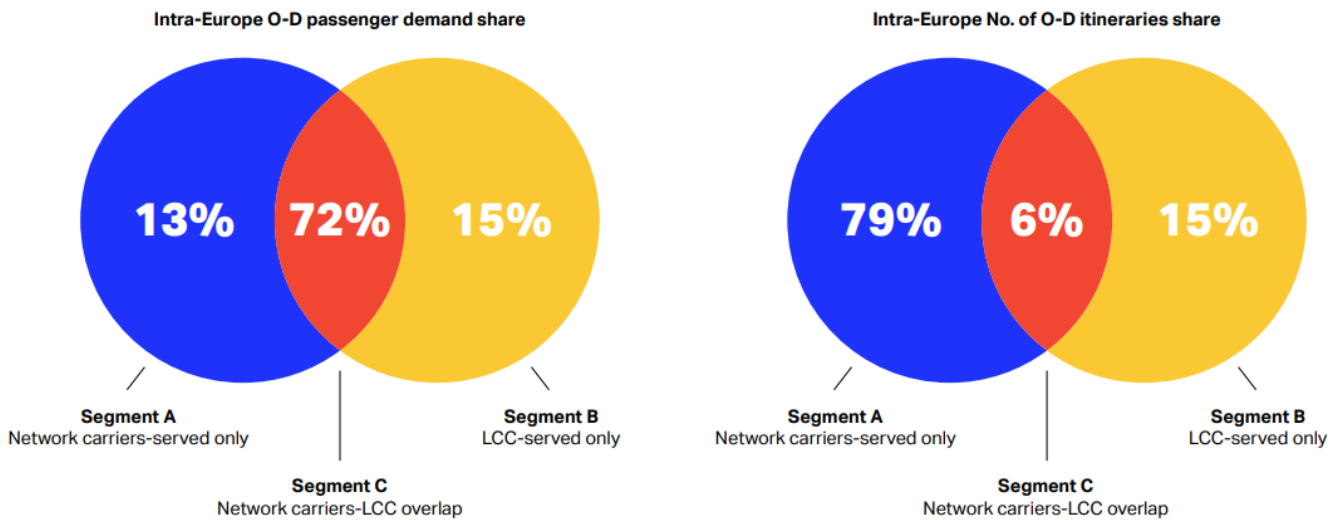




IATA Economics' Chart of the Week

11 November 2022

Europe Needs Connectivity Provided by All Types of Airline Business Models



Sources: IATA Economics, DDS.

- Air transport involves a whole spectrum of market segments, the most salient being travel for leisure, travel for business, and cargo. As markets mature and demand becomes more differentiated, the need for airline business models to evolve grows. Today, few airlines in Europe are "pure" in the traditional sense of the terms "network carriers" and "low-cost carriers", as both tend to borrow from each other. Nevertheless, our stylized analysis reveals the critical yet distinct roles that network carriers and low-cost carriers (LCCs) have in providing connectivity in the intra- and inter-continental European airline markets (see the [report](#) here).
- Network carriers implement hub-and-spoke networks to connect passengers from even the smallest or most remote European cities to multiple destinations through their hub airports. LCCs largely operate in point-to-point networks, often at secondary airports, and mostly on short- and medium-haul routes.
- LCCs carry the majority of passengers on intra-European direct (non-stop) flights. However, network carriers are the largest providers of itineraries within Europe. Many such itineraries serve only a limited number of passengers but provide important connectivity within Europe.
- In 2019, 79% of the entire intra-European airline network was served uniquely by network carriers, compared with 15% that was served only by LCCs. The O-D itineraries served by both network carriers and LCCs only accounted for 6% of the entire network. However, the 6% overlapping itineraries carried 72% of the total O-D passenger demand in the intra-European market (see chart above).
- Network carriers, through the hub-and-spoke system, devote 79% of their O-D itineraries to enabling the 13% of the O-D passengers living in more remote areas to connect with other European cities and enjoy the benefits of the free movement of people and goods.
- Consumer welfare is best optimized by ensuring healthy competition among a vibrant and innovative array of business models. Of this, European airlines are living proof.

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