



## Note

## Profile of business and leisure travelers on low cost carriers in Europe

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## A B S T R A C T

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Low cost carriers are increasingly attracting a market segment traditionally associated with legacy airlines, the business traveler. Little, however, is known regarding the characteristics of this new demand. This study analyzes the differences between business and leisure travelers flying by low cost airlines. To do this, we surveyed a sample of tourists in Catalonia, one of Europe's most popular tourist destinations. While some differential characteristics emerge between the traveler types, still more similarities are found.

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## 1. Introduction

The study is concerned with business travelers who use low cost carriers (LCCs)<sup>1</sup> and the ways they differ from tourist. There has been a change in business travelers' behavior. Owen (1992), for example, found that the self-employed and middle-ranking businessman traveling alone were making less use of business class, a point confirmed by Mason (2005). LCC were carrying more business class traffic (Neal and Kassens-Noor, 2011).

For the business traveler, the main choice variable has conventionally been viewed as related to travel time. The high value they place of minimizing time was thought to lead them to seek attributes such as punctuality, frequency, flexibility, and easy access to airports even though these may involve paying a higher fare (Hess and Polak, 2005). In contrast, leisure tourist were seen as less sensitive to time restrictions (Basar and Bhat, 2004). Dresner (2006), however has suggested that there is now no significant difference between the two groups. One reason for the recent increase in LCC business travel put forward by Mason and Alamdari (2007) is that the price insensitivity has simply changed, and Oum et al. (1986) confirms cases of higher sensitivity on non-vacation routes.

In terms of trade-offs between price and quality, at least a proportion of business travelers currently taking short and medium haul flights are prepared to sacrifice attributes such as in-flight service in exchange for lower fares (IATA Corporate Air Travel Survey, 2004, taken from Mason and Alamdari, 2007). Furthermore, greater traveler awareness of the characteristics of low cost flights

may influence their valuation of them: Huse and Evangelho (2007), for example, found that travelers who had flown often with low cost airlines gave less importance to loyalty programs and in-flight services.

## 2. Material and methods

The data used are taken from Girona–Costa Brava Airport, a secondary airport dealing basically with LCCs, particularly Ryan-air. It is situated in Catalonia, 10 km from Girona and 85 km from Barcelona. It typifies the growth experienced by this type of airport with passengers numbers growing 557,187 in 2002 to 5,286,975 in 2009.

Data were obtained from a traveler survey. The questionnaires were written in several languages and self-administered. Interviews were carried out in the airport lounge before departure and respondents were selected to cover the various flights and destinations between 6.30am and 10.25pm, during April, May, June, July and September 2005 using stratified systematic random sampling. The sample contained 170 business travelers and 1914 leisure tourists.

The variables used to distinguish between the profiles of business and leisure LCC users are:

- purpose of journey (business vs. leisure),
- day of flight (weekday vs. weekend),
- time of flight (between 10.05am and 6.50pm versus extreme hours of the day),
- category of hotel chosen (number of "stars"),
- ticket type (single or return),
- length of stay at destination (in days),
- number of activities undertaken at destination,

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**Table 1**  
Characteristics of trip by traveler type.

	Business	Leisure
Category of hotel (Cramér's $V = 0.158$ $p$ -value = 0.000)		
4–5 Star	47.3%	26.8%
3 Star	45.7%	54.9%
1–2 Star	7.0%	18.4%
Ticket type (Cramér's $V = 0.001$ $p$ -value = 0.980)		
Single	7.69%	7.64%
Return	92.31%	92.36%
Length of stay (days) (Eta = 0.072; $p$ -value = 0.024)		
Mean	6.09	7.95
Standard deviation	10.31	6.59
No. of activities undertaken at destination (Eta = 0.241; $p$ -value = 0.000)		
Mean	3.09	4.58
Standard deviation	2.33	1.57
Day of flight (Cramér's $V = 0.014$ $p$ -value = 0.516)		
Weekday	62.4%	64.8%
Weekend	37.6%	35.2%
Time of flight (Cramér's $V = 0.026$ $p$ -value = 0.229)		
10.05–18.50	50.6%	55.4%
6.30–10.00 and 19.00–23.00	49.4%	44.6%

- experience of low cost flights (number of times the individual has flown with a LCC),
- Valuation of the following characteristics of the LCC flight at the time of booking: price, proximity of airport to destination, length of flight, flight quality and less waiting time (Likert Scale from 1 –not important, to 5 –very important).

We conducted comparative analyses of the qualitative variables for both traveler types using Cramér's  $V$  measure of association and

**Table 2**  
Valuation of flight characteristics.

	Business	Leisure
Price (Eta = 0.004; $p$ -value = 0.849)		
1	6.10%	7.68%
2	4.88%	2.85%
3	7.93%	9.13%
4	15.24%	13.97%
5	65.85%	66.2%
Mean	4.30	4.28
Proximity of airport (Eta = 0.006; $p$ -value = 0.803)		
1	20.83%	18.6%
2	9.72%	11.4%
3	21.53%	19.86%
4	17.36%	21.36%
5	30.56%	28.79%
Mean	3.27	3.30
Length of flight (Eta = 0.024; $p$ -value = 0.295)		
1	16.41%	19.28%
2	7.81%	13.41%
3	32.81%	25.16%
4	20.31%	20.31%
5	22.66%	21.84%
Mean	3.25	3.12
Flight quality (Eta = 0.039; $p$ -value = 0.098)		
1	23.02%	20.49%
2	22.22%	18.08%
3	29.37%	31.35%
4	19.05%	18.85%
5	6.35%	11.23%
Mean	2.63	2.82
Less waiting time (Eta = 0.003; $p$ -value = 0.905)		
1	23.81%	21.31%
2	16.67%	17.19%
3	22.22%	30.14%
4	23.02%	17.12%
5	14.29%	14.23%
Mean	2.87	2.86

**Table 3**  
Travelers' experiences with LCCs and valuation of flight characteristics.

Pairs of variables	Business		Leisure	
	Kendall's tau C	Significance	Kendall's tau C	Significance
Experience of LCC – valuation of price	–0.124	0.020	–0.031	0.060
Experience of LCC – valuation of proximity of airport	0.098	0.171	0.084	0.000
Experience of LCC – valuation of length of flight	–0.025	0.745	0.022	0.312
Experience of LCC – valuation of flight quality	0.181	0.017	0.051	0.011
Experience of LCC – valuation of less waiting time	0.065	0.410	0.037	0.071

the  $\chi^2$  test. When variables were quantitative we used the Eta measure of association and Brown–Forsythe's  $F$  test, an ANOVA test that is robust to heteroskedasticity. The business and leisure traveler were also analyzed separately to clarify whether more experience of low cost flights results in more or less importance being given to the different characteristics of the flight. For this purpose, Kendall's Tau C test was used.

### 3. Results

Tables 1 and 2 present descriptive information regarding the basic statistics and their associations with the type of traveler. Regarding features relating to the journey and stay, there appears to be no significant differences between the two in terms of day and time of flight, and ticket type. Significant differences do exist regarding category of hotel (higher in the case of the business traveler), length of stay (shorter), activities undertaken at destination (fewer). With regard to the value awarded different flight characteristics, price receives the highest score from most respondents in both groups, while flight quality is at the other end of the spectrum. No characteristic shows significant differences between the two groups.

Table 3 shows the association between travel experience and valuation of flight characteristics separately for business and leisure travelers. In the case of former, the tests indicate that greater experience of traveling with LCCs is positively and significantly related to a higher valuation of flight quality and a lesser valuation of price, while no other statistically significant relationship appears regarding any other flight characteristic. For the tourist, on the other hand, the relationship is statistically significant, with a positive sign for flight quality and proximity of airport to destination, but not price.

### 4. Conclusions

In the past, business travel was traditionally characterized by its intensive use of legacy airlines, with higher fares and different classes service and quality. The emergence of LCCs on the market and their consequent consolidation are contributing to changes in air travel demand, making price perhaps the most important factor in choice of carrier. As well as often offering much lower prices than legacy airlines, LCCs also offer some trip attributes which are positively valued by business travelers.<sup>2</sup>

<sup>2</sup> While average fares for LCC are generally lower than those for traditional carriers, the former often push up their fares if seats are purchased close to the time of departure. In generally, the fares of LCCs such as Southwest in the US are much closer on many routes to those of traditional airlines.

Our analysis indicates that demand among business travelers differs from that of leisure tourists in some respects, but is similar in others. Regarding time constraints, the business traveler stays for shorter periods and undertakes fewer activities, although this does not seem to affect decisions regarding flight time, day or ticket type (one-way or return, with a return being the dominant type for both). Consequently, LCCs carry both types of client regardless of times, days of flight and ticket type. LCCs generally offer more price-conscious business travelers a product that better meets their requirements, such as frequency of flight, a reasonable degree of flexibility to change bookings and noticeably lower fares.

The analysis shows that business travelers, however, do not value the LCC's low fare as a determining factor in their choice any less than the leisure tourist; in both cases it is the most valued attribute. However, the business traveler who is more familiar with LCCs has a higher valuation of flight quality and this can override fare consideration. No significant relationships are found though between experience and other characteristics such as proximity of an airport to final destination, the length of the flight or the waiting time before departure. For the leisure tourist, in contrast, greater experience with LCCs is associated positively in terms of being linked to airport proximity to destination and flight quality, but not price. This suggests that business travelers who are more familiar with LCCs put emphasis on flight quality and the final airport's proximity to their destination than when a LCC ticket is first purchased, in other words, flight quality is discovered as experience

is acquired. This is a positive result for LCCs in that one of the characteristics most associated with legacy airlines – flight quality – can also be considered as positive by LCC business travelers. This appreciation of the attributes of LCC by their frequent business users is reflected in the fact that on average they had previously flown 8.2 times with low cost airlines.

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