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THE EFFECT OF FREQUENT FLYER PROGRAMS ON CONSUMER BEHAVIOR IN THE GERMAN AIRLINE MARKET

Abstract:

The European aviation industry is under significant competitive pressure, in 2017 three European airlines have filed for insolvency (Monarch Airlines, Air Berlin and Italian Alitalia). Due to the progressive deregulation of international flight markets and the decrease of fuel prices, rival low-cost carriers from around the globe have gained important market shares in Europe. The key purpose of this study is to comprehensively assess the effect of frequent flyer program design on customer behavior for German airlines. This is an urgent task: As the introduction has shown, FFP effects on customer behavior are multiple and the net outcome of FFP from the airlines' perspective is not clear.

Keywords:

Consumer behaviour, airline industry, customer loyalty, frequent flyer programs

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