

## Case Study: Finding a deal that will float our boat

With the summer travel season approaching, another ferry service is being introduced across the English Channel, raising the prospect of a price war on the more expensive western routes into France. LD Lines, which will run from Newhaven to Le Havre from May, is offering summer return prices from £142 for a family plus car. This route into Normandy costs less than a third of peak season prices into the Brittany ports further west along the coast.

It might only be a narrow strip of water, but there are huge variations in the cost of taking a car across - with some routes seven times more expensive for a crossing on the same day. Long criticised for their complex charging structures, ferries have become much more like airlines - with websites showing a much more transparent range of port-to-port prices. And after years in the doldrums, ferries have been making a modest revival, boosted by the soaring number of French holiday homes bought by Britons and by a disenchantment with the overcrowding and stress of airports in summer. While ferries might be a more relaxing way to travel, they can also be extremely expensive.

The great divide in this cross-channel market is between the west and the east. On the 'eastern' route, there are the short ferry crossings from Dover and the tunnel crossing at Folkestone into north-eastern France and the Pas de Calais. And on the 'western Channel' routes there are longer crossings to St Malo and Cherbourg.

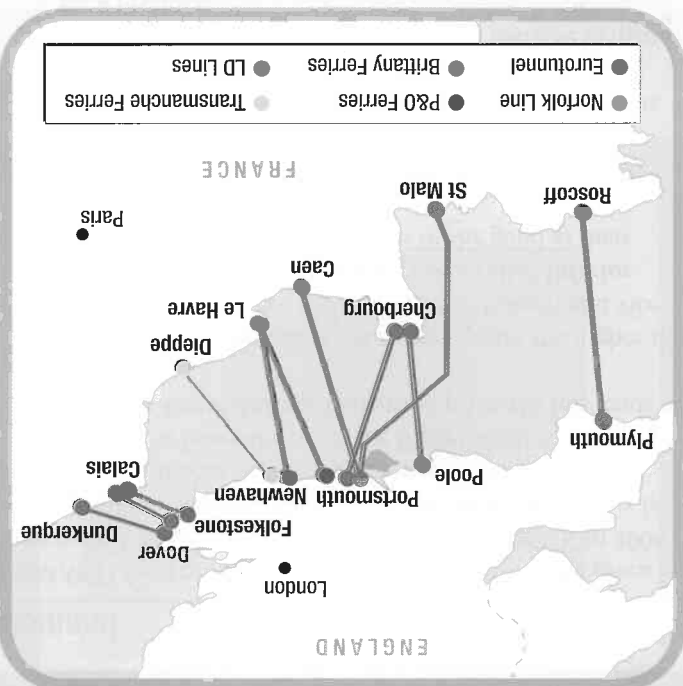
These are two different holiday markets - one about high-volume, price-sensitive shuttling of passengers; the other a more leisurely, more expensive trip, with restaurants and cinemas.

On the highly competitive Dover route, passenger numbers are rising. Last year, 13.7 million people travelled through the port to Calais, Boulogne and Dunkirk. And the arrival of operators such as Speedferries and Norfolk Line has brought the budget airline pricing model, with one-way crossings for a car plus five passengers from £15. A car with two adults and two children could travel off peak on the P&O Dover-Calais ferry route for £85 return. And depending on how flexible you could be about crossing times, there are still Eurotunnel summer fares for £98.

But on the western Channel routes it's been a different story, with Brittany Ferries dominating after competitors such as P&O pulled out. And the strategy has been to go upmarket rather than compete with the budget airlines. In terms of prices, the off-peak fare for a return trip from Portsmouth to St Malo, for two adults and two children, can be £300. And for some overnight sailings, accommodation is an additional, compulsory part of the booking. If you were travelling from the west country on the Plymouth to Roscoff route, a summer return could cost £689, if a cabin was included.

Spokesperson Steve Tuckwell says that rather than only focusing on price, passengers are ready to pay a premium for 'floating hotel' services. And although the budget airlines have eaten into our 'business' for short break trips, he says for longer summer holidays people prefer to take their cars on the ferry.

Source: adapted from *The Guardian*, 17.3.2007.



Source adapted from [www.drive-allive.co.uk](http://www.drive-allive.co.uk)

- Using examples from the article, explain what is meant by:
  - price discrimination. (3 marks)
  - cost-plus pricing. (3 marks)
- Explain the pricing strategy used by Brittany Ferries on its 'western' routes. (6 marks)
- Explain, using examples, why prices are higher on the 'western routes' than on the 'eastern' routes across the channel. (8 marks)
- Discuss how budget airlines might respond to the strategies used by their ferry competitors. (10 marks)

