



Low-Cost Carrier Passengers at Airports – Knowing Their Needs and Expectations to Enhance the Passenger Experience

Summary of a Research Study

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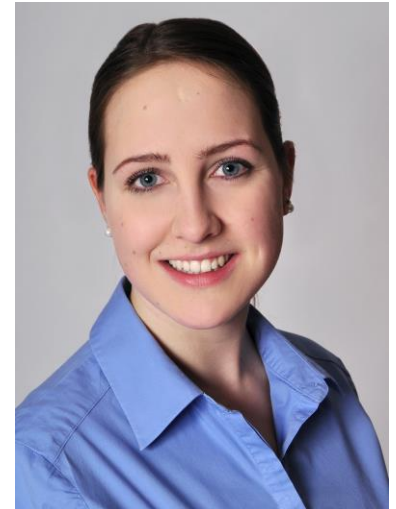
TH Airport Consulting

- ➔ Independent consultancy for **Planning and Optimization of Airports** with a focus on enhancing **Passenger Experience, Operational Efficiency & Security**
- ➔ Continuous work and research on the Passenger Experience
- ➔ Contributor to the **ACI EUROPE “Guidelines for Passenger Services at European Airports”**
- ➔ **2015 ACI EUROPE World Business Partner Award**

The Study

Bachelor thesis by Gesa Klingenberg:

- ➔ International Tourism Studies, *Harz University of Applied Science*, Wernigerode
- ➔ Supervised by TH Airport Consulting



Problem Statement & Objectives of the Study



- ✈ LCC market changes constantly and new business models appear with a **general tendency towards a hybrid business model**
- ✈ LCC passengers are often **defined as cost-conscious**, having **hardly any further expectations**
- ✈ Nowadays LCCs serve **various passenger segments with different needs and expectations** while at the Airport
- ✈ Airports face challenges when it comes to **satisfying all types of passengers**

- ✈ Define how LCC passengers can be satisfied at airports
- ✈ Find out their needs and expectations by applying a passenger segmentation

Aspects of the Classic Low-Cost Strategy



- ➔ Low fleet costs
- ➔ Low landing fees
- ➔ Short turnarounds & high aircraft utilisation
- ➔ Few on-board service
- ➔ Point-to-point system
- ➔ Simple fares
- ➔ Low distribution costs
- ➔ Non-refundable tickets
- ➔ High share of ancillary revenues
- ➔ Creation of new traffic markets

Most LCC move towards a hybrid business model, replacing some of the LCC aspects by FSNC services.

Relevance of low-cost carrier passengers at airports



Increasing
importance
in the
aviation
business



Hybrid
business
models
create new
target
groups



More
diverse
customers
for Airports

There is a need for Airports to particularly understand the needs and expectations of low-cost carrier passengers to enhance their Passenger Experience at Airports

The Importance of the Passenger Experience



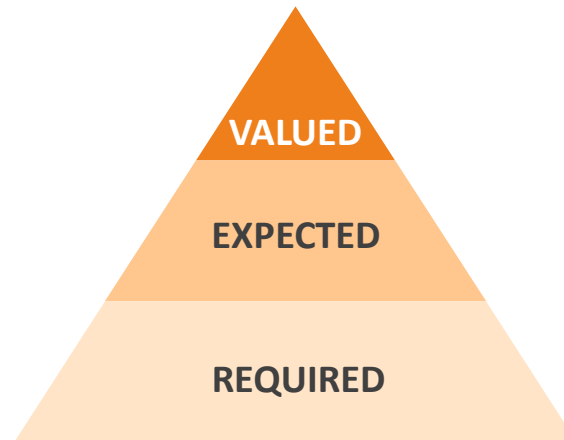
- Passenger Experience is one of the **most important aims of marketing** and a **major talking point**
- It is crucial to meet the **emotional expectations** customers have regarding the **gain of experiences** by using one service
- Positive experiences impact the entire journey
- Exceptional experiences lead to **satisfaction & loyalty** and make the airport **more attractive for airlines and passengers** at the same time
- High-quality environments benefit from **higher revenues and concession fees**
- **Segmentation** is a possible step to find out the needs and expectations





A Methodology to enhance the Passenger Experience based on the ACI EUROPE Guidelines for Passenger Services at European Airports can be applied.

PASSENGER SEGMENTATION					
BASIS		IMPLICATION		BEHAVIOUR	GENERATION
Airline Product	First/Business	Economy	Low cost	Long stay	Baby Boomers
Personal needs	PRM	UM	Elderly	Short stay	X
Frequency	Frequent	Few times	First time	Long traveller	Y
No. of People	Groups	Family	Alone	Short traveller	Z



Passenger Identification
& Segmentation

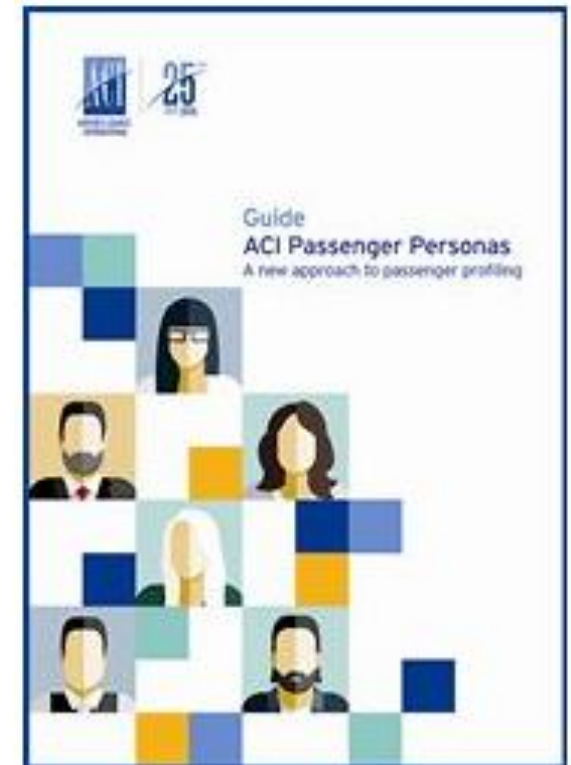
Analysis on Needs
& Expectations

Enhancing the Passenger
Experience: 3P Approach

Segmentation of Low-Cost Carrier Passengers



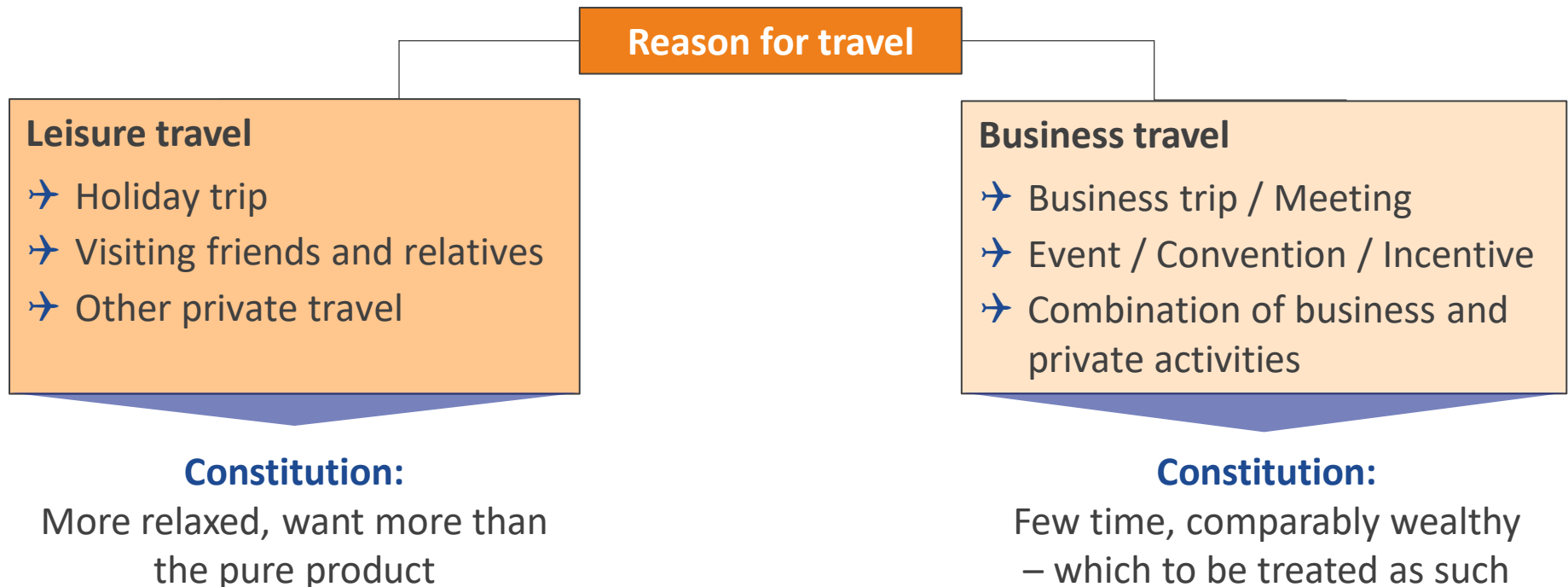
- Segmentation helps to find out **needs and expectations** to enhance the **Passenger Experience**
- Mostly based on the **journey purpose**, the **length of the journey** and the **country or culture of origin**
- New segmentations consider the **time perception** as distinguishing criterion
- ACI proposes the „**passenger personas**“ including the personalities and the specific behaviours



Segmentation of Low-Cost Carrier Passengers



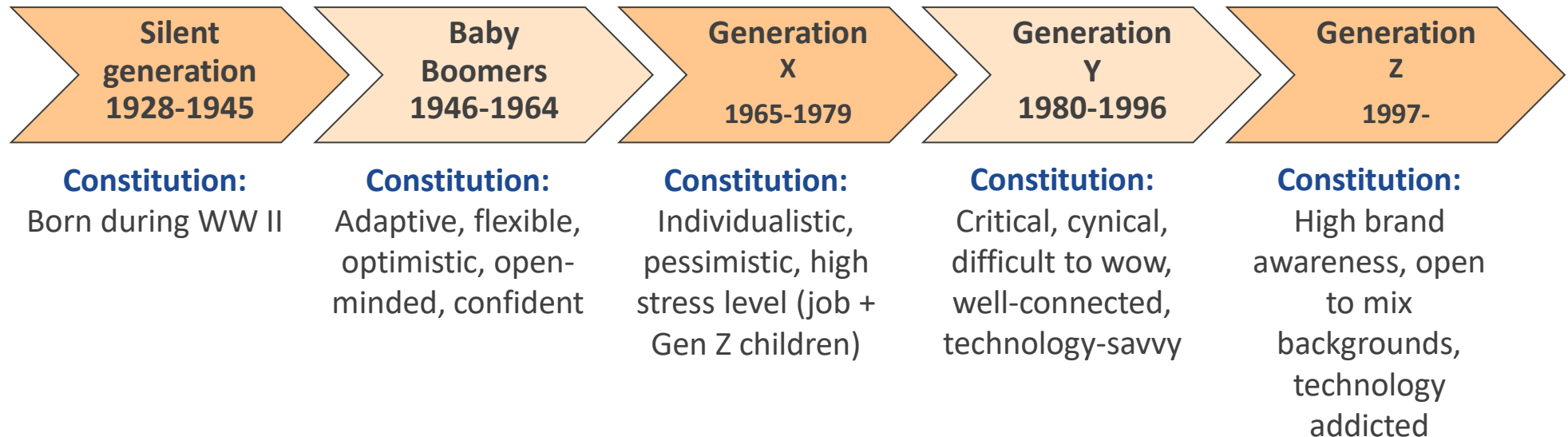
Traditional segmentation (cf. Conrady 2013) applied in the study



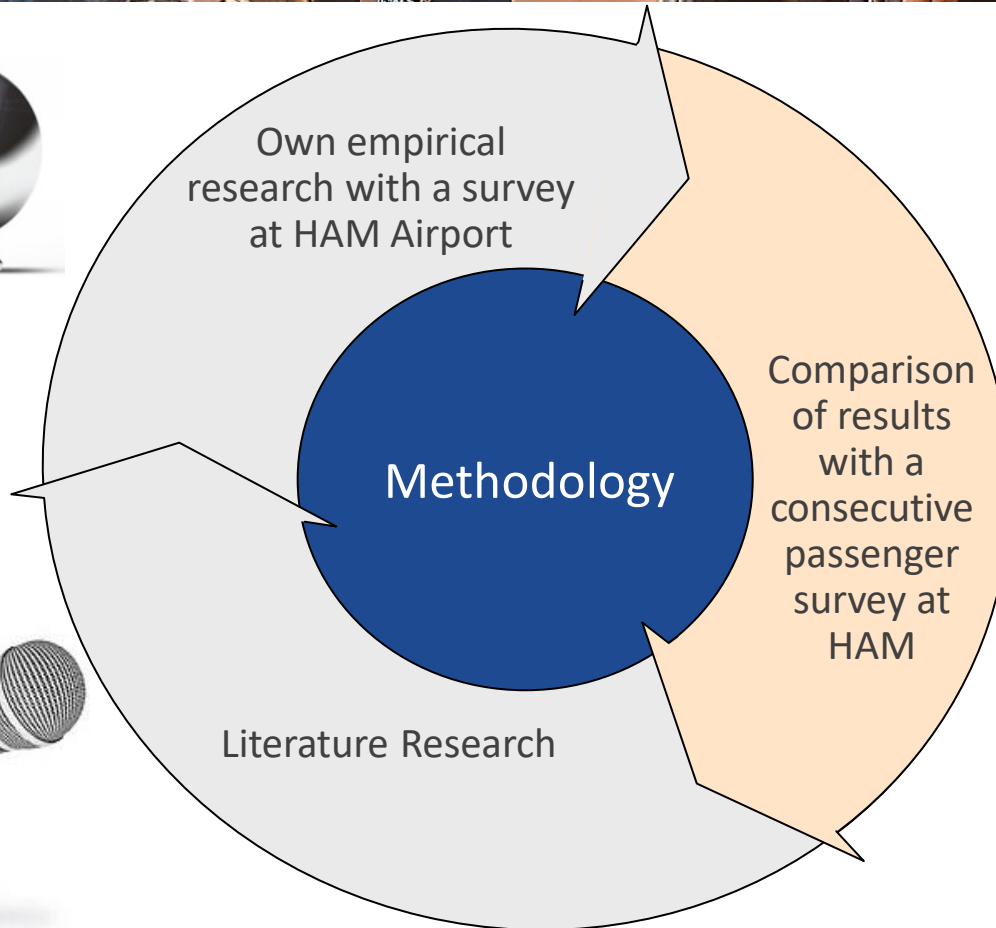
Segmentation of Low-Cost Carrier Passengers



Modern segmentation (cf. Van den Bergh/Behrer 2016) applied in the study

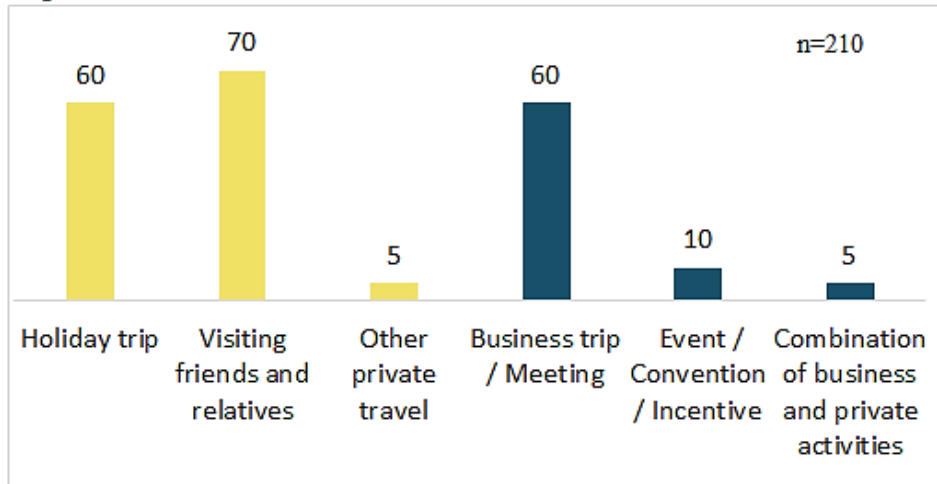


Design of Research Methodology



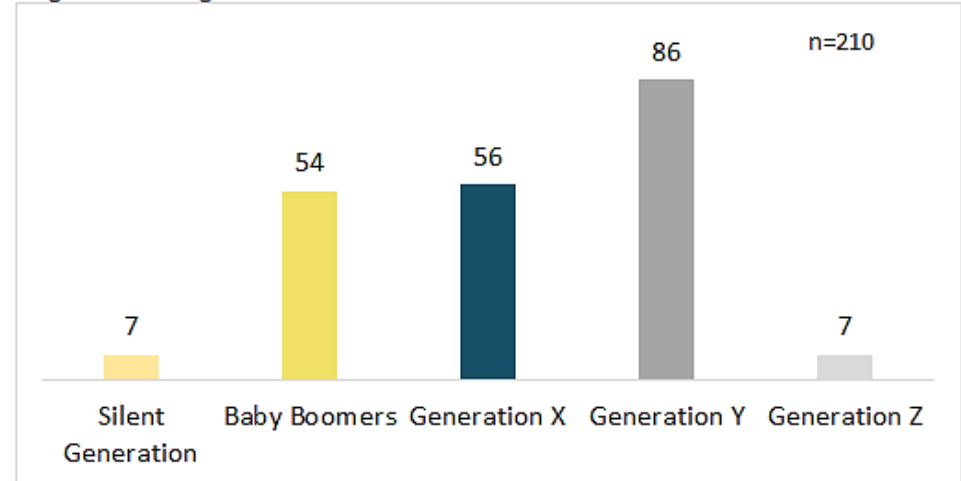
General Survey Figures and Segments

Segments after reason for travel



Source: own research

Segments after generations



Source: own research

- ✈ **Sample of 210 passengers** mainly flying with *Easyjet, Ryanair, Eurowings/Germanwings*
- ✈ **Computer Assisted Personal Interviews** with a highly structured questionnaire
- ✈ Survey conducted at the **airside of Hamburg Airport**

Identified Needs & Expectations of Low-Cost Carrier Passengers

- 61,9% find price most important
- 36,7% did not find another flight at time requested
- 18,1% did not pay attention to airline

Choice for a LCC

Spending behaviour

- 68% spend money at the airport
- Mainly for food & beverages
- Most passengers spend less than 10 €

- Cafés/bars, vending machines at gate
- Duty-free, restaurants, take-aways, books & press after the security
- Public transports & wifi
- Airport staff for general questions

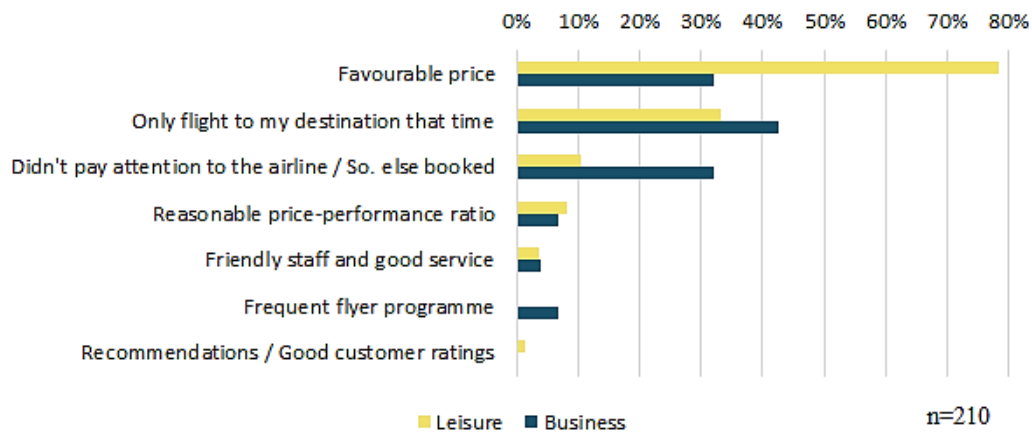
Required services

Acceptance of LCC measures

- Walk boarding/deboarding acceptable
- Baggage drop-off machines acceptable
- Internet replaces staff not acceptable at all

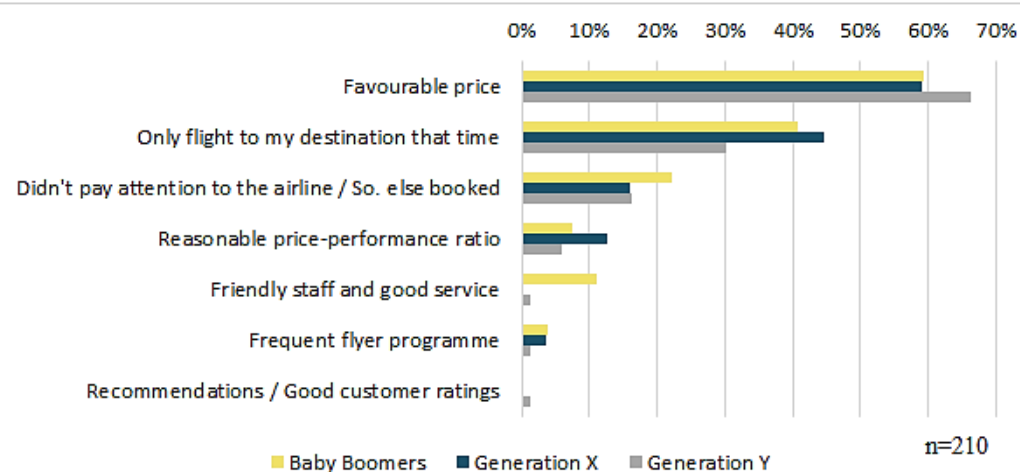
Identified Reasons to Choose a Low-Cost Carrier

Why did you choose this airline? (reason for travel)



- ✈ Price is the decisive criterion for **leisure travellers**
- ✈ Business travellers often fly with a LCC **because there is no other choice or someone else booked**

Why did you choose this airline? (generations)

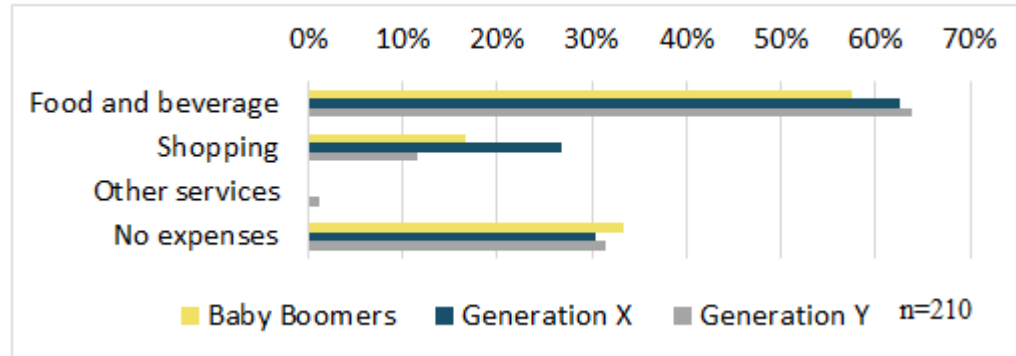


- ✈ Price as decisive criterion for **all generations**
- ✈ **Gen X & Baby Boomers** fly often with a LCC due to no other choice
- ✈ **Staff & good service** only important to Baby Boomers

Where price is not the decisive criterion (business travellers, Gen X, Baby Boomers), passengers would also fly with another airline.

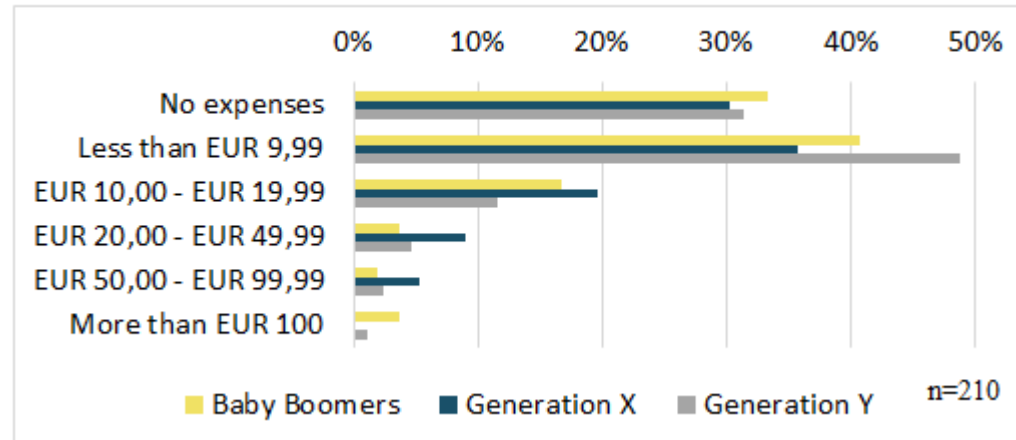
Identified Spending Behaviour

On what did you spend money at the airport today? (generations)



- ✈ Baby Boomers are **less interested** in the non-aeronautical services
- ✈ Gen X is **most interested** in the non-aeronautical services, in particular shopping
- ✈ Results of the **consecutive survey** at HAM are comparable

How much money did you spend at the airport today? (generations)

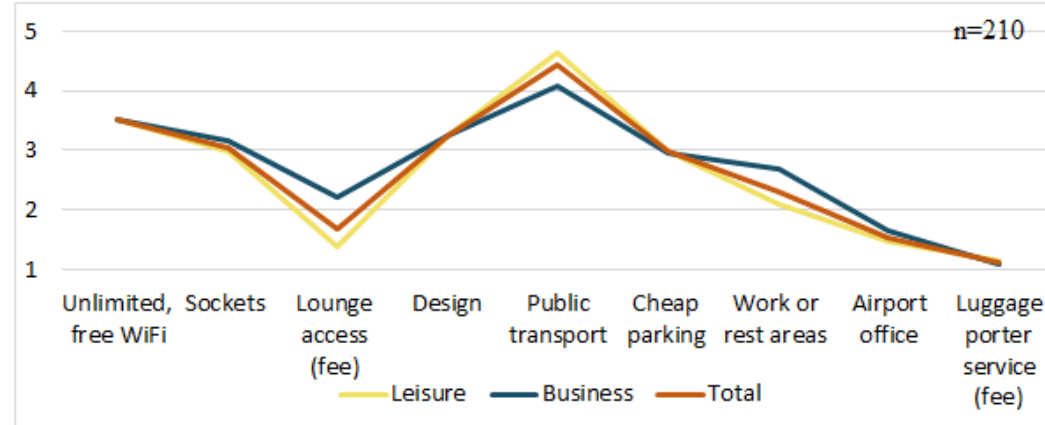


- ✈ Baby Boomers either **do not spend any money or only very few**
- ✈ Gen X spends more money than Gen Y

Spending behaviour is not exploited to the fullest. Especially business travellers have a high purchasing power. Focus needs to be put on Gen X and business travelers.

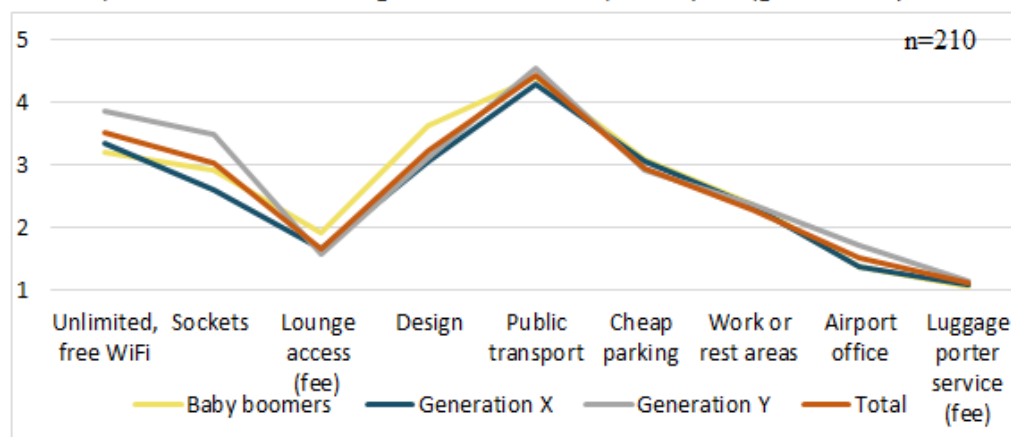
Identified Required Services by Passengers

How important are the following services at the airport to you? (reason for travel)



- **Public transport** is most important for all
- **Lounge access** and **work or rest areas** are mainly important for business travellers

How important are the following services at the airport to you? (generations)

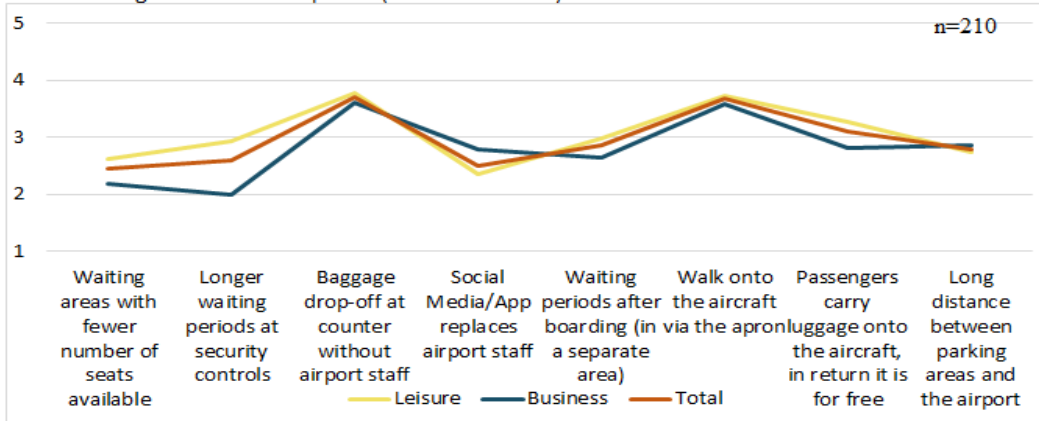


- Only small differences among generations
- Baby Boomers look slightly more for **design**
- Gen X has slightly less **requirements**
- **Wifi and sockets** are more important for Gen Y

Airports should consider providing unlimited free WiFi, sockets, public transports, cheap parking & nice design for low-cost carrier passengers.

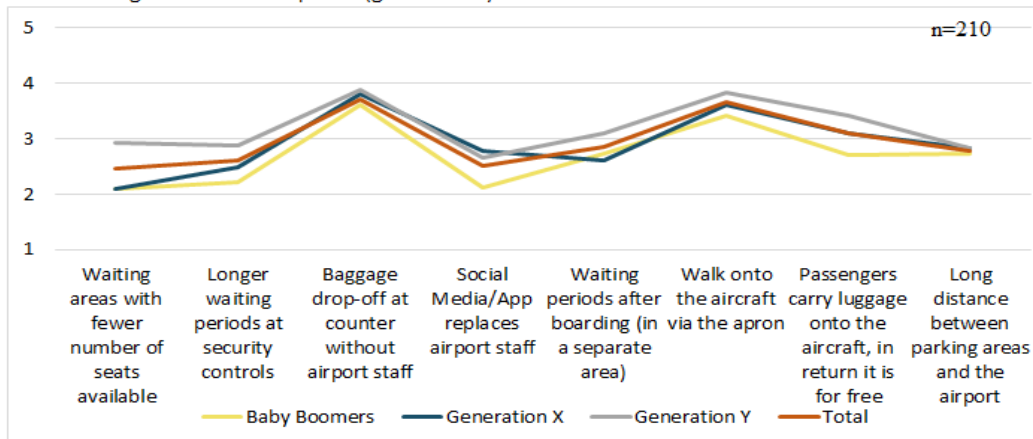
Identified Acceptance of Low-Cost Measures

Under the assumption of a comparably low ticket price, in how far do you accept the following measures at airports? (reason for travel)



- ✈ Business travellers find **all measures less acceptable**, except internet replaces staff
- ✈ **Baggage drop-off machines** and **walk-boarding/deboarding** most accepted in general

Under the assumption of a comparably low ticket price, in how far do you accept the following measures at airports? (generations)



- ✈ Baby Boomers find **most measures less acceptable**
- ✈ Gen Y has a **general high level of acceptance**
- ✈ **The younger the passengers, the more they accept low-cost measures**

Airports should avoid typical LCC measures when serving business travellers.
Seats and staff are needed for LCC passengers.

Conclusion & Outlook



- ✈ **Significant differences** appeared between the evaluated segments of LCC passengers
- ✈ Airports **need to understand specific needs and expectations** of the different passenger segments **to improve their services and offerings** for LCC passengers
- ✈ Most LCC passengers are **not explicitly cost-conscious** and do require **non-aeronautical offerings**
- ✈ **Measures to enhance the Passenger Experience** along the entire **Passenger Journey** need to be determined for LCC passengers
- ✈ **Changing needs and expectations** of the different customer segments have to be observed **permanently to enhance the passenger experience**



Thank you very much for your attention!

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