

Matthias Schimmel

Communication in the U.K. Budget Airline Industry

How PR affects corporate success



Anchor Academic Publishing

disseminate knowledge

Schimmel, Matthias: Communication in the U.K. Budget Airline Industry. How PR affects corporate success, Hamburg, Anchor Academic Publishing 2014

Buch-ISBN: 978-3-95489-163-4

PDF-eBook-ISBN: 978-3-95489-663-9

Druck/Herstellung: Anchor Academic Publishing, Hamburg, 2014

Bibliografische Information der Deutschen Nationalbibliothek:

Die Deutsche Nationalbibliothek verzeichnet diese Publikation in der Deutschen Nationalbibliografie; detaillierte bibliografische Daten sind im Internet über <http://dnb.d-nb.de> abrufbar.

All rights reserved. This publication may not be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publishers.

Das Werk einschließlich aller seiner Teile ist urheberrechtlich geschützt. Jede Verwertung außerhalb der Grenzen des Urheberrechtsgesetzes ist ohne Zustimmung des Verlages unzulässig und strafbar. Dies gilt insbesondere für Vervielfältigungen, Übersetzungen, Mikroverfilmungen und die Einspeicherung und Bearbeitung in elektronischen Systemen.

Die Wiedergabe von Gebrauchsnamen, Handelsnamen, Warenbezeichnungen usw. in diesem Werk berechtigt auch ohne besondere Kennzeichnung nicht zu der Annahme, dass solche Namen im Sinne der Warenzeichen- und Markenschutz-Gesetzgebung als frei zu betrachten wären und daher von jedermann benutzt werden dürften.

Die Informationen in diesem Werk wurden mit Sorgfalt erarbeitet. Dennoch können Fehler nicht vollständig ausgeschlossen werden und der Diplomica Verlag, die Autoren oder Übersetzer übernehmen keine juristische Verantwortung oder irgendeine Haftung für evtl. verbliebene fehlerhafte Angaben und deren Folgen.

Alle Rechte vorbehalten

© Anchor Academic Publishing, Imprint der Diplomica Verlag GmbH
Hermannstal 119k, 22119 Hamburg
<http://www.diplomica-verlag.de>, Hamburg 2014
Printed in Germany

Acknowledgements

Writing this study would not have been possible without the help and support of numerous people. Firstly, I would like to thank my mentor, Professor Graeme Drummond for his friendly advice and patience. Furthermore, Gail Handyside ensured the success of the primary research for this paper by distributing the invitation E-Mail to the student body of Edinburgh Napier University, which I am very grateful for.

In addition, I would like to thank my parents and family for their guidance and making these studies possible. Last but not least I would like to thank my friends and fellow students for the interesting discussions and their company while writing this paper. Studying at both Edinburgh Napier University and IPAG, Nice, was a memorable experience which contributed to my personal and professional goals. I am thankful that I had the chance to work in this highly international environment, which changed me to being even more open-minded and prepared me for life as a working professional.

Table of Content

Table of Figures	I
Table of Abbreviations.....	II
Abstract	III
1. Introduction	1
1.1 The UK Air Transport Market	1
1.1.1 Ryanair	1
1.1.2 EasyJet.....	3
1.2 PR in the Airline Industry	4
1.3 Research Aims.....	5
2. Literature Review.....	6
2.1 Public Relations.....	6
2.2 Consumer Behaviour.....	11
2.3 Budget Airlines	15
3. Methodology	20
3.1 Research Approach and Hypotheses	21
3.2 Research Method.....	21
3.2.1 Data Collection and Tool Design	22
3.2.2 Tool Pilot Phase	23
3.3 Sample Structure	24
3.4 Analysis.....	24
3.5 Limitations	25
4. Findings & Discussion.....	26
4.1 Respondent Profile	26
4.2 Findings.....	27
4.2.1 PR and Decision Making.....	29
4.2.2 PR as a Communication Tool.....	31
4.2.3 PR Perception in the Student Segment.....	32
4.2.4 Marketing of Services	32
4.2.5 Airline Selection Factors	33
4.3 Summary of Findings	34
5. Conclusion & Research Implications	36

Appendices	40
1. Survey Screenshots	40
2. Invitation E-Mail and Survey Start Page.....	46
3. Statistical Analysis	48
3.1 Frequency Distributions	48
3.2 Descriptive Statistics	62
3.3 χ^2 Tests	63
3.3.1 χ^2 Contingencies.....	63
3.3.2 χ^2 Goodness of Fit	70
References	74

Table of Figures

Fig. 2.1: Airline / Consumer Relational Concept.....	6
Fig. 3.1: The Process of Deduction	20
Fig. 3.1.1: Hypotheses.....	21
Fig. 4.1.1: Sample Structure.....	26
Fig. 4.2.1: Most Frequently used Airlines.....	27
Fig. 4.2.2: Opinions on LCCs	28
Fig. 4.2.1.1: Booking Tools Frequency.....	29
Fig. 4.2.1.2: Booking Tools by Flight Group.....	30
Fig. 4.2.2.1: PR Tool Recognition	31
Fig. 4.2.4.1: Service Value by Flight Group	33
Fig. 4.2.5.1: Service Value Frequencies.....	34

Table of Abbreviations

British Airways	BA
Consumer Behaviour	CB
Dependent Variable	DV
EasyJet	EJ
Edinburgh Napier University	ENU
Frequent Flier Program	FFP
International Air Transport Association	IATA
Low Cost Carrier	LCC
Online Travel Agency	OTA
Public Relations	PR
Return On Investment	ROI
Ryanair	RA

Abstract

The main purpose of this study is to investigate how Public Relations are currently used as a communication tool within the UK budget airline industry, and how the student segment in the UK corresponds to these measures. To gain a holistic understanding of the topic, facts on the UK air transport market are introduced briefly, with a special regard to the two leading budget airlines, Ryanair and EasyJet. Furthermore, the importance of PR for the airline industry is addressed by the defined research aims.

To provide the theoretical background for the conducted research, chapter two focuses on scientific theory, highlighting the areas of Public Relations, Consumer Behaviour and Budget Airlines in particular. By choosing the deductive research approach, nine hypotheses could be developed to contribute to the overall aims and build a basis for the primary research. The latter is an online survey, using the convenient sampling method among the student body of Edinburgh Napier University. Results of the primary research are analysed using SPSS statistical software, conducting frequency distributions, descriptive statistics and chi-square tests.

With regards to the main findings it may be said that price is the most crucial decision factor and thus the strongest communication tool. In addition, there is a shift of recognized communication efforts, away from classic channels as TV or direct mail and towards the corporate homepage and E-Mails, which may be used in a low frequency as to not be perceived as disturbing. All in all, price seems to be more important than service, at least within the student segment. Beside that, the reputation of an airline seems to be important to the respondents, which underlines the need for proper communication efforts. In respect of the limitations and options for further research, there is room to repeat the study with a larger group of participants who are all born and raised in the UK to gain more detailed results. The use of E-Mail in terms of content and frequency might be the most interesting field for future research, as the Internet will be the communication tool of the future.

1. Introduction

This chapter will outline the overall background of the topic. A brief introduction to the UK air transportation business will be given subsequently, to generate a basic understanding of the market at which this paper is aiming. Following this, two leading airlines, namely EasyJet and Ryanair, will be presented as examples of key players in the UK budget carrier market. Then, a brief description of the topic will be given, illustrating the link of PR and the aviation business. Lastly, the aims of this paper are introduced with a concise outlook on the research process.

1.1 The UK Air Transport Market

Mason and Alamdari (2007) divide the travel market into two main segments: the leisure and the business markets. Interestingly, the latter changed significantly as the sale of business tickets started to decline from the year 2000, when many business travellers downgraded to budget airlines. Trends in the leisure market point to splitting up the annual holidays to a number of short trips, increasing the demand for valuable flights. But airline statistics show (BATA, 2010), that after a peak in 2005, the general passenger numbers in the UK are declining to currently level out at 23.3 million in 2010. Davison and Ryley (2010) state that in 2006, 69.5 million visits abroad from the UK had been made, of which 65% were holiday related, plus 17% to visit friends and family. Of the overall number of visits, 81% utilised air travel, which underlines the importance of this way of travel. 79% of all journeys targeted European destinations, using short-haul flights, which is the domain of budget airlines. To sum up the above, the air travel market in the UK is strongly related to leisure travels, which is a growing segment, as holiday and therefore travelling behaviour is changing, creating demand for short-haul flights. Consequently, the following chapters will focus on the two main budget airlines in the UK (Euromonitor, 2009), namely Ryanair (RA), which is Europe's number one low cost carrier (LCC), and EasyJet (EJ), its strongest local competitor.

1.1.1 Ryanair

Euromonitor International (2011) provides very actual and comprehensive information about the Ryanair Holdings Plc. While based in Dublin, Ireland, the company offers its air transportation services in Western and Eastern Europe, with a world air value share of 0,8% in 2010. To keep ticket prices low, RA predominantly operates from secondary airports in Europe. Furthermore, the company secures ancillary revenues with e.g. in-flight sales or car rental agreements. With the acquisition of 29,8% of AerLingus in 2006, RA set its direction to grow strategically, whereas hostile bids in 2006 and 2008 have been cancelled by the European