Segmentation of Airline Market in the GCC Region: Profiling Business Customers Using Low Cost and Full Service Carriers

Shohab Sikandar Desai[1*], C. M. Siddique[1] and Zahi Yaseen[2]

[1]College of Business Administration, American University in the Emirates, Dubai International Academic City, Dubai, United Arab Emirates.
[2]Faculty of Business Management, American University of Ras Al Khaimah, Ras Al Khaimah, United Arab Emirates.

Authors' contributions

This work was carried out in collaboration between all authors. All authors have read and approved the final manuscript.

ABSTRACT

Aims: This paper was designed to identify the differences and similarities between business travelers using low-cost carriers (LCCs) and full-service carriers (FSCs) in the GCC region. Research on the characteristics of business travelers, who are seen as an important market segment for both low-cost and full-service airlines, is sparse and anecdotal at best. This paper represents an initial effort at developing profiles of business travelers using LCCs and FSCs.
Study Design: Research paper based on survey data.
Methodology: The study employed a survey research design and collected data on business travelers using LCCs and FSCs by means of a brief questionnaire. Data analysis was conducted using the SPSS software package. A combination of nonparametric tests such as Chi Square and T-Test for two independent samples was employed to assess the extent of differences and similarities between the LCC and FSC customer samples.
Findings: The findings lend partial support to the hypothesis that short haul business travelers using LCCs form a fairly distinct market segment from business travelers using FSCs in the GCC region. The two samples revealed substantial differences in terms of organizational resources, respondents' demographic characteristics, and perception of different service dimensions. While both groups displayed similar level of service

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Corresponding author: Email: shohaib.desai@aue.ae;

satisfaction, they showed significant differences with respect to other service elements such as ticket price, service quality, in-flight service, comfort, frequent flyer programs and having access to business lounge.

Conclusion: The study reveals several differences and similarities between business people traveling by low-cost and full-service airlines in the GCC region. The data presented in this study is timely and strategically significant and may guide the marketing efforts of airlines using different service models.

1. INTRODUCTION

In recent years, the GCC region has witnessed a marked increase in the number of low-cost carriers (LCCs) serving short-haul routes within the region. Following the early success of Air Arabia, launched in 2003 by the government of Sharjah, several other Gulf Cooperation Council (GCC) countries have introduced LCCs to tap into this emerging market. Other major LCCs based in GCC that appeared over the past decade include Flydubai (Dubai), RAK Air (Ras Al Khaimah), Nas Air (Saudi Arabia), Jazeera Airways (Kuwait), and Bahrain Air (Bahrain).

The growing popularity of LCCs has posed a stiff competition to full-service, network carriers in the Gulf region. In a short period of time, LCCs in the region have acquired nearly 7 percent of the market share [1]. It is not clear, however, whether LCCs have attracted most of their passengers from the legacy airlines or they have created a new market segment comprising people who previously used other means of transportation. The general opinion is that LCCs have attracted a fairly large number of price-sensitive travelers from the legacy airlines, while at the same time, have encouraged several new travelers to benefit from their low fares and reliable service [2].

The LCCs in the GCC region are presently catering to the needs of a wide variety of passengers, including in particular the expatriate workers traveling to nearby countries to renew their residence visas, leisure travelers, students, and business travelers. The network airlines have mostly concentrated on leisure and business travel segments [3], offering occasional discounts to attract low-income expatriates. While it is generally recognized that the traditional target markets for both network airlines and LCCs are changing [4,5,6], a more precise assessment of the characteristics of business travelers has yet to be made in the context of the Gulf region.

In view of the changes taking place in the airline market, it seems strategically important to identify the characteristics of business passengers using airlines offering different product elements. Both FSCs and LCCs should find the outcome of this research effort useful to enhance their understanding of different market segments and, accordingly, develop products to effectively serve the needs of each segment. The FSCs need this information to assess whether they are offering a proper product mix and a competitive pricing structure to keep their current customers as well as attract new ones. Similarly, the LCCs need this information to determine whether they can benefit by more actively targeting the business travelers [7,8,9].

A better understanding of segmentation in the GCC airline industry takes on special significance in the current environment surrounding the airline business marked by intense completion and uncertainty [3,10,11,12]. Unfortunately, the segmentation issue in the airline business has not received the research attention it merits [13]. The present study fills this research gap by means of a systematic comparison of business travelers using network and low-cost carriers on a set of important demographic, behavioral, and attitudinal characteristics in the context of GCC countries.

2. FULL SERVICE AND LOW COST AIRLINES IN THE GULF REGION

With a population of some 40 million people, the GCC region provides a good-sized market for both the FSCs and LCCs. A large proportion of this population consists of expatriate workers, mostly coming from other Arab countries, South Asia and China. Their back-home destinations are approximately within 2 to 4-hour reach from most GCC countries and thus make a perfect short-haul market. In fact, the size and growth potential of this market served as a major impetus for the operators of LCCs to develop the low-cost service [1,2]. As noted above, the LCCs have primarily targeted low-income passengers including expats visiting their families on annual holiday trips or making a short exit to a neighboring country to meet visa-change requirements, and those traveling for leisure and business purposes. The success that some LCCs have achieved in this market in a short period of time has put considerable pressures on the legacy airlines to review their target market, price structure and the products they offer and reposition them in the expanding GCC travel market [1,6]. Likewise, the relationship between airports and airlines are changing in most countries in that the airports have come under pressure to cut their operating fees for LCCs to allow them to maintain their cost structure [14].

Leading network airlines such as Emirates and Qatar Airways now more actively stress service quality, reliability, business lounges, frequent flyers programs, and direct links with other airlines and prestigious hotels in their promotion programs. To avoid head-on competition with some established airlines in the region, Etihad Airways, for instance, has positioned itself as a non-legacy, affordable airline. In 2010, the Emirate of Ras Al Khaimah launched a new airline service, RAK Airways with an apparent focus on the best-cost service model. In this growing competition, LCCs continue to build their image as a much-needed service in the region to meet the travel needs of common people looking for cheap, no frill travel. With rapid growth in the market share of LCCs, most airlines in the GCC region must carefully delineate their market segments to gain competitive advantage with specific travel packages.

With their initial success, LCCs have begun to take active interest in certain specific segments such as the business travelers that have been historically served by the full-service, legacy airlines. Some preliminary evidence suggests that LCCs in the GCC region are gaining some ground against legacy airlines [1,6]. A growing number of business people traveling to attend business meetings, conferences, and training programs within the region are willing to give up the in-flight service and comfort provided by legacy airlines for low fares. While the GCC-based LCCs are still heavily focused on working-class people and expatriates with modest incomes, they now seem to have a substantial share of business travelers. As noted above, whether these business travelers are new customers or they are being drawn away from the legacy airlines remains to be assessed. The present study intends to offer some initial insight into this important question.

The legacy airlines have reacted to the success of LCCs in several different ways. Most FSCs, for instance, have broadened the scope and quality of their service offerings to justify the higher fare they charge. In certain cases, as with their counterparts in the West such as British Airways, they have launched their own LCCs to expand their market coverage and protect their territories from the possible attack by LCCs [15]. Some commentators, for instance, attribute the introduction of Flydubai by the government of Dubai in 2009 as a response to Air Arabia [6]. It is seen as a sort of counterattack by Dubai to maintain its leadership in GCC's airline market by offering service to both price-sensitive passengers and those looking for comfort and high quality in-flight service [16].

As with other LCCs that appeared in Europe and North America after the success of Southwest, most GCC-based LCCs have designed their service around the Southwest airline's low-cost model. The Southwest model is known for its simplification of passenger processing procedures, offering point-to-point service, using mostly one type of airplanes, and maintaining high frequency of flights [10,17]. Some low-cost airlines have attempted to customize the Southwest model to fit their specific needs. Bahrain Air, for instance, offers a separate premium class for travelers willing to spend a bit more money. Flydubai charges slightly higher fare than some other LCCs in the region. However, despite these variations, all LCCs are primarily competing with each other and with legacy airlines based on fares, convenience, and several other service elements [6,18,19,20].

3. RESEARCH HYPOTHESIS

The main hypothesis tested in this research may be stated in its null form as follows:
On a short haul service, business travelers using LCCs do not represent a separate market segment from business travelers using FSCs.

In order to test this hypothesis, the study will examine demographic and behavioral similarities and differences between two samples of business travelers, one using LCCs and the other using full-service, network airlines [7].

If the data reject the null hypothesis, it will be concluded that business travelers using LCCs and FCCs represent two distinct market segments. This will suggest that business travelers using LCCs make up a new segment of travelers who may have been using other modes of transportation before the availability of LCCs. Thus, the advent of LCCs has opened the market to a new group of price-sensitive travelers, and LCCs may focus their efforts on building and expanding this segment.

If, on the other hand, the null hypothesis is upheld, it will be concluded that short haul business travelers using LCCs and FSCs do not constitute separate market segments. This finding may be interpreted to suggest that LCCs have indeed succeeded in attracting away some business travelers from the network airlines, especially those travelers who do not attach much value to the frills offered by FSCs on short-haul routes.

Implications of these findings in terms of possible market strategies that LCCs and FSCs might use will be explored in the study.

4. METHODOLOGY

Data reported in this study were obtained through a brief self-administered survey instrument implemented at the following two airports in the United Arab Emirates (UAE): Sharjah International Airport (SIA) and Dubai International Airport (DIA). Data on business travelers using LCCs were collected from SIA, the home base of Air Arabia, a pioneer LCC in the Gulf region. In addition to Air Arabia, SIA also has several other low-cost or budget airlines operating from its premises, including Nas Air, Air Blue, Air-India Express, and Shaheen Air International [21]. Data on business travelers using network airlines were collected from DIA. Over 125 international network airlines fly from DIA's Terminals 1 and 2, while its new Terminal 3 exclusively serves Dubai's flag carrier, Emirates Airline [22].

A team of six graduating students taking marketing research and strategic management courses at a local university implemented the survey. It took four weeks to collect the data. The respondents were given the option to self-administer the survey or answer the survey questions and let the interviewer record the information. The survey was administered in the check-in and arrival areas in November-December 2012.

The participation in the survey was voluntary. A total of 308 business travelers provided the requested data. Of these, 176 (57%) were travelling by FSCs and 132 (43%) by LCCs.

The survey instrument used in the study was designed to cover a range of demographic and attitudinal dimensions [7,8,18,23]. Several items such as service quality, safety, and comfort, level of satisfaction, and individual culture values such as individualism and uncertainty avoidance were included in the survey. Since most questions were straightforward and clearly worded, the respondents were quite forthcoming in answering the survey.

5. DATA ANALYSIS AND RESULTS

To test the null hypothesis stated above, business passengers using LCCs and FSCs were compared on a number of demographic, attitudinal, and organizational variables. A combination of statistical techniques, including in particular, Chi Square, ANOVA, and Two Samples Means Test was used to determine the degree to which the two samples were independent or related to each other. Since the null hypothesis assumes that the two samples are related to each other, Chi Square is considered as one of the most appropriate non-parametric statistical techniques to test the null hypothesis. In view of the categorical nature of the variables, we also used ANOVA to examine the relationship between the key study variables.

5.1 Demographic Profile

Table 1 presents demographic data on business travelers for both network airlines and LCCs. In terms of gender, while both samples had a larger proportion of male business travelers, the proportion of women was higher in the sample of network airlines' business travelers than the LCC passengers (13.6% vs. 8.3%). This gender distribution reflects the general demographic pattern in UAE where male expatriate workers have predominant presence in the labor market [24]. However, both the Chi Square and F values do not support the null hypothesis.

With respect to age distribution, over one quarter (26.5%) of the business travelers using LCCs were under 31 years of age, while the corresponding figure for FSC travelers was 6.8%. Nearly one-third (32.4%) of FSC passengers were 50 years or older. The mean age for the LCC sample (40.83) was significantly lower than their counterparts' mean age using network airlines (51.81; p<.001).

Table 1. Profile of business travelers using low-cost (LCC) and full-service (FSC) airlines

Gender	LCC Sample	FSC Sample
	(N: 132) %	**(N: 176) %**
Male	91.7	86.4
Female	8.3	13.6
Chi Square=2.10; df=1; P=.147		
Eta: .08; P=.133; F=2.10; P=.148		
Age		
Under 31	26.5	6.8
31-35	18.5	12.5
36-40	17.2	20.5
41-45	9.8	14.2
46-50	9.1	13.6
51 and older	18.0	32.4
Chi Square=29.28; df=7; P=.001		
Eta=.29; p=.001; F=29.57; P=.001		
Occupational background		
Self-employed	26.1	12.5
Professional	19.4	53.4
Administrative	35.6	26.7
Skilled/Technical	18.9	7.4
Chi Square=41.32; df=3; P=.001		
Eta: .09; P=.102; F=2.88; P=.090		
Position in company hierarchy		
Top management	9.1	39.8
Middle management	37.1	26.7
Lower management	35.7	21.0
Non-management	18.1	12.5
Chi Square=37.26; df=3; P=.001		
Eta: .28; P=.001; F=26.31; P=.001		
Company size (number of employees)		
1–24	37.1	6.2
25–99	26.5	12.5
100–999	17.4	27.3
More than 1000	18.9	54.0
Chi Square=71.85; df=3; P=.001		
Eta: .47; P=.001; F=90.27; P=.001		

Data on survey participants' occupational background shows that most business travelers using LCCs worked in administrative jobs (35.6%) and held middle management positions (37.1%) while those using network airlines had a larger proportion of professionals (53.4%) and mostly worked as part of company's senior management team (39.8%). The LCCs'

business passengers also included a larger proportion of self-employed (26.1%) than users of network airlines (12.5%).

Except for gender, differences between business travelers using LCCs and FSCs in terms of age, occupational background, position in the company, and size of their work organizations are relatively small. Statistical results based on Chi Square and F values support the null hypothesis.

5.2 Company Travel Policy and Internal Resources

Table 2 provides data on company travel policy and internal resources in the form of having a travel manager or a specific department to assist employees in the process of purchasing and booking tickets with different airlines. As would be seen, a larger number of organizations represented by business travelers using full-service, network airlines (74.4%) had a corporate travel policy than organizations represented by LCC users (54.5%). Also, a larger proportion of business travelers using full-service airlines reported to have a travel department or a travel manager than the LCC business travelers (26.7% vs. 18.2%). While a large majority of respondents from both samples said that their companies encouraged the use of LCCs, the proportion of LCC business travelers was much higher than the proportion using FSCs (81.8% vs. 54.0%). Only a small proportion of travelers using FSCs (19.3%) said that their companies prevented the use of LCCs. The Chi Square results on corporate travel policy and policy on the use of LCCs support the null hypothesis while results relating to having an in-house travel manager or department slightly fall short of supporting the null hypothesis at .05.

Table 2. Company travel resources and travel policy

| In-house Travel Manager (TM) | LCC Sample | FSC Sample |
Travel Department (TD)	%	%
Company has neither TM nor TD	72.7	60.2
Company has either TM or TD	18.2	26.7
Company has both TM and TD	9.1	13.1
Chi Square=5.22; df=2; P=.073		
Eta=.12; P=.032; F=4.30; P=.038		
Corporate travel policy		
Yes	54.5	74.4
No	45.5	25.6
Chi Square =13.27; df =1; .001		
Eta: .20; P=.001; F=13.78; P=.001		
Travel policy on low-cost airlines		
Encourages use of low-cost airlines	81.8	54.0
Prevents use of low-cost airlines	0.0	19.3
Holds no opinion on low-cost airlines	18.2	26.7
Chi Square=36.74; df=2; P =.001		
Eta: .21; P=.001; F=14.71; P=.001		

5.3 Travel Purpose, Booking Process and Channels

Table 3 summarizes data on flight purpose, flight selection, booking process, and booking channels. In looking at the purpose of travel, the data indicate several differences between

the two samples. Most business travelers using LCCs were more likely to make sales and marketing-related trips compared to users of network airlines (26.5% vs. 14.2%), while those using network airlines were more likely to travel to attend conferences or take part in exhibitions than users of LCCs (25.6 vs. 9.1%).

Table 3. Travel purpose and booking behavior

Purpose of travel	LCC Sample	FSC Sample
	%	%
Sales/marketing	27.5	14.2
External meeting/visit	25.4	26.7
Internal meeting/visit	19.1	19.9
Emergency/problem solving/training	18.9	13.6
Conference exhibition	9.1	25.6
Chi Square=18.30; df=4; P=.001		
Eta: .18; P=.001; F=10.91; P=.001		
Flight selection		
Traveler	64.4	59.1
Secretary	18.2	27.3
Company TM/TD	17.4	13.6
Chi Square=3.72; df=2; P=.156		
Eta: .01; P=.602; F=.03; P=.860		
Flight booking		
Traveler	37.1	20.5
Secretary	18.9	38.6
Travel agent	35.6	27.8
Travel department	8.3	13.1
Chi Square=20.27; df=3; P=.001		
Eta = .09; P=.132; F=2.68; P=.105		
Booking channel		
Airline website	26.5	20.5
Call Center	19.7	13.1
Travel agent	44.7	46.6
Travel agent site/company intranet	9.1	19.9
Chi Square=9.10; df=3; P=.028		
Eta: .14; P=.006; F=6.58; P=.011		

As may be seen, a large majority of business travelers from both samples selected their own flight. This may be attributed to an increasing use of the Internet to obtain travel information, and most travelers seem to prefer searching for such information on their own. The proportion of travelers using secretarial assistance in flight selection was higher for passengers of network carriers (27.3%) than those using LCCs (18.2%). With respect to flight booking, the data suggested fairly clear differences between the two samples. Most users of LCCs did their own booking (37.1%) or they went through a travel agent (35.6%). By contrast, most users of network careers depended on their secretary for booking flights (38.6%). The two samples also showed substantial differences among business travelers in terms of channels used to book travel. A relatively larger proportion of LCC travelers (26.5%) used airline's website than users of network airlines (20.5%). Use of travel agents as a booking channel was fairly higher in both samples of business travelers. Chi Square results relating to flight selection support the alternative hypothesis suggesting independence of the two samples of business travelers.

5.4 Usage Behavior

Table 4 presents data on usage behavior of business travelers using LCCs and network airlines. The data revealed sizable differences between the two samples on the variables displayed in Table 4. While all users of network airlines have used this service before, a sizable number of LCC passengers (28.0%) never used the network service before. These are perhaps the new travelers who began traveling by air with the availability of less expensive LCCs and may be seen as evidence of LCCs generating new business-related travel. A majority of the LCC users had used this service in the past year (69.5%) and had traveled by LCCs for business purpose (81.8%). Sixty percent (60.2%) of the business travelers in the FSC sample used LCCs in the previous year, and 40.3% used the LCC for business purpose. The LCCs need to pay some attention to nearly 60 percent business travelers in the FSC sample who have not used LCCs for business purpose as a potential market to penetrate into with their low fares. However, these figures may also be interpreted to suggest that these travelers are fairly satisfied with the service provided by network carriers and are less likely to consider switching to LCCs. In any event, there is an opportunity for LCCs to more aggressively pursue this market segment.

The respondents were further asked whether the network carriers offered value for money in business class for short-haul travel. As may be expected, the proportion of business travelers who perceived some value in the business class was higher among network airlines' travelers than users of LCCs (33.5% vs. 17.4%). However, in both samples, a larger proportion of respondents believed that business class did not offer value for money for short-haul travel. The LCCs may target these travelers of network airlines who do not see much value in business class travel. It may also be noted that a larger proportion of network airlines' travelers (81.1%) expressed their willingness to use LCCs for business travel in future. This supports the possibility of these travelers considering the LCC option somewhat more seriously in their future business travel plans.

The survey also assessed the possible impact of a reduction in travel budget on business passengers' travel behavior. A little over one-third of the LCC travelers (36.4%) said they would reduce the amount of travel in case of a budget cut compared to 13.1% of the network airlines' passengers. Most of the passengers using network carriers (38.6%) said that they would take as many trips but switch to LCCs. In addition, a fairly substantial proportion of passengers travelling by network airlines also indicated that they would take few business class flights (13.6%) or downgrade to economy class (34.7.0%). Consistent with previous research [9], these findings suggest that a large number of business people using network airlines would be inclined to switch to low-cost travel and LCCs may consider this segment for their future marketing efforts.

On the whole, the Chi Square results relating to usage behavior are consistent with the null hypothesis.

5.5 Importance Rating of Service/Product Elements

Finally, the respondents were asked to rate a set of ten product elements in terms of their importance on a 10-point rating scale where high scores indicated greater importance. The results generated by a two-sample means test are shown in Table 5. The data revealed several interesting differences and similarities between the two samples. As would be seen, business travelers in both samples gave similar rating to the following two service elements: service frequency and safety. The LCC travelers placed significantly more importance on

ticket price than the network business passengers. They also give significantly higher rating to ticket flexibility than users of network airlines. The remaining six product elements, namely, service quality, punctuality, in-flight service, comfort, frequent flier (FF) schemes, and the availability of business lounge received significantly higher rating from business travelers using full-service, network airlines than those using LCCs. However, the overall low rating of FF schemes and business lounge would suggest that these services are perhaps losing some of their traditional appeal to most travelers, including the passengers of network airlines. Despite this change, business travelers using network carriers still belonged to more FF schemes than LCC travelers. In the present survey, on average, they belonged to 1.7 FF schemes while those using LCCs, on average, belonged to .5 FF schemes. In addition to ten product elements, the survey participants also rated their overall level of satisfaction with the service. Both groups of business travelers showed a fairly high and comparable level of service satisfaction. These findings do not support the null hypothesis investigated in this study.

Table 4. Use of low-cost (LCC) and network (FSC) airlines

Use of low-cost and network airlines	LCC Sample	FSC Sample
	%	%
Used a network, full-service airline before		
Yes	72.0	100.0
No	28.0	0.0
Chi Square=56.06; df=1; P =.001		
Eta: .42; P=.001; F=68.10; P=.001		
Used a low-cost airline in the past year		
Yes	69.5	60.2
No	30.5	39.8
Chi Square=16.58; df =1; P=.001		
Eta: .23' P=.001; F=17.41; P=.001		
Used a low-cost airline for business		
Yes	81.8	40.3
No	18.2	59.7
Chi Square=53.31; df=1; P=.001		
Eta=.41; P=.001; F: 64.05; P=.001		
Will use a low-cost airline for business in future		
Yes	100.0	81.1
No	0.0	18.9
Chi Square=29.61; df=1; P=.001		
Eta: .31; P=.001; F=32.55; P=.001		
Business class offers value for money		
Yes	17.4	33.5
No	82.6	66.5
Chi Square=10.0; df=1; P=.002		
Eta =.18; P=.001; F=10.27; P=.001		
In the event of a cut in travel budget you would		
Reduce travel	36.4	13.1
Take few business flights	9.1	13.6
Downgrade to economy	0.0	34.7
Same number of flights but on low-cost airlines	54.5	38.6
Chi Square=69.04; df=3; P=.001		
Eta: .10; P=.597; F=3.50; P=.062		

Table 5. Importance rating of service elements

Service elements	LCC Sample Mean	FSC Sample Mean	t value*	Level of Significance
Quality	7.73	8.47	13.41	.001
Punctuality	8.16	8.73	9.81	.001
Frequency	8.37	8.43	1.09	.121
Price	9.36	7.59	27.35	.001
Ticket flexibility	8.74	8.40	6.21	.001
In-flight service	5.35	8.45	31.89	.001
Comfort	6.83	8.51	30.92	.001
Safety	8.89	8.78	1.82	.101
Frequent flyer scheme	3.52	5.08	10.56	.001
Business lounge	2.90	5.66	26.97	.001
Overall satisfaction with service	8.51	8.60	1.46	.67

•Degree of freedom (df) for all 11 variables shown in this table is 1

The survey asked respondents whether they would be willing to pay for certain additional services such as gaining entry into a business lounge or having a special meal, etc. Most travelers were not willing to spend on these extras. The proportion of LCC travelers (83.3%) who were unwilling to spend on such frills was higher than business passengers using network airlines (56.3%). Asked whether their companies would be willing to pay for such extras, a small number of respondents answered affirmatively. The proportion of network airlines' business passengers who said that their companies would pay for such frills was higher than the LCC passengers (31.3% vs.8.3%).

6. FINDINGS IN REVIEW

The comparative survey data on business travelers of LCCs and FSCs reported in this paper have generated a set of valuable findings. To recap, business travelers using LCCs tend to be relatively younger, holding administrative jobs in middle management positions, and mostly working in smaller companies. They also tend to be different in terms of the booking process and the channels used for booking flights. They make fairly extensive use of airline websites while a large number of passengers of network airlines consider travel agents as a major booking channel. With respect to rating of key service elements, the LCC passengers place more importance on fares than the usual frills offered by network airlines such as FF schemes and in-flight service. Business travelers using network airlines, by contrast, tend to be somewhat older; they hold professional jobs, and work for larger companies in executive positions. Unlike their counterparts using LCCs, they place greater importance on in-flight service, comfort, business lounge facility, and FF programs, and are willing to pay higher fares for these product elements.

However, it must be emphasized that in the current financial situation both groups of customers (i.e., LCC and FSC customers) seem to look for better value for the travel price they are willing to pay. They do shop around on their own or with the help of their secretarial staff, in-house travel managers or departments, and travel agents to maximize the return on their travel expenses. Most travelers using LCCs or network airlines see little value in business class travel and would like to consider LCCs in future. In case of reduction in travel budget, several users of network airlines would prefer to use LCCs rather than reducing the frequency of their flights.

The differences between two groups of passengers seem to lend some support to the claim that LCCs have created a new segment of passengers who either did not travel much or travelled using other modes of transportation before the LCCs became available. The fact that most travelers from both groups have used LCCs and FSCs before makes it easy for them to change their preference for better value. With personal budgets becoming more important in people's travel decisions and the consequent popularity of LCCs, the network carriers might lose some business travelers to LCCs in the GCC region. There is some indication that LCCs have achieved initial success in attracting some passengers from the network airlines. Several current LCC passengers in the sample have used network airlines before the emergence of LCCs. Likewise, several users of network airlines showed willingness to use LCCs for business purpose in future.

As implied by these findings, the management of LCCs can certainly benefit by building closer and meaningful ties with the corporate world. Most large-sized companies have extensive purchasing facilities, separate travel departments or managers, and LCCs can exploit such resources to reach the key personnel representing senior managers who frequently travel to address routine organizational problems or attend corporate meetings and conferences. Traditional channels such as travel agents can play a vital role in reaching this target group to enter the corporate world of business travelers.

Use of web-based booking is gradually increasing in the GCC countries and is likely to increase further since the region is one of the most IT-connected regions in the world [16]. However, most travelers still feel uncomfortable with Internet-based transactions. In fact, some survey participants, especially the LCC passengers, felt forced to go through the company's website as most LLC-operated travel agencies rarely attend telephone calls (always busy signals!) and their call centers usually direct the customer to their websites. It seems perhaps too hasty for LCCs in the GCC region to promote web-based booking too aggressively at this early phase of the low-cost service model [6]. As noted above, this may further de-emphasize the traditional marketing role of travel agents, who are known for playing a central role in promoting their sponsoring airlines. Most GCC travelers are accustomed to the service offered by travel agents and will need considerable time to make transition to Internet-based booking channels, which they find somewhat impersonal.

7. CONCLUSION AND IMPLICATION

The findings of the present study indicate a number of differences and similarities between business travelers using LCCs and network airlines. On the whole, the data reveal more differences than similarities between the two groups in the GCC region and thus we may partially reject the null hypothesis in favor of the alternative hypothesis. The findings support the conclusion that business travelers using LCCs form a fairly distinct market segment from travelers using FSCs in the GCC region.

Since market segments in the airline business tend to change very swiftly [10,11,25], it is important to periodically monitor the salient features of the segments served by LCCs and network airlines. As travelers' economic and social circumstances change, their preferences for network airlines or LCCs are likely to change. Further research is clearly needed to generate periodic data to review the profiles of business travelers using LCCs and network airlines and assess the nature and extent of change in their preferences. Such data are important to guide marketing strategies of both LCCs and network airlines in the present competitive environment facing the airline business in GCC and other parts of the world.

With growing popularity of LCCs in the GCC region and several Asian countries such as China and India, the number of both business and leisure travelers is likely to grow. This will further stimulate the competition in the regional and global airline market, which may lead to the emergence of new LCCs or even the extinction of some less competitive airlines. It is perhaps important to note that in early 2014, RAK Airways stopped its operations after just about three years in business. In 2010, Sama Air, a Saudi Arabian LCCs grounded its service. However, despite these failures, the success of some LCCs such as Air Arabia and Fly dubai may attract new LCCs in the region. For instance, in 2010, Qatar Airways announced its intention to introduce a low-cost service [26]. While this decision is still pending, there is, however, always the possibility of other potential competitors entering the low-cost air service in the Gulf region where the population of expatriates is rapidly increasing.

Research on the competitive strategies of low-cost and full service airlines is an important area that merits special attention in future studies of the airline business in the GCC region. Another issue that future research may address is the changing nature of the relationship between the airlines and airports as a result of low-cost airlines' pressure on airports to renegotiate operational costs in order to sustain the low-cost model [14].

The phenomenal growth of LCCs has caused major changes in the profile of airline customers in almost all countries around the globe. The implications of the findings explored in this paper are not confined to the GCC region per se. It will be useful to replicate the present study in other countries and regions to develop a better understanding of the strategies that may enhance the performance of both low-cost and full service airlines in the current highly competitive airline industry.

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COMPETING INTERESTS

The authors have declared that no competing interests exist.

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