

easyGroup (UK) Ltd

The business

easyBus (part of the easyGroup of companies) provides minibus services, through partner bus companies, on airport to city routes and on some services from 'commuter' areas to larger cities.

Distinctive characteristics of the easyBus business model include: the use of 16-seater minibuses to allow more frequent services than available from other forms of mass transport; a differentiated pricing structure, with passengers paying online in advance being charged lower prices than those booking at airport ticket-booking desks or when getting on the bus; and reliance on having slots on streets in central London at which to put down passengers, rather than—at least at present—using a coach station.

On airport to central London routes, easyBus currently operates only to and from Luton Airport. The formerly associated company, easyJet (now a publicly listed company), operates from this airport but does not give easyBus exclusivity for the onward transport of its passengers. However, the natural routes for future expansion are those to and from the other airports served by easyJet, Stansted and Gatwick, at which passengers would be familiar with the easyGroup brand. In extending its services, easyBus would consider both the introduction of more minibuses and the use of bigger buses.

Planning for a Gatwick service was under way, although some major decisions, such as the originating and destination points for the service, had yet to be taken. The Gatwick Express was widely seen as the only public transit means between Gatwick and London, although there are some other services about which travellers barely know. easyBus believes it could establish a presence on this route by exploiting its branding and marketing expertise and its communication skills in reaching customers (two-thirds of whom live outside the UK).

Views on the merger

1. The acquisition by National Express Group (NEG) of the Thameslink and Great Northern (TGN) franchises would impact negatively on easyBus's existing Luton service and its planned Gatwick service.
 - It would create or substantially enhance NEG's already dominant position on the Luton–London service and would make it difficult for easyBus to survive on this route.
 - It would have a substantial bearing on the willingness of the company's founder to risk opening the route to Gatwick from central London, because it would create a competitor with a near monopoly position on that route.
2. NEG would be able to use its market dominance on both routes to engage in predatory pricing. As a dominant player, it could reduce its prices initially to drive smaller players out of business by making them unprofitable, and then put its prices up. (easyBus had made a complaint in the past to the Office of Fair Trading about alleged predatory pricing by a competitor to counter the lower prices easyBus had introduced on a commuter service, but it was difficult to prove that the competitor held a dominant market position because railway services were also providing competition on that particular service.) Conversely, if it is not awarded the route, NEG would have to take commercial account of the actions of the competitor winning the franchise.

3. The CC should not approve the acquisition.