

Air Passengers in Lowland Scotland airports BAA Airports Market Inquiry

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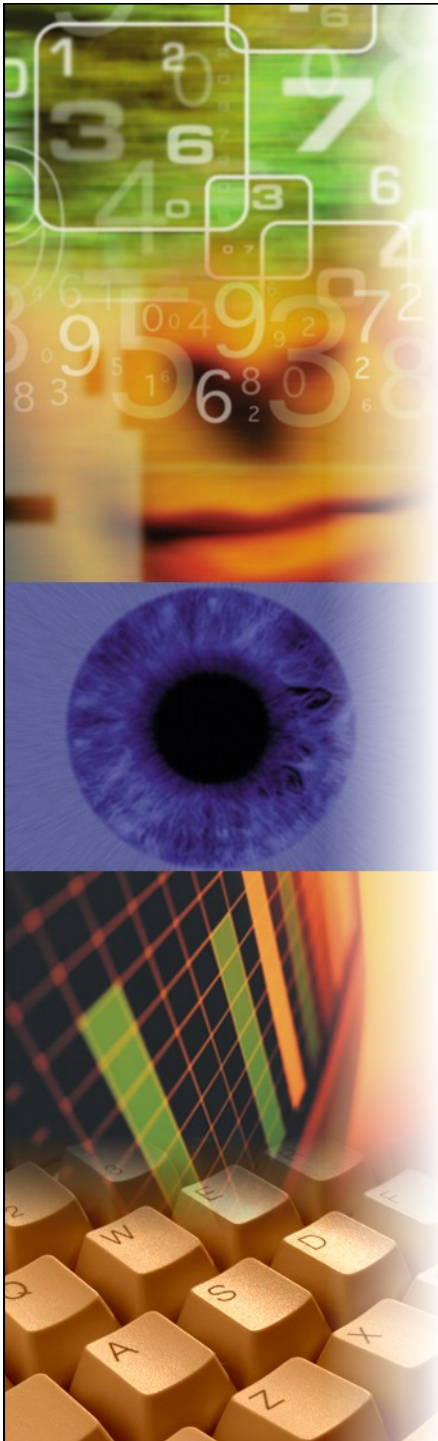


Agenda

- Background
 - Objectives
 - Research process
 - Sample
- Main findings
 - Respondent profile
 - Options and choices
 - Information sources
 - Options available
 - Options considered when choosing flight
 - Reasons for choice
 - Alternatives
 - Price sensitivity
 - Cost scenarios
- Summary
 - Conclusions
- Discussion

Background

Objectives
Research process
Sample





Background

- BAA is the subject of two Competition Commission reviews
 - Regular quinquennial review of airport charges
 - Market review of BAA's supply of airport services referred by the Office of Fair Trading

- OFT hypothesis
 - BAA's ownership of Edinburgh and Glasgow airports limits competition between these two airports in Lowland Scotland
 - Airport charges imposed on airlines by BAA are likely to impact directly on the cost of flying to passengers
 - Prestwick airport offers some competition to Glasgow Airport
 - Further competition may provide additional benefits to air travellers, particularly in terms of charges



Objectives

■ Principal objective

- **Role of price in passengers' decisions**
 - Specifically in terms of their choice of airport
 - Potential impact of price increases

■ Specific research objectives

- Understand information sources used when booking flights
- Understand the range of options considered when making their flight decisions
- Identify reasons for choice of travel method and flight
- Identify the options available in terms of airport choice
- Identify how far other options represented realistic alternatives
- Understand the role of price when making their flight decisions
- Understand the impact of various different cost scenarios



Research process

- **2 stage methodology was chosen**
 - **Face to face recruitment landside and airside in the airport with arriving and departing passengers**
 - **Follow-up CATI interview**
- **Practical considerations surrounding methodology**
 - Range of objectives and question areas suggest lengthy interview
 - Difficult to conduct an interview longer than 5 minutes with arriving passengers
 - Relatively little downtime and keen to get away
 - Difficult to gain co-operation from departing passengers before they pass through passport control
 - Longer interviews can be conducted in departures (once airside), but may result in a skewed sample
 - Those who arrive close to departure time or spend their time shopping are likely to be excluded



Sample definition

- Eligible respondents were defined as passengers:
 - Departing from or arriving at Glasgow, Edinburgh and Prestwick airports
 - Involved in choice of which airport to fly to/from
 - If flight booked as part of package, only respondents who had a choice of airport were included
 - Only business travellers who had input into the choice of airport were included
 - Aware of the approximate price they paid for the flights or package
- Additionally, the following passenger types were excluded:
 - Member of armed services on duty
 - Embassy or consular staff on duty
 - Airline staff on duty

Sample structure

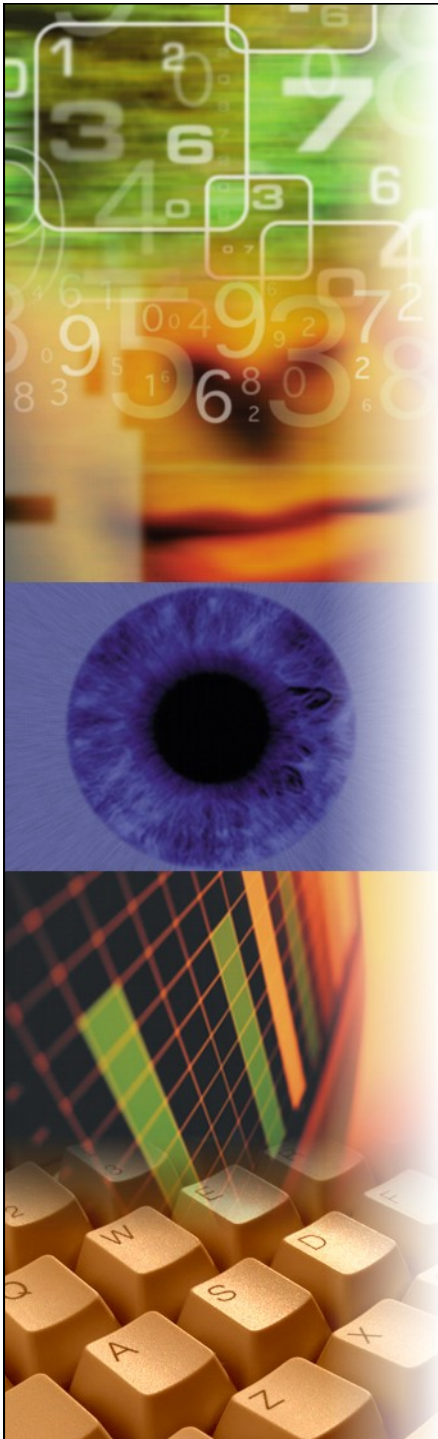
AIRPORT	NO. OF RECRUITS	TELEPHONE INTERVIEWS
Edinburgh	1268	443
Glasgow	1094	422
Prestwick	641	175

- Quota sampling to be representative of travellers using lowland Scottish airports
 - Aggregated origin/destination: domestic or international
 - Journey purpose: business or leisure
- Quota targets set based on the CAA 2005 passengers survey results
 - Consideration given to fact that CAA statistics based on full-year data
 - Recruitment took place during peak summer period
 - Considerable fluctuation in passenger profiles at different times of the year
 - Necessary to weight data at the analysis stage to give a truly representative sample of passengers

Main findings

Respondent profile
Options and choices
Price sensitivity

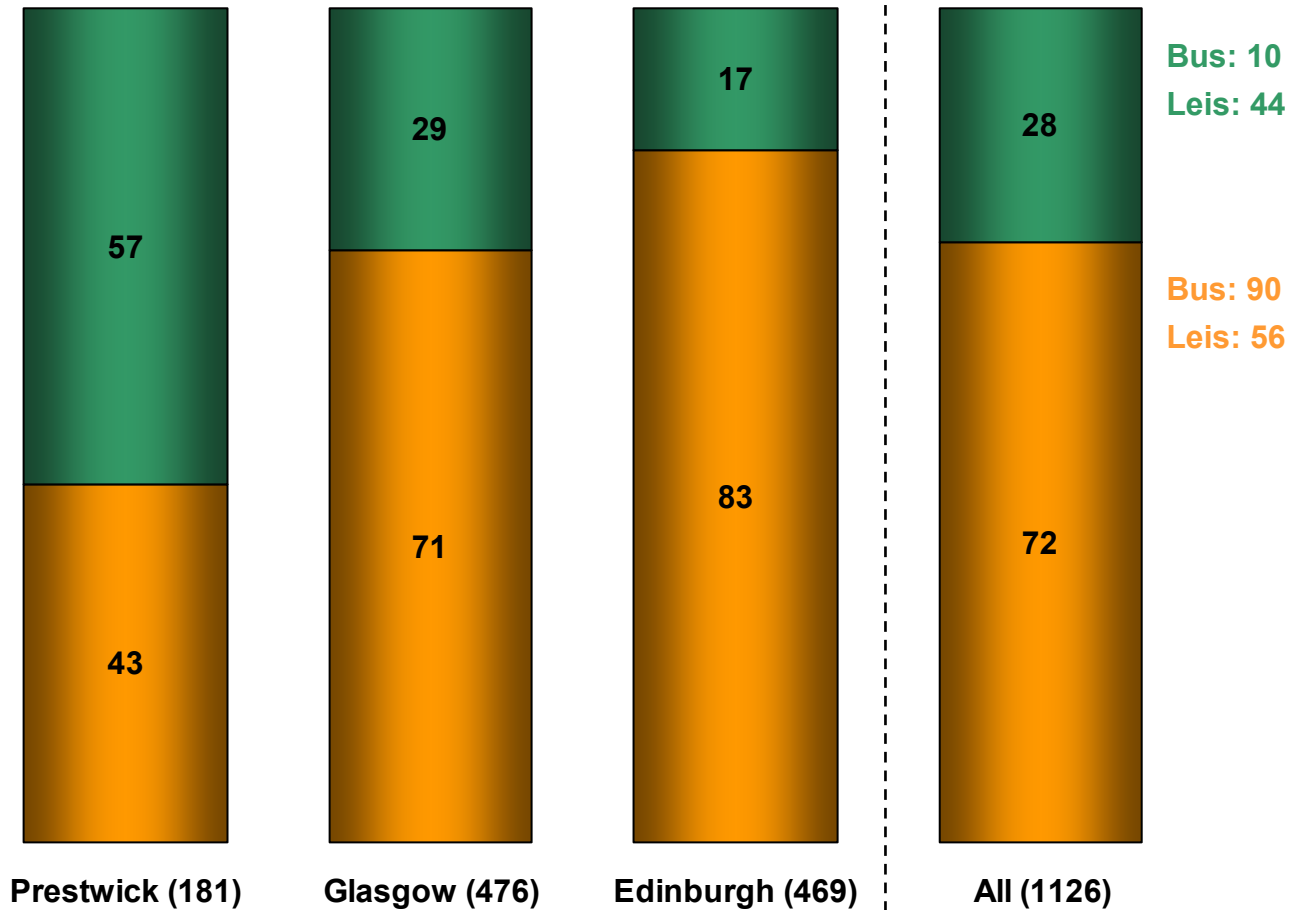
Respondent profile



Nearly three-quarters were on domestic flights; less so at Prestwick

Flight origin / destination

■ International
■ Domestic

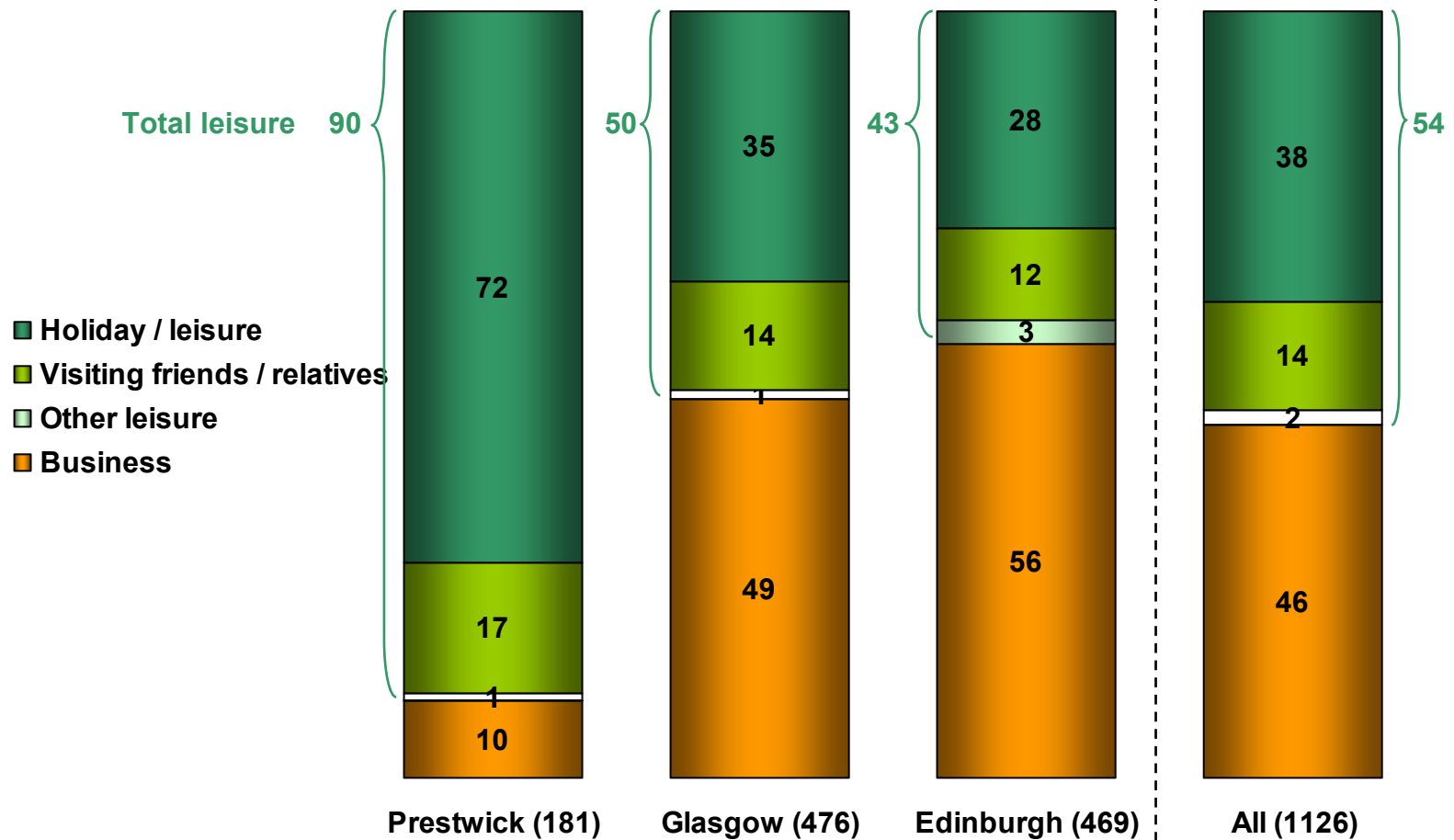


Q5aR: Is the flight that you have taken / are taking today a domestic or international flight?

Base: All (n=1126)

Just under half of respondents were business passengers; smaller proportion at Prestwick

Journey purpose



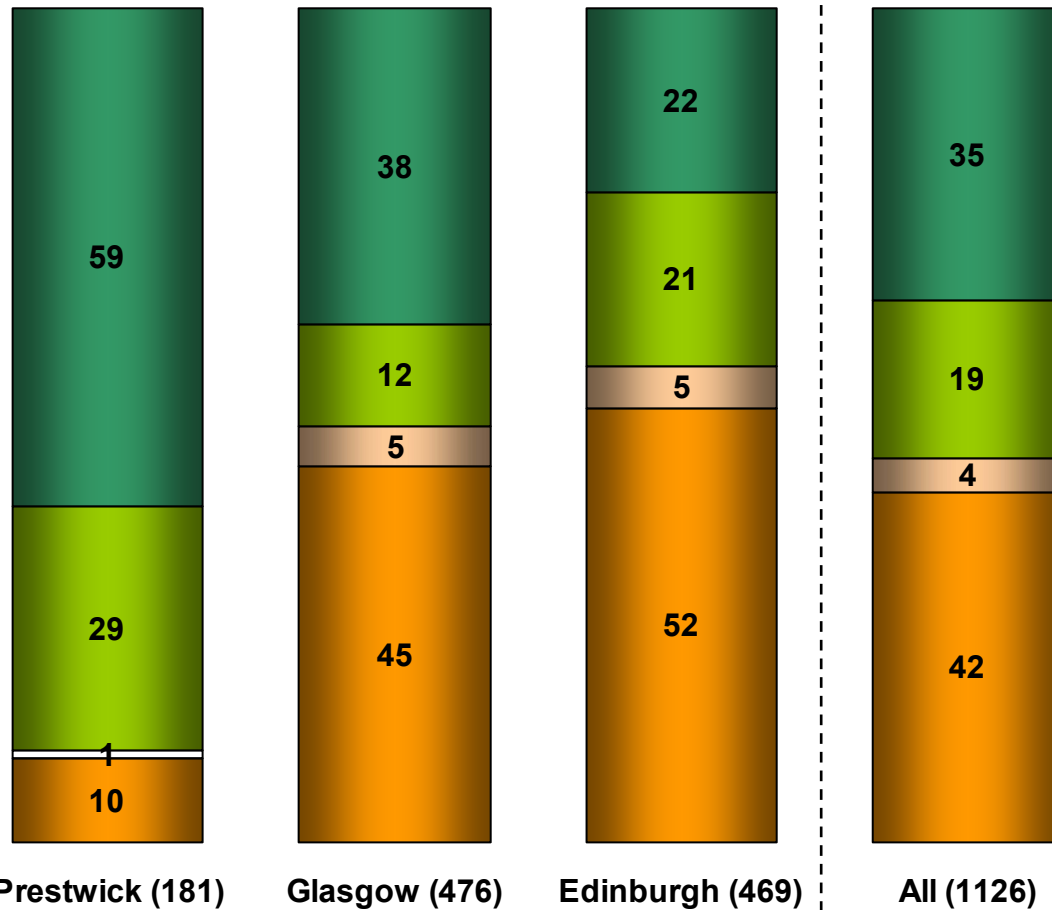
Q6R: Which of these best describes the purpose of your journey?

Base: All (n=1126)

Business travellers tend to fly alone and leisure passengers as part of a larger group

Journey purpose and party

- Leisure - more than one
- Leisure - alone
- Business - more than one
- Business - alone



Q6R: Which of these best describes the purpose of your journey?

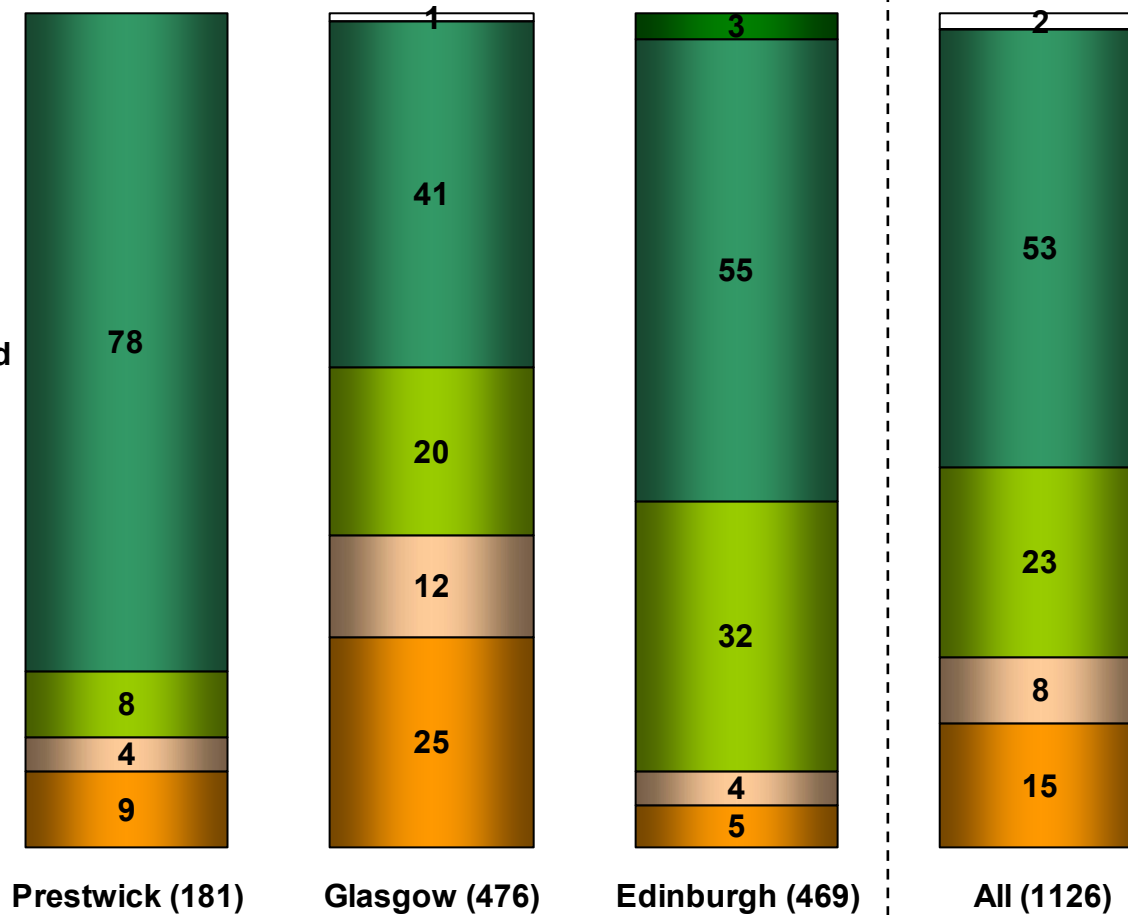
Q8R: Are you travelling alone or with others?

Base: All (n=1126)

The majority of respondents were departing on the outbound leg of their journey

Journey leg

- Departing - single
- Departing - outbound
- Departing - return
- Arriving - single
- Arriving - outbound
- Arriving - return



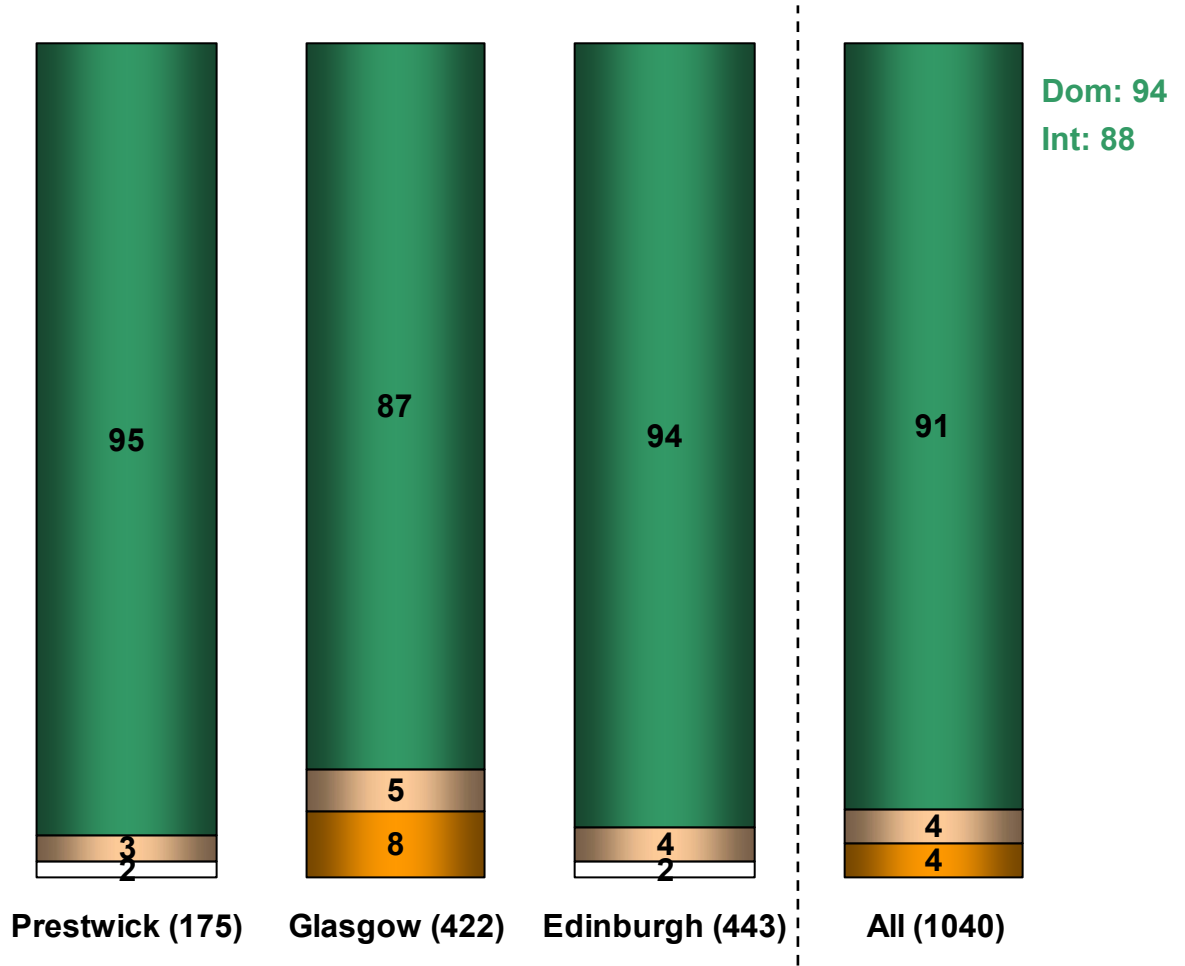
Q5bR: Is this flight the outward / 1st journey, or are you on the inward / return journey of your trip?

Base: All (n=1126)

The majority of respondents took a direct flight

Flight taken

- Direct / non stop
- Changed planes in the UK
- Changed planes outside the UK

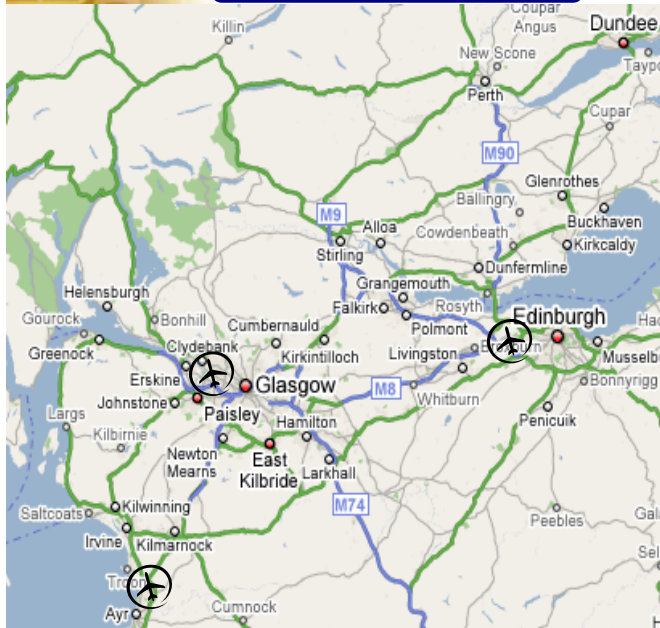


Q7: Was your flight direct or did you have to change planes?

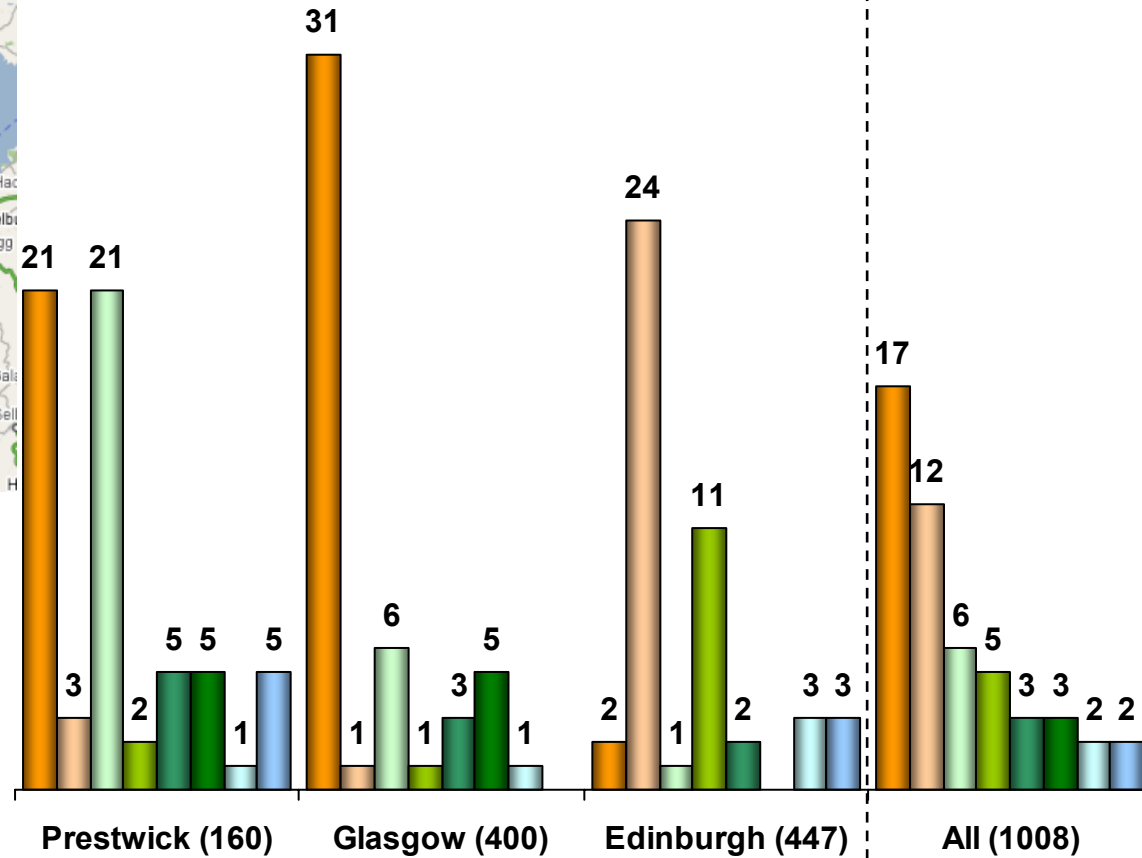
Base: All (n=1040)

The locality of respondents is similar for Glasgow and Prestwick

Respondent locality



- G - Glasgow
- EH - Edinburgh
- KA - Kilmarnock
- KY - Kirkcaldy
- ML - Motherwell
- PA - Paisley
- DD - Dundee
- FK - Falkirk



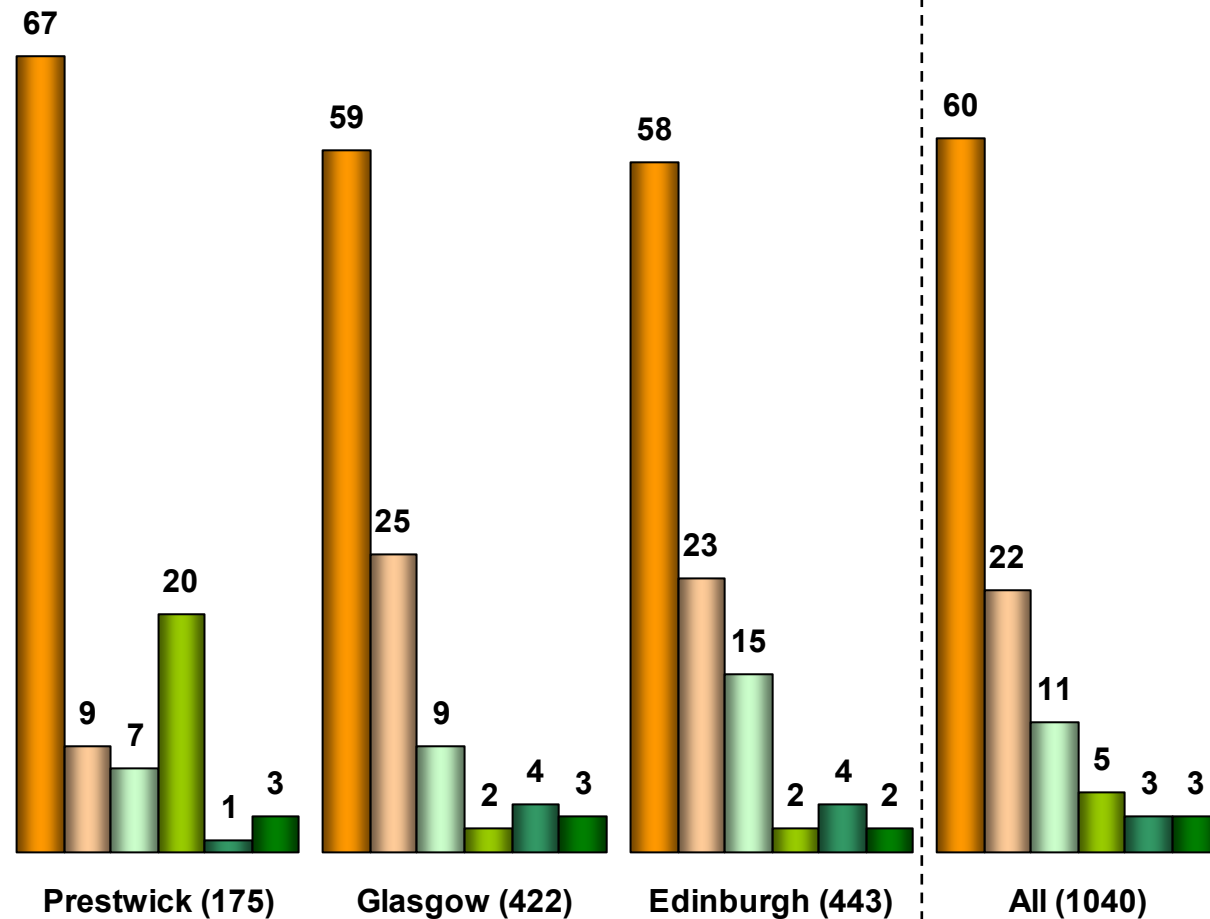
Q5: Can you give me the first part of the postcode district of the place you set out from / travelled on to?
 (Excludes Other / DK. Includes only total mentions over 1%)

Base: All who started /
 ended journey in UK
 (n=1008)

Most travelled to or from the airport by car or taxi, not public transport

Journey to / from airport

- (Private) car
- Taxi
- Bus/ coach
- Train
- Another flight
- Other



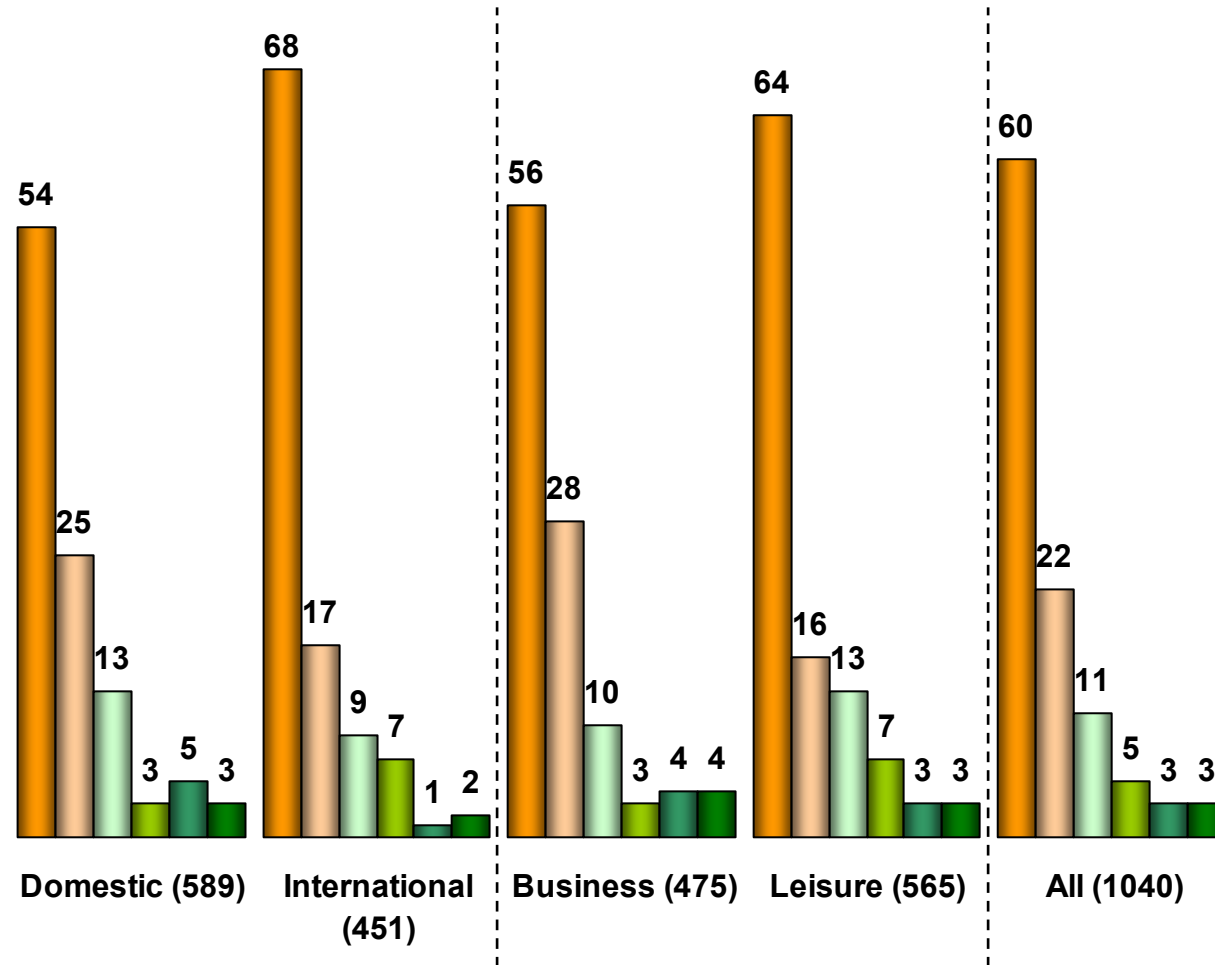
Q9: Which forms of transport did you use to get to / leave the airport on that day?

Base: All (n=1040)

Business travellers are most likely to go by taxi and least likely to use the train

Journey to / from airport

- (Private) car
- Taxi
- Bus/ coach
- Train
- Another flight
- Other

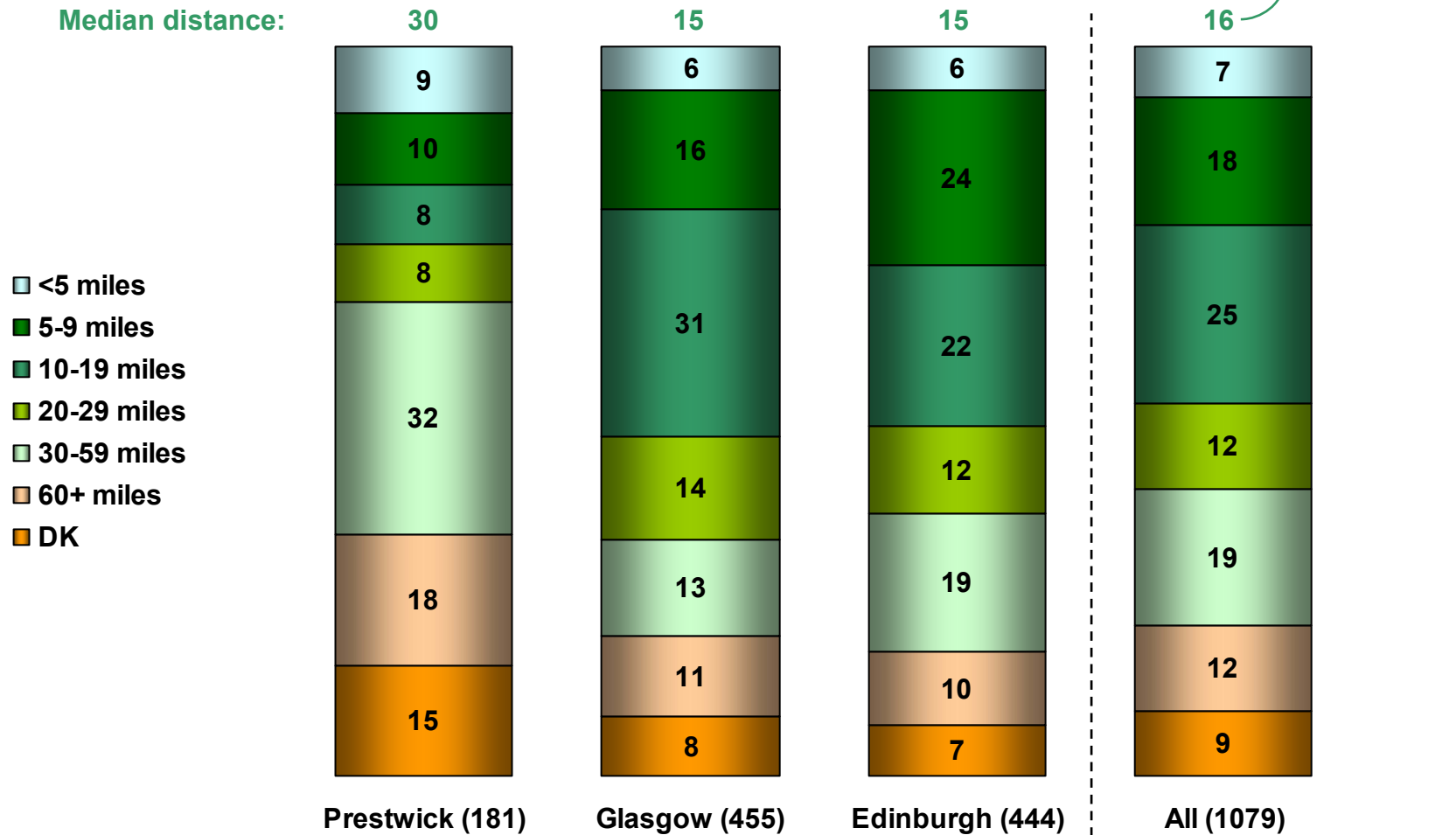


Q9: Which forms of transport did you use to get to / leave the airport on that day?

Base: All (n=1040)

Respondents using Prestwick travelled further to get to and from the airport

Distance travelled to / from airport

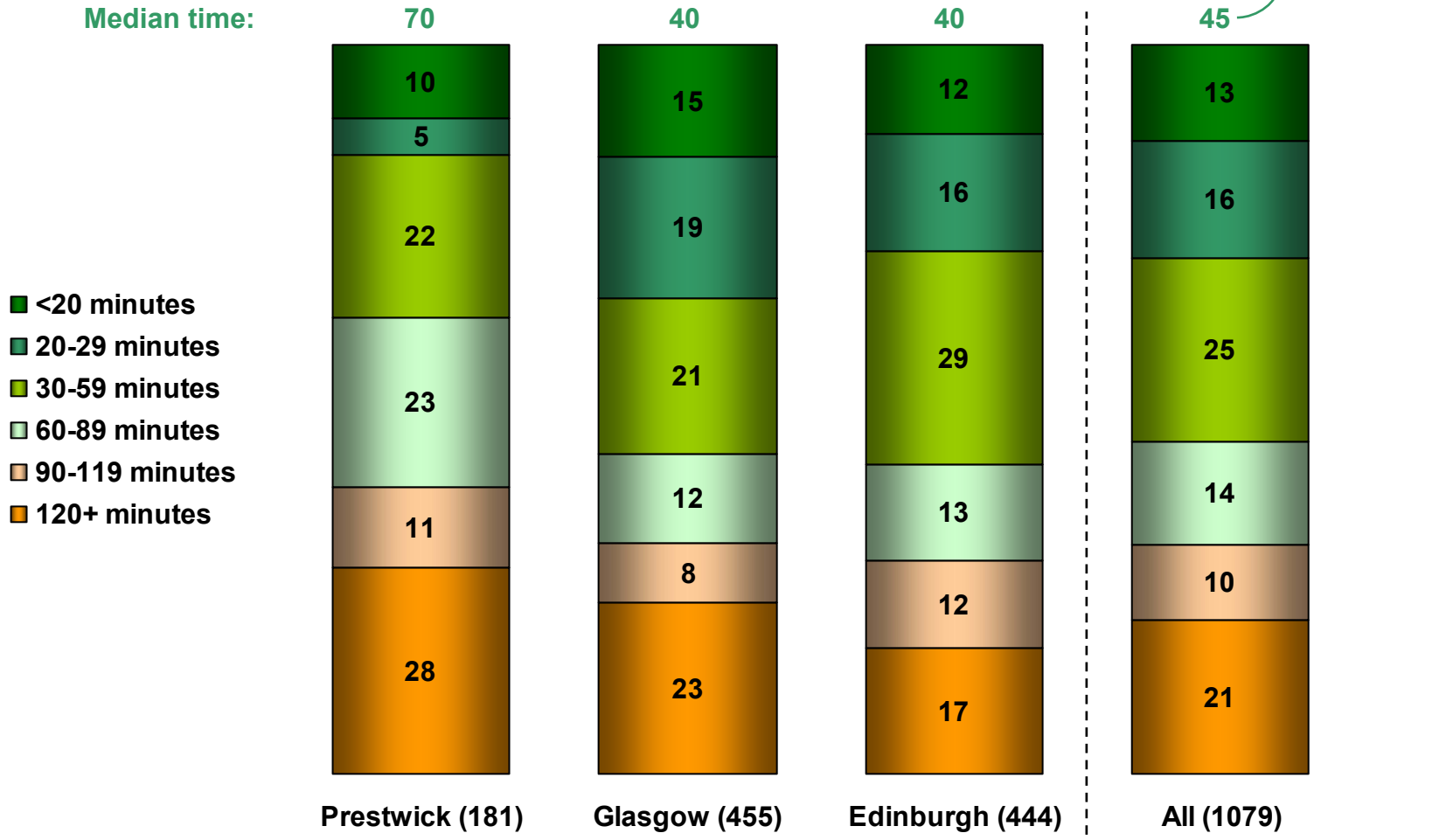


Q10a: Roughly, how far did you travel in miles to get to the airport / to your final destination when you left the airport on that day?

Base: All who did not change planes (n=1079)

Almost half of passengers travelled for less than an hour to get to or from the airport

Time taken to get to / from the airport



Q10b: Roughly, how long did it take you to get to the airport / to your final destination when you left the airport on that day?

Base: All who did not change planes (n=1079)

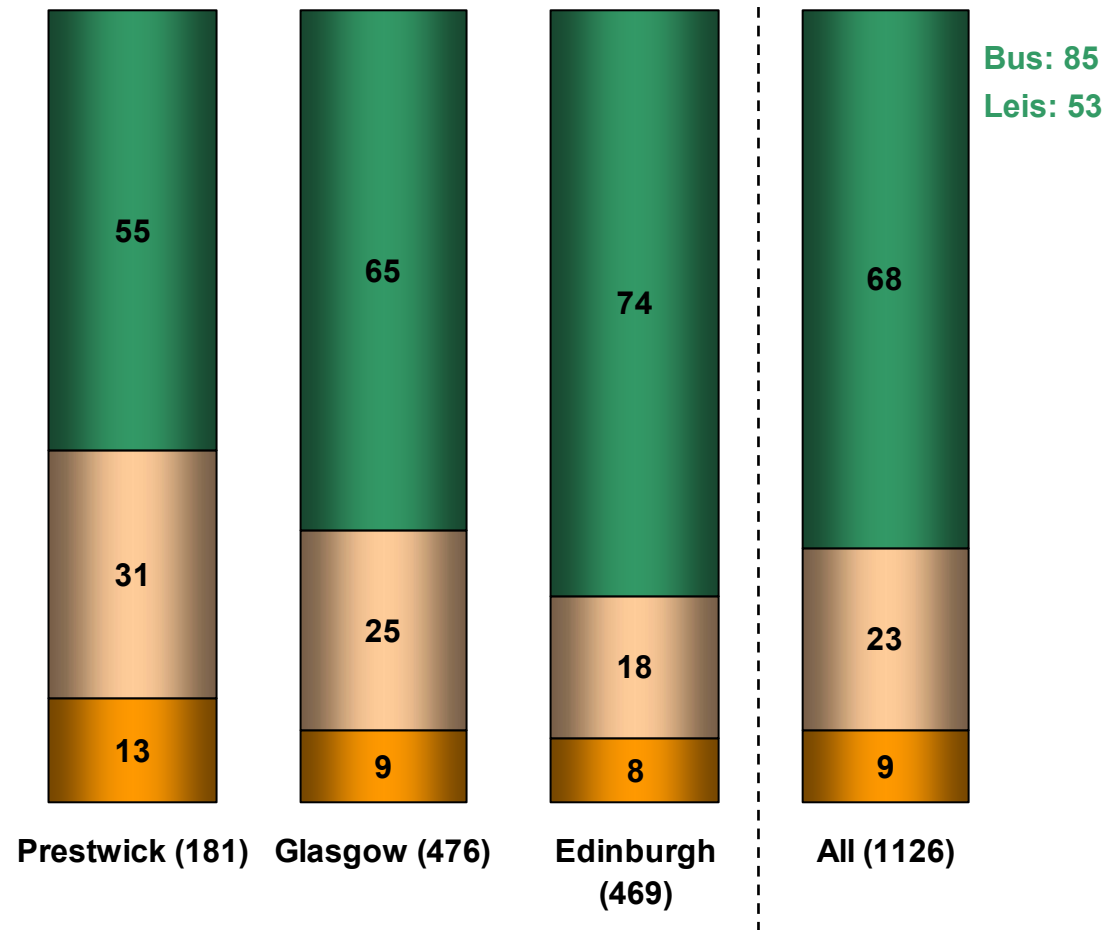
Options and choices

Information sources
Options available
Options considered when choosing flight
Reasons for choice
Alternatives

The majority of respondents made the decision of which airport to use on their own or with one other

Choice of airport

- Decided on my own
- Decided with one other person
- Decided with several other persons



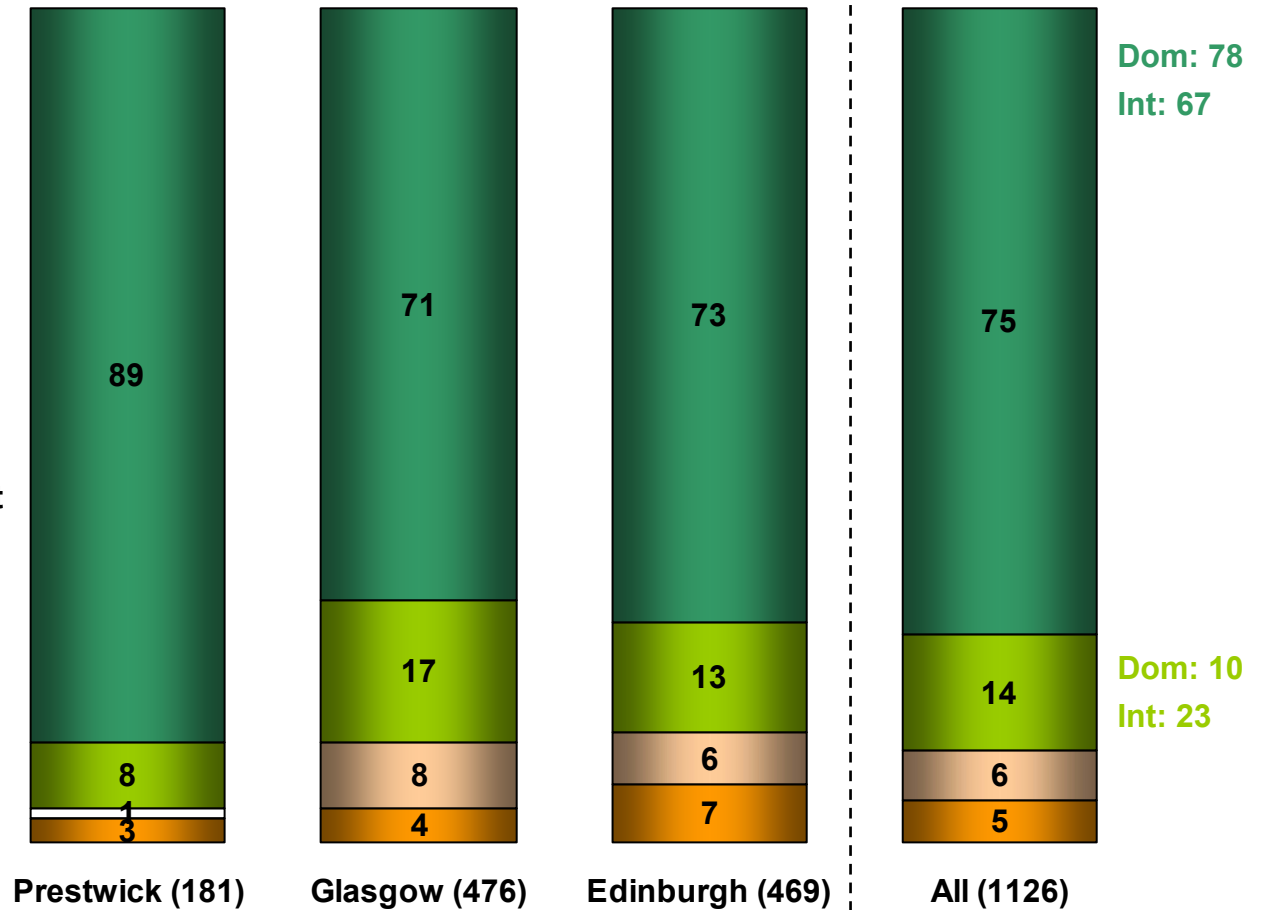
Q1: To what extent were you involved in the decision of which airport to use?

Base: All (n=1126)

The majority of respondents booked via the Internet; more so at Prestwick

Trip booking

- Internet
- Travel agency shop
- Other
- Someone else booked it

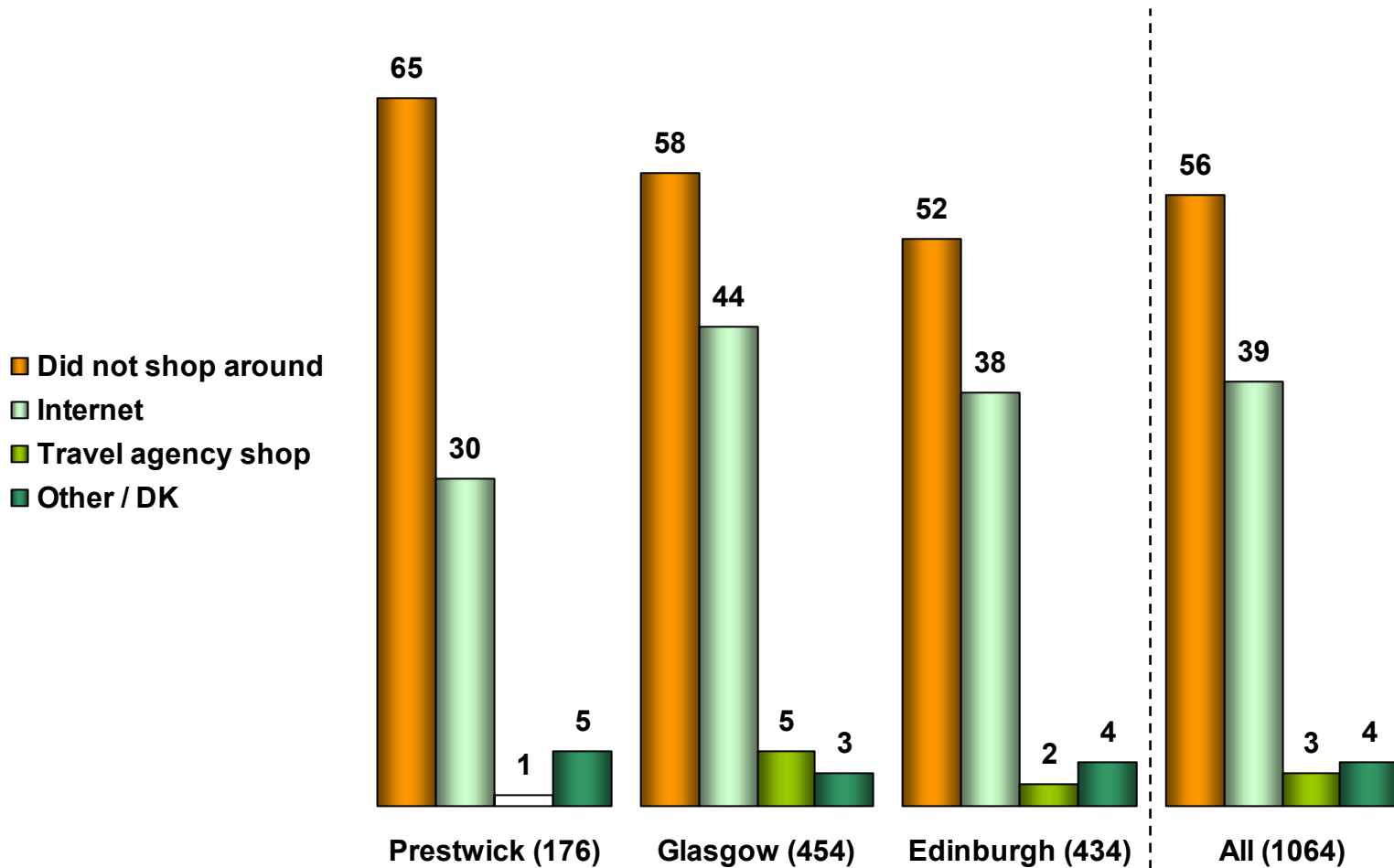


Q12: How was your trip booked?

Base: All (n=1126)

The majority of respondents did not shop around; for those that did, it was using the Internet

Shopping around



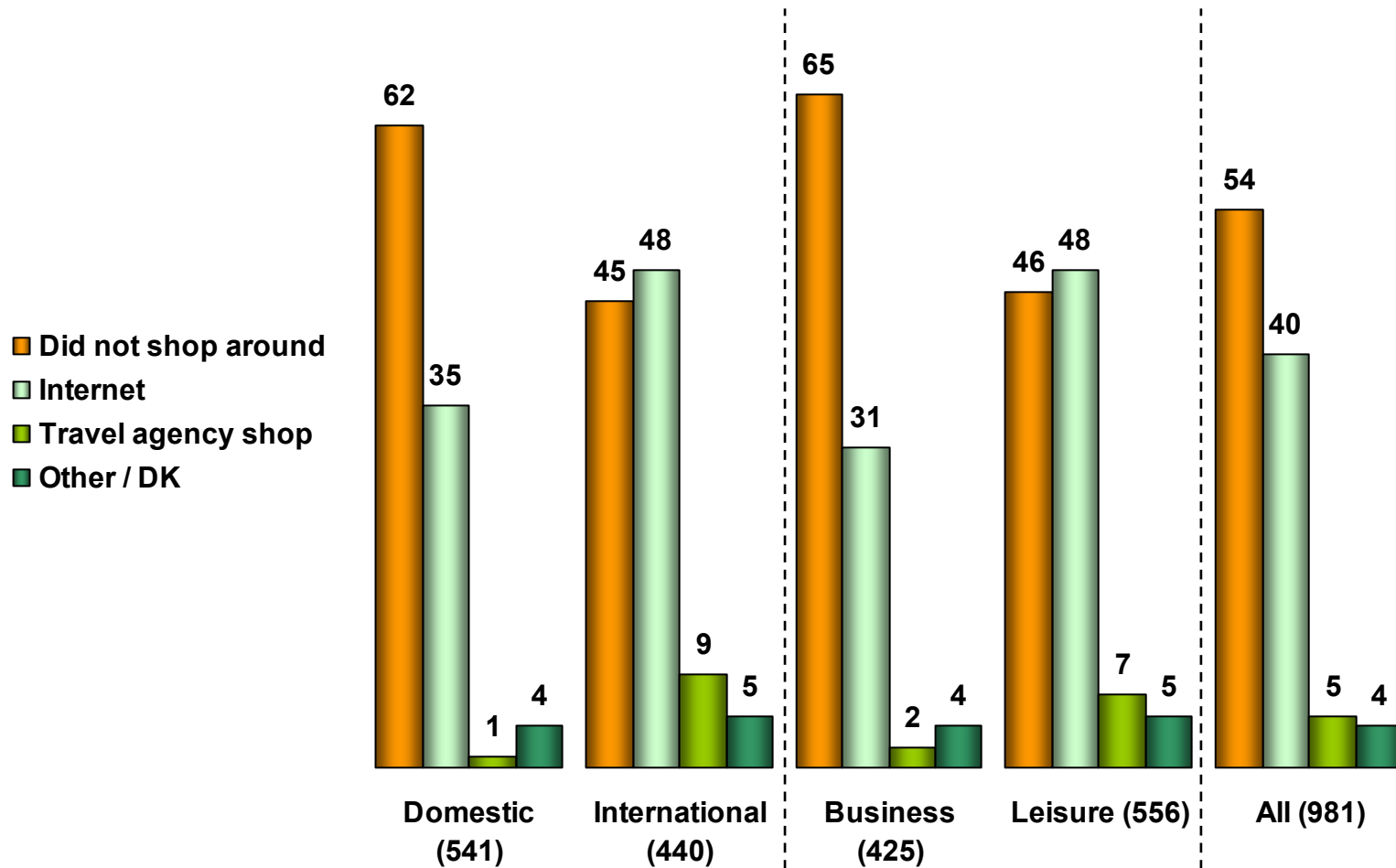
Q13: Did you shop around before finally deciding on your flight?

Q14: What sources of information did you use to shop around?

Base: All who booked their own trip (n=1064)

Domestic and business respondents are far less likely to shop around

Shopping around



Q13: Did you shop around before finally deciding on your flight?

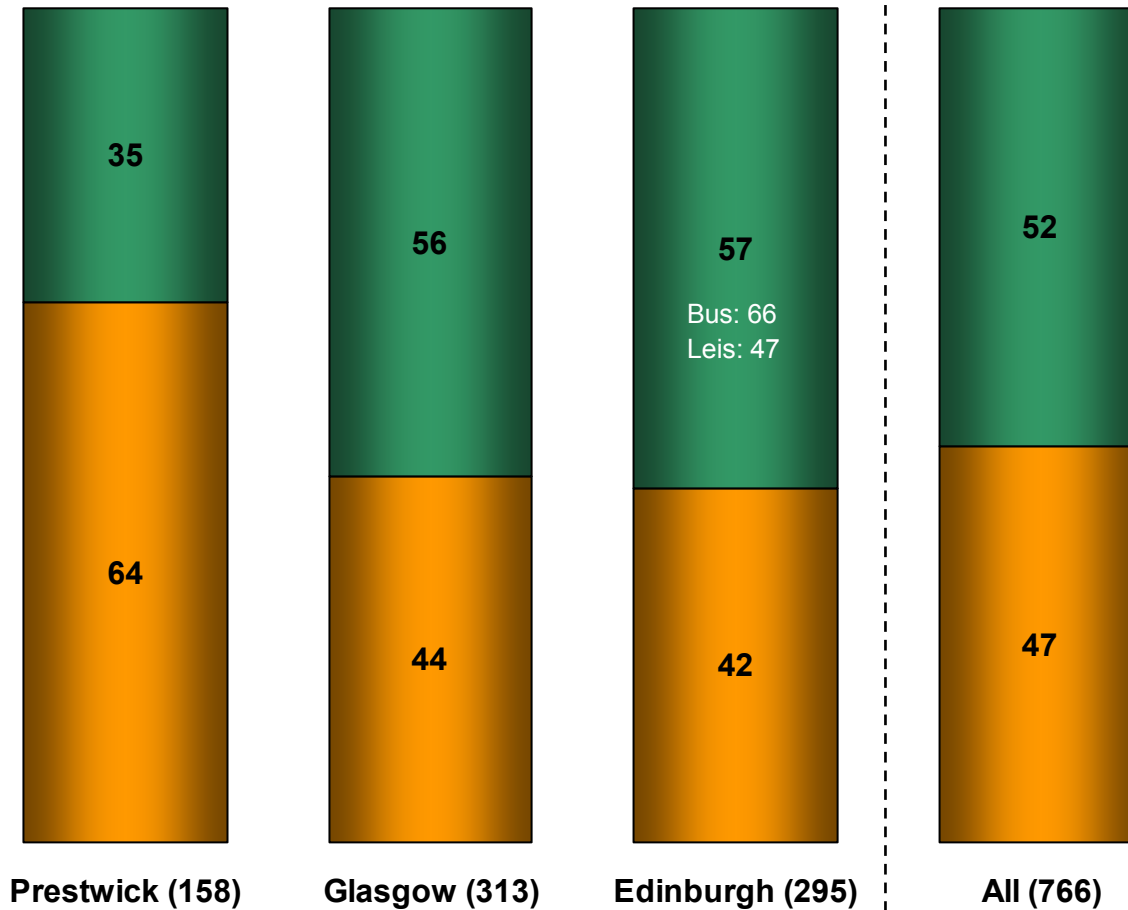
Q14: What sources of information did you use to shop around?

Base: All who booked their own trip (n=981)

Over half of respondents have always used the same airport; less so at Prestwick

Use of airport

■ Yes
■ No



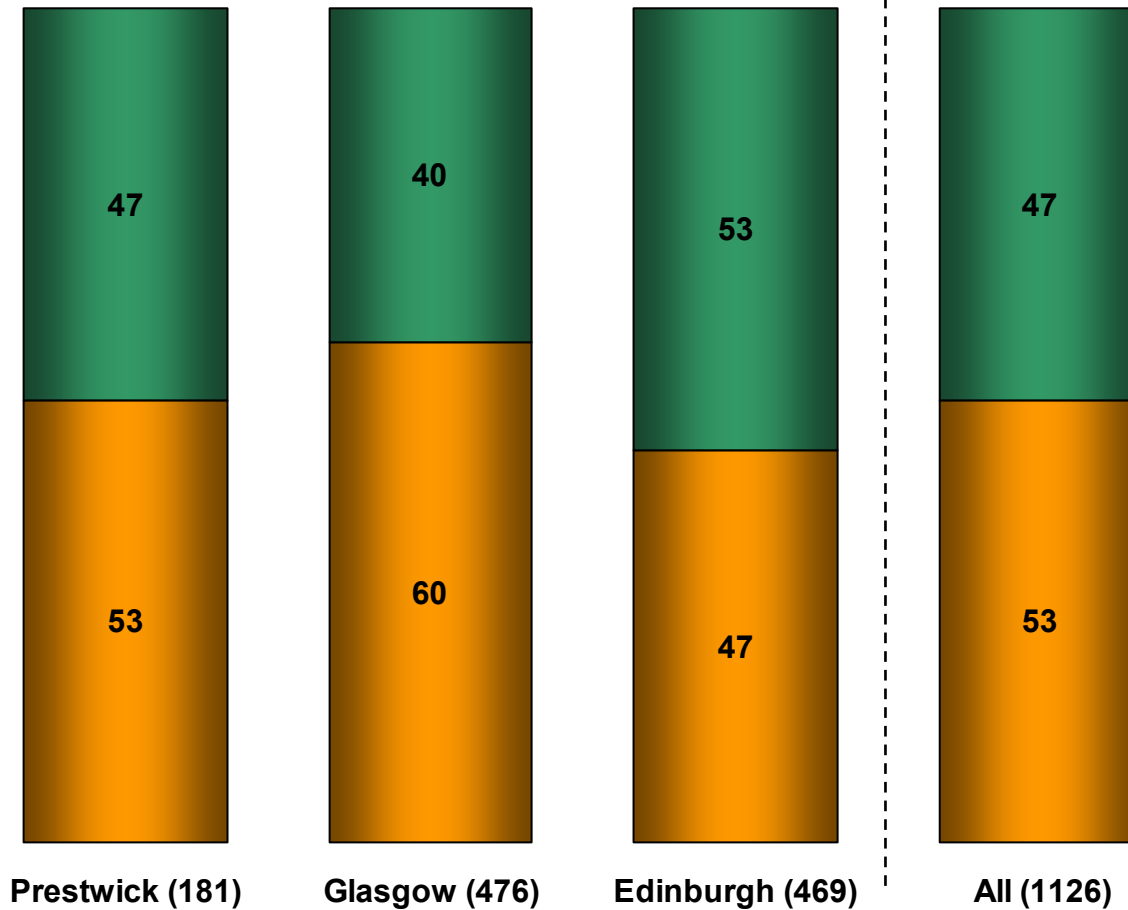
Q19: Over the past 2 years, have you always used this airport when flying on business / leisure trips?

Base: All departing on
outbound leg or arriving on
return leg (n=766)

Over half of passengers state they could not have used another means of travel

Other means of travel

■ Yes
■ No

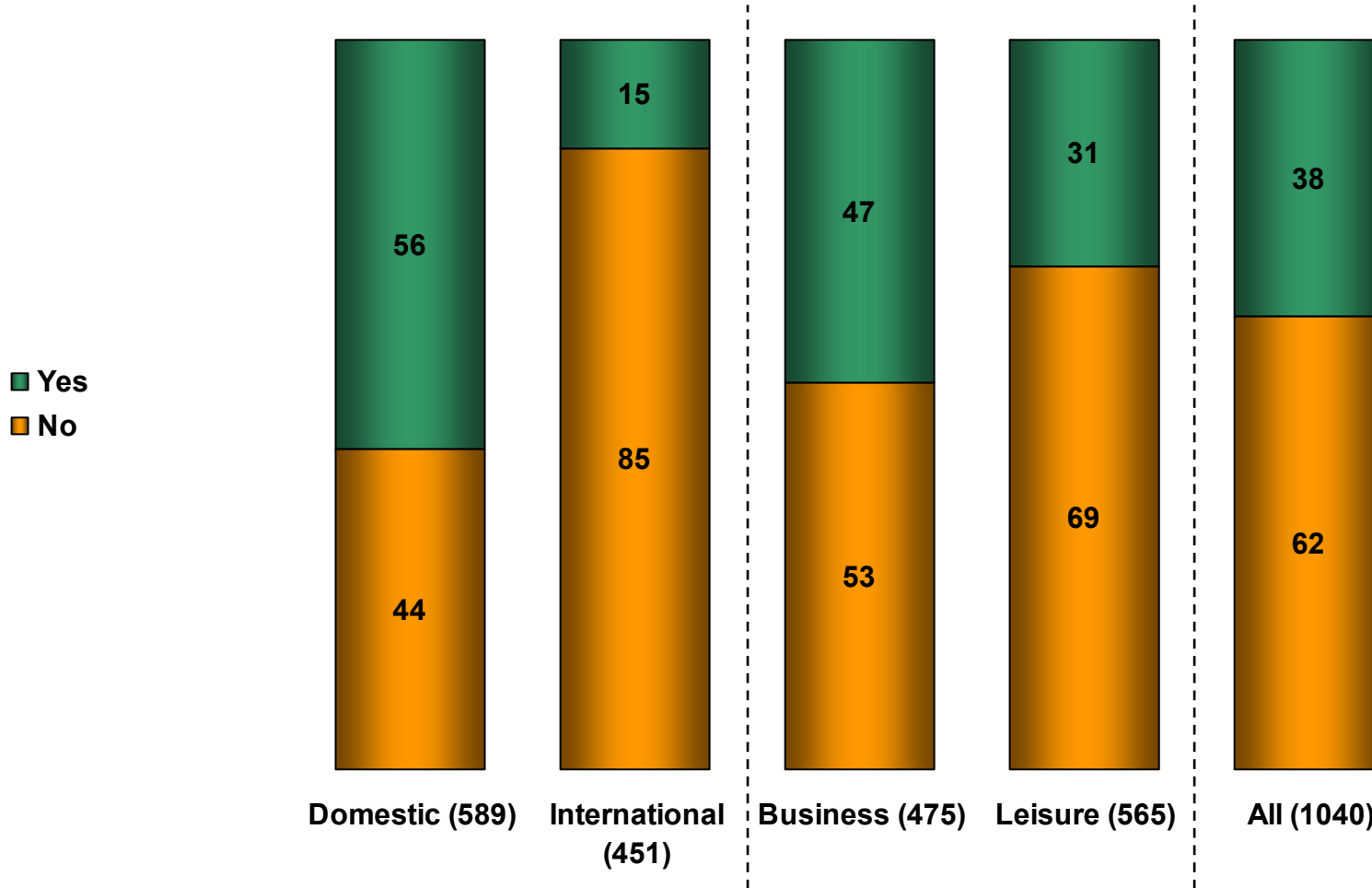


Q24: Would you have been able realistically to use another means of travel instead of flying?

Base: All (n=1126)

International and leisure respondents are least able to use another means of travel

Other means of travel

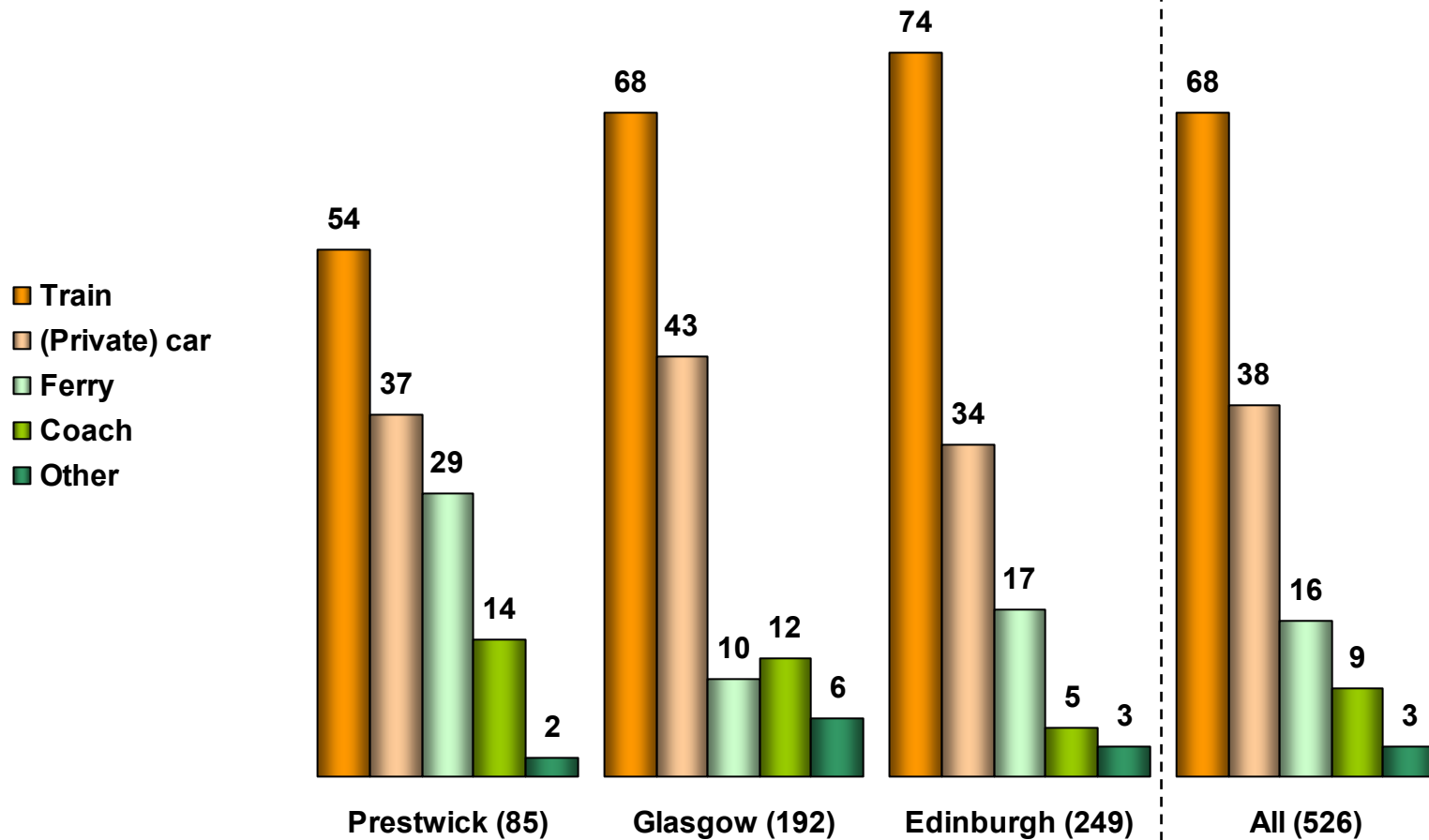


Q24: Would you have been able realistically to use another means of travel instead of flying?

Base: All (n=1040)

The most popular alternative means of transport is the train

Other modes of transport



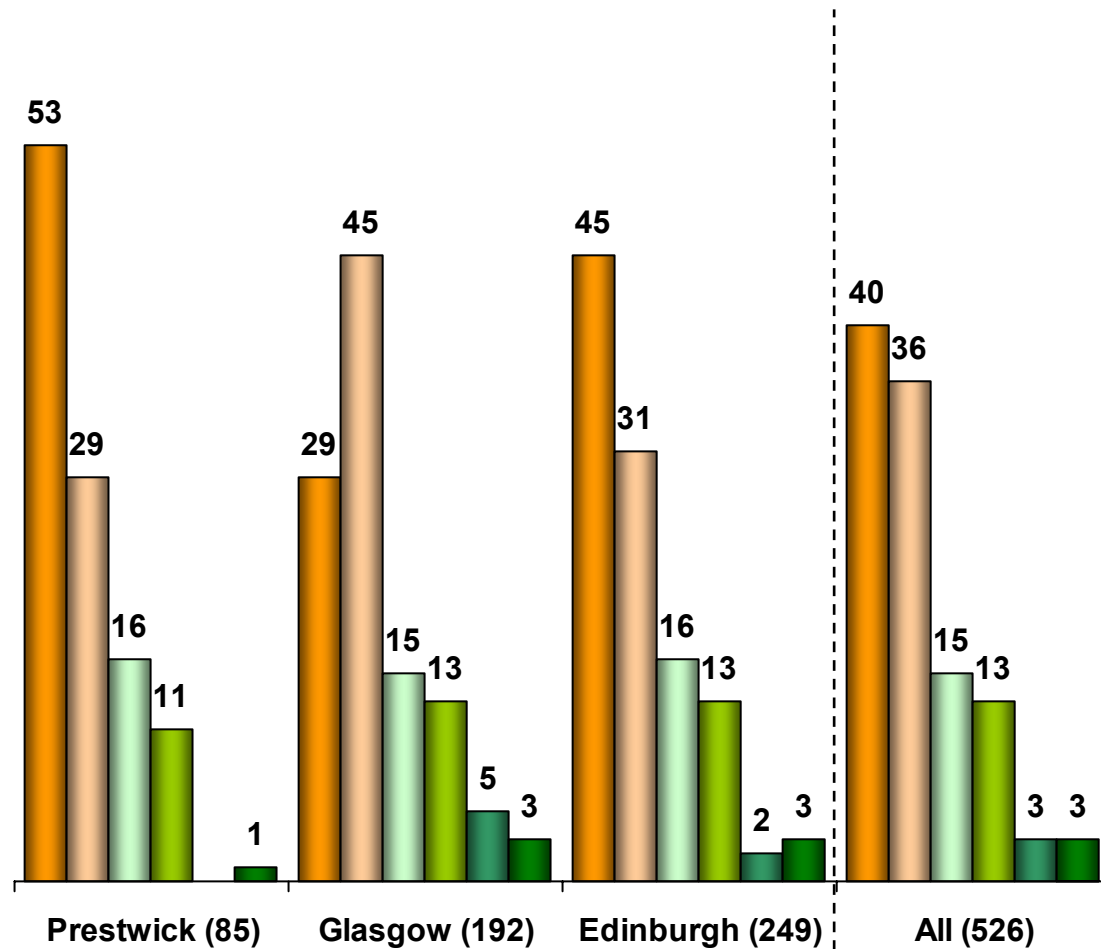
Q25: What mode(s) of transport would you have been able to use?

Base: All who could have used another means of travel (n=526)

For most, the plane was chosen to save time

Reasons for choosing to fly

- Speed / quickest / fastest
- Time factor / saves time
- Cost / cheaper
- Convenience
- Easiest method
- Shorter journey



Q26: What were the main reasons you chose to fly, rather than use an alternative mode of transport?

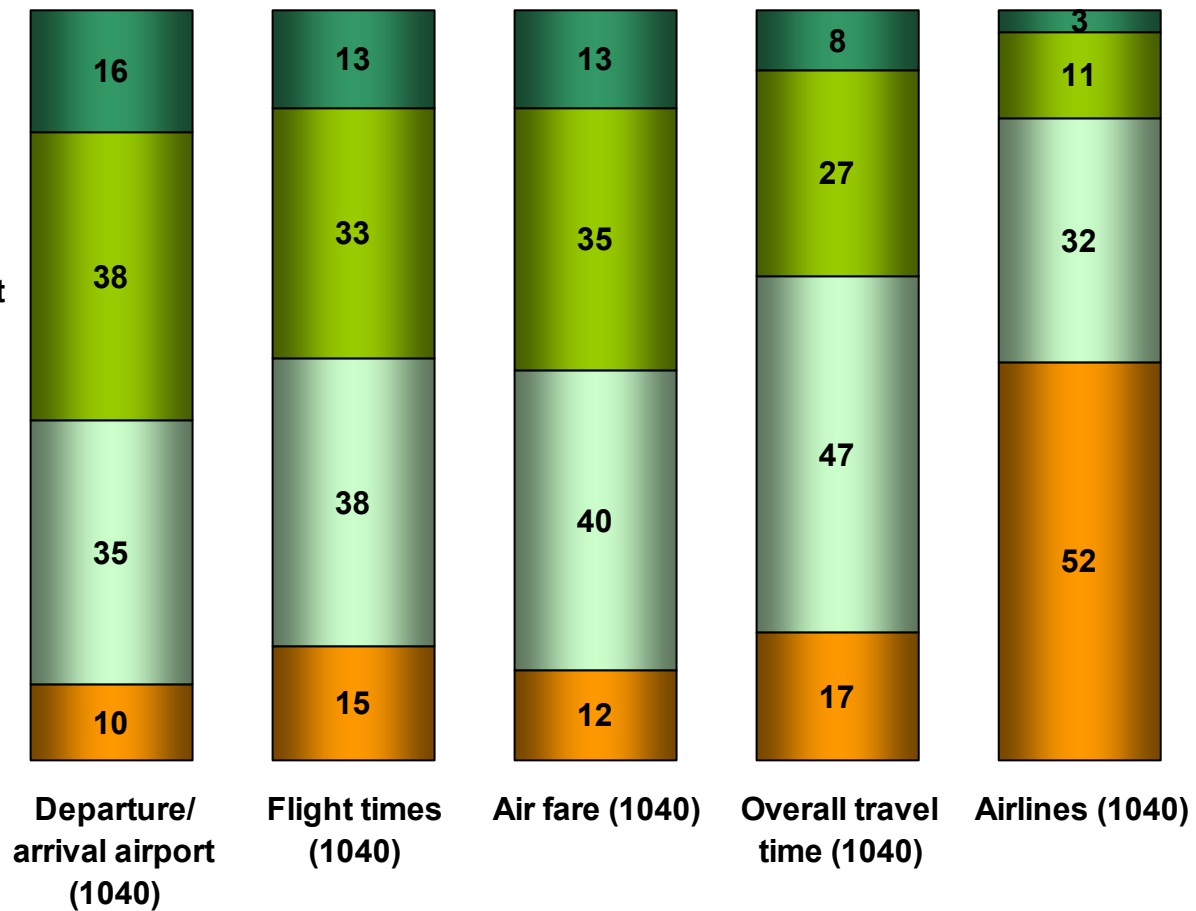
(Mentions over 2%)

Base: All who could have used another means of travel (n=526)

The airport is extremely important when choosing and booking a flight; the airline is unimportant

Decision factors

- Extremely important
- Very important
- Important
- Unimportant

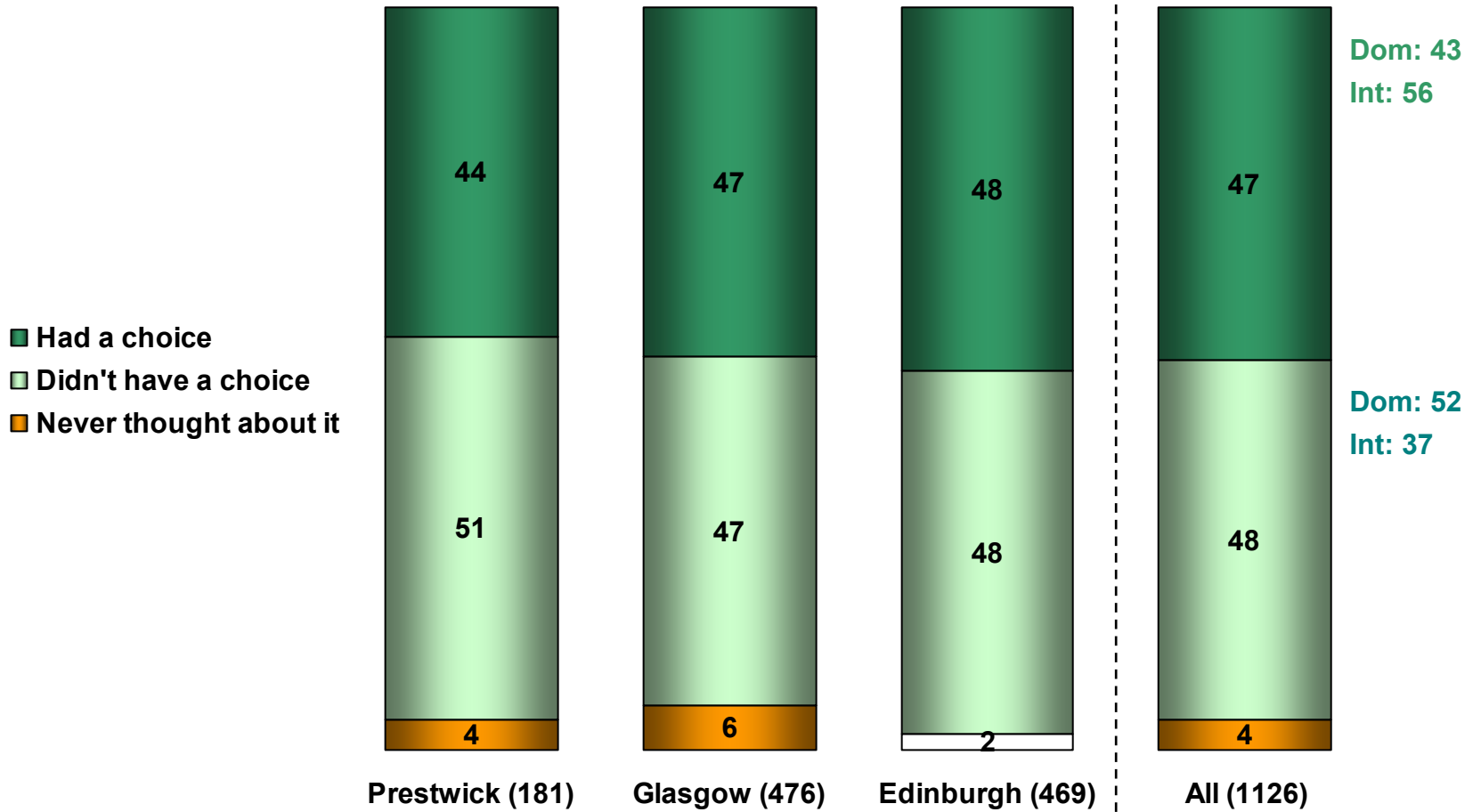


Q20: Please tell me how important each of these factors were to you when choosing and booking a flight.

Base: All (n=1040)

Almost half of passengers had a choice of airports

Choice of airports



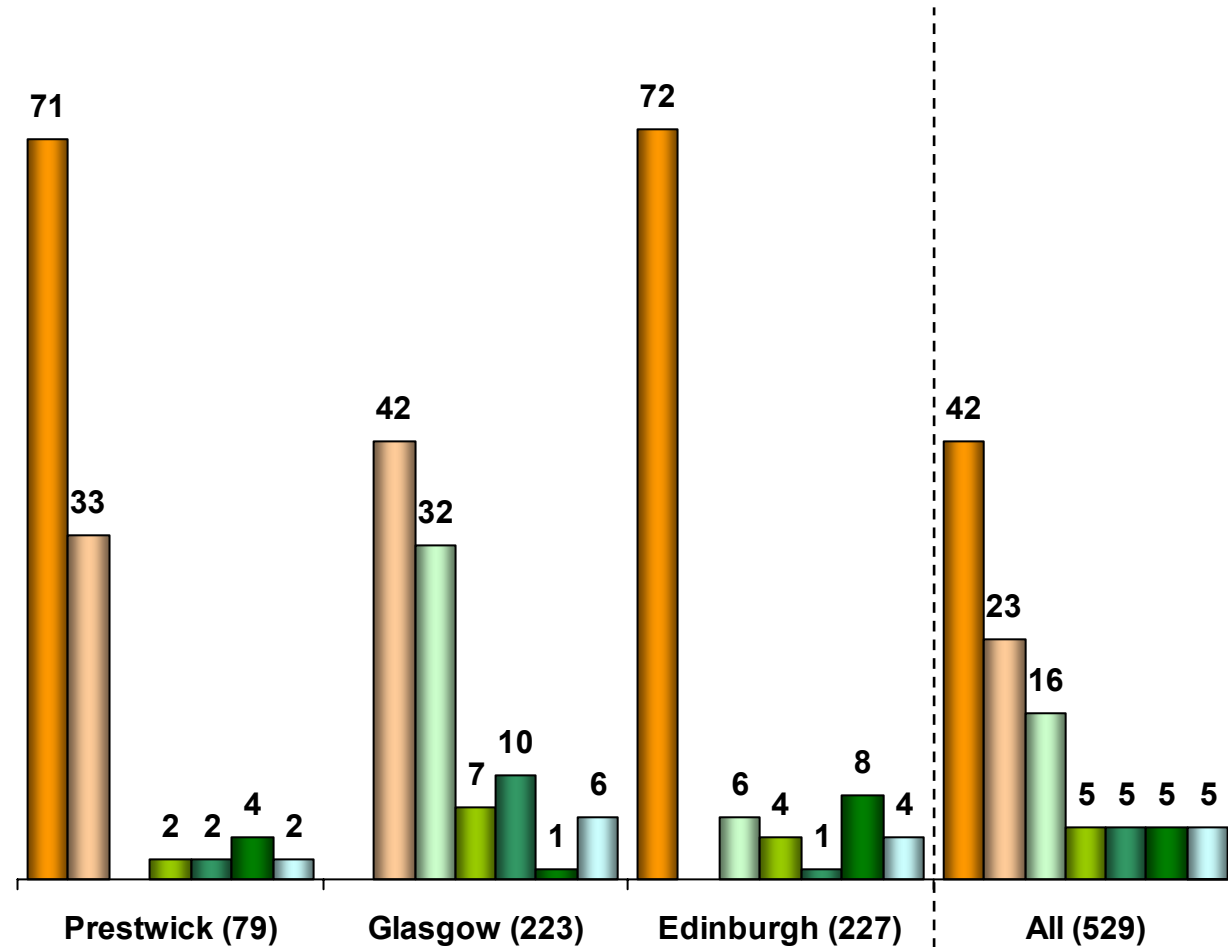
Q21: Did you have a choice of airports when planning this journey? That is, could you have realistically used a different airport?

Base: All (n=1126)

Passengers using Prestwick and Edinburgh mainly considered Glasgow

Choice of airports

- Glasgow
- Edinburgh
- Prestwick
- Newcastle
- Manchester
- Aberdeen
- Heathrow



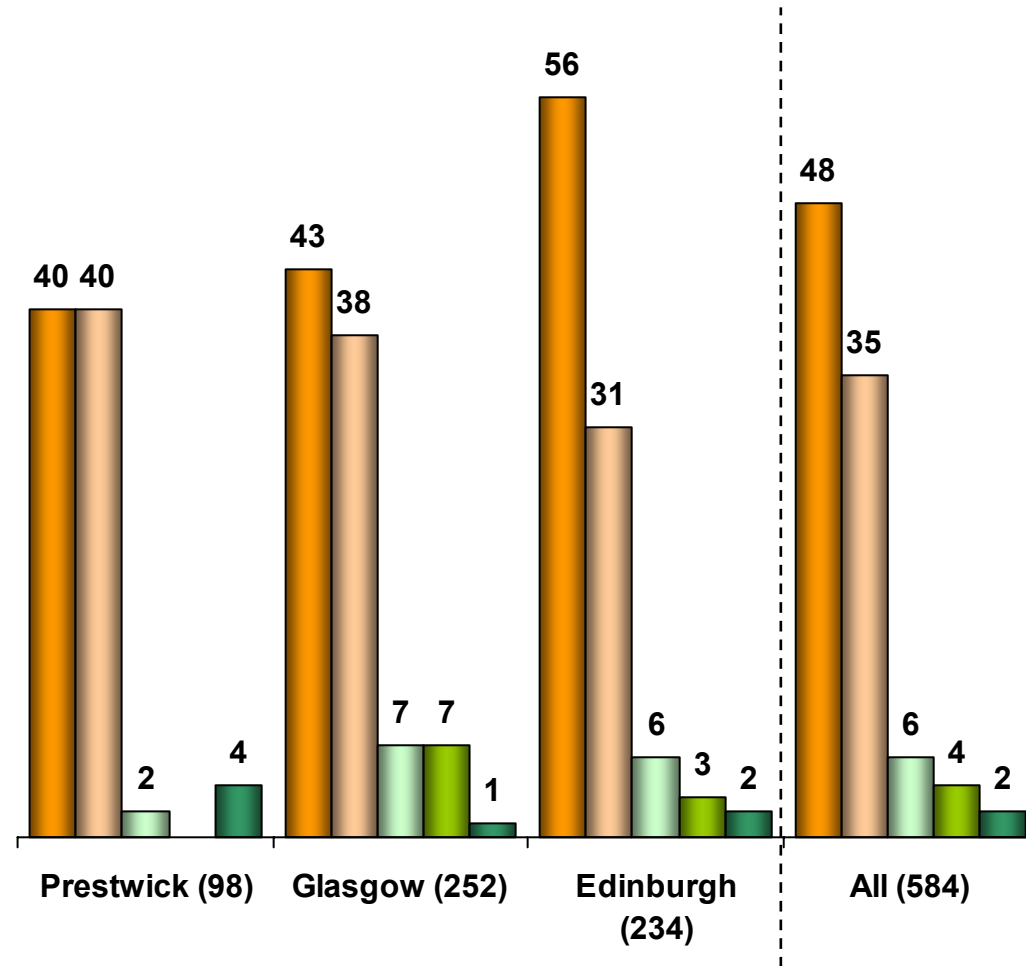
Q22: Which other airports, if any, did you consider?
(Mentions over 2%)

Base: All who had a choice
of airport (n=529)

Passengers with no choice of airport are most likely to say it's the only airport they can get to

Choice of airports

- Only airport I can get to
- Only airport with flights to my destination
- Local / closest to me
- Closest to business / meeting
- Cost / price / cheapest



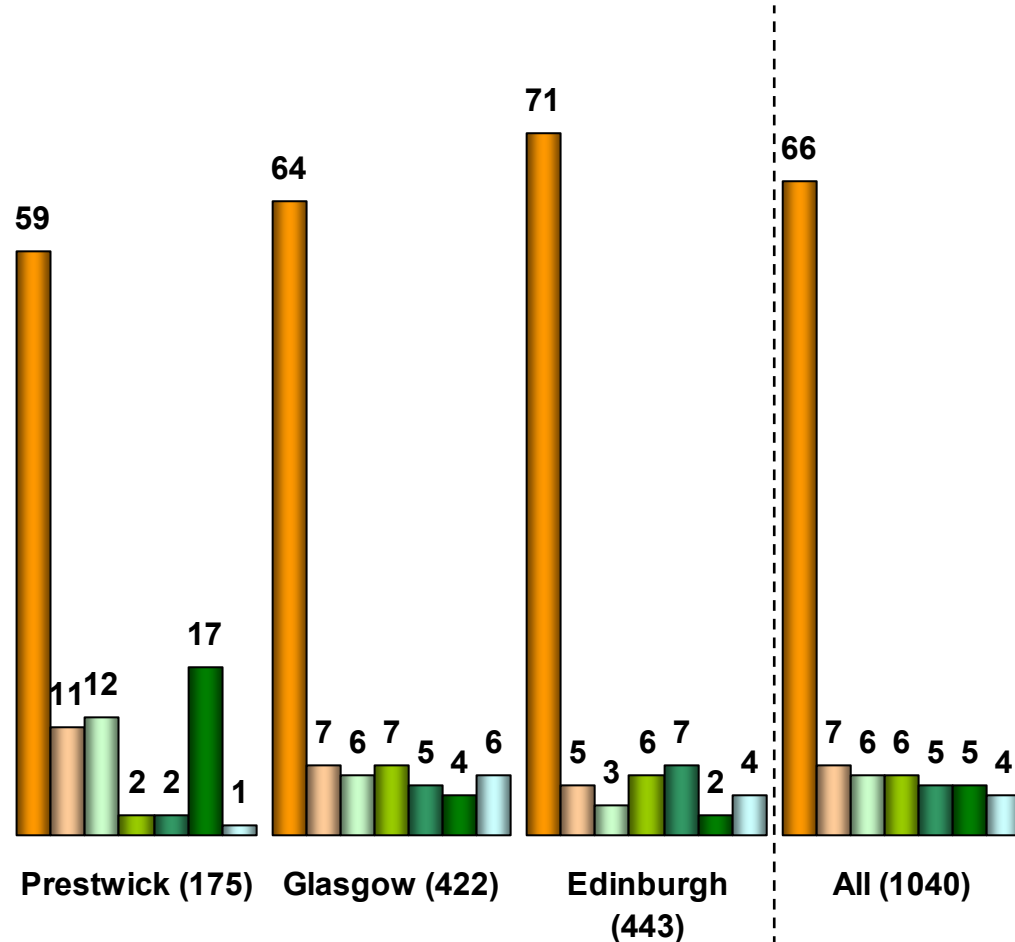
Q23: Why was that [i.e. no choice of airport]?
(Mentions over 1%)

Base: All who did not have a choice of airport / consider other airports (n=584) WEIGHTED

The airport was chosen mainly for its location

Reasons for choice of airport

- Location
- Dates / times of flights
- Had no option / choice
- Local / closest to me
- Easy access from major roads
- Cost / cheapest
- Convenience



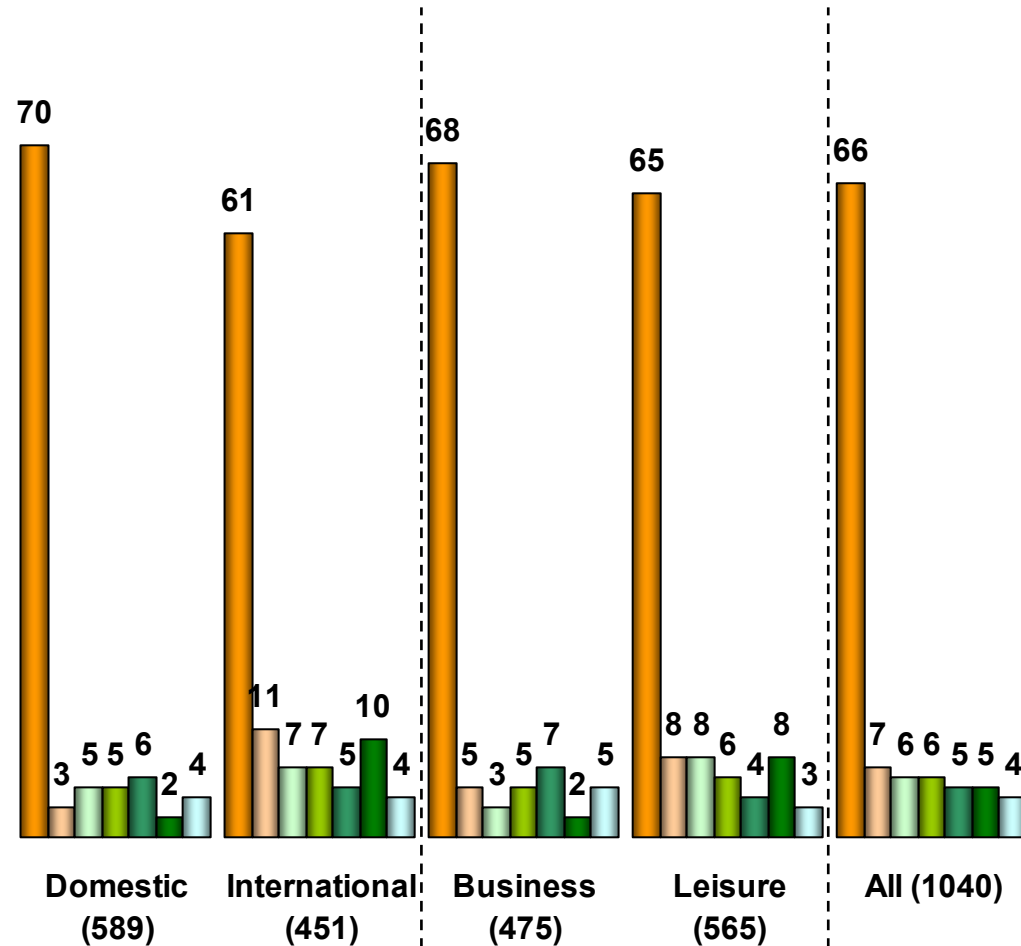
Q27: Can you give me the reasons why you used this airport, rather than any other airport?
(Mentions over 3%)

Base: All (n=1040)

The airport was chosen mainly for its location by all passenger types, though particularly domestic

Reasons for choice of airport

- Location
- Dates / times of flights
- Had no option / choice
- Local / closest to me
- Easy access from major roads
- Cost / cheapest
- Convenience



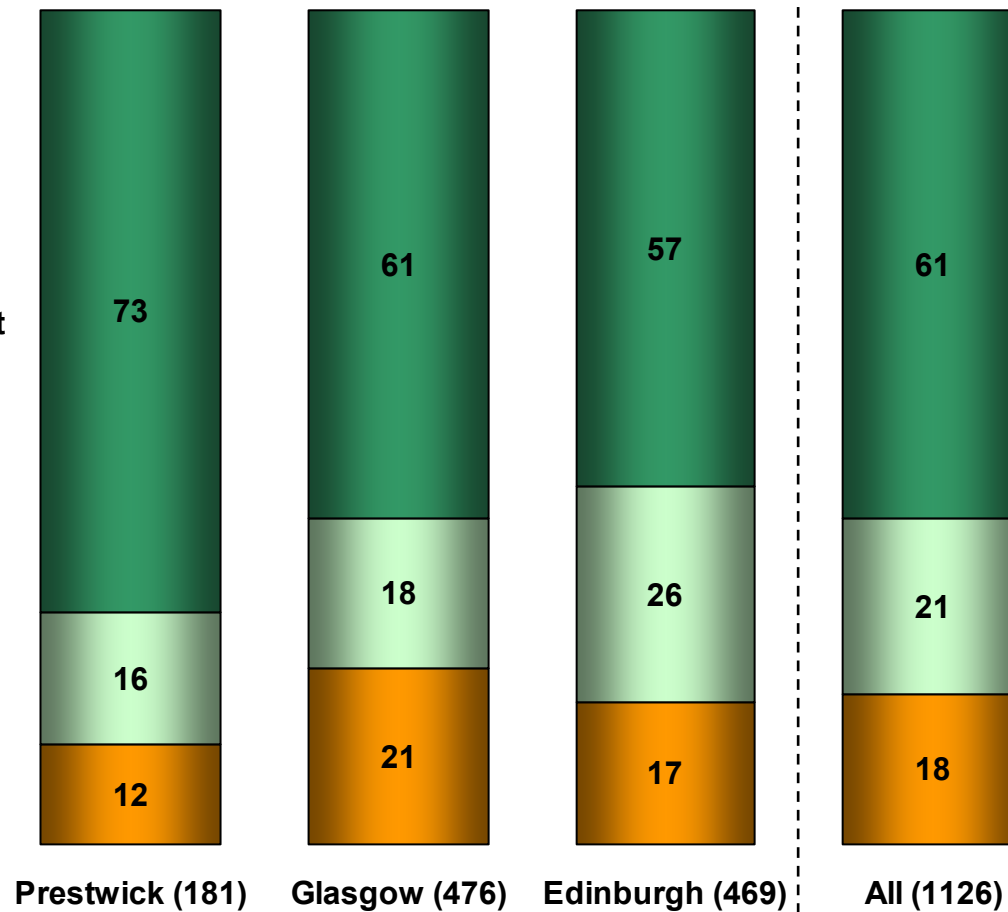
Q27: Can you give me the reasons why you used this airport, rather than any other airport?
(Mentions over 3%)

Base: All (n=1040)

Most would have flown from an alternative airport had their flight not been available

Alternative scenario

- Flown from a different airport
- Not flown, but travelled in some other way
- Not travelled at all



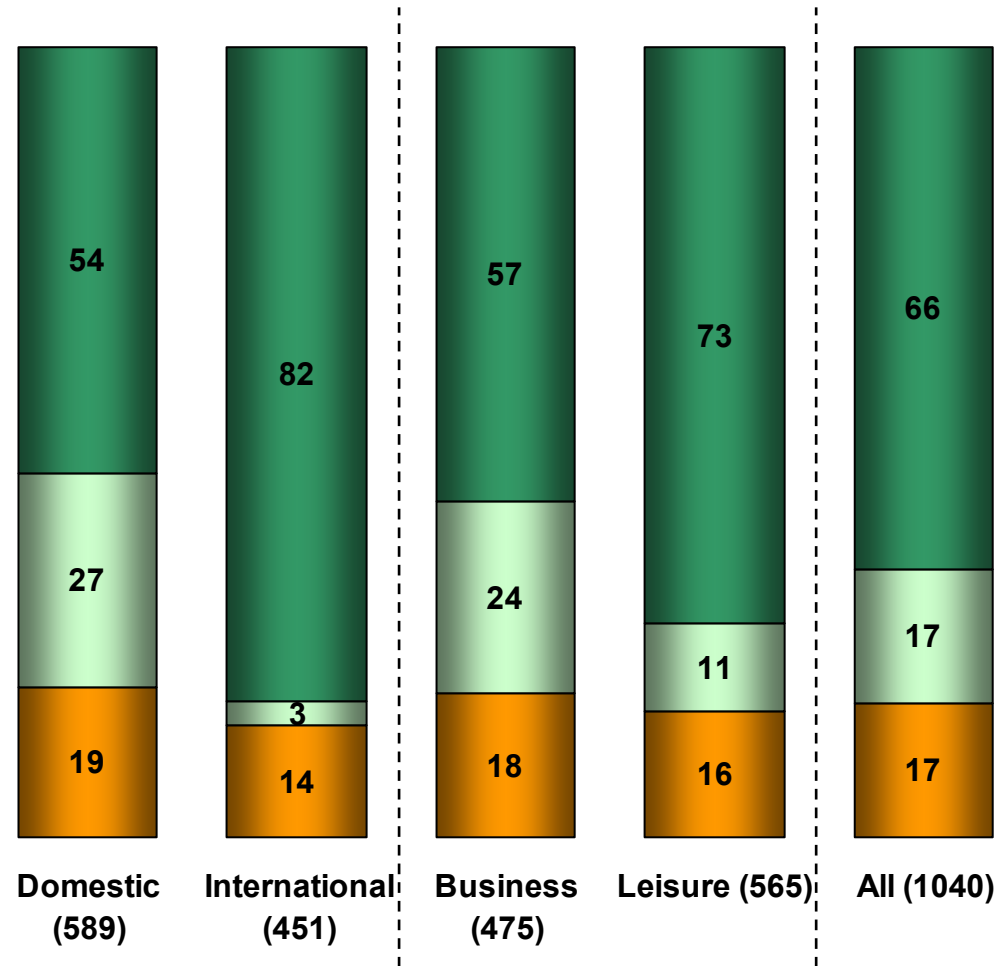
Q28: If no flights from this airport had been available when you made your travel arrangements, what would you have done instead?

Base: All (n=1126)

Most would have flown from an alternative airport; particularly International travellers

Alternative scenario

- Flown from a different airport
- Not flown, but travelled in some other way
- Not travelled at all



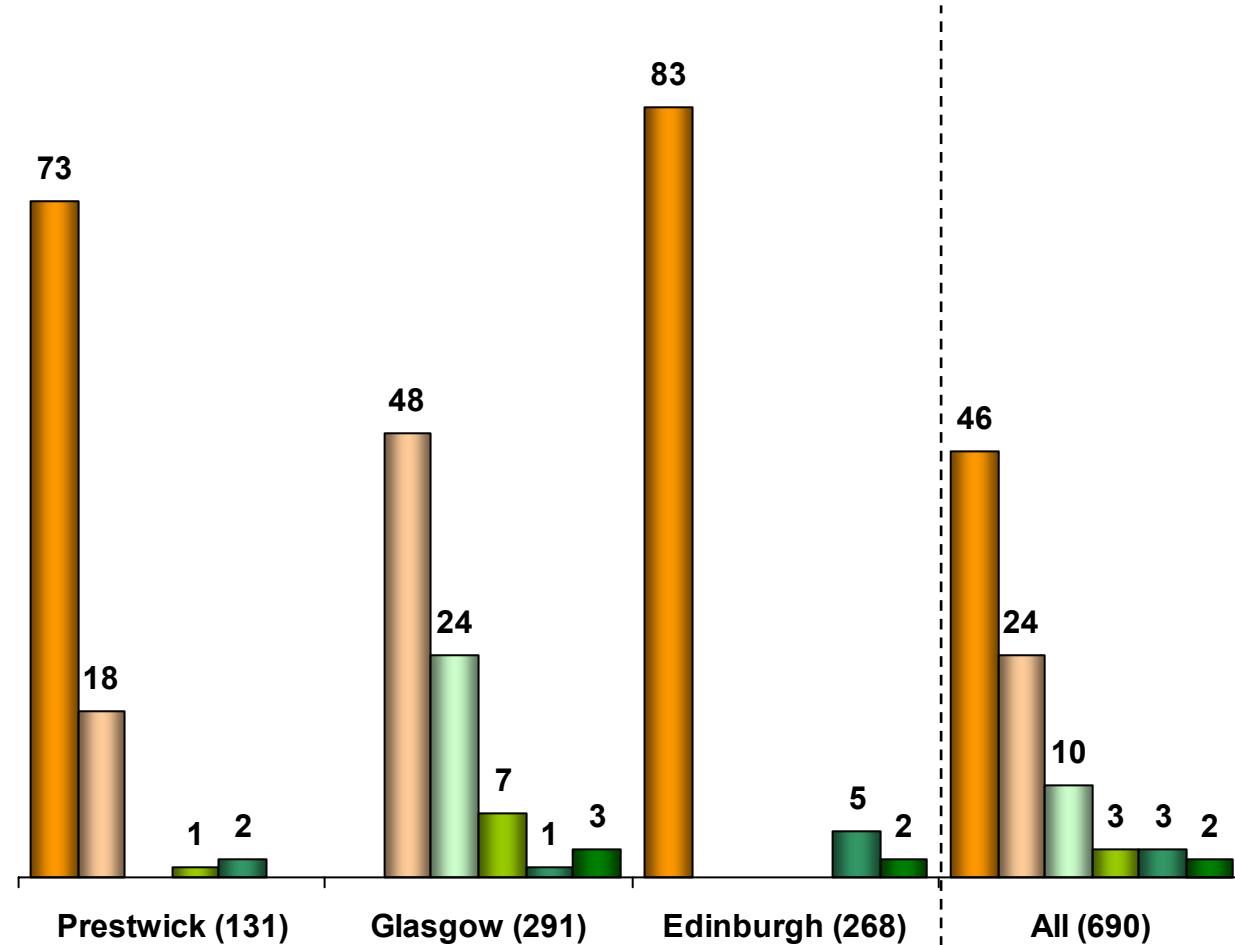
Q28: If no flights from this airport had been available when you made your travel arrangements, what would you have done instead?

Base: All (n=1040)

The most popular airport is Glasgow; those using Glasgow would mainly divert to Edinburgh

Alternative airport

- Glasgow
- Edinburgh
- Prestwick
- Manchester
- Aberdeen
- Newcastle



Q29: Which airport would you have used instead?

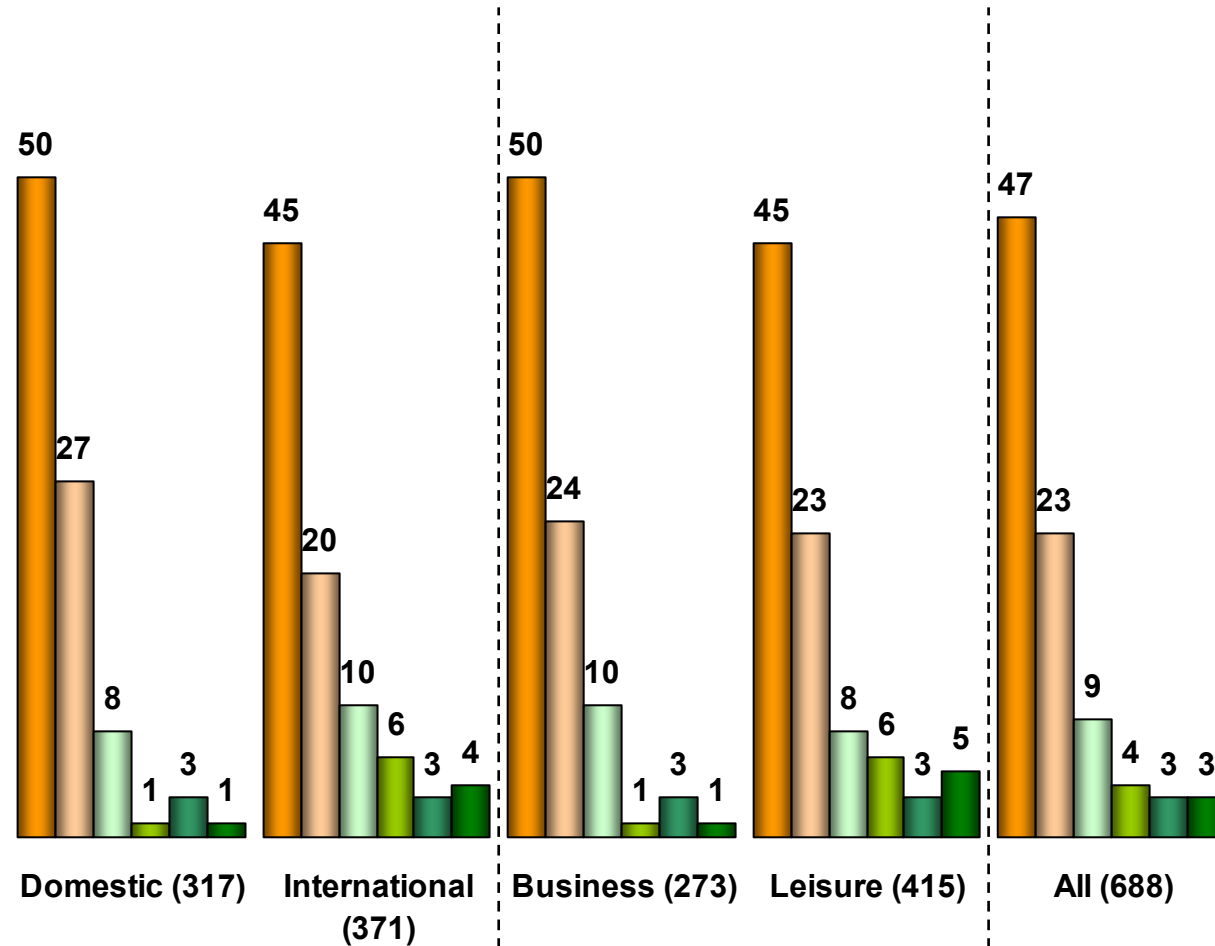
(Mentions over 1%)

Base: All who would have
flown from a different airport
(n=690)

Glasgow is most popular for all traveller types

Alternative airport

- Glasgow
- Edinburgh
- Prestwick
- Manchester
- Aberdeen
- Newcastle



Q29: Which airport would you have used instead?

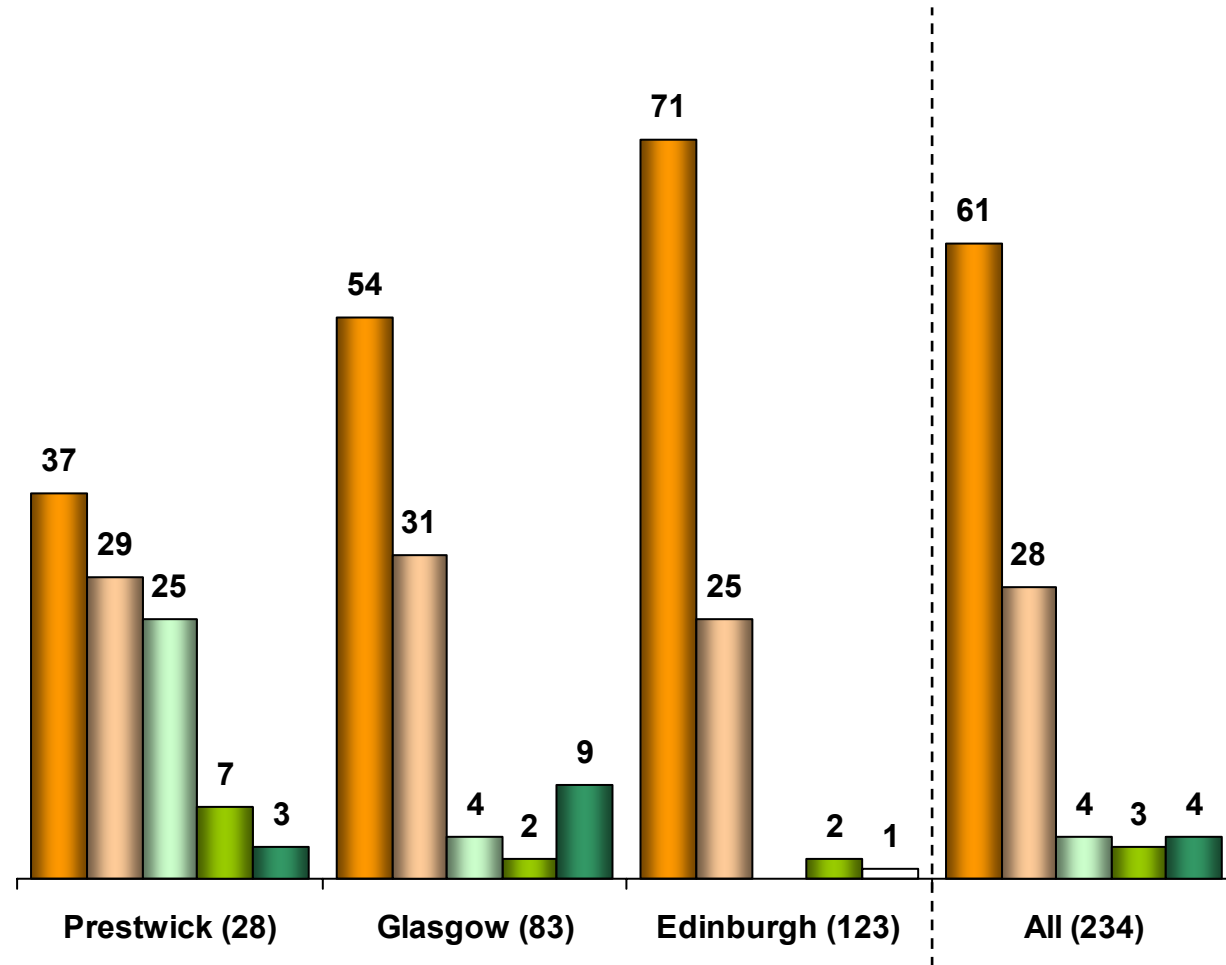
(Mentions over 3%)

Base: All who would have
flown from a different airport
(n=688)

Those using Edinburgh or Glasgow would take the train

Alternative transport

- Train
- (Private) car
- Ferry
- Coach
- Other



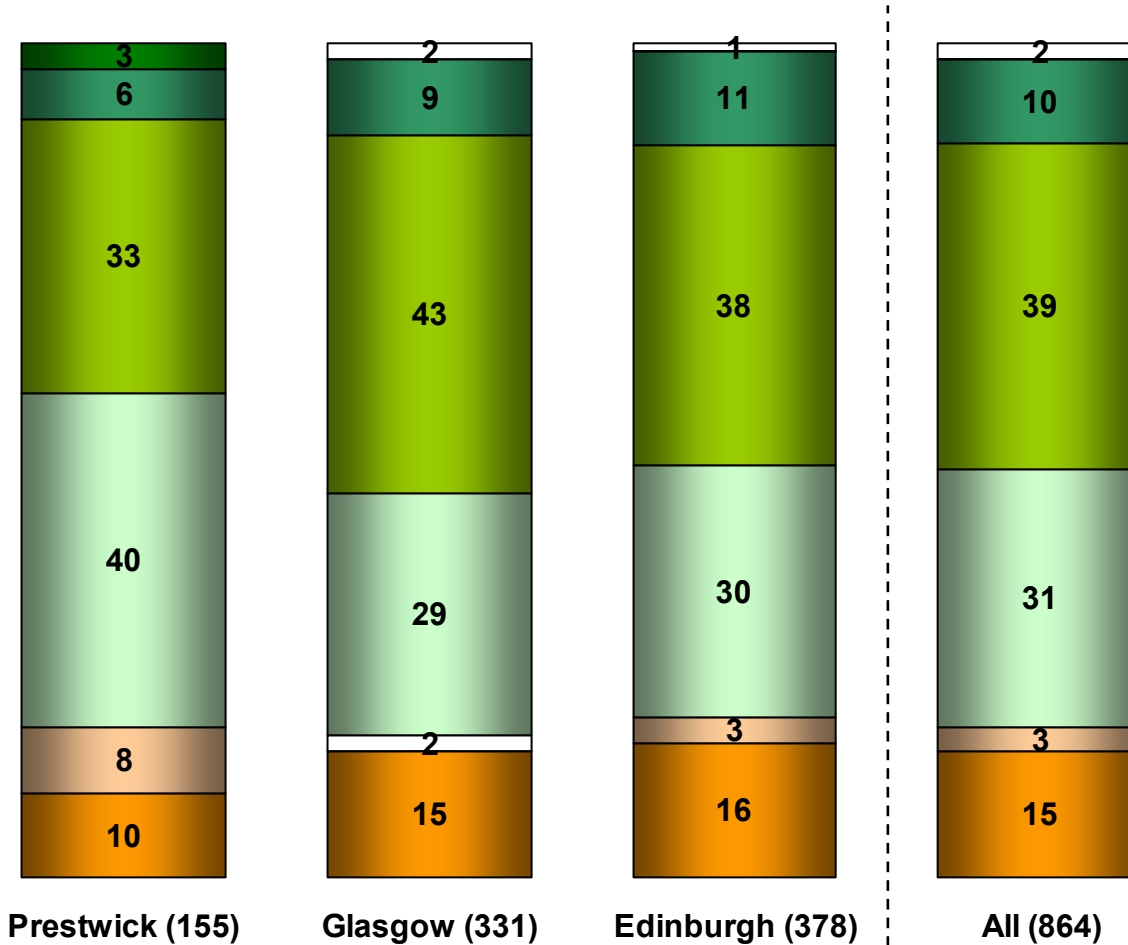
Q30: What means of transport would you have used instead of flying?

Base: All who would not have flown and travelled in some other way (n=234) WEIGHTED

For most, the alternative would be no different or worse in terms of the cost of the journey

Opinion of alternative

- Much better
- Better
- No different
- Worse
- Much worse
- DK

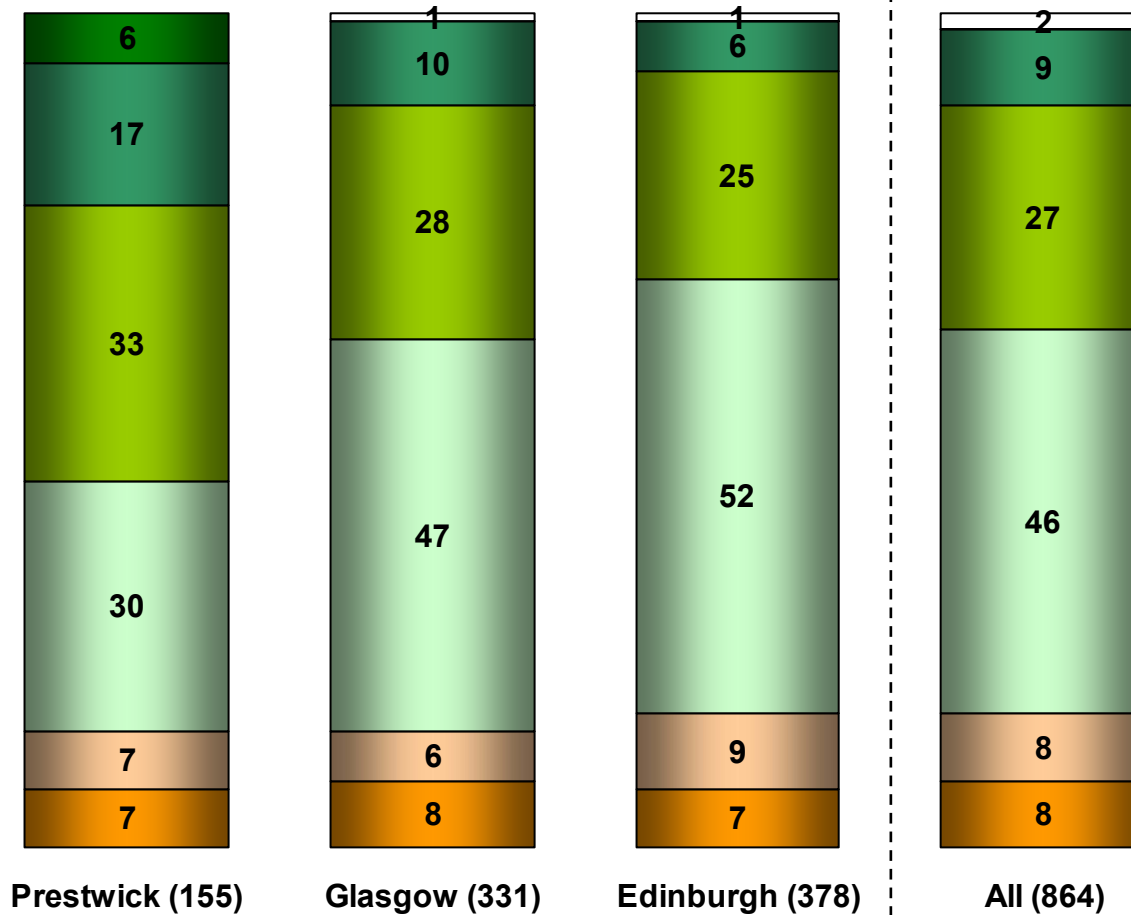


Q31: Do you know whether this next best alternative would have been better, worse, or no different in terms of the overall cost?
 Base: All who would have flown from a different airport or not have flown and travelled in some other way (n=864)

For most, the alternative would be worse in terms of overall journey time

Opinion of alternative

- Much better
- Better
- No different
- Worse
- Much worse
- DK

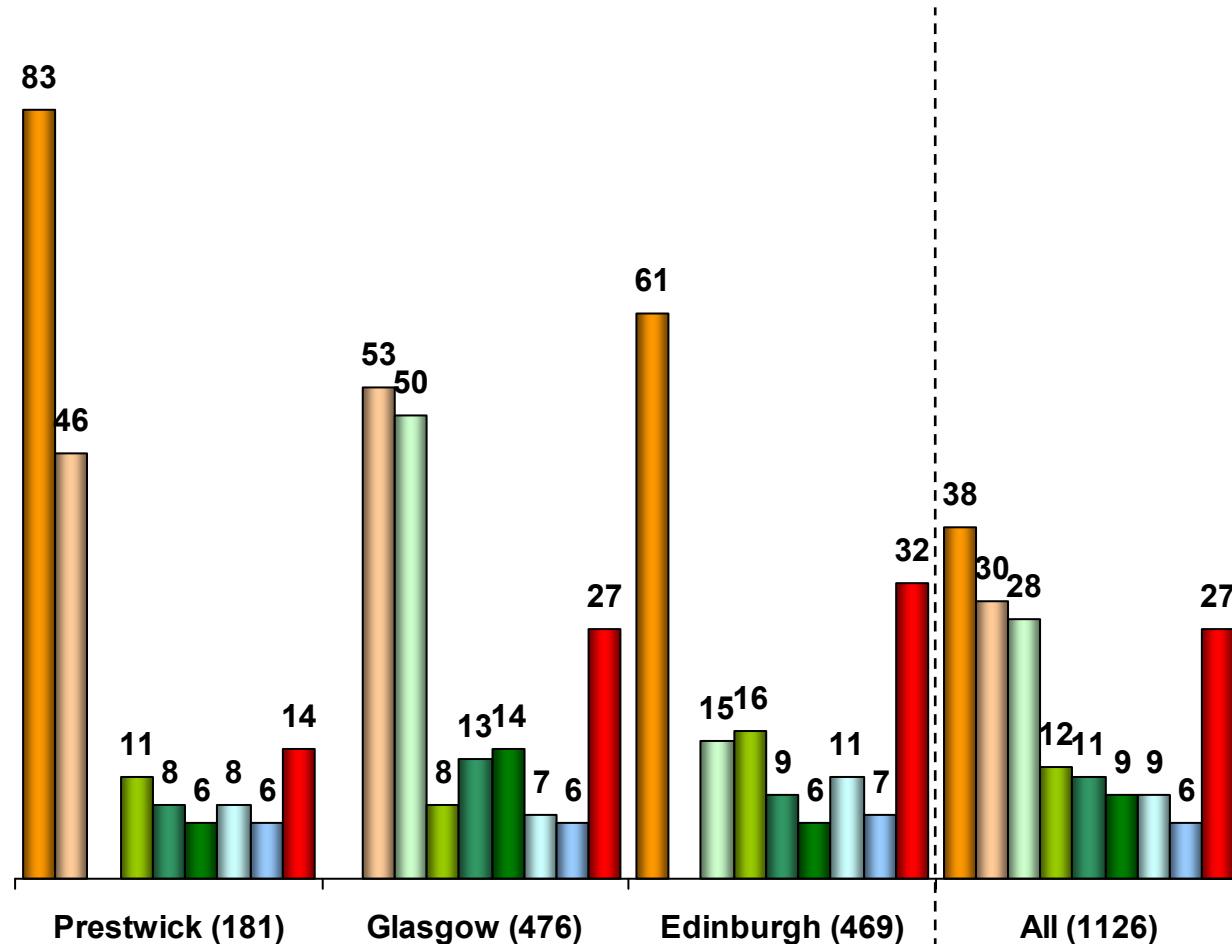


Q32: Do you know whether this next best alternative would have been better, worse, or no different in terms of the overall journey time?
 Base: All who would have flown from a different airport or not have flown and travelled in some other way (n=864)

Most would consider Glasgow, Edinburgh and Prestwick; 1/4 would not consider any others

Consideration of alternative airports: prompted

- Glasgow
- Edinburgh
- Prestwick
- Dundee
- Newcastle
- Manchester
- Aberdeen
- Inverness
- None of these



Q35: I am going to read out a list of airports and I'd like you to tell me whether or not you would have seriously considered any as a realistic alternative, if your flight had been available there at the same time and the same cost.

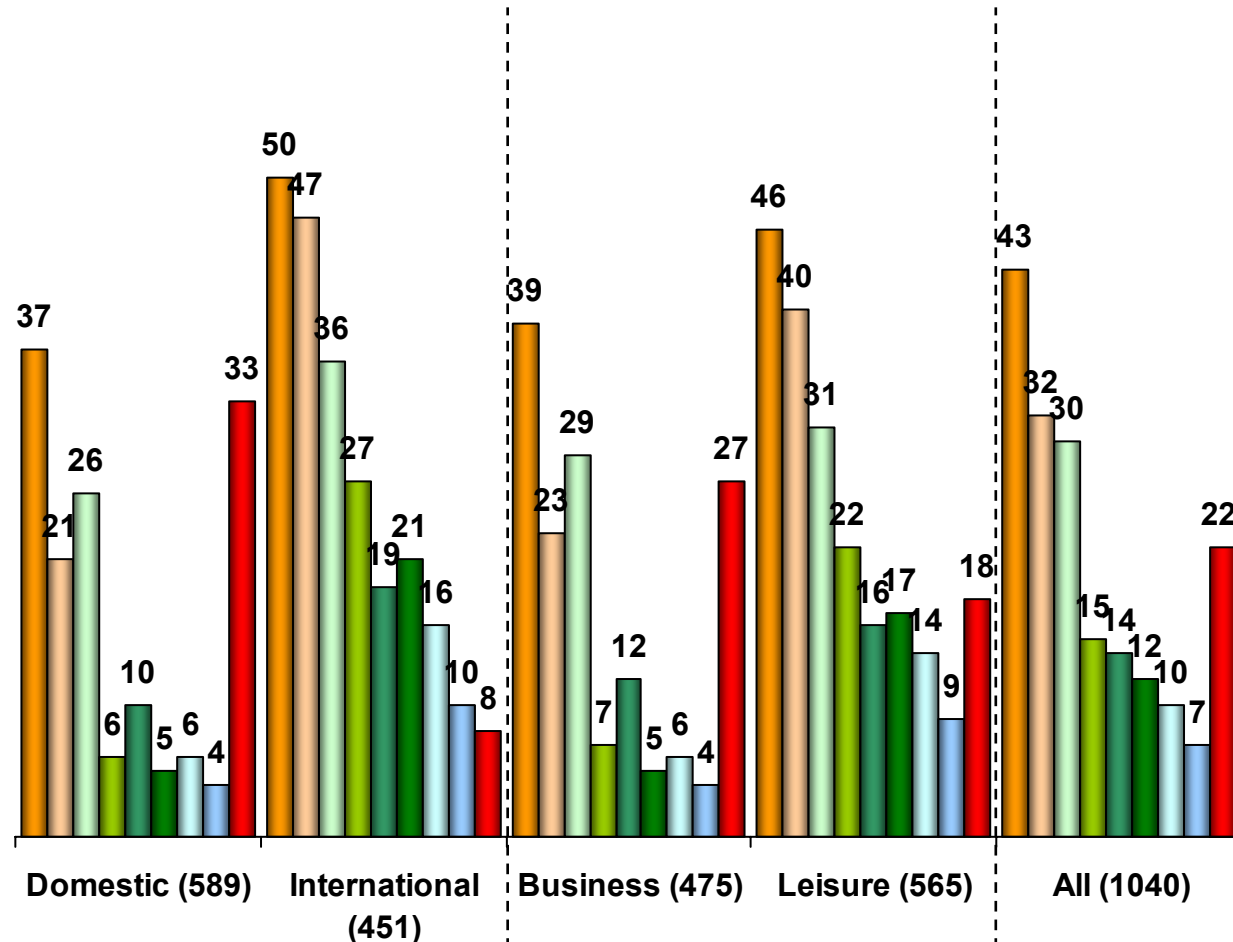
(Mentions over 5%)

Base: All (n=1126)

International respondents are most likely to consider other airports

Consideration of alternative airports: prompted

- Glasgow
- Edinburgh
- Prestwick
- Dundee
- Newcastle
- Manchester
- Aberdeen
- Inverness
- None of these



Q35: I am going to read out a list of airports and I'd like you to tell me whether or not you would have seriously considered any as a realistic alternative, if your flight had been available there at the same time and the same cost.

(Mentions over 5%)

Base: All (n=1040)

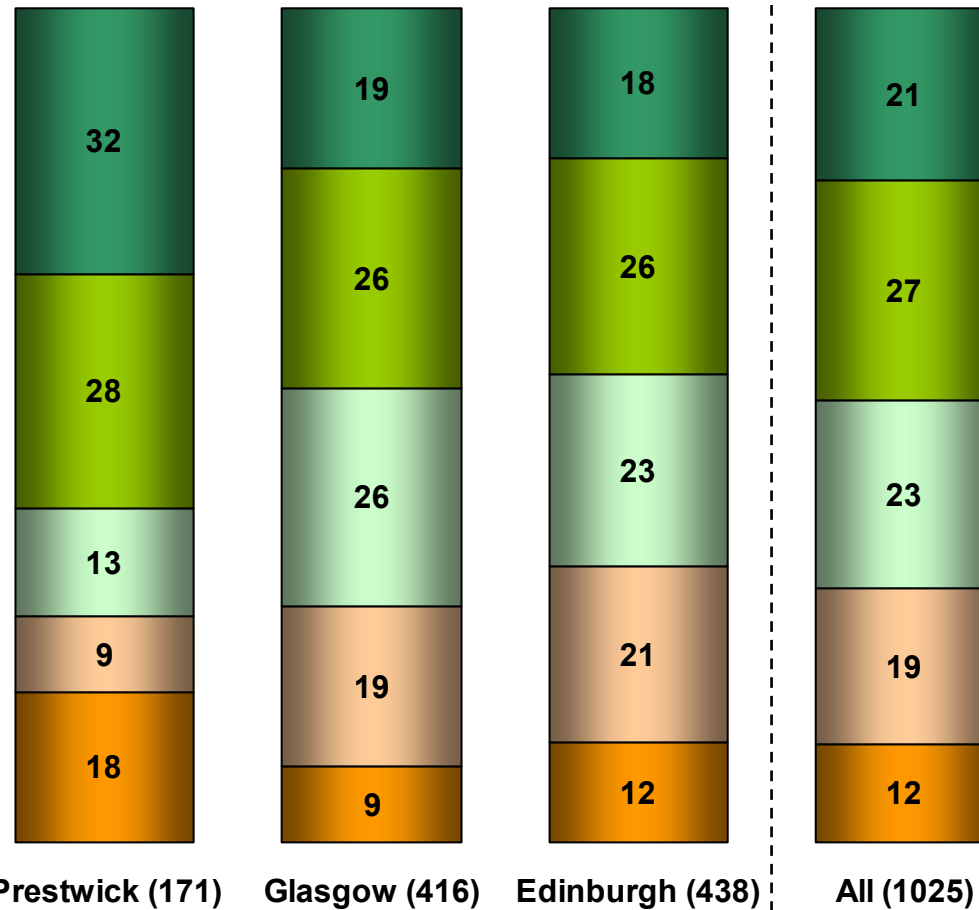
Price sensitivity

Cost scenarios

Nearly half of respondents earn under £50,000

Income

- Under £30,000
- £30,000 and under £50,000
- £50,000 and under £75,000
- More than £75,000
- Ref / DK

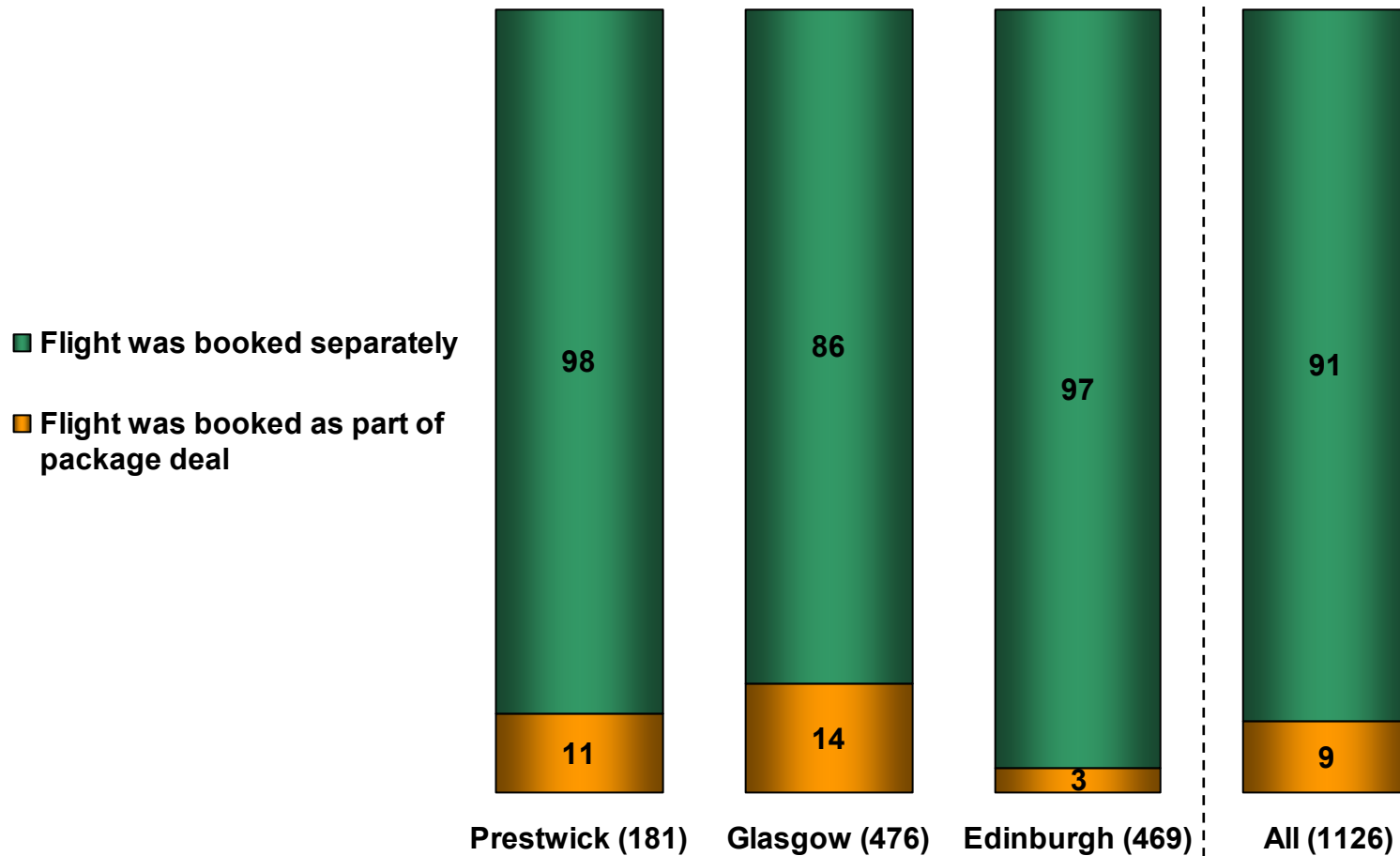


Q41: Could you indicated in what range is your total annual household income before tax?

Base: All stating currency of income (n=1025)

Most booked the flight separately, not as part of a package deal

Trip type



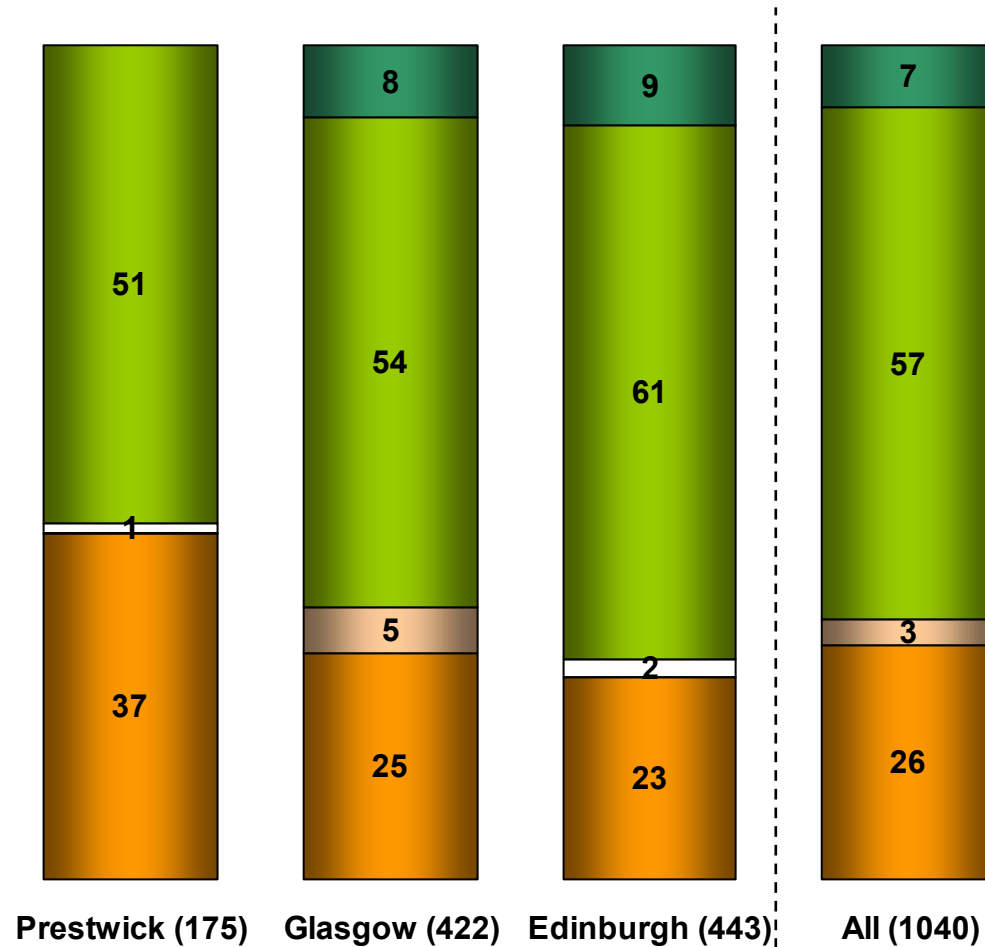
Q2CR: Which of these best describes how your flight was booked?

Base: All (n=1126)

The majority of respondents are flying economy, either scheduled or chartered

Flight class

- Schedule - business, club or 1st
- Schedule - economy
- Charter - premium
- Charter - economy



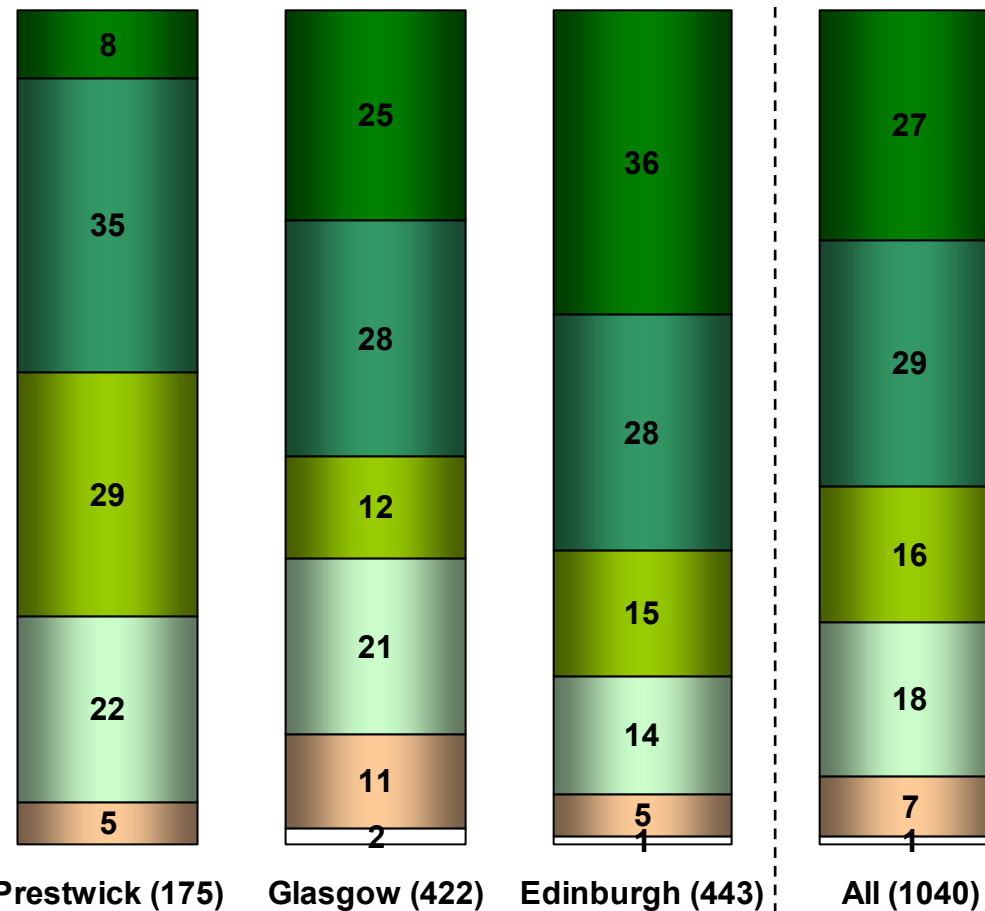
Q2: Was your flight...?

Base: All (n=1040)

Over half booked the flight within a month of travelling

Trip booking

- Within 1 week
- 1 week, but less than 1 month before
- 1 month, but less than 2 months before
- 2 months, but less than 6 months before
- 6 months, but less than 12 months before
- 12 months or more before



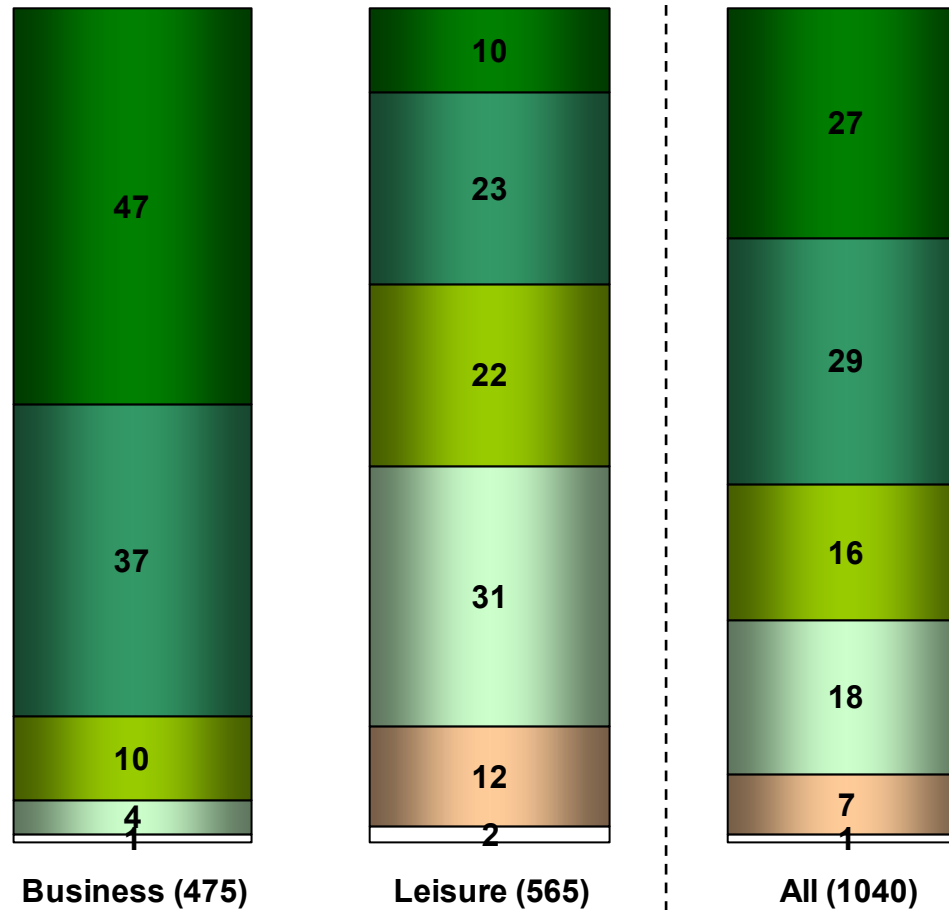
Q17: How long before travelling was your flight booked?

Base: All (n=1040)

Business travellers are much less likely to book in advance

When flight was booked

- Within 1 week
- 1 week, but less than 1 month before
- 1 month, but less than 2 months before
- 2 months, but less than 6 months before
- 6 months, but less than 12 months before
- 12 months or more before



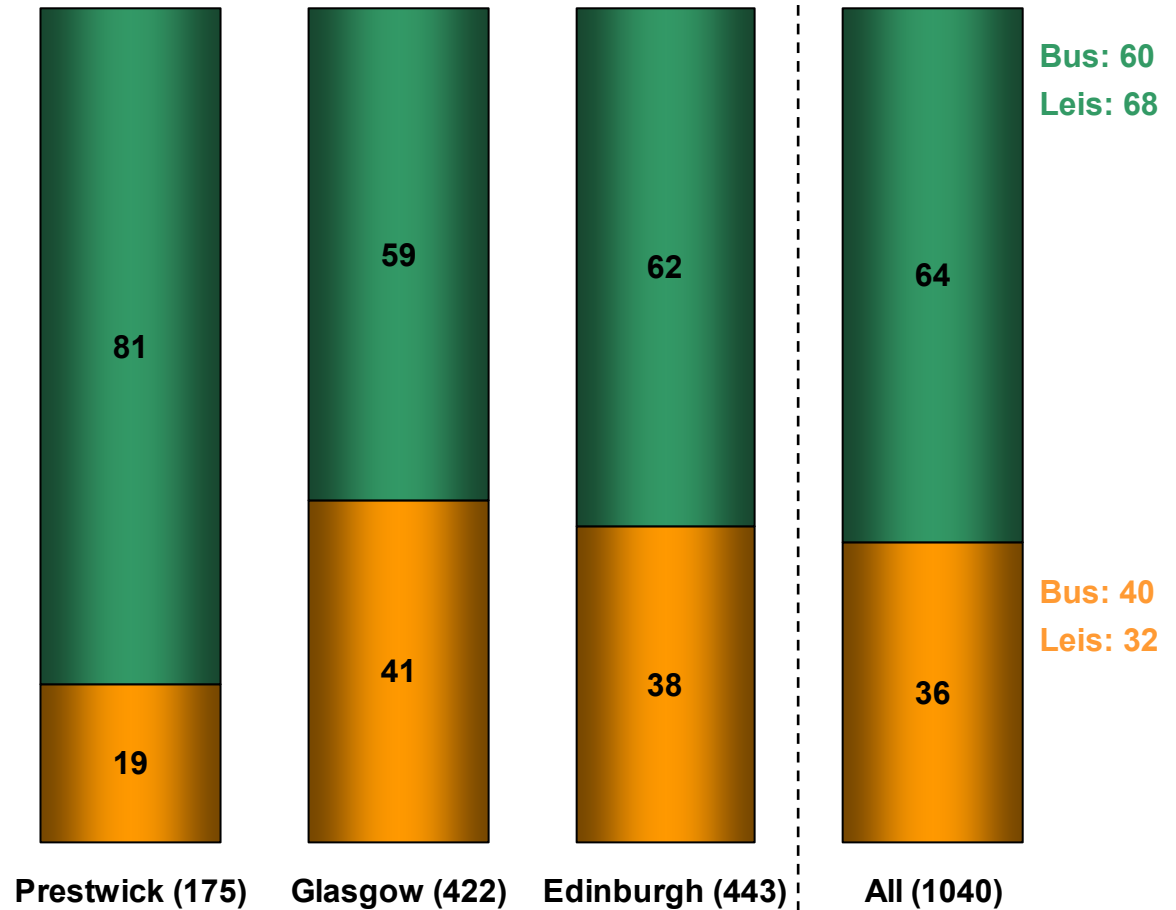
Q17: How long before travelling was your flight booked?

Base: All (n=1040)

Nearly 2/3rds travelled on the cheapest flight available

Flight pricing

- Yes, cheapest available
- No, not cheapest available



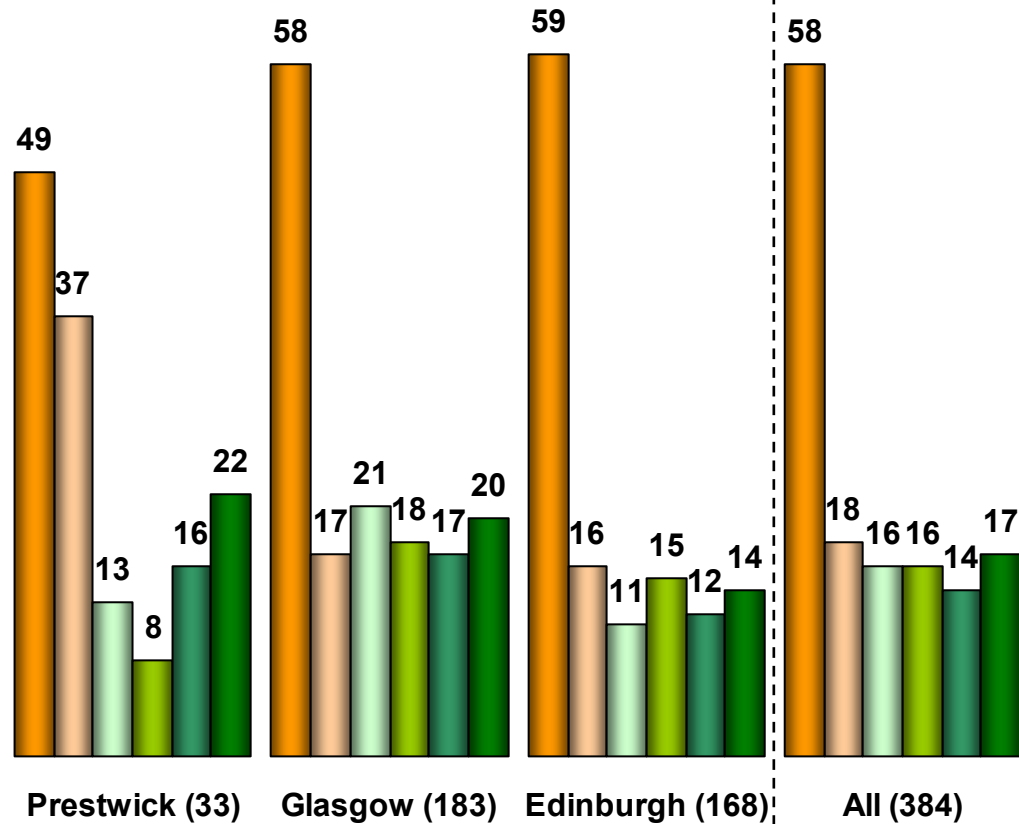
Q15: Thinking about all the flights you could have taken, did you travel on the cheapest available?

Base: All (n=1040)

The time of the flight is the main reason for not choosing the cheapest one

Reasons for not choosing the cheapest flight

- Better times of flights
- Better destination airport
- Shorter overall travelling time
- Better airlines
- Better outbound airport
- DK

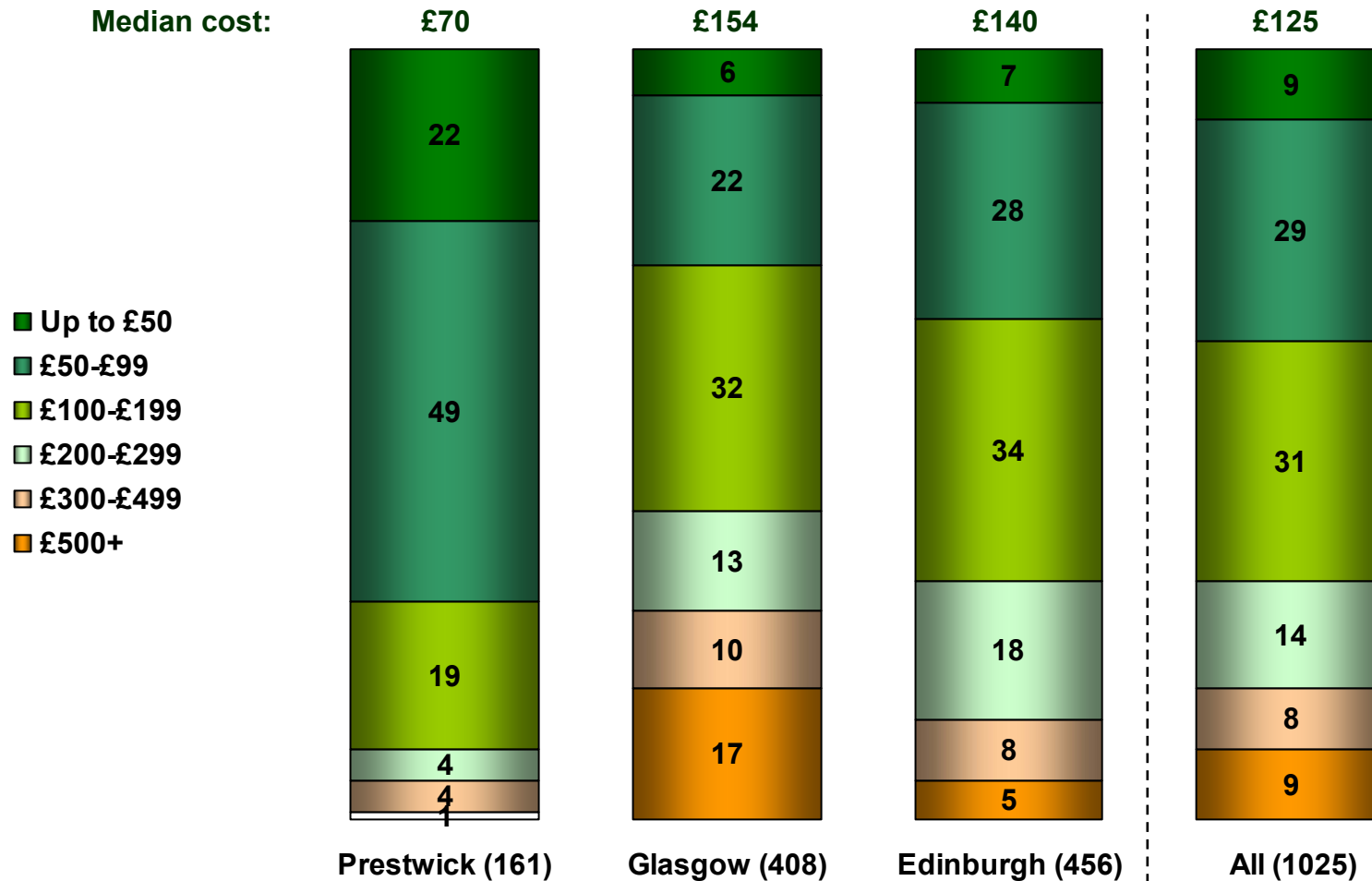


Q16: Why was the flight you took better than the cheapest one?

Base: All not choosing the cheapest flight (n=384)

Prestwick passengers pay a lot less for their flights than other passengers using Glasgow or Edinburgh

Flight cost

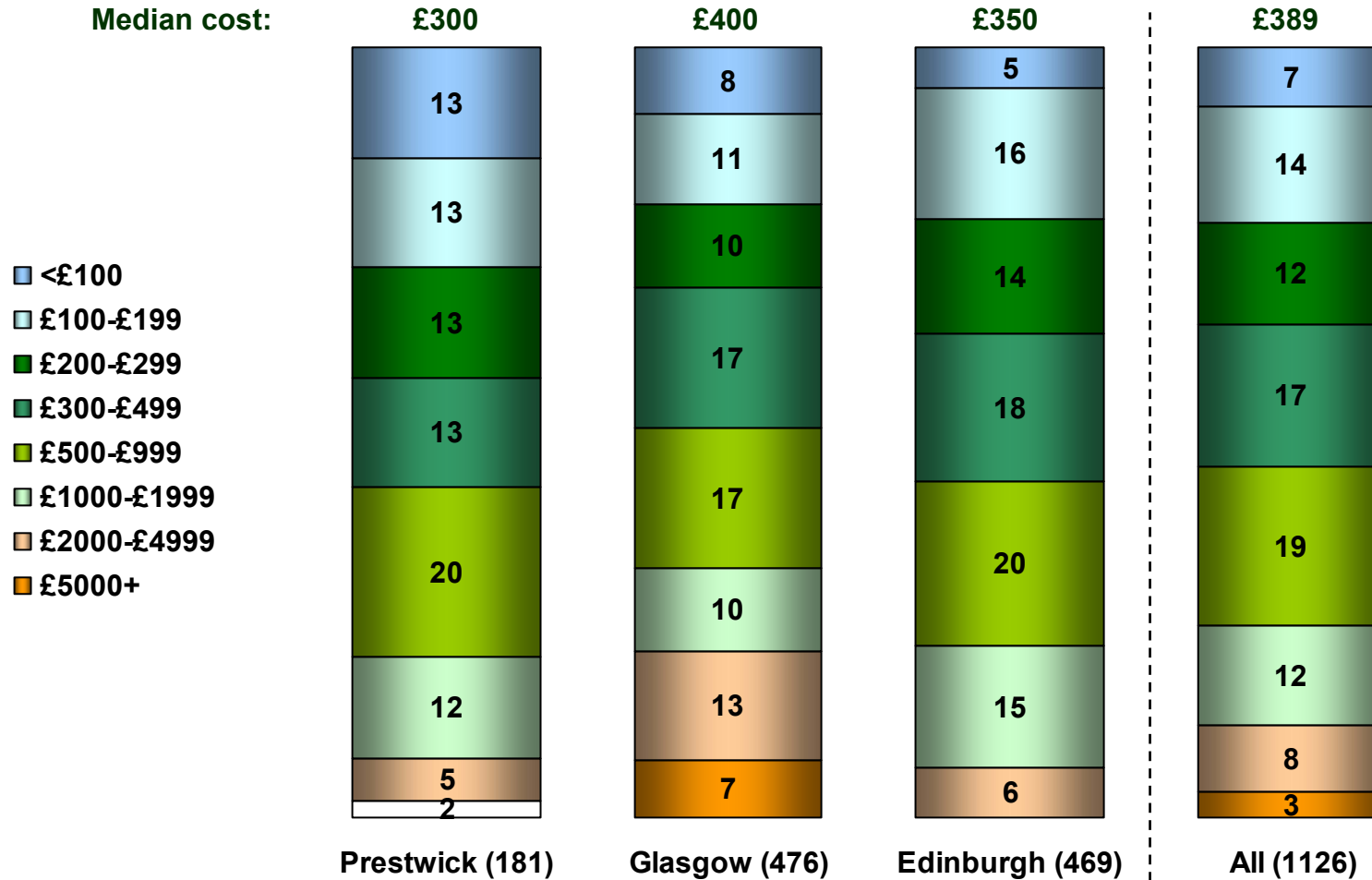


Q4aR: Approximately how much was the total airfare you paid for your outward and return journeys combined, including all taxes, fees and surcharges? Please give me the total price for your party rather than per person.

Base: All who booked flight separately (n=1025)

The median cost of the trip is almost £400 overall

Total trip cost



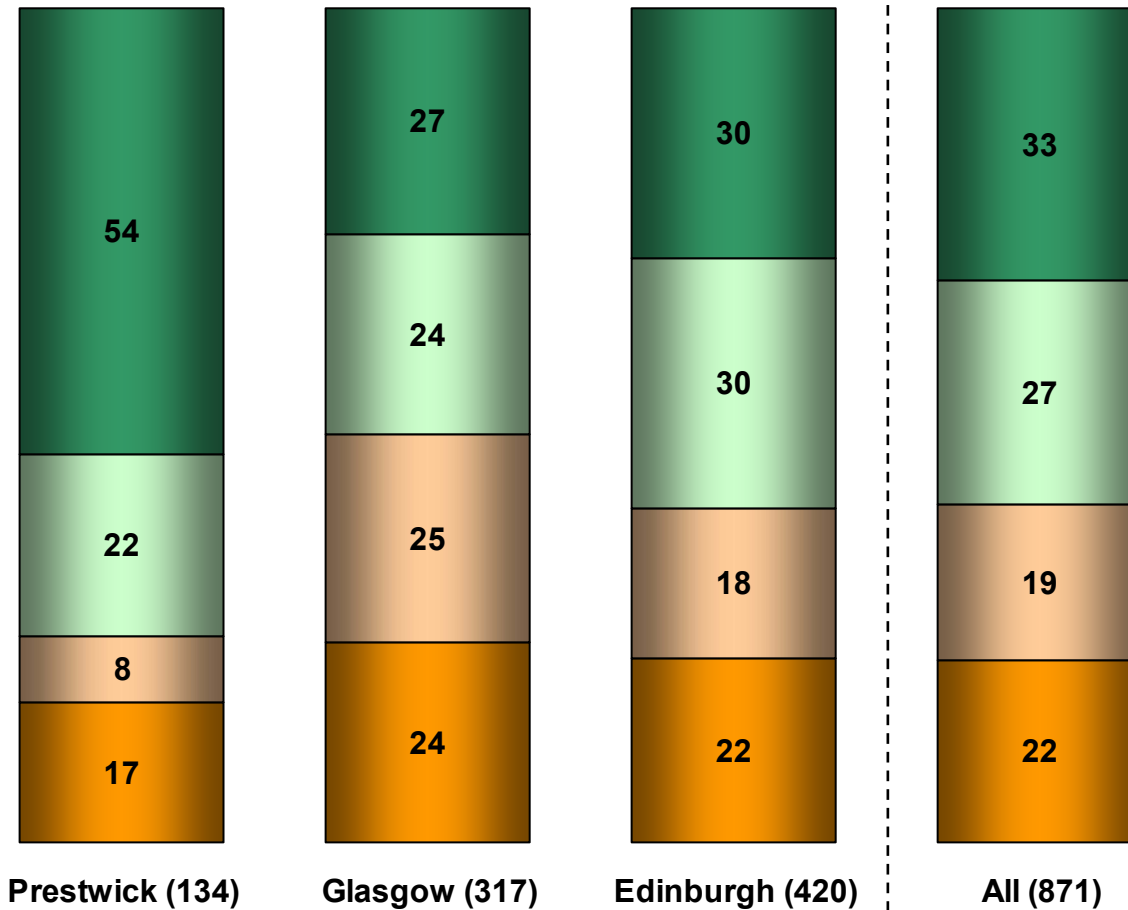
Q36: Approximately, how much was the total costs of your trip, including all travel, accommodation and other expenditure for your whole party?

Base: All (n=1126)

At Prestwick, the flights are more likely to be a small proportion of the total spend on the trip

Airfare as proportion of total trip

- Up to 25%
- 26%-50%
- 51%-75%
- 76%-100%



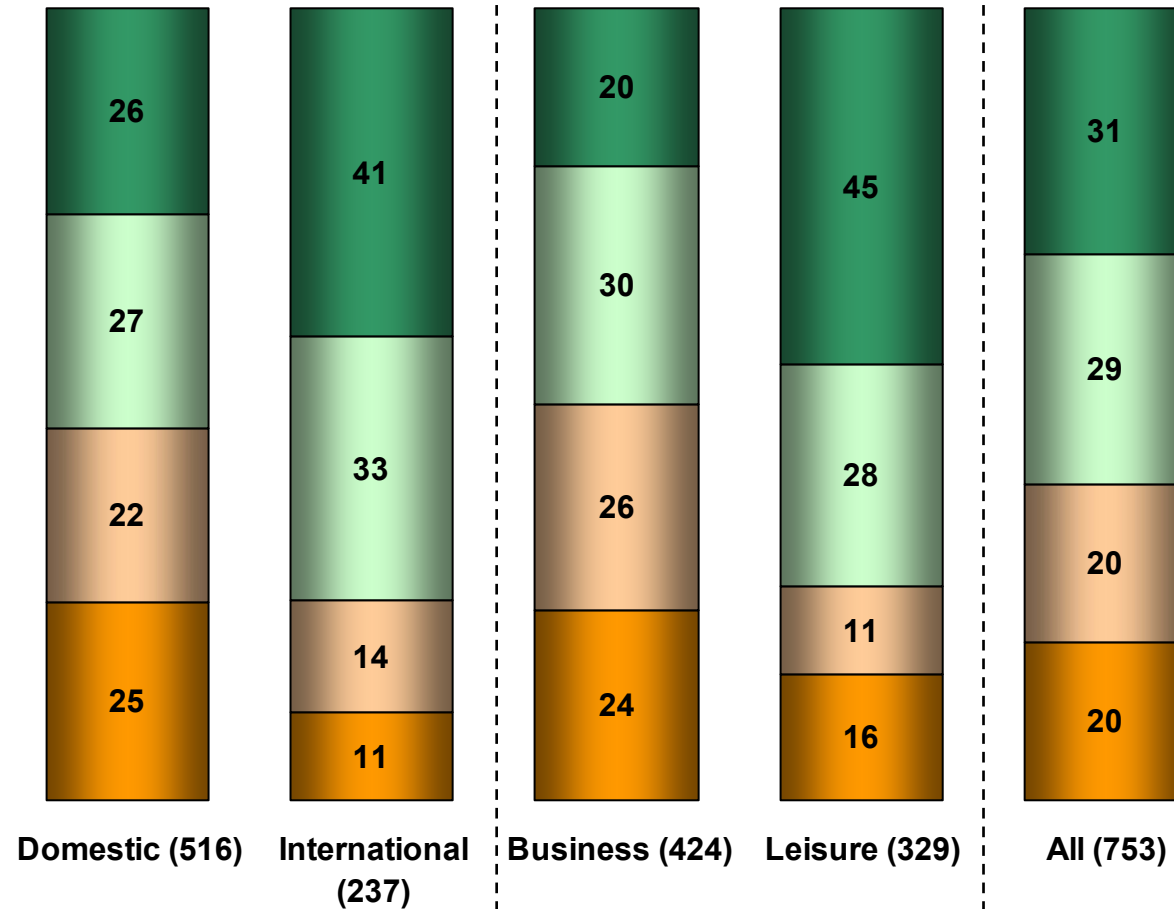
Q4aR/Q36: Airfare as proportion of total trip.

Base: All who booked flight separately (n=871)

Airfare as proportion of total trip tends to be smaller for international and leisure travellers

Airfare as proportion of total trip

- Up to 25%
- 26% -50%
- 51% -75%
- 76% -100%



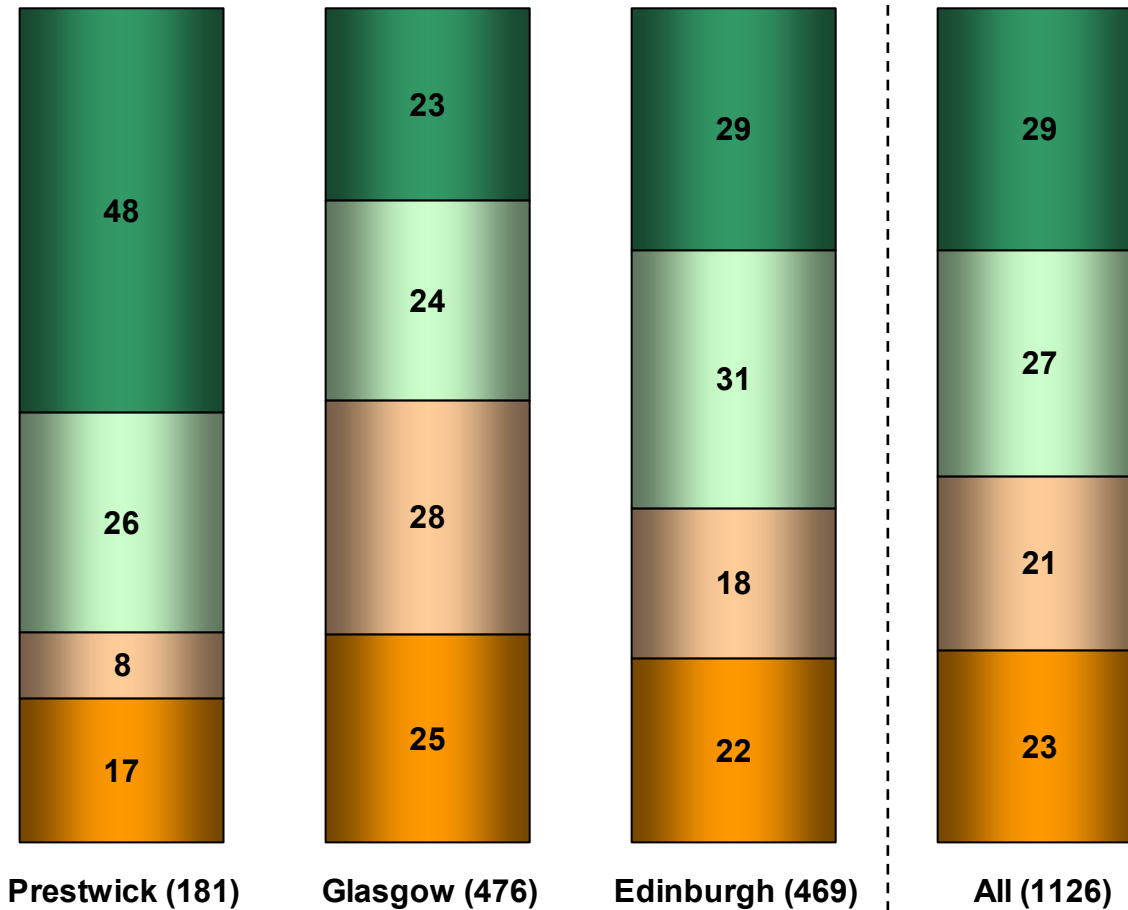
Q4aR/Q36: Airfare as proportion of total trip.

Base: All who booked flight separately (n=753)

At Prestwick, the package price is more likely to be a small proportion of the total spend on the trip

Airfare / package as proportion of total trip

- Up to 25%
- 26%-50%
- 51%-75%
- 76%-100%



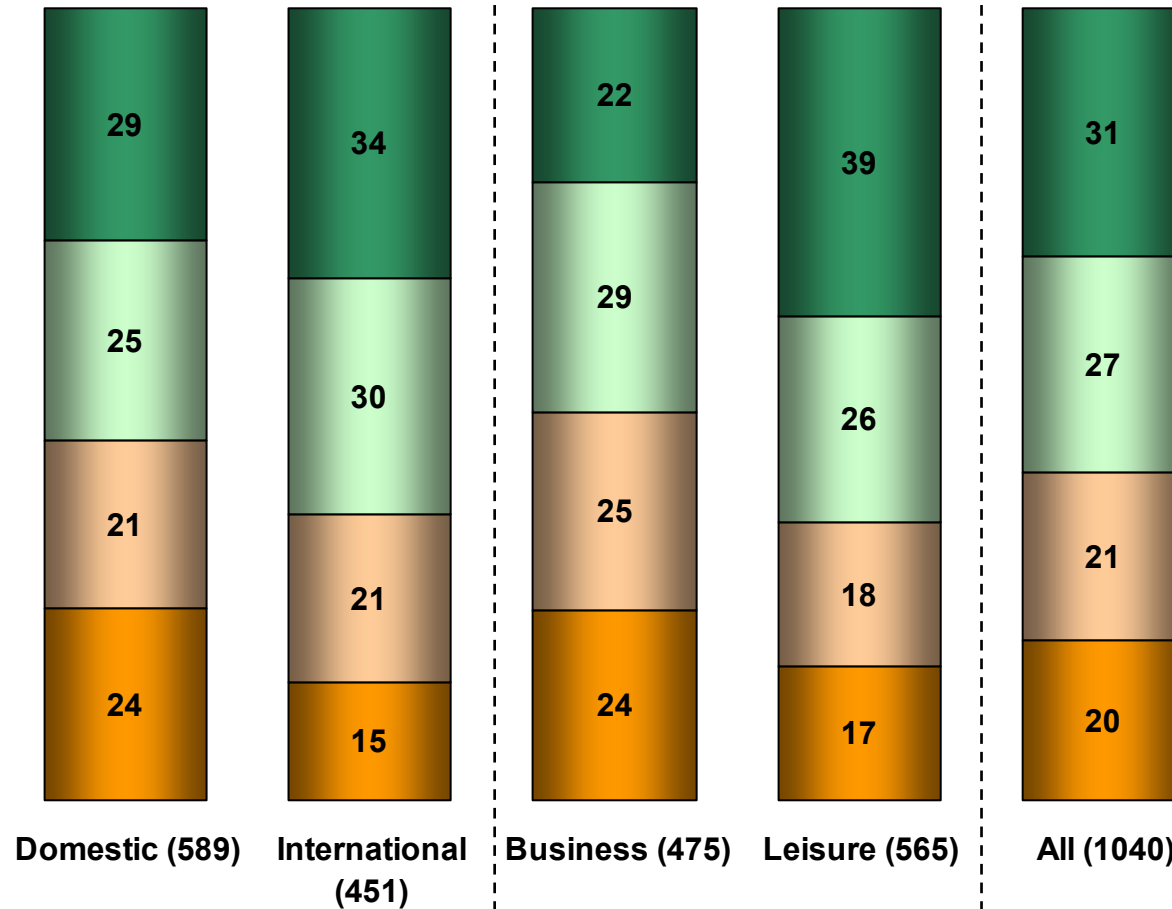
Q4aR&bR/Q36: Airfare / package as proportion of total trip.

Base: All (n=1126)

Package price as proportion of total trip tends to be smaller for international and leisure travellers

Airfare / package as proportion of total trip

- Up to 25%
- 26% -50%
- 51% -75%
- 76% -100%



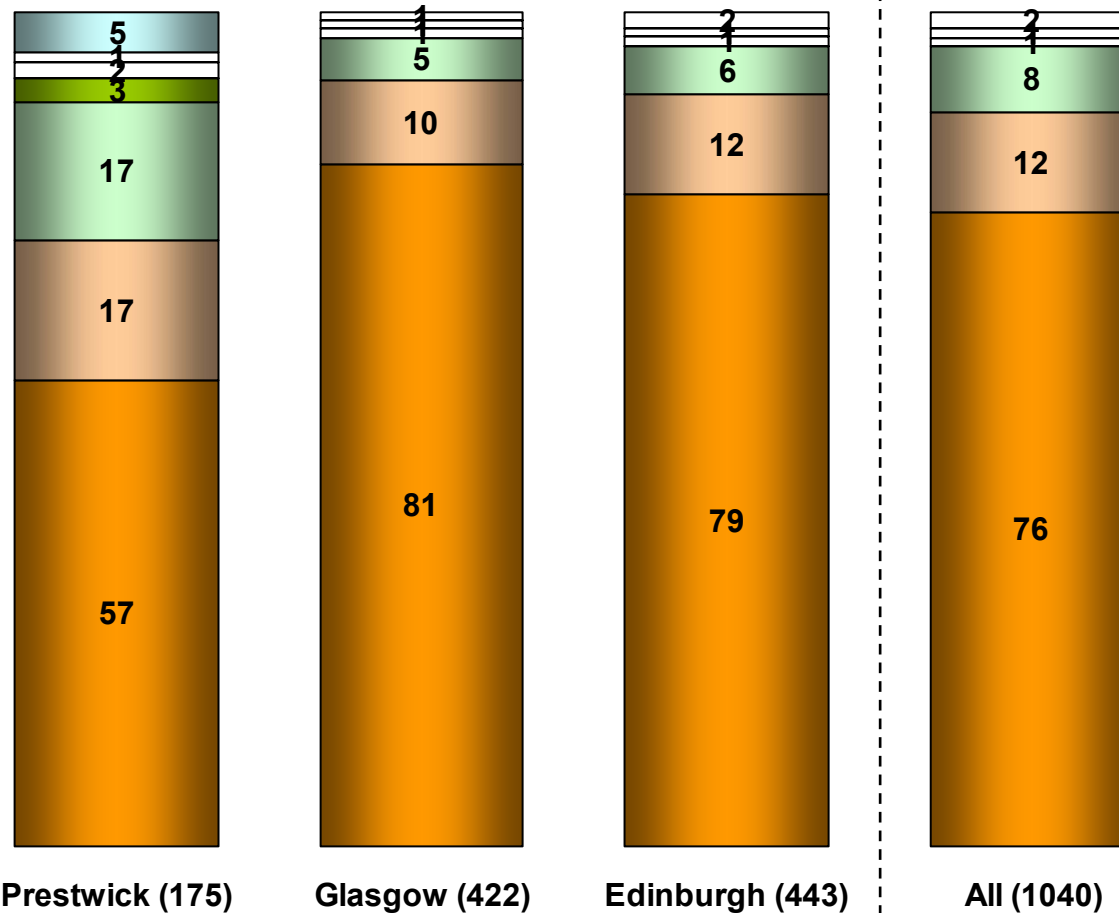
Q4aR&bR/Q36: Airfare / package as proportion of total trip.

Base: All (n=1040)

Prestwick passengers are less likely to pay a premium (£25 or more)

Willingness to pay

- Less than £0.50
- Less than £1.50
- Less than £2.50
- Less than £5
- Less than £15
- Less than £25
- £25 or more



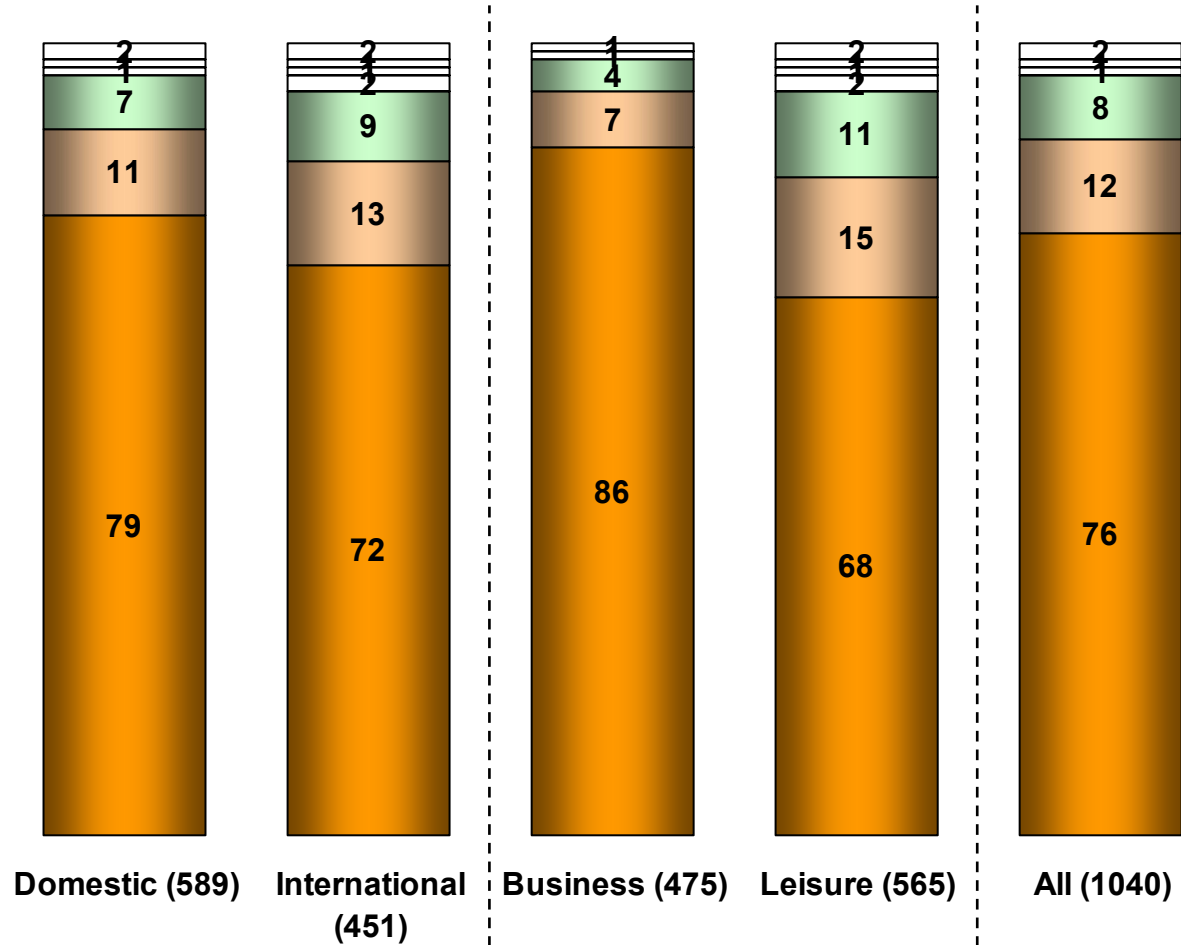
Q37a-f: Suppose the price of the total airfare on all flights through the airport had been increased by £ per person. In this scenario, what would you have done?

Base: All (n=1040)

Business passengers are much more likely to pay an increase of £25 or more

Willingness to pay

- Less than £0.50
- Less than £1.50
- Less than £2.50
- Less than £5
- Less than £15
- Less than £25
- £25 or more



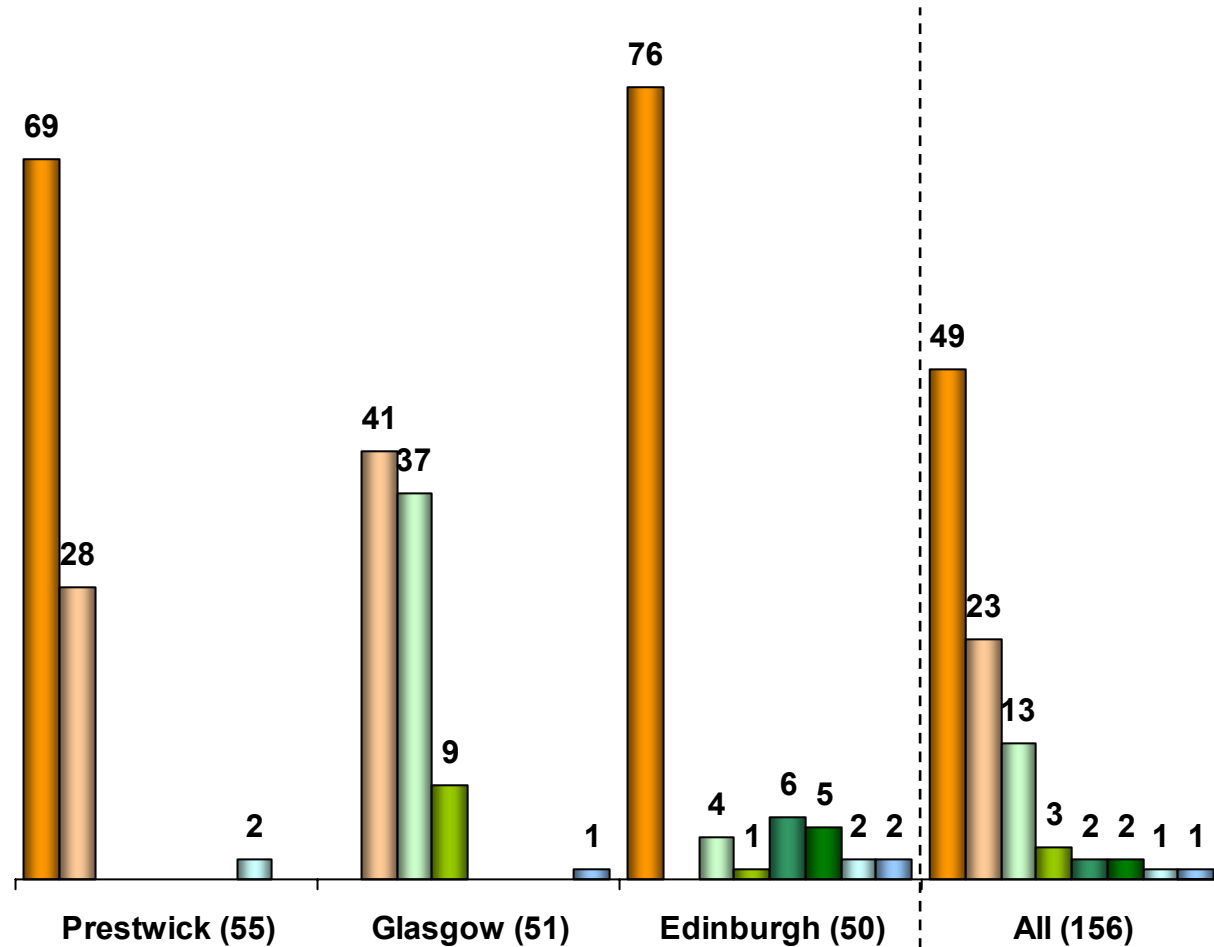
Q37a-f: Suppose the price of the total airfare on all flights through the airport had been increased by £ per person. In this scenario, what would you have done?

Base: All (n=1040)

Most of those who would switch if the price increased, would switch to Glasgow

Alternative airport for switchers

- Glasgow
- Edinburgh
- Prestwick
- Newcastle
- Dundee
- Inverness
- Aberdeen
- Manchester

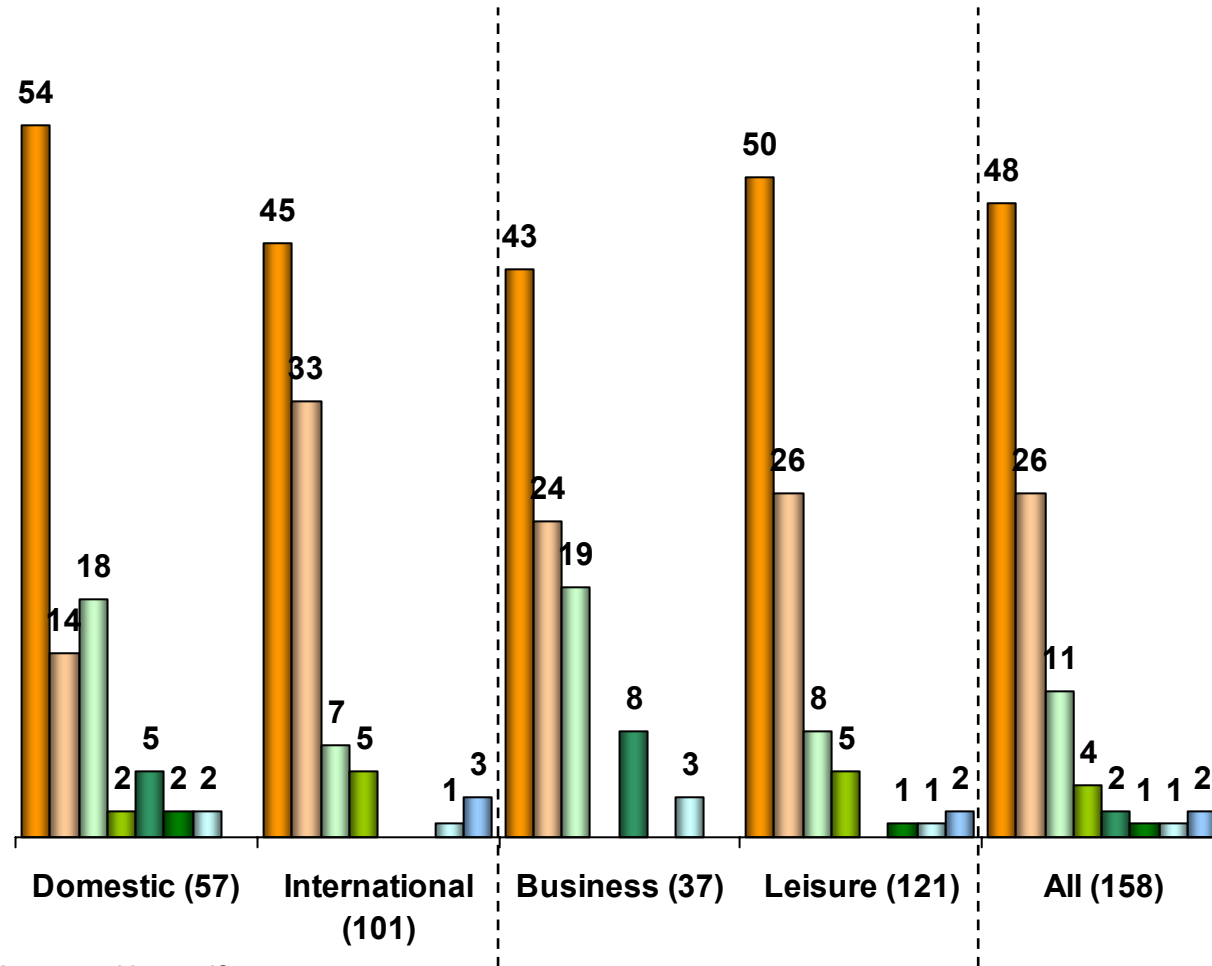


Q38: Which airport would you have used instead?
 (Mentions over 1%)
 Base: All who would have
 switched to another airport
 (n=156)

All passenger types would switch to Glasgow, but particularly domestic passengers

Alternative airport for switchers

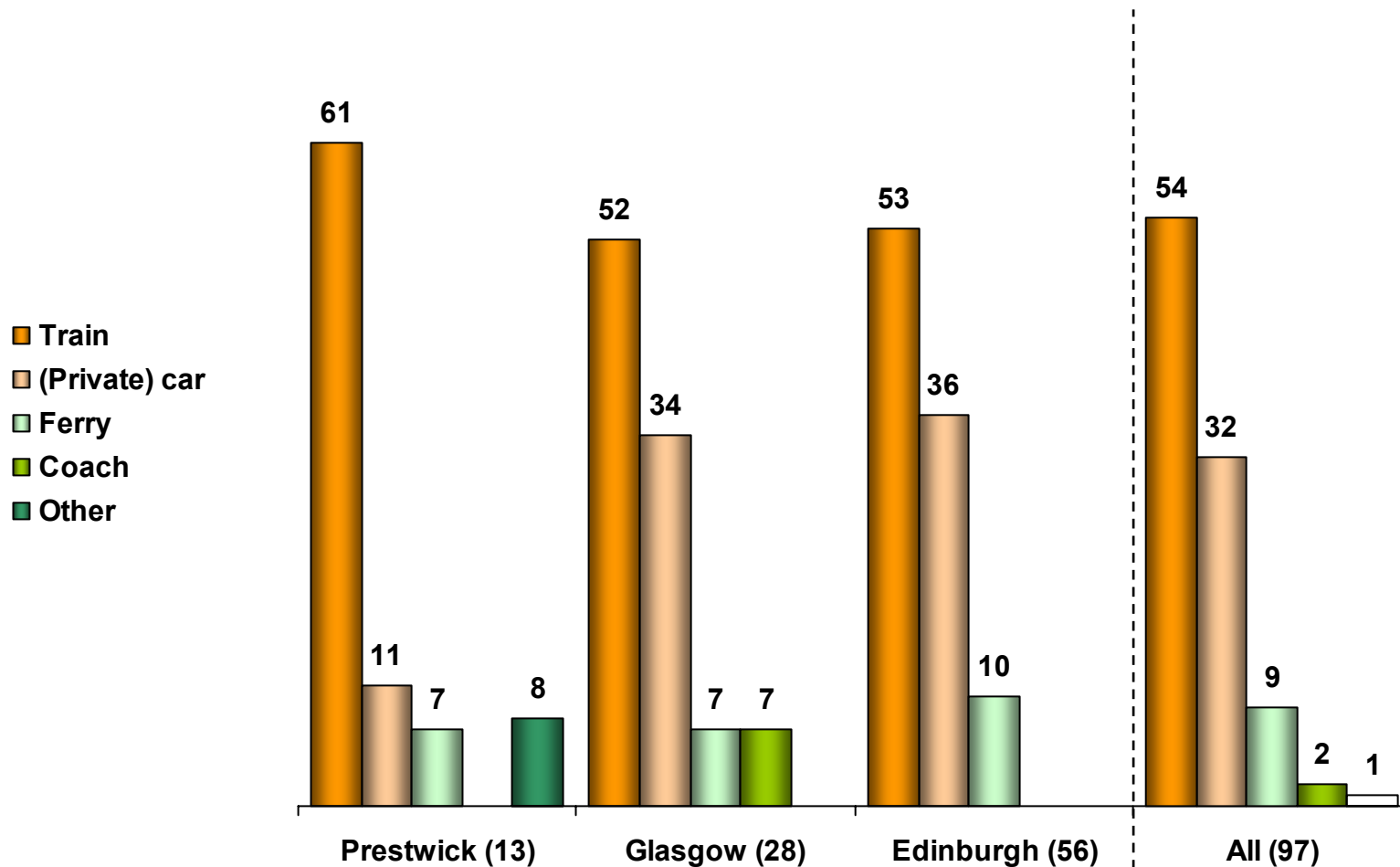
- Glasgow
- Edinburgh
- Prestwick
- Newcastle
- Dundee
- Inverness
- Aberdeen
- Manchester



Q38: Which airport would you have used instead?
 (Mentions over 1%)
 Base: All who would have switched to another airport
 (n=158)

Most who would switch mode of transport, would switch to travelling by train or car

Alternative mode of transport for switchers



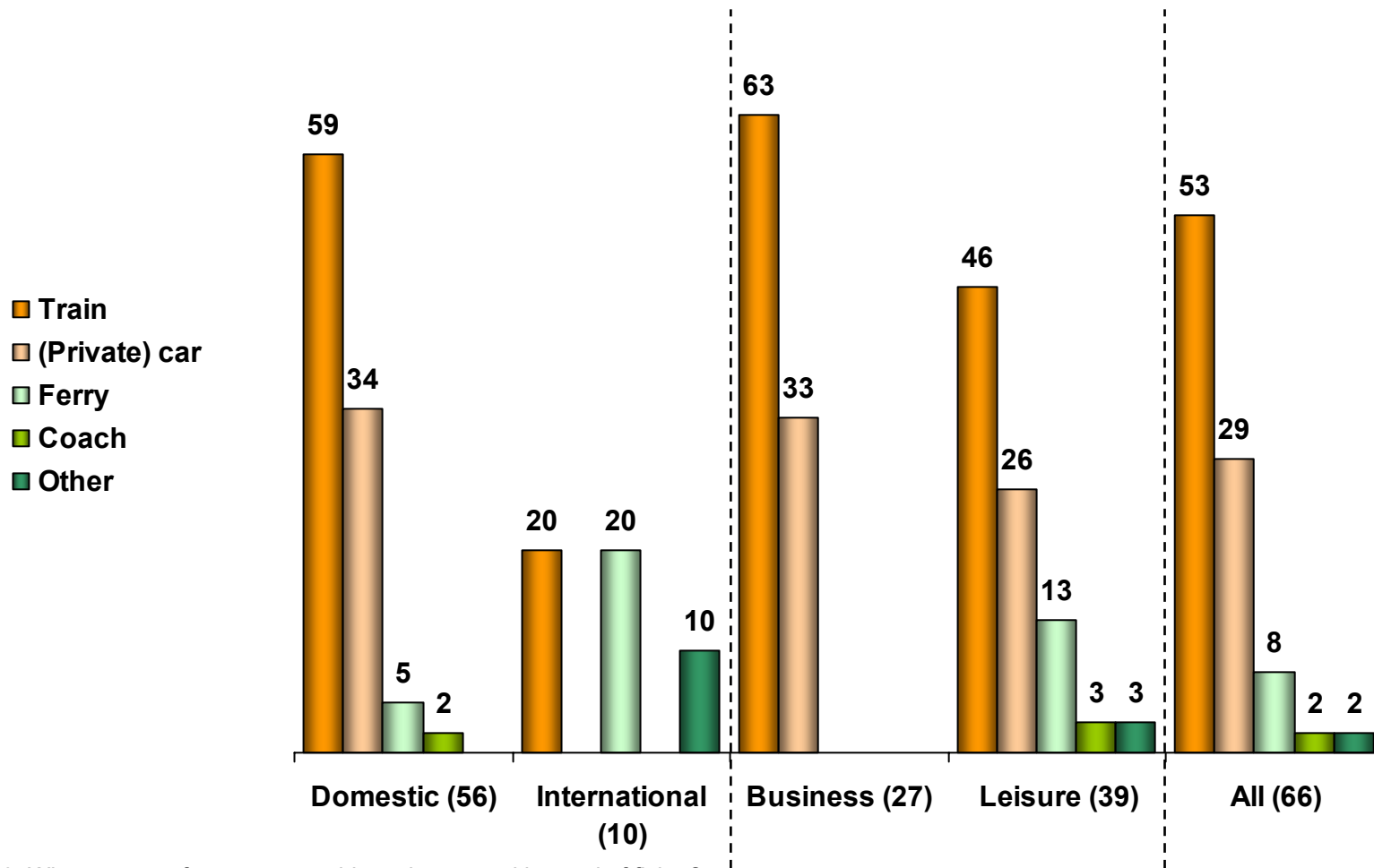
Q39: What means of transport would you have used instead of flying?

(Mentions over 1%)

Base: All who would have switched to another means of transport (n=97)

Business passengers will only consider switching to car or train

Alternative mode of transport for switchers



Q39: What means of transport would you have used instead of flying?

(Mentions over 1%)

Base: All who would have switched to another means of transport (n=66)

Summary

Conclusions



Travel options

- The main information sources when booking and researching air travel is the Internet
- However, over half of respondents did not shop around for flights
 - Of those that did, the Internet was the main source
- Over half of passengers state they could not have used another means of travel
 - International travellers in particular were restricted to flying to their destination
- For those that could have used another means of transport, the most popular alternative was the train
- Most chose to fly to their destination to save time



Travel choices

- The airport is important for 9/10 respondents
 - For over half, it is very or extremely important
- Almost half of passengers had a choice of airports
 - Of those who considered other airports, most considered Glasgow
 - Those using Glasgow mainly considered Edinburgh
 - Prestwick was not mentioned spontaneously as frequently as Edinburgh
- For those that did not have a choice of airports, it was because the airport they used was the only one they could get to
- The main reason for choosing the airport they ultimately flew from/to was due to its location



Alternatives

- Had their flight not been available, most would have chosen to fly from another airport
 - The most popular alternative airport is Glasgow
 - Those using Glasgow would change to Edinburgh
- For those choosing another means of transport if the flight had not been available, most would have travelled by train
- This alternative would have been no different or worse in terms of journey cost, but worse in terms of overall journey time
- When prompted, most would consider travel from Glasgow, Edinburgh and Prestwick as a realistic alternative
 - Had their flight been available at the same time and cost



Price sensitivity

- Nearly two-thirds bought the cheapest flight available
 - This rises to 4/5 at Prestwick
- For those who did not choose the cheapest flight, the main reason was that a more expensive flight had better flight times
- Prestwick attracts the budget passenger
 - They pay less for their flights overall
 - They spend less on the total trip
 - However, their flights make up a smaller proportion of the total trip cost than overall



Cost scenarios

- Three quarters of all passengers would not have switched with a £25 increase per person
 - Business passengers are most likely to pay over £25 extra per person
- For those who would have switched to an alternative airport, most would switch to Glasgow
 - Similar to those who are not price sensitive
- For those who would have switched to an alternative means of transport, most would switch to travelling by train or car
 - Similar to those who are not price sensitive