwiches and pralines.

Over the years the airline's catering division has grown considerably, and nowadays Luxair Catering Services prepares as



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## Fast Facts—Luxair

IATA: LG ICAO: LGL IATA/ARC: 149 Radio: Luxair

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**Founded:** late 1947 (as Luxembourg Airlines)  
October 20, 1961 (as Luxair)

**Start date:** February 2, 1948 (as Luxembourg Airlines)  
April 1, 1962 (as Luxair)

**Ownership:** Grand Duchy of Luxembourg (23.1%), Banque et Caisse d'Epargne de l'Etat (13.4%), Luxair Group and others (13.2%), DEXIA-BIL (13.1%), Lufthansa (13.0%), Banque Générale du Luxembourg (12.1%), Panalpina World Transport (Holding) (12.1%)

**Employees:** 2,137 (December 31, 2003)  
**CEO:** Christian Heinzmann

### Cities served (summer 2004)

Agadir, Ajaccio, Alicante, Antalya, Arrecife, Athens, Barcelona, Bastia, Berlin (Tegel), Bourgas, Cagliari, Catania, Chania, Copenhagen, Corfu, Djerba, Dublin, Dubrovnik, Faro, Frankfurt, Fuerteventura, Funchal, Geneva, Ibiza, Irákleion, Jerez de la Frontera, Kos, La Gomera, Las Palmas, Lisbon, London (Heathrow & City), Madrid, Mahon, Málaga, Malta, Manchester, Milano (Bergamo/Orio al Serio), Monastir, Munich, Naples, Nice, Palma de Mallorca, Paris, Porto, Rhodes, Rimini, Rome, Saarbrücken, Sharm el Sheikh, Stockholm, Tenerife, Tunis, Turin, Varna, Vienna, Warsaw, Zürich

**Code-shares:** Air France, Austrian, Lufthansa

### Traffic

**Passengers** (2002) 1,213,741  
(2003) 1,110,210 (load factor 58.2%)

### Financial

**Revenue** (2002) EUR302 million  
(2003) EUR289.1 million

**Net profit** (2002) EUR29.6 million  
(2003) EUR3.6 million

### Fleet

Type	No	Seats	Engines
Fokker 50	3	Y50	PWC PW125B
EMBRAER ERJ 145	8	Y49	AN AE3007A1
Boeing 737-500	3	Y121	CFMI CFM56-3C1
Boeing 737-700	2	Y141	CFMI CFM56-7B24

### On order

EMBRAER ERJ 135 2 (plus one option)  
Boeing 737-700 1 (plus one option)

many as 7,000 meals a day; 84% of production is used for feeding Luxair's own passengers, with the remainder provided for other carriers and corporate aircraft passing through Findel. Luxair is very proud of its catering subsidiary, which bakes its own bread.

At the Luxair CargoCenter, housed in a complex located to the northeast of the passenger terminal building, up to eight Boeing 747 freighters can be parked simultaneously on the 90,000m<sup>2</sup> (969,000sq ft)-apron. The efficiencies of the infrastructure have made Luxembourg one of Europe's main freight handling airports. Besides the 747s of resident Cargolux, aircraft of another 14 cargo airlines and forwarders use Findel. In 2003, more than 650,000t (1.44 billion lb) of cargo were handled at the complex, an increase of some 11% over the previous year. The importance of freight-generated revenue is such that in 2003 Luxair launched a handling service at Frankfurt with the creation of Luxair Cargo Deutschland GmbH (LCDG).

Today, Luxair is proof that, against all odds, the old-fashioned way of doing things, coupled with forward thinking, adaptation to changing conditions, enthusiasm, and efficiency, can produce satisfactory results in the uncertain, ever-competitive world of air transport.

The screenshot shows the Luxair website interface. At the top, there's a navigation bar with links for HOME, PLAN & BOOK, SPECIAL OFFERS, INFORMATION, PRODUCTS, CORPORATE, and FLN. Below this, there are several sections: 'SPECIAL OFFERS' listing last minute flights to London City, Athens, Madrid, and Barcelona; 'FLIGHT BOOKINGS' with a search form for one-way or round-trip flights, class selection, and date pickers; 'ARRIVALS / DEPARTURES' with a timetable section; and 'PACKAGE DEALS' for destinations like Antalya, Corfu, Majorque, and Majorque. There are also promotional banners for '160 EUR FARE' and 'SUMMER SPECIALS'.

Luxair has selected Aviation Partners Boeing blended winglets for its 737-700s.

