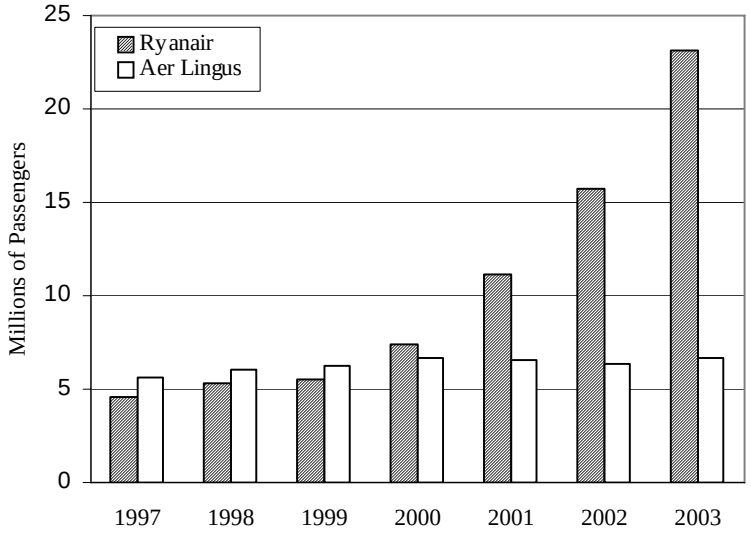
O'Connell, J.F. and Williams, G. 2005. Passengers' perceptions of low cost airlines and full service carriers: a case study involving Ryanair, Aer Lingus, Air Asia and Malaysia Airlines. Journal of air transport management, 11(4), pages 259-272.
Elsevier, ISSN 0969-6997, DOI 10.1016/j.jairtraman.2005.01.007

Figure 1a. Passengers carried on Aer Lingus and Ryanair



Source: Air Transport Intelligence and analysis from company reports

Figure 1b. Cost per ASK for Aer Lingus and Ryanair

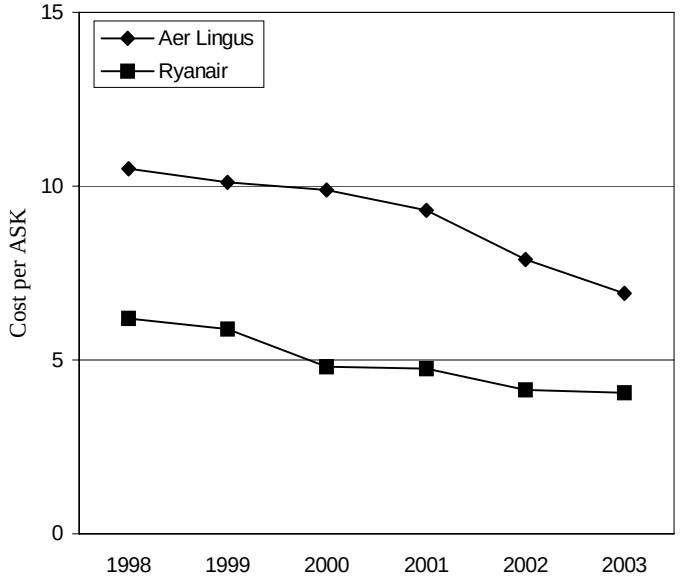
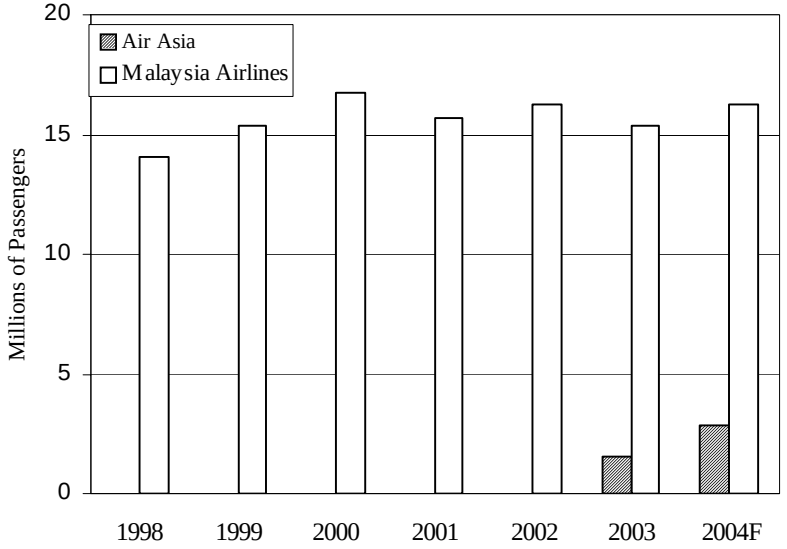
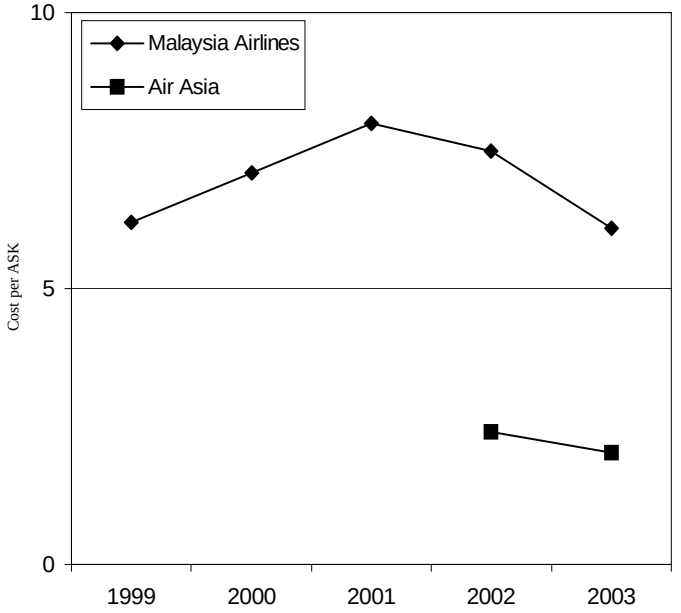


Figure 2a. Passengers carried on Malaysia Airlines and Air Asia



Source: Analysis from company reports

Figure 2b. Cost per ASK for Malaysia Airlines and Air Asia



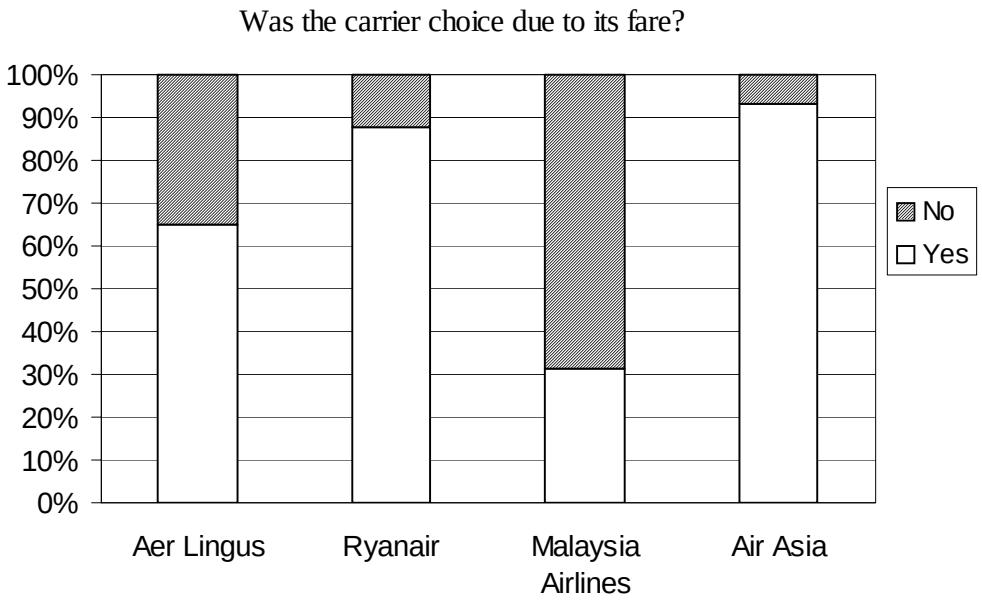


Fig. 3. Was the carrier selected solely due to its fare?

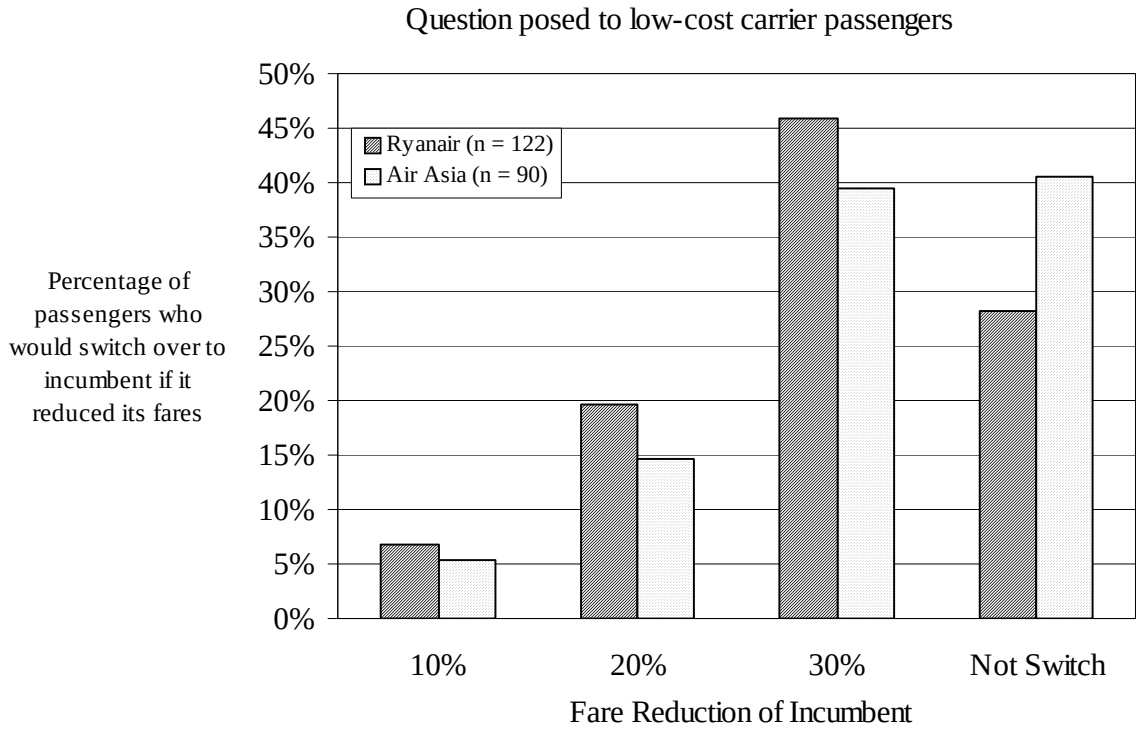


Figure 4. Fare sensitivity of low cost airline passengers

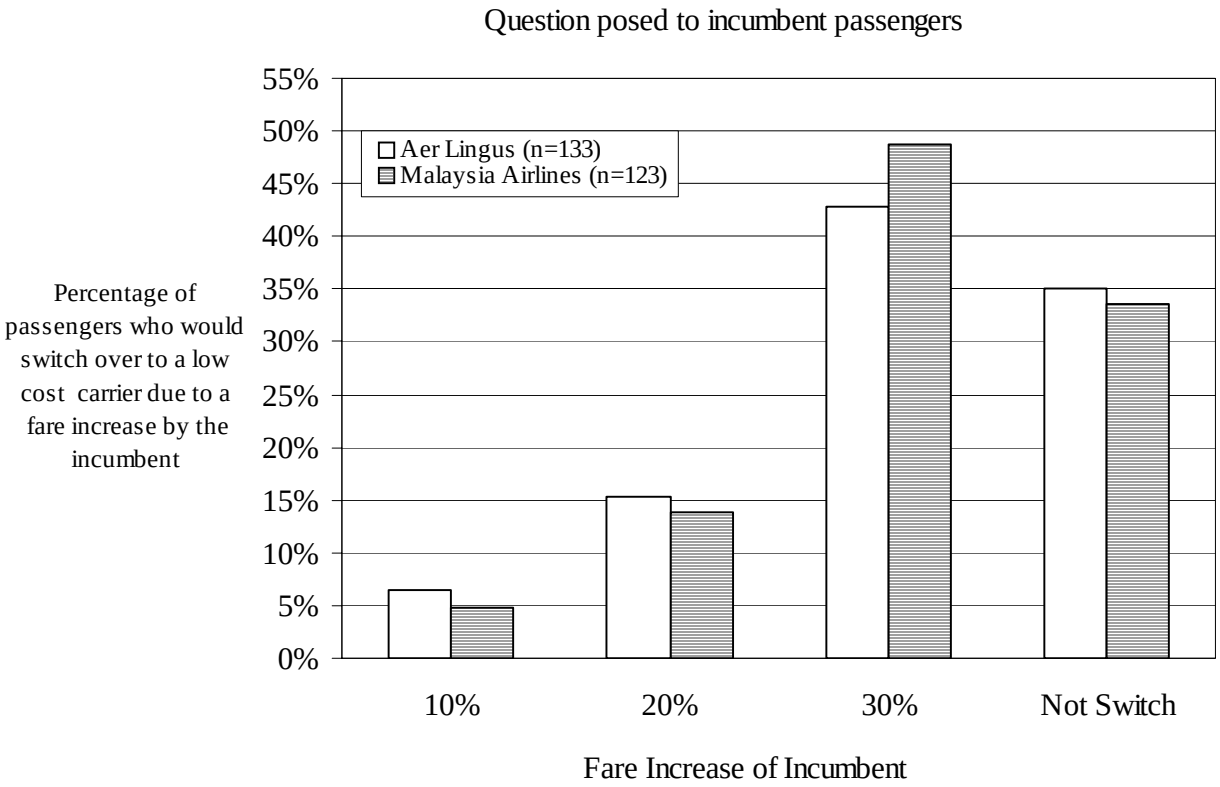


Figure 5. Fare sensitivity of incumbent airline passengers

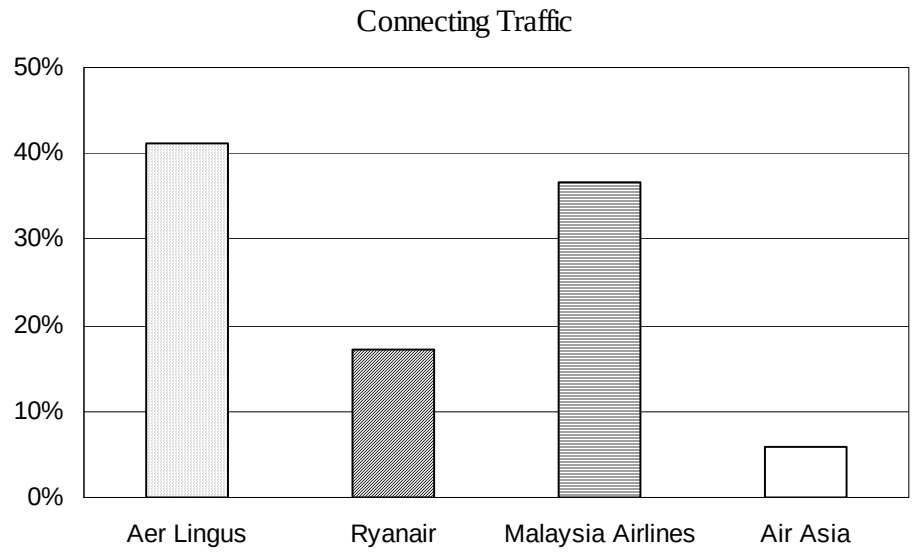
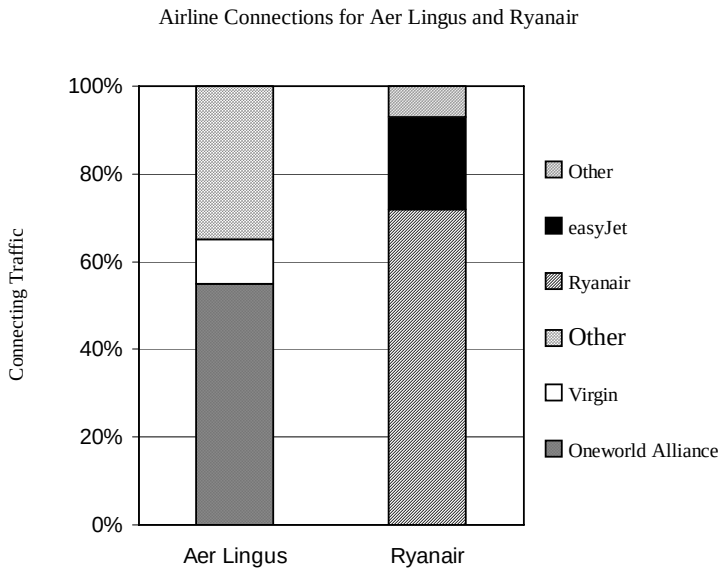


Fig. 6. Percentage of connecting traffic



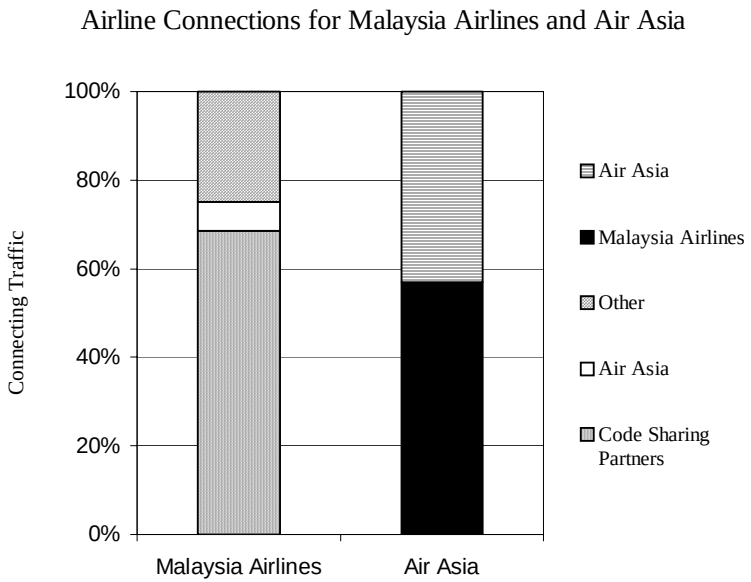


Fig. 7. Percentage of traffic transferring to other carriers

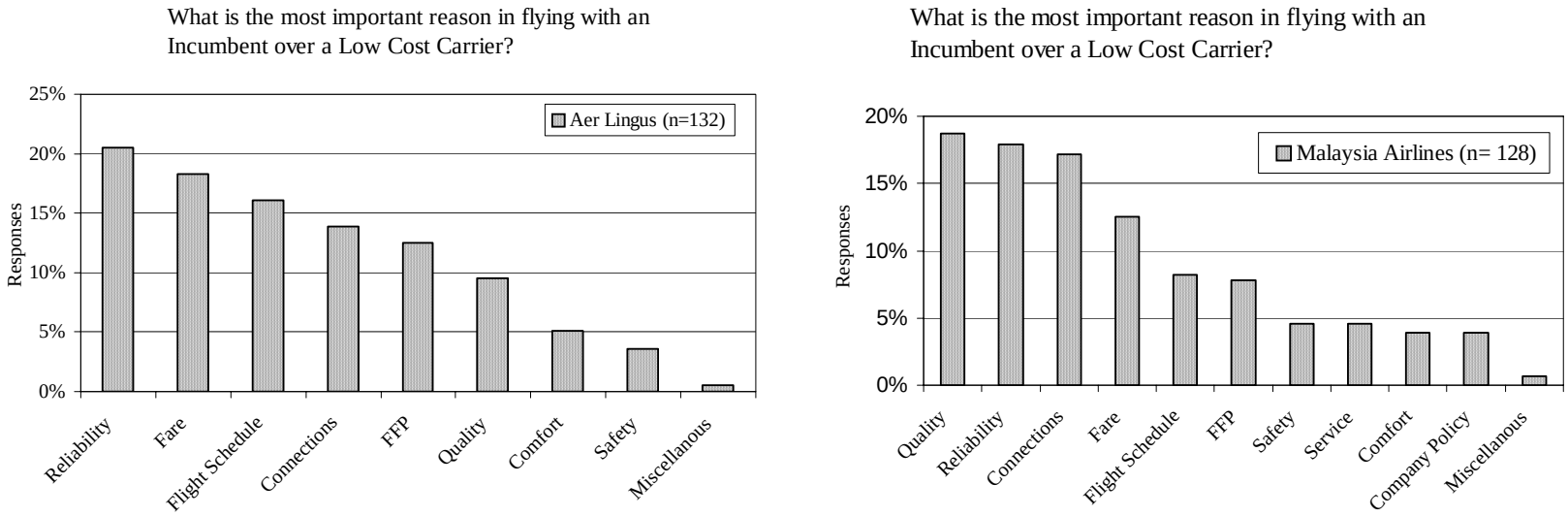


Fig. 8. Question posed to passengers to determine their most important reason for choosing an incumbent airline over a low cost carrier

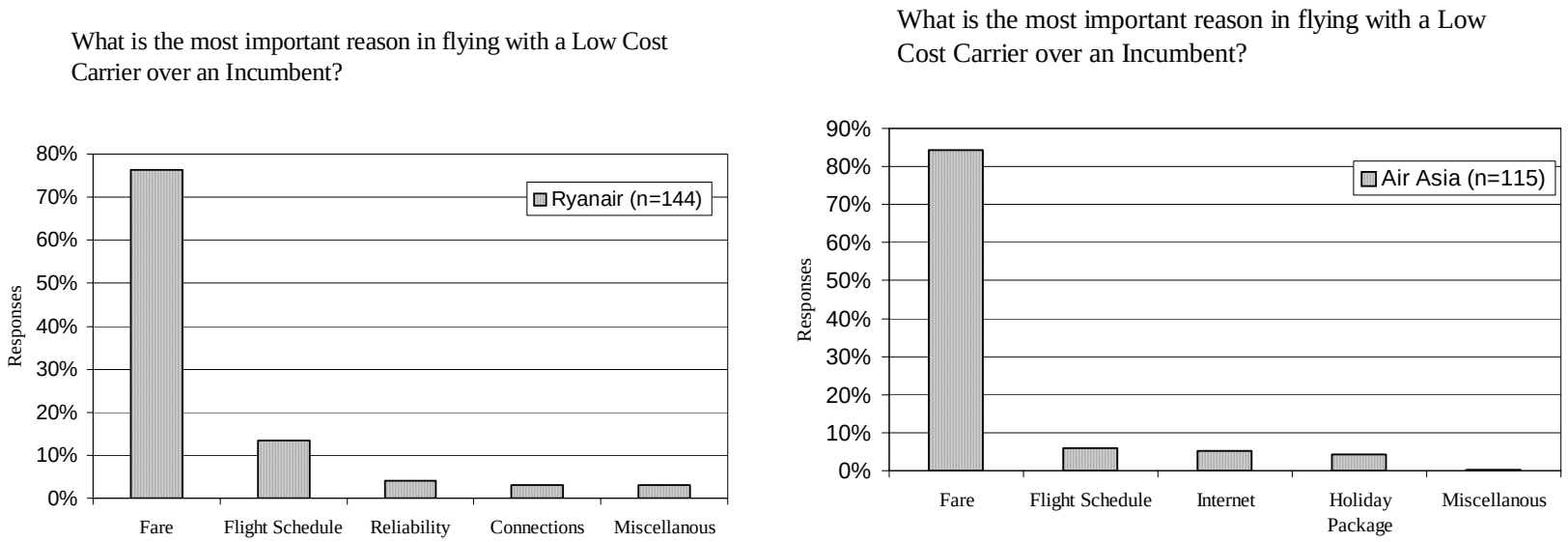


Fig. 9. Question posed to passengers to determine their most important reason for choosing a low cost carrier over an incumbent airline

Table 1
Product features of low cost and full service carriers

Product features	Low Cost Carrier	Full Service Carrier
Brand	One brand: low fare	Brand Extensions: fare + service
Fares	Simplified: fare structure	Complex fare: structure + yield mgt
Distribution	Online and direct booking	Online, direct, travel agent
Check-in	Ticketless	Ticketless, IATA ticket contract
Airports	Secondary (mostly)	Primary
Connections	Point-to-Point	Interlining, code share, global alliances
Class Segmentation	One class (high density)	Two class (dilution of seating capacity)
Inflight	Pay for amenities	Complementary extras
Aircraft Utilisation	Very High	Medium to High: Union Contracts
Turnaround Time	25 minute turnarounds	Low turnaround: Congestion /Labour
Product	One Product: low fare	Multiple integrated products
Ancillary Revenue	Advertising, on-board sales	Focus on the primary product
Aircraft	Single type: commonality	Multiple types: scheduling complexities
Seating	Small pitch, no assignment	Generous pitch, offers seat assignment
Customer Service	Generally under performs	Full service, offers reliability
Operational Activities	Focus on core (flying)	Extensions: e.g. maintenance, cargo

Table 2
Low Cost Carriers currently operating in the Asia-Pacific rim

Carrier	Base	Start Date	Fleet
Air Asia	(Malaysia)	Jan 2002	737-300
Air Deccan	(India)	Aug 2003	ATR-42 adding A320
Air Do	(Japan)	Dec 1998	767-300ER
Cebu Pacific	(Philippines)	Mar 1996	757-200, DC-9
Freedom Air	(New Zealand)	Dec 1995	737-300
Jetstar	(Australia)	May 2004	717, A320
Lion Air	(Indonesia)	Jun 2000	MD-82/-83
Nok Air	(Thailand)	Jun 2004	737-400
One-Two-Go	(Thailand)	Dec 2003	757-200
Pacific Blue	(New Zealand)	Jan 2004	737-800
Singapore Air Asia	(Singapore)	tba	737-300
Skynet Asia	(Japan)	Sept 1998	737-400
Skymark	(Japan)	Sept 1998	767-300ER
Thai Air Asia	(Thailand)	Feb 2004	737-300
Tiger Airways	(Singapore)	July 2004	A320
Valuair	(Singapore)	May 2004	A320
Virgin Blue	(Australia)	Aug 2000	737-700/800

Source: O'Connell, J.F. and Iondes, N. (2004).

Table 3
Aer Lingus's Traffic on Ireland - London Markets

	1997	1998	1999	2000	2001	2002
Dublin-Heathrow	986,832	1,063,822	1,282,036	1,174,986	1,207,018	1,274,928
Dublin-Stansted	230,393	299,953	338,237	-	-	-
Dublin-Gatwick	-	-	-	n/a	198,541	174,992
Dublin-City	-	-	n/a	20,887	168,002	164,486
Cork-Heathrow	314,205	319,335	371,852	348,190	380,226	409,232
Shannon-Heathrow	303,079	295,957	317,159	338,684	284,183	312,533

Source: Aer Lingus.

Table 4
Ryanair's Traffic on Ireland-London routes

	1997	1998	1999	2000	2001	2002
Dublin-Stansted	766,267	787,724	786,648	824,672	854,191	1,048,618
Dublin-Luton	237,646	299,044	285,382	297,404	358,356	368,146
Dublin-Gatwick	279,910	293,185	287,567	283,310	302,779	322,679
Cork-Stansted	236,769	236,962	252,536	251,619	234,402	290,753
Shannon-Stansted	-	-	-	138,375	268,137	307,795

Source: Ryanair.

Table 6
Company sizes of the surveyed business passengers

	Aer Lingus	**Ryanair**	**Malaysia Airlines**	**Air Asia**
Company size: number of employees	*%*	*%*	*%*	*%*
Self Employed	9.6	32.1	12.3	67.4
1-24	11.3	26.5	8.2	20.7
25-99	18.3	24.3	16.1	11.9
100-999	26.2	17.1	29.2	-
1000-5000	29.2	-	23.7	-
5000 +	5.4	-	10.5	-

Table 7
Booking profiles (%)

	Website	Travel Agent	Call Centre	Office Booked	Family/ Friends	Purchased Today	Other Website	Statistical significance
Aer Lingus	58.1	16.2	8.1	9.6	2.2	2.9	2.9	$x^2 = 189.66$, df=6, $p<0.000$
Ryanair	77.9	-	6.3	11.7	3.4	0.7	-	
Malaysia	-	50.8	18.0	14.8	8.6	7.8	-	$x^2 = 868.53$, df = 5, $p<0.000$
Air Asia	64.4	3.4	13.6	1.7	7.6	9.3	-	

Table 8
Fares profiles of Air Asia and Malaysia Airlines surveyed passengers

	Air Asia		Malaysia Airlines		Difference	
Route	**One-Way**	**Return**[10]	**One Way**	**Return**	**O/W**	**Ret**
	Malaysian Rinngits[11]				%	
KL-Kota Bahru	89.99	179.98	158	316	75	75
KL-Kota Kinabalu	249.99	499.98	437	874	75	75
KL-Kuching	99.99	179.98	262	524	162	191
KL-Labuan	269.99	448.98	437	874	62	94
KL-Langkawi	129.99	275.98	205	410	58	48
KL-Miri	169.99	368.98	422	844	148	129
KL-Penang	69.99	139.98	158	316	125	125

KL is Kuala Lumpur

[10] The tax is already excluded from the fares. The average one-way tax is approximately 16 Ringgits, with the return tax approximately an additional 16 Ringgits.
[11] A Malaysian Ringgit is worth US$0.26 cents, NatWest Bank, London, May 1st, 2004.

Table 5
Journey Purpose

	Aer Lingus	Ryanair	*Statistical significance* *SD*	*P-value*[1]	Malaysia	Air Asia	*Statistical significance* *SD*	*P Value*[1]
Business	**%**	**%**			**%**	**%**		
- Meeting	**24.2**	**17.2**	*0.048*	*0.110*	**14.0**	**5.8**	*0.037*	*0.03*
- Conference	**5.9**	**6.9**	*0.029*	*0.727*	**7.0**	**0.8**	*0.024*	*0.01*
- Training	**7.3**	**4.8**	*0.028*	*0.377*	**5.4**	**1.6**	*0.023*	*0.103*
- Trade Fair	**0.0**	**0.0**	-	-	**2.3**	**0.0**	*0.013*	*0.070*
- Employment	**0.0**	**0.0**	-	-	**1.5**	**0.0**	*0.010*	*0.154*
Total Business	**37.4**	**28.9**			**30.2**	**8.2**		
Non-Business								
- Sports	**10.3**	**13.1**	*0.038*	*0.462*	**5.4**	**13.4**	*0.037*	*0.031*
- Shopping	**0.0**	**0.0**	-	-	**5.4**	**3.3**	*0.026*	*0.417*
- VFR	**20.5**	**27.7**	*0.050*	*0.168*	**16.9**	**23.2**	*0.050*	*0.213*
- Weekend Break	**9.5**	**12.4**	*0.037*	*0.443*	**10.9**	**12.6**	*0.041*	*0.684*
- Holiday	**14.7**	**12.4**	*0.040*	*0.575*	**10.9**	**15.1**	*0.042*	*0.328*
- Studying	**6.6**	**5.5**	*0.028*	*0.669*	**16.4**	**22.6**	*0.050*	*0.213*
- Religious	**0.0**	**0.0**	-	-	**3.9**	**1.6**	*0.020*	*0.284*
Total Non-business	**61.6**	**71.1**			**69.8**	**91.8**		
Total	**100**	**100**			**100**	**100**		

[1] The p-value gives the probability that the observed differences in journey purpose is due to chance.

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Passengers' perceptions of low cost airlines and full service carriers: a case study involving Ryanair, Aer Lingus, Air Asia and Malaysia Airlines

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