LOW COST LOW FARE: THE CASE GOL VERSUS BLUE. WHO CAN SURVIVE IN THIS BLUE AIR?

Marly Cavalcanti
(Fatec)

Resumo
O mercado de aviação civil brasileiro sofreu uma grande mudança nesta década, que pode ser atribuída a vários fatores. A desregulamentação que possibilitou uma maior competitividade no setor, a estabilidade econômica, o controle inflacionário e o aumento da renda da população, que podem ser destacados como primordiais para esta mudança. Outro ponto que deve ser destacado é a entrada de novas empresas no mercado, que trouxeram novos conceitos ao setor, e acabaram por ocupar o espaço das empresas mais tradicionais do mercado que não suportaram a concorrência. Desta forma este trabalho busca apresentar de um modo geral as características atuais do mercado, e o impacto a implantação do conceito low fare, low cost (baixo custo, baixa tarifa) no setor.

Palavras-chaves: Civil Aviation, Air Sector, low fare, low cost, domestic market.
1. Introduction

The Brazilian commercial aviation is undergoing a transformation in recent years, manufacturers such as Transbrasil and Vasp no longer work Varig many years going through a deep financial difficulty. Moreover, new companies emerged as the Ocean Air, Webjet, BRA and more exponentially in recent years, Gol. The numbers of arrivals and departures of passengers grows each year, however, the difficulties of the airlines in Brazil seems to have no end. In this scenario of high competition and high operating cost due to aviation have the dollar as official currency, high taxes and the demand for large infrastructure. In this scenario, there are companies in Brazil with the concept of low cost low fare, that is, low costs and low fares. The first Brazilian company with this concept was the Gol Transportes Aereos, followed by the BRA and more recently by newcomer Webjet. Upon entering the commercial aviation market of Brazil, the Gol main goal was to constitute a new market, reach people in low and middle income families, who usually traveled by bus, so that these people could enjoy their trips using air travel, offering price lower than those in the market until then. However, as practice affordable social classes mentioned, with costs so high that the Brazilian aviation have? Is it really possible that an airline could compete with a company of road transport? How? All these questions can be answered by analyzing the strategy adopted by these companies, especially by Gol, the largest and most significant results. The concept of low cost low fare started in the United States, where this practice is very common nowadays, with the main company the Southwest, by the way, was the inspiring model of Gol in Brazil. The basis of the concept, are in critical evaluation of processes to optimize them the best possible way, using strategies like using planes available to fly as long as possible, simplify or not to use on-board service, to arrange for special maintenance for the planes Spend as little time as possible standing, create routes that allow a high seat occupancy (load factor). Therefore, the cost per passenger kilometer is smaller than the other companies, which enables charge prices lower than those in the market. To understand the purpose of this research, the following issues should be clarified: The leading companies in the area of commercial aviation take a strategy of low cost low fare? The option of low cost low fare, would have helped to generate a new look at traditional forms of strategic management of the area of commercial aviation? The scenario built tends to be lasting?
2. Research Objectives

The study focuses on independent analysis, which tends to identify the phenomena that lead to the choice of strategy through the following objectives:

I - General
Studying the concept of low cost, low fare strategy as in the commercial aviation market in Brazil, using as a case study Gol Transportes Aereos; Analyze the concept of low cost, low fare business strategy while presenting the strengths and possible weaknesses in the choice of this mode of operation.

II - Specific
Identify what is the strategy of successful case Gol; Confirm that the strategies adopted by Gol, stimulated ways to rethink a new paradigm for the Brazilian commercial aviation.

2.1. Rationale of the Proposed Objectives

The survey of aspects of strategic management with a view low cost and low fare is important not only in terms of mapping companies that lack traditional area of Brazilian commercial aviation, and in terms of technology management in comparison with its competitors, but is also of great value to confirm some cognitive aspects, which support the philosophy and new management paradigms in the area of aviation supported by companies like Gol. In addressing behavioral aspects mentioned above, one can reflect on the placement of the various authors as follows: Davis & Newstrom (1992, 2002), Bowditch & Anthony (1999), Flamholtz (1979), among others. According to the behavioral approach, the management control is seen as the process of influencing the conduct of members of the organization, establishing a series of mechanisms designed to increase the likelihood of people to behave in order to achieve the objectives of the organization (Flamholtz, 1979 ). This author actually emphasizes a strategy of control that is one of the important topics on the subject under discussion.

The work is justified in order to provide managers of companies in the Brazilian commercial aviation, a study based on reflection of what could leverage them to rethink the paradigms
that control costs, an issue that due to the characteristics of changes in corporate management recently, it is sometimes considered to overcome the problems brought by the information age, for example, information security, risk and governance.

2.2. Work Methodology

The research in question is the focus of case study at first and it guides the detail needed for the study. However, in subsequent cases is intended to extend to multi-cases that will enable the diagnosis of the phenomenon among companies in the Brazilian commercial aviation more broadly, avoiding hasty predictions of strategic information for each of the companies.

3. LITERARY REVIEW

3.1. Generalizations about costs

During the decades from 1960 to 1980, the cost was the subject of accounting and financial area that has dominated the strategic landscape, allied to the needs of productivity. This same issue comes thereby impeding the management environment of business, although not as intense even in the information age, where they talk about in corporate governance and risk management and security of information systems.

These perspectives do not cause surprise, since cost is a key element of organizational management. Therefore, Leone (2000) prefers to characterize costs as an activity that resembles an information processing center, you receive (or get) data accumulated in the organized manner, analyze them and interpret them, producing cost information to various management levels. Martins (2001) preferred to conceptualize cost, as well as an expense, only recognized as such, ie as cost, time of use of factors of production (goods and services) for the manufacture of a product or perform a service. Examples: the raw material has been spent on an acquisition, is a new investment, since it is activated until its sale. In addition to this, Iudicibus (1998), in turn, adds that since students are always explanations for their "scientific beliefs" even if not necessarily correct, we should clarify that the original meaning of the word cost, applied to accounts, clearly refers to the stage where the factors of production are removed from inventory and put the production process. Affirms properly yet, which is fundamental, because it has legitimate interests in assessing the overall unit cost of product (Iudicibus, 1998). The relevance commented above, is also supported as Kaplan
(1982), the policy of pricing of the product is somewhere between the most important and difficult decisions to be taken by managers. The decision affects the scales of operations, product mix and long-term profitability.

### 3.2. Fundamentals of Concept Low Cost, Low Fare.

The concept of low-cost carriers and low fares emerged after the deregulation of commercial aviation in North America in 1978, so far, almost all airlines in the world were state maintained by the governments of countries where they had established, were the flag carriers. Such legislation has caused an oligopoly, in which when the companies had high costs for some reason, this cost was quickly passed on to the final consumer (FREIBERG; FREIBERG, 2000). The end of the regulation of U.S. commercial aviation, began a process of increased competition between companies in the segment, extending later to Europe and other countries.

<table>
<thead>
<tr>
<th>Items model low cost-low fare</th>
<th>How the airlines traditionally</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flights peer-to-point</td>
<td>Hub and spoke</td>
</tr>
<tr>
<td>Airports used are regional or secondary</td>
<td>Use of the main airports of the country or state.</td>
</tr>
<tr>
<td>Reservations made directly, with emphasis on Internet</td>
<td>Reservations made mainly by travel agent</td>
</tr>
<tr>
<td>Aggressive management of revenue per seat through the bid prices vary by advance purchase and occupancy rate</td>
<td>Price Management for the provision of classes fixed price.</td>
</tr>
<tr>
<td>Check-in without a ticket or electronic ticket</td>
<td>The classes will function in filling the reserves</td>
</tr>
<tr>
<td>Standardized fleet</td>
<td>Tickets issued for each reservation</td>
</tr>
<tr>
<td>Booth set up in a single class</td>
<td>Cabin divided into two or three classes</td>
</tr>
<tr>
<td>No offering of meals on board</td>
<td>Meals and drinks on board</td>
</tr>
<tr>
<td>Minimization of cabin crew and innovative HR management</td>
<td>Numerous cabin crew</td>
</tr>
<tr>
<td>Time short stop at airports between flights</td>
<td>Long time stop</td>
</tr>
<tr>
<td>High use of aircraft</td>
<td>Reduced use of aircraft</td>
</tr>
<tr>
<td>Operate only essential activities. Outsource most of the operations</td>
<td>Less use of outsourcing</td>
</tr>
</tbody>
</table>

Table 1 - Items of model low fare, low cost and features of conventional business
Source: EMBOADA e AVRICHIR (2005).

In this new scenario, many companies went bust, mergers occurred and the dispute escalated by passengers, mainly because by now there was a pricing dispute between companies, that in 1971 enabled the United States, a new company with a new concept, that was premised on selling airline tickets cheapest in the market, called Southwest. Then begins a new moment in American commercial aviation. For Herb Kelleher (FREIBERG; FREIBERG, 2000) one of the creators of the Southwest, the principal for an airline is to transport passengers from point A to point B, no fluff, this, together with a standardized fleet of aircraft, reduced connection points of passengers, many seats inside the aircraft. These actions enable the company to keep its aircraft more time in the air, which consequently increases revenue and profit of the company.

<table>
<thead>
<tr>
<th>Features</th>
<th>Incumbents</th>
<th>Low cost and low fare Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aircraft</td>
<td>Various models of aircraft</td>
<td>Only one model of aircraft</td>
</tr>
<tr>
<td>Service board</td>
<td>Prepared with options</td>
<td>No service or extremely simple</td>
</tr>
<tr>
<td>Ticket Sales</td>
<td>Through a large number of shops, travel agents and use of GDS</td>
<td>Shops in airports, travel agents and Internet</td>
</tr>
<tr>
<td>Time of daily use of aircraft</td>
<td>Average 8 hours</td>
<td>Average of 10 to 12 hours</td>
</tr>
<tr>
<td>Seats</td>
<td>Good space between seats</td>
<td>Maximum number of seats allowed by the manufacturer</td>
</tr>
<tr>
<td>Routes and lines</td>
<td>Operation and main airports with direct flights</td>
<td>Operation on secondary airports, a few routes and flights</td>
</tr>
</tbody>
</table>

Table. 2 Comparison between commercial airlines
4. Support Economy concept Low Cost, Low Fare

The concept of low cost, low fare has as a basic premise, the optimization of material and human resources for its consolidation. However, cost control that is necessary for implementation of this concept is related to the economic stability of the country where the company is based, for exchange rate issues, oil supplies (mainly fuel), plus taxes and inflation control, are essential for enhancing cost control and strategic planning of low cost and low fare, after all, how to compete with low cost in an economic environment inflated, or by a crisis in fuel supply, or with an unstable exchange rate? Besides these points, an economy with a solid foundation also provides an economic growth that also allows the increase in demand in several segments, including commercial aviation. Changes made in the Brazilian economy in the last 11 years since the Real Plan, have provided favorable conditions for investment in the domestic market, in this context that in 2001 Gol Transportes Aereos can arise and expand their businesses into the 2005 second place (DAC, 2005) in domestic passenger traffic with approximately 27% market share. Economic crises as arising on September 11, 2001 caused major social and economic damage globally, mainly in the United States, a country that suffered most from terrorist attacks since then, numerous companies including U.S. airlines, went into deep crisis financial, including companies with the concept of low cost, low fare such as Southwest and Jet Blue. Turbulence like this, these companies have caused a significant drop in passenger demand, an increase in the price of jet fuel and a weakening U.S. dollar by other currencies like the Euro (European community) and Yen (Japanese).
Chart 1 - Graph demonstrating the evolution of ASK and RPK of domestic from 2001 to 2008


5. Comparative model low cost, low fare to blue

The characteristics of the market do not provide the deployment of low-cost model in the same manner used in the United States and Europe. There are several factors that make it impossible for companies to have better management of their operations or provide more options to users of the system and the main features of the model and the airline Blue which is the focus of the case study presented here.

As can be seen in general terms the company has the main features of the concept of low fare, low cost, but items such as airports, use of travel agents, innovation and human resources outsourcing, can not be applied in a more comprehensive due aspects and culture of Brazil. At least in airports there are no options, because in almost all the country towns have almost mostly just an airport with reasonable structure for commercial flights. Another factor that directly interfere with the deployment of low-cost airlines is the Brazilian labor law is outdated and lacks flexibility, which would be a more direct trading in between businesses and their employees, this legislation also affects the issue of outsourcing where stipule several limitations to their use.
6. Revenue Management

Revenue Management is the term used by airlines and hotel companies to manage the quality of the revenue generated. This means that through a combination of load factor and average cost per seat, you can apply different rates for the same flight, so it has the highest possible returns. Thus, no point in a company practicing exorbitant prices for an airline ticket, because the risk of lower than expected sales is inevitable, since the market determines the price today, on the other hand, an extremely low rate with a plane full of people, also is no guarantee of flight profitable, since the revenue of the flight may be less than the cost of the operation. Therefore, Revenue Management, for a balance between tariff rate and seats filled, so that a flight takes off at the highest possible returns within the demand of the market offers. GDS - global distribution system, are large systems that integrate a range of information for booking and selling air tickets, hotel and daily rental car, the best known are the Saber, Amadeus and Galileo, these systems very expensive charge for its use. Therefore, it is the work of this composition of tariffs and occupancy of seats, the Revenue Management, seeks a balance so that you can achieve the greatest return on a flight.

![Chart 2. Market Share, 2003](Image)


Source: ANUÁRIO (2005)
Source: ANUÁRIO (2006)

Source: ANUÁRIO (2007)

Source: ANUÁRIO (2008)

In the case of low cost and low fare, this work of Revenue, is done with great care to be offered seats at prices compatible with the demand, but lower than those of the competition. The lowest rates are offered by the Internet and for people who buy in advance, otherwise tickets bought at the airport on the day of departure, are less expensive than the other companies that do not use the concept of low cost, low rates.

7. Presentation of cases and review of data

7.1. Case GOL Transportes Aéreos

Gol Air Transport was founded in 2000 with the beginning of its operations in 2001. The company is part of the Golden Ratio, which is one of the largest road transports of passengers from Brazil and has as its owner Mr. Constantino de Oliveira, its greatest icon. Gol hit the market with a proposal to provide affordable airfares the lowest social class, or the public that previously used the road for his journeys. Reflecting on the company's American Southwest, brought to Brazil the concept of low cost, low fare.

At the beginning of its operations, Gol had 7 aircraft, currently the company's fleet has about 40 aircraft of all Boeing 737-700/800 model, the number of employees is around 3,500 and monthly carrying about 900 thousand passengers.

The strategy of the Gol, is mounted in Porter (1992) calls a strategy based on costs, ie, the process efficient management of costs, mainly in the company's operations, makes the Gol can undercutting companies competitors.

Despite discussions by authors such as Pankaj (2000), Mintzberg, Ahlstrand, Lampel (2000) on the theory of Porter (1992), questioning the competitive advantages based on three generic strategies described in cost leadership, differentiation of product or service with a case focused on one of the two previous cases, because they believe there are cases of companies that successfully combine the competitive advantages both in cost and in differentiation, such as McDonald's in its prosperous period of 80 years, the case of Goal even if not operating in a market that can be considered commodity when Pankaj (2000) claims to be one of the few cases where the distinction needs to be cost since they offer similar products, the market that consumes the air seems to be quite sensitive issue price, even for business travelers.
As previously mentioned, macroeconomic conditions in Brazil, combined with the growth of commercial aviation market which according to Infraero grew by 17% from January to October 2005 compared to same period in 2004 are 79.3 million passengers in 2005 against 67.7 million in 2004, this represents 1.52 million takeoffs and landings in the same period from January to October 2005. Added to these numbers, the difficulties of competitors such as VASP and Transbrasil no longer operate, Varig, passing through a major financial crisis, a chance for Gol could increase its market share quickly as seen in the previous table and consolidate so far the success of the business concept based on low cost low fare.

Thus the strategy of cost leadership Gol is focused on continuing offering a quality service, but simplified. With the need of exploring scenarios for better composition of the strategy (MARCIAL, GRUMBACH, 2005) Gol has the basic elements: Expand the customer base by offering services on routes with high demand and little attended routes; continue reducing costs operational; Keep a supply of simplified and convenient services to the client; stimulate demand by offering low rates and flexibility in payment.

Another interesting point to be named in the composition of Gol's strategy is the adoption by the company to a management priority to corporate governance, which Robinson (2004) points to a trend in corporate management, since the concept of governance results in recovery of companies, as a result of appropriate concepts and implementation of strategic and viable projects for expansion and deployment of new ventures. Based on transparency, fairness, accountability and ethics, corporate governance makes the process more efficient and increases the credibility of the company by the stakeholders and stokeholders. . Thus, currently, Gol has become a public company with shares traded on the Sao Paulo (actions of type 2) and also in New York. For the first time, the company as the process of decision-making after the crash of Flight 1907. Pilot training and authority to make investigations of aircraft accidents, Barioni is one of the first employees of the Gol and henchman of Constantino de Oliveira Junior, President and one of the controllers of the company. Soon after the founding of the company in January 2000, it was determined that he would be responsible for the management of any aircraft accidents. "This is a risk that exists for any company in the market, and the best way to deal with it is preparing," says Barioni. Since then, the executive has participated in several trainings on the subject. Based on them - and the experiences of other airlines faced accidents - and delivered a manual with some 2 700 pages.
"The most important decision in time of crisis was to follow exactly what was specified in the plan," says Barioni. "The temptation to change was great, but I knew that any improvisation could hinder the work." Just 30 minutes after the first call from Barioni, the so-called crisis room, located on the 13th floor of the headquarters of the Gol, was operating. Ali, 16 executives from various areas coordinating the work of nearly 350 company employees involved in managing the crisis - the people responsible for dealing with victims' families to those that accompany the search of the plane. (On the back of the badges of them all is a list of the first measures to be taken in case of accident. Each employee receives specific guidelines.) On the night that followed the fall of Boeing, no one slept. From the 15th floor of the building, Junior, is known as the President of the Gol, followed every move. "His role was the guarantor of institutional business," says Barioni. This means that Junior would participate in moments like the first press conference - where even the color of the suit he used was pre-set (black) - but would not engage directly in the operation. As the days passed, tension and fatigue began to break down some of the officials involved with managing the crisis. "I had to replace several people who were not able to cope with stress," says Barioni. He said the team was especially excited when he saw the first picture with the wreckage of the aircraft - an image that made clear the impossibility of surviving. In at least two occasions, he Barioni flopped. "On the third day, after getting virtually no sleep since the accident and feeling all that pressure, I went to a corner office and cried. Without anyone to see me because I did not shake the rest of the team," he says that throughout his career has managed crises caused by disasters with five other planes. A week after the crash, Barioni headed to the crash site in the interior of Mato Grosso. Besides the logistic difficulty - to get near the plane had to face the heat, the scarcity of water and insects in dense forest - he saw first hand how the people who worked for Gol and accompanied the search was exhausted. "After I went to the jungle, I realized that the team that was there needed to be replaced. It's the kind of decision that I could only take because I was there," he said. In addition, the executive had the task of ensuring that employees continue fulfilling their normal duties. The recommendation was that, for each hour worked, 40 minutes should be devoted to the crisis and the rest of the day-to-day. "Making this button turns on and off-ran was one of the hardest things in the whole process," he says. During the 18 days that the crisis room worked, Gol has received two new aircraft and closed the 2007 budget. The effort to control the crisis and keep the company running was perceived by the market. The value of paper the company was hardly affected in the days following the accident (for comparison, after the fall of the Fokker 100 of TAM in
1996, which resulted in the deaths of 99 people, the value of company shares was reduced almost half). According to a survey by British consulting company Oxford Metrics, the predominant factor for the recovery of the image of a company involved in fatal accidents is the ability of management to demonstrate strong leadership and communicate with honesty and transparency. Apparently, the decisions taken by Barioni able to achieve that goal.

8. Case study: Blue Brazilian Airlines

Blue is the newest company in the Brazilian civil aviation, and its structure based on the concept of low fare, low cost, the company has a very ambitious plan for the coming years, is using an aggressive strategic market with low rates, promotions and advertising campaigns in just six months of operation has already won more than 4% of domestic market share of the country. Blue has a very recent history, may be regarded as its official birth on March 28, 2008, when founder David Neeleman announced in Sao Paulo that the country would gain a new airline. On this occasion in an innovative initiative has been launched a promotion for the population to choose the name of the new company, which fought a long battle between the names and Samba Blue prevailed at the end of the second name, size was more balance in this race that the company decided to reward both the first Internet user who suggested the name Blue, as the latter suggested that the name of the Samba password for life, and entitled to a companion who fly in jets Blue for life. On May 28, 2008, was named Azul Brazilian Airlines, the company presented its corporate identity which is defined as follows, "The Brazil map, printed on the tail of the aircraft symbolizes the desire to serve, to bring and submit to the Brazilians, non-stop, a new phase in the history of aviation in the country" BLUE (2009).

On September 17, 2008, was named the first of the company - the Embraer 190, called "Rio de Janeiro Continua Blue" at the time its founder announced that the company gained even more support from their investors, because an earlier its operations in December 2008, were accounted for 200 million dollars to start operations in Brazil. Thus it became the most capitalized company (in its foundation) of the history of world aviation. On December 15, were performed two inaugural flights of the company. The first, AD 4064, took off from Viracopos, Campinas, bound for Salvador, Bahia. The second, AD4062, joined Campinas to Porto Alegre. In the following weeks, the number of flights between these cities was gradually increased. In January 2009, began operating the route and Vitória Campinas-
Campinas-Curitiba, allowing also the connection between the other cities, with stops in Campinas. Then integrated mesh the following destinations: Recife, Rio de Janeiro, Manaus, Fortaleza, Navegantes, Campo Grande, Maringá, Maceió and Belo Horizonte. Born in Sao Paulo on 16 October 1959, David G. Neeleman is the son of American and lived in Brazil until completing 05 years of age, when he returned to Salt Lake City in the United States with his family.

He began his career selling tour packages to Hawaii from fellow students and because of the success was soon invited to work at Morris Travel, a travel agency in Salt Lake. Shortly after, began to operate aircraft, founding its first airline, Morris Air - bought by Southwest in the sequence. Yet this time, Neeleman and his team implanted the first time the system of E-Tkts, a revolutionary idea for aviation. David implemented the Live TV (company that produces and operates a live television designed especially for aircraft) and was directly involved in Open Skies (a company focused on revenue management, resources and reserves based on the internet).

In Canada, began to develop and implement innovative ideas in WestJet. In a matter of years, transformed the company into yet another case of remarkable success: today Westjet is the second largest airline in Canada. In 1999, he presented his most brilliant creation: JetBlue, elected since 2001 the "Best Airline in Domestic Flights" in the United States.

**8.1 Fleet operational**

Currently the Blue serves 14 cities in five regions of Brazil, its route network does not have a significant range in the North and Midwest, but in the South, Southeast and Northeast is already present in the major cities. Another important point to note is that Azul's main hub for its flights to Viracopos international airport in Campinas, due to its location just 100 kilometers from Sao Paulo and is served by an excellent road access, it is often go fast in some regions of São Paulo to Campinas to go to the airports of Congonhas and Guarulhos, another positive use of Viracopos is the number of passengers using the airport, which is much smaller than the state capital, making it rooms the arrivals and departures. Another important factor is the fact Viracopos being located in one of the richest regions of the country, and the economy of the Metropolitan Region of Campinas represents almost 3% of Brazil's GDP and about 8% of GDP in the state of Sao Paulo, with the option of not having to
travel to Sao Paulo to travel to other capital cities is very well accepted by passengers in the region.

Seeking to expand the scope of its network, and give more convenience to customers, Azul offers free transfers through the Executive Blue Bus, which connects the cities of Campinas São Paulo, Barueri (Alphaville), American, Jundiaí, Piracicaba and Sorocaba, and also a translation of the Mariners Blumenau in Santa Catarina. Blue's fleet currently consists of 12 aircraft; seven of the model Embraer E-190 with capacity for 106 passengers and five model Embraer E-195 with capacity for 118 passengers and five others are committed to delivering this year. Its fleet is standardized, following one of the main concepts of low-cost, with the option for the models of Embraer was due to the fact that these aircraft are considered one of the most functional and economical in the world for regional flights, but also, this option works more as an advertising tool company, focusing on the commitment to Brazil to make use of a fleet composed entirely Brazilian aircraft showing how much the Blue believes in the development and potential of the country.

8.2 Current situation and prospects of Blue

Blue in less than a year of operation has established itself as the third largest in the country, as shown, its market share was 4.7% in July, surpassed only by the titans of TAM and Gol, this trend growth has been maintained on a monthly basis and participation is expected to surge further this year, in view of the arrival of five aircraft is scheduled for December.

If compared to the Blue market share is still far away from companies TAM and GOL, the same is not true of the load factor, his proposal to offer competitive prices and often lower than the competition, coupled with a good advertising campaign, and promotion of common tariffs, provided the company a utilization rate well above the market. The average load factor of the market by July this year was 64%, while the blue was 73%. The ratio of occupation of the company in July, this is a period sazional, where the number of passengers is greater due to school holidays, was much higher than in the market, with a difference of 12 percentage points. With a business plan too ambitious Blue tends to continue occupying a growing market of civil aviation, not only for winning the area competition, but also, trying to absorb a new passenger profile that with the implementation of more affordable is exchanging land transportation by air. The company has a firm purchase option with the Company that will
increase its fleet to 42 aircraft by 2011 and 72 aircraft by 2013. The intention of the Blue is meeting all the major cities by 2012.

9. Final considerations

On completion of this work, we can better understand the concept of low cost, low fare that is used in commercial aviation world and who recently arrived in Brazil through the implementation of Gol Transportes air. The case presented in this article proves a successful strategy so far, after all, Gol in just 4 years of operation has grown too large and significant in the scenario of Brazilian commercial aviation, it is noted that the use of high technology these companies, provides a huge increase in cost control, because as the Gol, which achieves more than 80% of its sales over the Internet, means that the costs are rather low, adding value to the business. However, it is important to note the time that the merchandising Gol entered the market, in which two airlines VASP and Transbrasil stopped operating. Varig, with its financial crisis, reduced its size and therefore the market share. Besides the issues favorable for competition, a significant growth in demand for air transport and the Brazilian tourism sector in general, contributed to the significant growth of the Goal in the market. Thus, we believe it is necessary to evaluate the real potential of the concept of low cost low fare Gol, when there is an adverse market situation in a crisis and economic downturn of the market because in this way means it will be difficult to control costs so that it can act in the commercial aviation market with competitive rates, it is just on cost control, which is the main difference of business, even operating with small profit margins, since it is in the range of sales that takes the profit of enterprises that use low cost and strategy. This work presented the development of civil aviation in Brazil, more specifically the domestic air transport, and focus mainly on the changes in the last decade. Throughout this study can be noted as increasing the competitiveness of the industry changed the landscape of the market, where companies are less structured to a fierce price war could not stand the competition. Another important point to be emphasized is the great influence that the implementation of the concept of low fare, low cost was in the process, and its implementation through the month of 2001, allowed the beginning of the popularization of air transport in the country. Moreover, socio-economic factors also contributed to the significant growth of the sector in recent years. Brazil has an air market as a great opportunity for expansion, but it is necessary investments to restructure and
expand its airport infrastructure and control of its airspace, so that there is no risk of a new "Airport Crisis" as experienced in the sector in half of this decade. Regarding the concept of low cost, low rate, while searching for development of this work, we observed that in Brazil there are ideal conditions for its implementation on the same basis in the United States of America, which is the reference for the other markets, but with increased competition and concern over costs and an increasing focus on business, it is clear that the main principles of the concept of low fare, low cost are being implemented by national companies.

The case study conducted shows that there is room for more companies in the sector, and increased competition surely only bring benefits to passengers.

10. References


______. *A Primer on Organizational Behavior*, São Paulo: Pioneira 1992


MEIOAÉREO (2009). Crescimento da Aviação Civil no Brasil. Disponível em:


OCEANAIR (2009). História da Oceanair. Disponível em:


TOVIANSKY, D. Os 18 dias que abalaram a Gol. Revista Exame n.889, de 22/03/07