

The low cost aviation carriers impact on modern tourism

The article is analyzed the interdependence between the low cost aviation carriers and tourism industry. The main direct and indirect factors of influence and current impact trends were described.

Air transport in the world in recent years is the fastest growing sector of transport. It is one of the major sectors of the global economy (nearly 1% of global GDP) that generates annually about 715 billion dollars in revenue in 2017 [4]

Air transportation can be divided into 3 subsectors: traditional full service airlines, charters and budget transportation (low cost airlines). The role of the low costs and their market part is increases every year and has a massive implications for the growth of tourism.

Low cost carriers (or budget airlines) have a significant global share, but yet little research has been done to understand their role and impact to tourism sector. Last year's research focused on average effects of the low cost carriers are: Eugenio-Martin and Inchausti-Sintes [1] and Ferrer-Rosell and Coenders [2;6].

The low cost airlines offers large fare reductions and points flights from local airports rather than routing over hubs compared to the traditional full service airlines.

Compared to the traditional charter airline service of two weeks at seaside sun destination the low cost airline offers flexible tickets to a wider choice of destinations with short break city tourism as an alternative to traditional two weeks at the seaside. The low cost airline caters for the independent traveler seeking to enjoy the culture, museums, theatres, galleries, architecture plus some experience of the diversity of European cities. The low cost airline also served the growing market of those who owned properties abroad and thus not require accommodation at their destination. The growth of independent travelers contrasted with traditional charter package product based on large scale movement of passengers to seaside and sun destination rather than venturing further afield in the destination country [3].

The era of cheap air transport began in 1971 in the United States, when Rolling King and Herb Kelleher decided to start South-West airlines - which were different from other airlines already functioning in the market.

The first low-cost European airline was the Irish Ryanair. The airline was established in 1985 by the Ryan family. After three years of dynamic growth in the years from 1985-1988 began to record losses. Consequently in 1990, the company underwent a thorough restructuring, and the Ryan family decided to "copy" the low-cost model, based on how the U.S. airline, South-West operated. Ryanair, under the new management, from that moment onwards was promoted as Europe's first low cost airline offering the lowest fares in the market and high flight frequencies (Ryanair). The second largest low-cost carrier in Europe, EasyJet (originally designed as a low-cost airline) was founded in Britain in 1995. It started out by

launching the flight connection between London (Luton Airport) and Glasgow in Scotland. The ticket price was equal to the price of a pair of jeans [5].

Today, these three companies remain the market leaders in terms of the number of passenger traffic (Figure1.)

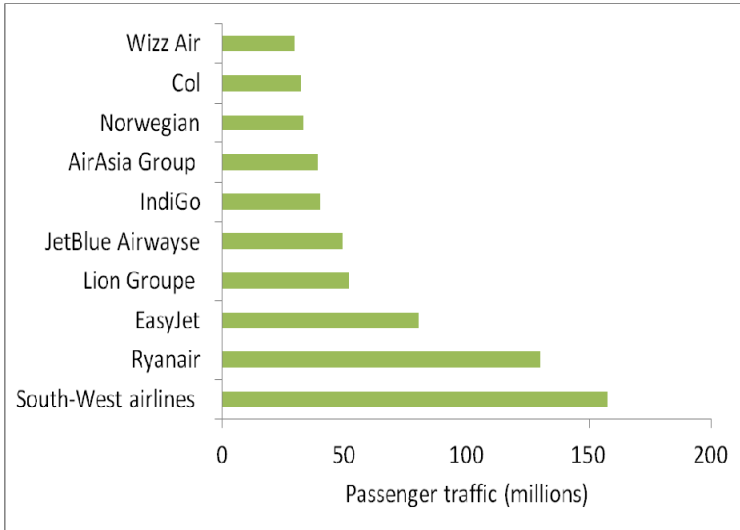


Figure 1. Leading low cost aviation carriers worldwide in 2017, ranked by passenger traffic in millions [4].

The philosophy and basic characteristics of how low-cost carriers operate can be described into the following points:

- focus on minimizing costs and maximizing efficiency;
- low costs are transferred to low tariffs for consumers
- primarily a point-to-point service;
- direct flights between regions;
- using mostly regional and local airports

The emergence of budget airlines and their dynamic development significantly affected the degree of competition in the market. The most visible effect of the liberalization of air transport and the main benefit to consumers is the drop in ticket prices.

The basic segmentation of the demand for air travel distinguishes two main categories: business and leisure. It is estimated that the split between these two groups in the low cost carriers sector is similar to flag carriers and counts 30/70% accordingly.

Low-cost airlines are significant for the development of weekend, city or short-break tourism and in effecting a radical expansion of potential destinations. They are extending the range of motivations and frequency of travel for private leisure reasons also by the use of their highly efficient Internet sites, where one can

buy not only a flight ticket, but also book a hotel, hire a car, buy travel insurance and even sometimes check entertainments in the travel destination [3].

After EU enlargement in 2004 we also could observe a huge migration of workforce from new member states using more and more low-cost airlines for travelling.

Many routes of low-cost airlines were clearly designed to carry travelers to the tourist destinations of Mediterranean Europe. This caused networks to be roughly North-South, mainly from the United Kingdom, Germany, Belgium, Scandinavian countries etc., to Spain, Italy, south of France and so on. After EU enlargement we could observe dynamic development of routes between new member states and Western European Countries, but still the main direction is North-South [6].

Sometimes, taking into consideration particular tourist destinations, low-fare airlines are mentioned as a factor boosting tourism in the city or a region, and similarly the lack of low cost carriers is perceived as a main barrier in the development. For example in the European Travel Commission Report it is said that Norway noticed more arrivals thanks to higher demand for winter tourism and new low-cost airlines routes serving new destinations. On the other hand, the main weakness of Cyprus and Malta, according to the Report, was that it was too far from the main source markets to attract low-cost airlines, what made the destination less competitive. The biggest success among tourist destinations in 2005-2016 was announced Valencia, Barcelona (Spain) and Dubrovnik (Croatia). The main reason for a very dynamic increase in the number of tourists was mentioned a massive increase in low-cost airline services [5].

Air transport is regarded as the sector of transport having highest negative impact on the environment, polluting atmosphere and emitting noise. While talking about rapid development of low-cost carriers we have to take into consideration also environmental issues and impingement of low cost carriers. In the report published by the European Low Fares Airline Association authors claim that “low fares airlines contribute to the development of sustainable tourism and environmentally efficient travel through Europe”. Among factors contributing to the lower impact of low cost carriers on the environment the report mentions: more efficient seat configuration and higher load factor, what results in lower fuel consumption per seat; the use of newer and thus more technologically advanced and energy efficient aircraft, which additionally minimizes fuel burn and noise emissions; operations to less congested airports, which are generally located in less densely populated areas with lower levels of aviation activity compared to the main hubs, what minimizes the noise nuisance generated by low cost carriers; direct services, leading to less connecting flights and thus less pollution; flying to less congested airports, what helps to avoid congestion on the access roads around main hubs with frequent traffic queues, which tends to result in and allows for more equal traffic distribution; reducing waste resulting from lack of “frills” offered on board by traditional airlines.

Conclusions. Budget airlines (low cost carriers) are an ever expanding part of the international transportation but little research has been done yet. The main impact of the low cost carriers on tourism can be described in several basic

statements. The development of tourism in the region is determined by the development of the low cost carrier's network. The same can be claimed for local destinations. The numbers of tourists who use the services of low-cost companies are increased every year. This is caused both by the minimum price of the ticket, and by the availability of local destinations, bypassing large transport hubs. The main direction of the low cost for Europe is North-South direction. Despite the popularity of individual cultural tourism in different cities, the main goal for tourist still seaside rest. The low cost airlines are more environmental friendly. So it can be a part of the sustainable tourism concept. And this factor is no less important in their further development than ticket price.

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