

Original Research Article**Segmentation of Airline Market in the GCC Region: Profiling****Business Customers Using Low Cost and Full Service Carriers¹****ABSTRACT**

The recent surge of low-cost carriers (LCCs) in the Gulf Cooperation Council (GCC) countries has added a new dimension to the competitive structure of aviation industry. Traditional full service carriers (FSCs) do not enjoy the monopoly they had before the advent of LCCs. Research on the characteristics of business travelers, who are seen as an important market segment for both LCCs and FSCs, is sparse and anecdotal at best. This research paper represents a preliminary effort at developing profiles of business travelers using LCCs and FSCs or network airlines. Such an effort is considered timely and strategically significant to generate data that may guide the marketing efforts of airlines using different service models. Using survey data from two samples of short-haul business travelers, one traveling by LCCs and the other by network airlines, this study supports 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 demographic characteristics, company travel resources, travel purpose and booking behavior. The paper examines the strategic implications of these findings for LCCs and FSCs in the GCC region and the global context.

Key words: Low-cost carriers; network airlines; business travelers; segmentation, aviation industry, GCC region

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 (Khan, 2009). 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 (Sobie, 2007).

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 (O'Connell, 2011), 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 (Graham, 2007; Huse and Evangelho, 2007; Siddique, 2013), 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 aviation industry, it seems strategically important to identify the characteristics of business passengers using airlines with 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 (Mason, 2001; Dresner, 2006; Neal and Kassens-Noor, 2011).

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 (Doganis, 2006; Shaw, 2007; Grimme, 2011; O'Connell, 2011). Unfortunately, the segmentation issue in the airline business has not received the research attention it merits (Martinez-Garcia and Royo-Vela, 2010). 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 (Sobie, 2007; Khan, 2009). 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 (Khan, 2009; Siddique, 2013). 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 (cf. Francis, Humphreys, and Ison, 2004).

Leading network airlines such as Emirates and Qatar Airways now more actively stress service quality, reliability, business lounges, frequent fliers 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 (Khan, 2009; Siddique, 2013). 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 (Harvey and Turnbull, 2010). Some commentators, for instance, attribute the introduction of Flydubai by the government of Dubai in 2009 as a response to Air Arabia (Siddique, 2013). It is seen as a sort of counterattack by Dubai to maintain its leadership in GCC's aviation business by offering service to both price-sensitive passengers and those looking for comfort and high quality in-flight service (Kotler et al., 2011).

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 (Gillen and Lall, 2004; Doganis, 2006;). 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 (Ong and Tan, 2010; Forgas, Moliner, Sanchez, and Palau, 2010; Anonymous, 2011; Siddique, 2013).

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.

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 and budget airlines operating from its premises, including Nas Air, Air Blue, Air-India Express, and Shaheen Air International (Sharjah International Airport, 2009). 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 (Dubai Airports, Yearbook and Directory, 2009/2010).

The survey was implemented by a team of six graduating students taking marketing research and strategic management courses at a local university. 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.

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 (Mason, 2001; O'Connell and Williams, 2005; Dresner, 2006; Ong and Tan, 2010). 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

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 (12.5% vs. 8.3%). This gender distribution reflects the general demographic pattern in UAE where male expatriate workers have predominant presence in the labor market (National Media Council, 2012).

With respect to age distribution, over 75% of LCC business travelers were less than 50 years, while over 60% of the passengers using network airlines were over 50 years. The mean age for the LCC sample (40.83) was significantly lower than their counterparts' mean age using network airlines (51.81; $p < .001$).

Data on survey participants' occupational background show that most business travelers using LCCs worked in administrative jobs (33.3%) and held middle management positions (41.7%) while those using network airlines had a larger proportion of professionals (50%) and mostly worked as part of company's senior management team (43.8%). The LCCs' business passengers also included a larger proportion of self-employed (26.5%) than users of network airlines (18.8%).

Table 1

Profile of business travelers using network and low-cost airlines

		Network carrier sample	Low-cost carrier sample
		(N: 176)	(N: 132)
		(%)	(%)
Gender			
	Male	87.5	91.7
	Female	12.5	8.3
Age			
	Under 31	2.3	25.0
	31 – 35	1.7	10.6
	36 – 40	3.4	21.9
	41 – 45	22.7	16.7
	46 – 50	9.1	6.8
	51 – 55	12.5	11.4
	56 – 60	31.3	8.1
	Over 60	17.0	1.5
Occupational background			
	Self-employed	18.8	26.5
	Professional	50.0	23.5
	Administrative	25.0	33.3
	Skilled/technical	6.3	16.7

204 **Position in company hierarchy**

205	Top management	43.8	8.3
206	Middle management	25.0	41.7
207	Lower management	18.8	30.3
208	Non-management	12.5	19.7

209

210 *Table 1 continued*

211 **Company size** (number of employees)

212	1 – 24	6.3	36.4
213	25 – 99	12.5	30.3
214	100 – 999	25.0	7.5
215	1000 – 5000	31.3	16.7
216	More than 5000	25.0	9.1

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219 In terms of company size, most LCC business travelers worked in small companies while a majority of the
 220 network business travelers worked for larger corporations. For instance, 66.7% of LCC passengers worked in
 221 companies with less than 100 employees; the corresponding proportion for passengers of network carriers was
 222 18.8%. Over half of the network airlines' business travelers worked for companies with one thousand or more
 223 employees. These findings reveal a strong link between company size and the choice of an airline.

224 **5.2 Company travel policy and internal resources**

225 Table 2 provides data on company travel policy and internal resources in the form of having a travel manager or a
 226 specific department to assist employees in the process of purchasing and booking tickets with different airlines. As
 227 would be seen, a larger number of organizations represented by business travelers using full-service, network
 228 airlines (73.9%) had a corporate travel policy than organizations represented by LCC users (58.3%). Also, a larger
 229 proportion of business travelers using full-service airlines reported to have a travel department or a travel manager
 230 than the LCC business travelers (25% vs. 16.7%). While a large majority of respondents from both samples said that
 231 their companies encouraged the use of LCCs, the proportion of LCC business travelers was much higher than the
 232 proportion using FSCs (83.3% vs. 56.3%). Only a small proportion of travelers using FSCs (18.7%) said that their
 233 companies prevented the use of LCCs.

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240	Table 2		
241	Company travel resources and travel policy		
242	-----		
243		Network carrier sample	Low-cost carrier sample
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245		(%)	(%)
246	In-house Travel Manager (TM)/		
247	Travel Department (TD)		
248	Company has neither TM nor TD	62.5	75.0
249	Company has either TM or TD	25.0	16.7
250	Company has both TM and TD	12.5	8.3
251			
252	<i>Table 2 continued</i>		
253	Corporate travel policy		
254	Yes	73.9	58.3
255	No	26.1	41.7
256	Travel policy on low-cost airlines		
257	Encourages use of low-cost airlines	56.3	83.3
258	Prevents use of low-cost airlines	18.7	0.0
259	Holds no opinion on low-cost airlines	25.0	16.7
260	-----		

261 **5.3 Travel purpose, booking process and channels**

262 Table 3 summarizes data on flight purpose, flight selection, booking process, and booking channels. In looking at
 263 the purpose of travel, the data indicate several differences between the two samples. Most business travelers using
 264 LCCs were more likely to make sales and marketing-related trips compared to users of network airlines (25% vs.
 265 15.3%), while those using network airlines were more likely to travel to attend conferences or take part in
 266 exhibitions than users of LCCs (26.7 vs. 16.7%).

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272	Table 3		
273	Travel purpose and booking behavior		
274	-----		
275		Network carrier sample	Low-cost carrier sample
276		(%)	(%)
277	Purpose of travel		
278	Sales/marketing	15.3	25.0
279	External meeting/visit	28.4	31.3
280	Internal meeting/visit	18.8	12.6
281	Emergency/problem solving/training	10.6	14.4
282	Conference/exhibition	26.7	16.7
283	Flight selection		
284	Traveler	60.5	66.2
285	Secretary	27.0	15.1
286	Company - TM/TD	12.5	18.7
287			
288	<i>Table 3 continued</i>		
289	Flight booking		
290	Traveler	26.0	34.1
291	Secretary	37.5	15.9
292	Travel agent	24.0	41.7
293	Travel department	12.5	8.3
294	Booking channel		
295	Airline website	19.5	31.5
296	Call center	17.6	12.1
297	Travel agent	50.4	46.3
298	Travel agent site/corporate intranet	12.5	10.1
299	-----		
300			

301 As may be seen, a large majority of business travelers from both samples selected their own flight. This
302 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 when they have free time. The proportion of travelers using secretarial assistance in flight selection was higher for passengers of network carriers (27.0%) than those using LCCs (15.1%). With respect to flight booking, the data suggested fairly clear differences between the two samples. Most users of LCCs did their own booking (34.1) or they went through a travel agent (41.7%). By contrast, most users of network carriers depended on their secretary for booking flights (37.5%). 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 (31.5%) used airline's website than users of network airlines (20.5%). Use of travel agents as a booking channel was somewhat higher in the sample of network carriers' passengers (49.4%) than the LCC sample (40.3%).

5.3 Usage behavior

Table 4 presents data on usage behavior of people using LCCs and network airlines. It is perhaps important to note that on all four variables considered in the study, the data revealed significant differences between the two samples. While all users of network airlines have used this service before, a sizable number of LCC passengers (21.8%) 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 travel. A majority of LCC users had used this service in the past year (75%) and had traveled by LCCs for business purpose (72.7%). Over 60% of the business travelers using network airlines had not used LCCs for business purpose yet. The LCCs need to pay some attention to this large segment of business travelers as a potential market to penetrate into with their low fares. However, these data 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.

Table 4

Use of network and low-cost airlines

	Network carrier sample	Low-cost carrier sample
<i>Use of network and low-cost airlines</i>	(%)	(%)
Used a network, full-service airline before		
Yes	100.0	78.2
No	0.0	21.8
Used a low-cost airline in the past year		
Yes	53.4	75.0
No	46.6	25.0
Used a low-cost airline for business		
Yes	37.5	72.7
No	62.5	27.3
Will use a low-cost airline for business in future		

341	Yes	81.2	100.0
342	No	18.8	0.0
343	Business class offers value for money		
344	Yes	35.5	16.7
345	No	64.5	83.3
346	In the event of a cut in travel budget you would		
347	Reduce travel	17.0	34.8
348	Take few business class flights	20.5	5.8
349	Downgrade to economy	25.0	0.0
350	Same number of flights but on low-cost airlines	37.5	59.4

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352 The respondents were further asked whether the network carriers offered value for money in business class
353 for short-haul travel. As may be expected, the proportion of business travelers who perceived some value in the
354 business class was higher among network airlines' travelers than users of LCCs (35.5% vs. 16.7%). However, in
355 both samples, a larger proportion of respondents believed that business class did not offer value for money for short-
356 haul travel. The LCCs may target these travelers of network airlines who do not see much value in business class
357 travel. It may also be noted that a larger proportion of network airlines' travelers (81.2%) expressed their willingness
358 to use LCCs for business travel in future. This further supports the possibility of these travelers considering the LCC
359 option somewhat more seriously in their future business travel plans.

360 The survey also assessed the possible impact of a reduction in travel budget on business passengers' travel
361 behavior. One-third of the LCC travelers (34.8%) said they would reduce the amount of travel in case of a budget
362 cut compared to 17% of the network airlines' passengers. Most of the passengers using network carriers (37.5%)
363 said that they would take as many trips but switch to LCCs. In addition, a fairly substantial proportion of passengers
364 travelling by network airlines also indicated that they would take few business class flights (20.5%) or downgrade to
365 economy class (25.0%). Consistent with previous research (Neal and Kassens-Noor, 2011), these findings suggest
366 that a large number of business people using network airlines would be inclined to switch to low-cost travel and
367 LCCs may consider this segment for their future marketing efforts.

368 **5.4 Importance rating of product elements**

369 Finally, the respondents were asked to rate a set of ten product elements in terms of their importance on a 10-point
370 rating scale where high scores indicated greater importance. The results generated by a two-sample means test are
371 shown in Table 5. The data revealed several interesting differences and similarities between the two samples. As
372 would be seen, business travelers in both samples gave similar rating to the following three service elements: service
373 quality, punctuality, and safety. The LCC travelers placed significantly more importance on ticket price than the
374 network business passengers. They also give significantly higher rating to flight frequency and ticket flexibility than
375 users of network airlines. The remaining four product elements, namely, in-flight service, comfort, frequent flier
376 (FF) schemes, and the availability of business lounge received significantly higher rating from business travelers
377 using full-service, network airlines than those using LCCs. However, the overall low rating of FF schemes and
378 business lounge would suggest that these services are perhaps losing some of their traditional appeal to most
379 travelers, including the passengers of network airlines. Despite this change, business travelers using network carriers
380 still belonged to more FF schemes than LCC travelers. In the present survey, on average, they belonged to 1.7 FF
381 schemes while those using LCCs, on average, belonged to .5 FF schemes.

382

Table 5

Importance placed on product elements

Product element	FSC Sample (Mean)	LCC Sample (Mean)	Level of Significance
Quality	8.18	8.08	.158
Punctuality	8.81	8.91	.115
Frequency	8.50	8.98	.010*
Price	7.44	9.50	.000*
Ticket flexibility	8.43	8.87	.011*
In-flight service	8.49	6.41	.000*
Comfort	8.51	6.83	.000*
Safety	8.11	8.03	.121
Frequent flier scheme	5.06	3.25	.005*
Business lounge	5.62	3.08	.001*

• Indicates statistically significant differences between passengers using FSCs and LCCs on these seven service elements.

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 will 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 managers 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 (Kotler et al., 2011). 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 (Siddique, 2013). 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 implications

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 reveals more differences than similarities between the two groups in the LCCs in the region, and thus we may 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 aviation business tend to change very swiftly (Freathy and O'Connell, 2000; Doganis, 2006; Shaw, 2007), it is important to periodically monitor the salient features of the segments served by LCCs and network airlines. As indicated above, in the present study, business travelers using LCCs shared only a few similarities with their counterparts using network carriers. 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 aviation industry, 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 early this year, 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 Flydubai may attract new LCCs in the region. For instance, in 2010, Qatar Airways announced its intention to introduce a low-cost service (www.gulfnews.com, 2010). 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 aviation 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 (Francis, Humphreys, and Ison, 2004).

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 aviation industry.

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