

A major conclusion on airline marketing is the strong loyalty building characteristic of frequent flyer programs, and that these programs strongly favour larger over small carriers.

E. Airline Economics: Consumer Demand

Closely linked to airline marketing are the needs and preferences of consumers. Airline consumers include both passengers and cargo. Passengers are usually "segmented" into business and leisure travellers.

Passenger Demand

- There are two distinctly different types of airline consumers: business travellers and leisure travellers.³³
- Leisure travellers are highly sensitive to price, i.e. they are "price elastic". In general, lowering price results in a more than proportionate increase in patronage.
- Leisure travellers generally are able to book their tickets well in advance, tend not to change their flight plans, and are more willing to travel at less popular times, but will do so only if offered a lower fare.

³³ Sometimes business travellers are referred to as "must-go" travellers. The latter term embraces more than just business trips, but also includes travel for family emergencies, etc. Leisure travellers can be subdivided into vacationers (generally heading to popular tourist destinations), and visiting friends and relatives traffic (VFR) who travel to a widely dispersed set of destinations.