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Changing Customer Preferences for Long-Haul Leisure Flights among Swiss Travelers An Adaptive Choice-Based Conjoint Study

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This paper explores Swiss travelers' changing preferences and behaviors in the long-haul leisure flight market post-COVID-19 – a topic not covered in existing literature. It aims to close the knowledge gaps within the currently thriving market movements. The research involved a comprehensive survey incorporating an Adaptive Choice-Based Conjoint study. The paper is structured around the survey, starting with general motivational and restricting factors for air travel customers and exploring their current travel behavior. The ACBC study offers insights into the customer preferences of predefined product attributes, including price sensitivity analysis. The demographic information then assures the distribution congruency and provides insight into the premium leisure customer group. The survey with 289 participants was conducted in Switzerland using a research panel. The results highlight a significant preference for direct flights, high-season travel, and at least one free checked baggage, indicating that convenience and comfort are crucial for travelers. The results also suggest a reluctance to pay extra for CO₂ compensation, reflecting that environmental concerns are not a dominant factor in travel decisions. Moreover, the paper elaborates on opportunities for unbundling specific product attributes such as premium onboard food and beverages. It also suggests unbundling excessive baggage allowances in premium classes to cater to price-sensitive customers.

The results should offer insights into the development of premium leisure travel in Switzerland, supporting airlines operating in the leisure long-haul segment to adapt their product and prices to the changing demand structure.

KEYWORDS: Leisure Travel, Customer Preferences, Aviation, Long-Haul Flights, Switzerland

CLASSIFICATION: Leisure travel, customer preferences, ACBC Analysis

1 Introduction

In the wake of a global pandemic that grounded flights and upended travel norms, a new era in air travel is emerging, where the luxurious allure of premium long-haul leisure travel is not just surviving but thriving (Bouwer et al., 2021, p. 1). Especially in Switzerland, airlines are taking advantage of the booming premium leisure travel market while offering the highest ratio of Premium Economy, Business Class, and First Class seats compared to their competitors (Kaufmann, 2023, para. 1-4). Thus, indicating a prosperous and highly anticipated market movement that needs to be captured. Some experts have called it revenge traveling, a short-term phenomenon in the travel industry due to the limited flight opportunities during COVID-19 (ForwardKeys, 2023, p. 11). However, the trend for premium leisure travel is continuous and robust after over two years of recovery. In February 2023, the International Air Transport Association (IATA) (2023, para. 6) published a report on the recovery of premium class air travel, which found that Europe's premium class flight recovery rate was ahead of the overall market. However, IATA also stated that it still lacks a clear understanding of the driving factor behind this growth and whether this development had any long-term effects on customer preferences. The research and literature in this particular field are very unspecific. There are certain studies considering consumer preferences for leisure flights and ancillary services. However, there is not one empirical study focusing on the preferences of premium-class travelers after the pandemic. Hence, this paper aims to address the gap in knowledge regarding customer preferences and motivations for premium travel during these uncertain times. The scope will be set on the premium class long-haul segment for Swiss travelers. The study aims to provide insightful results that can guide airlines in adapting their product or price offerings to meet the fast-changing demand structure better. The research question is: *“How have customer preferences and travel behavior in the Swiss premium leisure long-haul market developed after COVID-19?”*

The following sub-questions appear from the main research question: (1) What are the main motivational drivers, and what are the restricting factors influencing customer travel intentions? (2) What attributes in a long-haul premium class flight are demanded by the customer? (3) How can the airline industry adapt to changing customer preferences? The methodology is based on a conceptual analysis and literature review together with an empirical study. The fundamental concepts around premium leisure travel will be evaluated in the first part. Insights into the Swiss market for leisure travel and a definition of luxury travel will be provided. Later, the customer preference concept will be introduced. Air travel demand, price sensitivity, price bundling, and the effects of Low-Cost Carriers (LCCs) on price perception will also be discussed. The empirical part consists of a survey conducted in Switzerland with 289 participants specifically selected to fit the premium leisure air travel subject. Various hypotheses were set up to address the different sections of the study and cater to the research question. The survey was structured along three main parts: (1) Flight Behavior, Motivation, Restriction, and Satisfaction Results, (2) ACBC Results and (3) demographic questionnaires. The first section was dedicated to understanding the flight behavior after COVID-19, the motivation for leisure travel, potential restrictions for air travel, and satisfaction with recent premium class flights. The second part introduced an advanced survey methodology to assess customer preferences and price sensitivity using an Adaptive Choice-Based Conjoint (ACBC) analysis. Initially in the survey, several product attributes, and corresponding characteristics (levels) were defined through a literature review. In a second approach, the pool of potential attributes was allocated into a KANO matrix to identify their level of customer satisfaction. Afterward, the final 13 attributes were selected for the ACBC section. The ACBC survey was structured along three main parts: a Build-Your-Own task where participants chose their ideal flight combination with the preferred attributes and levels – followed by a screening task with sporadic unacceptable and must-have testing to discover more about the participant's trade-off aspirations. Finally, the participants were presented with choices close to their ideal flight configuration and asked which options they would rather choose.

The results obtained from the survey are presented in a dedicated section of this paper, which will follow the same structure as the questionnaire. A separate section will focus on interpreting and providing recommendations based on the results, which will be compared to the initial hypothesis. Lastly, the paper concludes with a summary of the most significant results, including the recommendations, potential limitations, and an outlook for further research.

2 Literature Review

2.1 *Definition of Leisure Air Travel in the European Market*

Flight duration distinguishes commercial air travel into short-haul (up to 3h), medium-haul (3-6h), and long-haul (>6h) categories, with a clear division in product and strategy between short-medium and long-haul flights in Europe. The emergence of Low-Cost Carriers has significantly altered the short-haul market, prompting Legacy Carriers to adopt hybrid models to remain competitive. This shift has seen reductions in amenities for Economy Class on short-medium-haul flights, unlike the relatively consistent offerings in long-haul flights. This environment fosters a distinct gap between short-medium-haul and long-haul experiences, highlighting the opportunity for differentiation in long-haul services (Chiambaretto and Combe, 2023; Boon, 2021; Bilotkach et al., 2015).

Moreover, business and leisure travelers have distinct profiles and preferences. Before COVID-19, business travelers generated significantly higher revenues than leisure travelers, showing less price sensitivity. They seek connectivity, amenities, and comfort, valuing service quality and space due to their work needs during flights. Leisure travelers, in contrast, focus more on the basic aspect of travel from one location to another, though this perspective may have evolved after COVID-19. Business travelers also travel more frequently and enjoy more flexibility in scheduling, unlike leisure travelers who are often restricted by fixed vacation times (Mark Smyth and Brian Pearce, 2008; JTB Business-Travel, 2021).

In Switzerland, SWISS, EasyJet, and Edelweiss lead in bookings, with SWISS and Edelweiss both offering long-haul and short-haul flights. The Swiss airline market is expected to grow with a CAGR of 3.15%. Passenger numbers are predicted to hit 2.31 million by 2027, despite a slight dip in penetration rate from 26.2% to 25.7%. The DACH region alongside Switzerland, Germany, and Austria, dominates European flight operations and has the region's highest air travel per capita, suggesting its potential for new commercial air travel business models (Statista, 2021; 2023a; 2023b).

2.2 *The Definition of Luxury and Premium Air Travel including Ancillary Services*

Understanding premium airline offerings requires knowledge of luxury goods and services, where luxury defines the extent of quality and exclusivity, often reflected in pricing. In the airline industry, product luxury correlates with booking class, distinguishing the range from Economy (basic amenities) to First Class (peak of luxury with superior space, privacy, and services). Premium Economy and Business Class provide incremental enhancements in amenities, seating, and service, highlighting the gradation of luxury in air travel. This hierarchy illustrates the evolution from essential travel to luxurious experiences, underscoring premium air travel's role as a luxury service (Conrady et al., 2019).

Ancillary services, offered alongside or after ticket sales, significantly enhance travel experiences and boost airline revenue, benefiting notably lower-class passengers to enhance basic travel experiences with luxurious additional services. In 2023, these additional services are projected to generate \$117 billion globally, marking a 7.7% increase from pre-COVID-19 levels. Airlines and third parties provide these additional services, ranging from onboard menus to lounge access. According to Kassir and Ashaal (2021, p. 121 and 126), the most popular ancillary options were onboard Wi-Fi, seat selection, onboard sales, lounge access, and excess baggage options. A study by McKinsey revealed that checked baggage, excess baggage, and booking and flexibility fees account for over 65% of all ancillary services in the airline industry worldwide.

2.3 *Consumer Preferences and the Adaptation to the Aviation Industry*

Solomon (2018) contrasts consumer buying behavior between simple purchases and complex decisions like booking a flight. Simple purchases, such as buying an apple, involve routine, low-cost, frequent, low-involvement, and familiar processes. Conversely, booking a flight is characterized by medium to high costs, infrequent purchases, high involvement, and a process complicated by the digital landscape's abundance of choices. This complexity requires consumers to engage in extensive comparisons to make the best decision, considering both the airfare and additional trip expenses like accommodations and activities. The decision-making process for leisure travel is thus more

nuanced, influenced by both price and the array of secondary costs associated with travel (Mark Smyth and Brian Pearce, 2008; IATA, 2019).

Adam Smith's consumer preference theory postulates that consumers have endless desires but limited resources to fulfill them, with choices driven by quality, price, convenience, and personal taste. This selection process, analyzed through the utility concept, reflects the satisfaction derived from goods or services, influencing market demand and economic trends. Consumer preference assumptions – completeness (ability to rank preferences), transitivity (consistent choices), and non-satiation ("more is better") – underpin rational decision-making. The "consideration set" concept further defines the selection process, encompassing products or brands a consumer actively considers based on specific evaluation criteria, highlighting the strategic narrowing of choices from available options (Roach et al., 2019; StudySmarter, 2023; Koschate-Fischer and Wolframm, 2021).

Given the multitude of choices, consumers use heuristics, or mental shortcuts, to streamline their decision-making, focusing on crucial factors or excluding options that don't meet basic criteria (non-compensatory choices). Alternatively, they may balance the importance of various attributes (compensatory choices), where the strength in one area can offset weaknesses in others. For example, the appeal of direct flight connectivity might outweigh less desirable aspects such as airline preference or baggage allowances. Conversely, non-compensatory attributes, such as safety standards, are critical, with any compromise on such essential factors leading to outright rejection of options, underscoring their decisive role in consumer choices (Von Gunten and Scherer, 2019).

2.4 Air Travel Demand – Price Sensitivity and the Effects of Product Bundling

Price sensitivity varies significantly among individuals and even for the same person across different products. Some may seek bargains for everyday items but prefer luxury in services like air travel, indicating an ambivalent approach to spending. In the air travel market, price sensitivity is heightened by the emergence of low-cost travel, online pricing transparency, and competitive markets. Notably, leisure travelers, strongly affected by these factors, show increased price sensitivity, potentially opting out of travel as prices rise (Kagan, 2023; IATA, 2022). For example, the low-cost carrier (LCC) model has significantly influenced consumer behavior, especially among leisure travelers, setting new expectations for airfare pricing. This model often leads to travelers choosing destinations based on fare affordability rather than preference, potentially increasing overall travel costs due to separately charged ancillary services (opposing the bundling strategy). While LCCs offer fewer amenities and flexibility, their cost efficiency appeals to price-sensitive customers, unlike business travelers who prioritize direct routes and convenience. LCCs achieve lower costs by operating streamlined fleets and selling tickets directly, contrasting with network carriers that use a broader fleet variety and distribution systems, leading to higher prices. This disparity suggests network carriers need to either match LCC strategies or enhance product differentiation to compete effectively (IATA, 2022; Mark Smyth and Brian Pearce, 2008).

Product bundling strategies, are one way of product differentiation and aimed at meeting customer demands, enhancing price discrimination by optimizing the consumers' willingness to pay. Bundling products and services may influence overall consumption due to the sunk cost effect (ex. non-refundable tickets or unused premium services) making consumers more inclined to use what they have purchased. This strategy, alongside yield management, helps optimize pricing, demand, and customer satisfaction. Bundling necessitates customer segmentation for tailored offers, aligning marketing strategies with consumer preferences and demographics for more effective engagement (Gourville and Soman, 2002; Bondarenko, n.d.; Vinod, 2023; Teichert et al., 2008).

2.5 External Shocks for a Vulnerable Industry

The COVID-19 pandemic and further external shocks such as wars, crises, and inflation have profoundly affected consumer behavior. COVID-19 drastically affected the aviation industry, erasing nearly two decades of growth, with 2020 revenues dropping to 40% of prior years, mirroring early 2000 levels. The pandemic's restrictive measures and the shift to virtual meetings pressured business travel, questioning the future recovery pace of the airline industry. However, the rebound effect is noticeable, with air passenger numbers nearing pre-pandemic figures by early 2023. Notably, premium class travel has shown a faster recovery rate across various regions than the overall air travel

industry, highlighting the potential for new market movements in this segment (Bouwer et al., 2021; Müller and Wittmer, 2023; IATA, 2023; ForwardKeys, 2023).

Beyond the pandemic's impact, inflation and geopolitical events significantly influence travel dynamics and consumer behavior. High inflation rates erode disposable income, directly affecting consumers' ability to afford air travel. The Ukrainian conflict has disrupted air travel by closing airspace and rerouting flights, affecting over 10% of pre-pandemic international travel and increasing operational costs due to volatile oil prices, leading to higher prices and limited options for consumers.

3 Methodology and Empirical Approach

The research utilized a quantitative survey to analyze customer purchasing behavior, structured into three sections. The first part explored travel behavior, motivations, restrictions, budget, and price perceptions using Likert scale questions. The core of the survey, the second part, examined consumer preferences and price sensitivity through an ACBC study. The final section gathered demographic data of the participants.

The following hypotheses were tested:

Hypothesis	Description
<i>Flight Behavior, Motivation, Restriction, and Satisfaction Hypothesis</i>	
Hypothesis H1 (1. Section): Number of flights	The number of flights increase from 2021 to 2023 due to the recovery after COVID-19.
Hypothesis H2 (1. Section): Motivation for bleisure travel	Participants are willing to combine business and leisure travel
Hypothesis H3 (1. Section): Restriction due to pandemic and war	Momentary external factors, such as the pandemic or war, can affect how participants perceive flight restrictions.
Hypothesis H4 (1. Section): Flight shame is a restricting factor	Participants are more environmentally conscious and feel the pressure of their environmental impact. They feel flight shame as a significant restricting factor.
Hypothesis H5 (1. Section): Satisfaction	Satisfaction with the product offering and price level decreased after COVID-19.
<i>ACBC Hypothesis</i>	
Hypothesis H1 (ACBC): CO₂ compensation becomes more important	Participants adapt their flight behavior due to flight shame and/or are willing to pay a premium for CO ₂ compensations to account for environmental damage caused by air travel.
Hypothesis H2 (ACBC): Wi-Fi becomes more important for young traveler	Wi-Fi becomes less critical as participants age, while younger people tend to rely on it more.
Hypothesis H3 (ACBC): Less luggage demand	Participants have less need for luggage than airlines usually offer.
Hypothesis H4 (ACBC): Price is king	Price is the most significant factor in the decision-making process for air travel.
Hypothesis H5 (ACBC): Direct flight and high season	Direct flights and high season are more popular even though they tend to be more expensive.
Hypothesis H6 (ACBC): Unbundling from Business Class	Business Class participants are willing to unbundle attributes like Menu, luggage, or priority services
Hypothesis H7 (ACBC): Priority services are demanded from lower booking classes	Packaging priority services such as priority check-in, fast lane security, quick boarding, or fast baggage reclaim are demanded and provide utility for lower class passengers.
Hypothesis H8 (ACBC): Business Class seats have different preferences.	Due to different comfort levels, reclining angles, and privacy, Business Class passengers prefer Business Class suits over Business Class full-flat beds over angled-lie-flat beds.

3.1 Adaptive Choice-Based Conjoint (ACBC)

Adaptive Choice-Based Conjoint (ACBC) Analysis combines Choice-Based Conjoint, artificial intelligence, and dynamic list-building for personalized preference modeling. This detailed method, while longer than traditional surveys, offers deeper insights into decision-making by adapting to individual responses, enhancing engagement. It

effectively incorporates critical decision factors like unacceptable trade-offs and must-haves, excelling in exploring preferences for products with numerous features through statistically robust experiments (Sawtooth Software, 2023). However, ACBC can have drawbacks, such as potential survey fatigue from repetitive questions and the risk of presenting participants with irrelevant options, which can lead to disengagement or the selection of 'none' when key attributes are missing. The methodology's complexity might also prompt respondents to adopt simplification strategies rather than carefully weigh all options (Brand and Baier, 2020; Steiner and Meissner, 2018).

ACBC surveys typically encompass three to four stages. Initially, in the Build-Your-Own (BYO) phase, participants select preferred attributes and features (levels), with researchers predefining attributes and restricting certain combinations. This phase can incorporate a pricing element to establish base and component prices for attribute levels. In the Screening phase, full-profile products are presented for binary consideration as potential purchases. Responses by the participants guide the determination of crucial must-have or unacceptable attributes. The subsequent Choice Tournament refines options by excluding products with unacceptable attributes and ensuring must-have features are present, leading to preference comparisons among the remaining choices.

(Brand and Baier, 2020).

3.1.1 Configuration of ACBC and Attribute Evaluation

The ACBC Design's screening section is vital for its effectiveness, using a method that varies attributes and focuses on stimuli slightly different from initial choices to match non-compensatory decision rules. A five-step algorithm generates diverse stimuli, avoiding duplicates or forbidden combinations. The screening involves eight tasks with three concepts each, mandating a variation of two to four attributes from the initial selection. Limits are imposed on rounds for unacceptable and must-have attributes. The choice tournament presents up to 20 product scenarios, with each round offering three options, streamlining the evaluation process.

An ACBC survey evaluates the characteristics of a product, service, or concept, with attributes and levels defining the essential qualities of the product. Each attribute has different levels representing different states of the characteristic. A matrix was created using the KANO model to categorize different attributes of long-haul flights.

The KANO model explores customer perceptions of product quality, differentiating between essential and exceptional attributes to enhance satisfaction. It categorizes product features into five types: Must-be Quality (basic necessities), One-dimensional Quality (performance-related satisfaction), Attractive Quality (unexpected delights), Indifferent Quality (neutral impact), and Reverse Quality (potential dissatisfaction). This framework helps businesses understand and respond to evolving customer expectations, noting that quality perceptions can change over time, thereby guiding the strategic development of products and services to meet and exceed customer needs effectively (Paraschivescu and Cofirleț, 2012). The goal was to filter out all attributes allocated to the must-be category. The must-be category includes attributes that do not increase customer satisfaction by their presence. The attributes were evaluated by conducting a literature review and assessing real-life product offerings in the long-haul air travel segment. The modified KANO matrix illustrates a list of product categories and their potential attributes. Regarding customer satisfaction, the model distinguishes features as either functional (positive) or dysfunctional (negative). 13 attributes were generated from this matrix contributing to the ACBC design.

3.1.2 The scenario

The ACBC survey was designed to capture consumer preferences through a detailed travel scenario, featuring a variety of attributes and levels, with precise price definitions per attribute level and certain prohibitions on combinations. However, certain combinations not available in reality were still included to explore potential customer preferences for hypothetical product options.

Participants were presented with a hypothetical vacation planning scenario from Zurich to Cancun, asking them to choose between flight options and attributes affecting price. This scenario-based approach, reflecting real-life booking decisions, aimed to reveal genuine preferences and more precise data. Cancun was chosen due to its popularity among Swiss travelers, adding relatability and potential accuracy to the survey findings.

	Levels				
Attributes	1	2	3	4	5
Price in CHF	Summed price attribute = Base price + individual component price of attributes				
Booking class	Economy	Premium Economy	Business		
Airlines	Star Alliance: United, Air Canada, Austrian Airlines, TAP Portugal, SWISS, Lufthansa	Oneworld Alliance: American Airlines, British Airways	SkyTeam Alliance: Air France, KLM, Delta, Air Europa	Vacation Airlines: Edelweiss, Condor, Eurowings	
Flight connection	Direct flight (12h travel time)	1 stopover (12h + 2-5h)			
Travel time	High season (Nov.-Apr.)	Low season (May-Oct.)			
Seat	Economy seat	Premium Economy seat	Business– angle lie-flat bed	Business– full flat bed	Business– suite
Wifi onboard	Wifi not included	Wifi included			
Service onboard	Food and non-alcoholic drinks included (standard quality)	Gourmet menu and alcoholic drinks included (premium quality)			
Priority check-in, security control, and baggage claim including lounge access	Included	Not included			
Baggage allowance	No checked baggage included	1x 23 kg checked baggage	2x 23 kg checked baggage	2x 32 kg checked baggage	
Sports equipment	Included	Not included			
Flexible cancellation / rebooking	Included	Not included			
CO ₂ offset	CO ₂ compensated	CO ₂ not compensated			

3.1.3 The Attributes and Levels

Price: In ACBC analysis, understanding price sensitivity and willingness to pay is key, enabling targeted price adjustments related to product attributes. The survey shows how different attribute levels affect pricing and integrates a budget constraint to reveal participants' financial limitations, simplifying attribute prioritization and comparison.

The survey employed a summed pricing model as a variable function (+30% / -30%) relative to the baseline price. Real-life flight prices from Zurich to Cancun were analyzed to offer realistic pricing scenarios, incorporating various flight options within the DACH region due to limited direct flights, with Edelweiss usually offering the only direct flight option from Zurich to well-known vacation destinations. Price data was sourced from Google Flights on March 10th, 2023, seeking the cheapest options for a week-long trip within a six-month travel window. Google Flights' comprehensive comparison of different booking sites and airlines provided a solid foundation for current price trends, accommodating both direct and indirect, as well as Economy, Premium Economy and Business class options in the analysis. The survey introduces a budget constraint helping prioritize between attributes such as the option between direct and indirect flights, which impacts cost and convenience (the more stopovers, the cheaper the airfare). Premium Economy prices were theoretically estimated due to the lack of direct flight options from Zurich. Not all attributes influenced pricing; for instance, Wi-Fi and seat selection did not have assigned price components, reflecting the variability in airline policies and the focus on broader consumer preferences rather than detailed pricing for these attributes.

	Economy – direct	Economy – indirect	Premium Economy – direct	Premium Economy – indirect	Business – direct	Business – indirect	NOTES
Minimum price	CHF 970.00	CHF 670.00	CHF 1'130.00	CHF 1'130.00	CHF 2'939.00	CHF 1'559.00	
Maximum price	CHF 1'250.00	CHF 970.00	CHF 2'000.00	CHF 2'000.00	CHF 4'559.00	CHF 3'000.00	
Price Markup for direct Premium Economy	n/a	n/a	CHF 250.00	n/a	n/a	n/a	Price markup equals the price difference between a direct and a indirect Premium Eco flight from FRA
Average price	CHF 1'110.00	CHF 820.00	CHF 1'815.00	CHF 1'565.00	CHF 3'749.00	CHF 2'279.50	

Booking Class: Only Economy, Premium Economy, and Business Class were considered due to the limited presence of First Class in Europe's leisure segment. The booking class selection sets the baseline for the airfare, with direct flights as the default (more costly option). Prices varied with class, reflecting real pricing strategies.

Seat: Seat configuration is a key factor in passenger comfort across different booking classes. Comfort is influenced by factors such as free space, privacy, and seat transformability, notably the incline angle that allows seats to become beds. Differences within booking classes can be substantial, for instance, between Business Class angled-lie-flat and fully flat beds, with greater incline angles providing a more comfortable travel experience. Enhanced privacy and additional space, such as fully closable Business Class suites, also significantly impact comfort levels (Business Traveller, 2022). During the survey, participants were shown images to illustrate the various comfort and luxury levels available, ranging from the basic amenities of an Economy seat to the more spacious Premium Economy, and highlighting the Business Class options, which include the angled-lie-flat bed for relaxed reclining, the full-lie-flat bed for a bed-like experience, and the top-tier Business Suite for maximum privacy and luxury.

Flight Connection: Choices between direct and indirect flights affect accessibility, price, and travel comfort. Indirect flights can offer cost savings and more destination options but may involve longer travel times and potential disruptions.

Airline Brand: Given the influence of airline brands on purchasing decisions, the survey simplified choices to four major airline alliances active in Europe for cross-Atlantic routes, excluding Asian and Middle Eastern airlines for

simplicity and relevance to the Cancun scenario. The alliances included Star Alliance, Oneworld, SkyTeam, and a group of vacation airlines like Edelweiss and Condor. Brand preference was factored in without price discrimination.

Travel Time: Identifying specific high and off-seasons for leisure travel is challenging, due to variable peaks depending on the respective travel destination. The survey scenario used Cancun's high and off-season to simplify the travel time attribute. The peak travel period typically spans from November to April, whereas the low season is considered to be from May to October.

Wi-Fi & In-flight Entertainment (IFE): Onboard Wi-Fi, still not universally available on long-haul flights, significantly enhances the travel experience, with a majority of passengers (83%) preferring airlines that offer it. In-flight Wi-Fi is poised to replace traditional inflight entertainment (IFE) systems, with 69% of European passengers willing to pay for such services, indicating its importance in modern air travel (IATA, 2016; Inmarsat, 2016). However, IFE variations were excluded for simplicity reasons and the sake of modern customer demands towards WiFi offerings. Participants were presented with either Wifi included or excluded options (not altering the price) to elaborate on general importance compared to other attributes.

Onboard Service: The service quality onboard varies widely among airlines, with food and beverages being central to customer satisfaction. The survey simplified service attributes to two options: First, standard quality food with non-alcoholic drinks – this represents the classical Economy Class offer for long-haul flights. Second, the gourmet menu, including various alcoholic beverages on a premium quality level. This usually relates to Business Class or even Premium Economy Class offerings. For the sake of realism, the unbundling possibility of absolutely no food and beverages was excluded from the survey. Therefore, the factor quality and product portfolio were the only differentiating factors.

Priority Services: Ancillary services like fast check-in, fast security lanes, lounge access and favored boarding enhance the pre- and post-flight experience for premium passengers. The survey considered passengers' willingness to pay for these services, with Economy and Premium Economy passengers paying an extra 100 CHF for inclusion, while Business Class passengers could unbundle this service for a 100 CHF discount. (Warnock-Smith et al., 2015, p. 7)

Baggage Allowance: Varying by booking class, baggage policies are a significant ancillary revenue source, with additional checked and excess baggage accounting for 35% of such revenues. The survey offered four baggage allowance levels, priced according to actual airline fees, to gauge preferences and willingness to pay for additional or special luggage, including sports equipment. (Bouwer et al., 2019).

Flexible Cancellation/Rebooking: Airlines offer varied cancellation and rebooking options. Customers can commonly add or unbundle cancellation and rebooking options and alter their flight prices significantly. These options are often tiered (e.g., Economy Light/Flex), with flexibility priced according to booking class – in this study with fixed component prices for Economy (+160 CHF), Premium Economy (+220 CHF) and Business (+300 CHF).

CO₂ Compensation: Acknowledging air travel's environmental impact, CO₂ compensation programs allow travelers to offset emissions. The ACBC survey introduced CO₂ compensation to gauge passengers' environmental responsibility willingness. Compensation costs, calculated based on route, booking class, and aircraft type, reflect the higher emissions associated with premium classes – in this study with fixed component prices for Economy (+85 CHF), Premium Economy (+108 CHF), Business Class (+158 CHF). The price component was computed using an online CO₂ offset calculator. (Ritchie, 2020; Duncan, 2010; atmosfair, 2023)

3.1.4 Prohibitions

The setup was designed to be as open and free of restrictions as possible. This has several reasons: First, the number of prohibitions affects the design efficiency. The design efficiency describes the number of combinations that can be displayed to the survey participants. If not, all combinations are possible, the results might get skewed. Second, limiting the prohibitions opens the opportunity to research various flight offers, which may not exist in reality but could be interesting for future applications.

For example, an unbundling of Business Class seats from the luggage allowance or the extensive food and beverage service onboard. These combinations do not exist today but could resonate positively with customers.

3.1.5 Instruments and Processes for Data Collection and Cleaning

For the participant recruitment and data collection a third-party research panel called “Bilendi” was commissioned. Bilendi is based in Germany renowned for its segmentation expertise and was chosen for its extensive network of over 80’000 potential Swiss participants. This selection aimed to effectively target respondents for the study on long-haul premium leisure travel.

Sawtooth Software, a specialized tool for Adaptive Choice-Based Conjoint analysis and market simulation, facilitated the construction and execution of ACBC studies featuring over 12 attributes with multiple levels. The survey's design and subsequent data analysis were carried out using Sawtooth's Lighthouse Studio platform.

Microsoft Excel, SPSS, and ChatGPT 4 were employed for data transformation, analysis, and visualization. ChatGPT 4.0 assisted in advanced data analysis, revealing insights into travel behaviors and preferences.

The survey was pretested with 33 participants from June 13th to 16th, 2023, leading to minor adjustments. The main survey was run from June 19th to 29th, 2023, initially inviting 885 participants, with 289 completing the survey after data screening and sample size adjustments.

Moreover, the Sawtooth Software was employed to derive Hierarchical Bayes estimation for individual utility functions, combining individual responses with broader preference trends. Descriptive analysis was performed on the rest of the survey data to calculate basic statistical measures.

3.2 Sample Distribution

The study targeted German-speaking Swiss residents with recent experiences in premium class (Business or First) travel for leisure purposes in the last four years (1st screening question). Due to the lack of accessible, detailed demographic segmentation data within the premium leisure air travel market, the sample group was not quota-adjusted. Post-study, the sample distribution closely aligned with Swiss population demographics, offering three key insights:

1. Switzerland's high concentration of affluent individuals willing to invest in exceptional products and services makes it an ideal setting for this study, suggesting the Swiss demographic represents an optimal sample for exploring premium travel preferences.
2. Swiss airlines lead globally in offering the highest ratio of premium seats reflecting substantial demand for luxury travel within Switzerland, as reported by NZZ (Kaufmann, 2023, para. 1-4).
3. The preference distribution among study participants, with 8% opting for Business Class in the ACBC's Build-Your-Own (BYO) module, closely mirrors the 9.4% Business Class seat allocation by Swiss leisure airlines on long-haul flights, indicating a realistic representation of market choices.

3.3 Sample Demographics

The demographic breakdown of Swiss premium leisure travelers is not publicly available. Before the survey, an interview was conducted with leisure airline experts. This method showed a close match to the undisclosed premium traveler demographic, despite minor differences. Participant demographics aligned well with Switzerland's general population, as per Federal Statistical Office (FSO) data.

The survey's gender distribution closely mirrored the national average, with 57% male and 42% female participants, and a strong representation from the 20-64 age group, reflecting the adult-only survey invitation criteria, diverging from the broader age distribution within the Swiss population.

The sample shows a skewed income distribution compared to the Swiss population, underrepresenting lower incomes (-27%) and overrepresenting higher incomes (+21%), with middle incomes closely matching (+2%) (FSO, 2022a). This discrepancy aligns with the survey targeting premium-class travelers, who are more likely to have higher disposable incomes. However, it should be mentioned that individual income alone doesn't reflect disposable income, which encompasses all household income streams affecting spending decisions (OECD, 2016).

The employment sector distribution in the sample closely aligns with the Swiss population in 2022, except for minor discrepancies and a notable 22% of participants opting for "no information" (FSO, 2023a). A higher employment rate was detected in the sample (73%) compared to the Swiss population (52%), with the "Retired" category less represented in the sample (12% vs. 23% in the population). This reflects the sample's focus on premium leisure travel, leading to a demographic tending to have higher disposable income and employment rates (FSO, 2023b).

The majority of the study's participants (96%) and their workplaces (95%) are situated in the German-speaking areas of Switzerland, a distribution influenced by the setup of Bilendi's research panel. About 33% of respondents have children in their household, closely aligning with the 29% of the Swiss population in 2021. Political preferences in the sample show the Swiss People's Party (SVP) and the Free Democratic Party (FDP) nearly matching the broader population's support levels, while the Social Democratic Party (SP), The Center, and the Green Party are underrepresented. This could be attributed to these parties' voters' values, potentially less aligned with luxury air travel, affecting their participation. A high number of participants indicated "no answer" for the political questionnaire (FSO, 2021; 2023c).

4 Empirical Results

4.1 *Flight Behavior, Motivation, Restriction, and Satisfaction Results*

4.1.1 *Past Travel Behavior*

The dataset reveals trends in long-haul leisure flight frequency from 2021 to 2023, highlighting a decline in non-travelers from 37% in 2021 to 29% in 2023, with a slight increase in individuals flying once a year from 36% in 2021 to 42% in 2023. Despite a requirement for recent premium-class travel (1st screening question), 59% reported not flying in premium classes in 2021. The ratio of participants indicating to fly five or more times per year stayed consistent at 2% for both general flights and premium flights, indicating a segment of frequent travelers who tend to fly premium classes. Premium flights show a faster recovery rate compared to all flights, aligning with IATA's observations of the airline industry's rebound post-COVID-19 (ForwardKeys, 2023; IATA, 2023).

4.1.2 *Future Travel Behavior*

The survey section on future travel behavior post-COVID-19 revealed an even split in anticipated changes across vacation travel, alternative transportation, long-haul flights, and premium class flights, with half of the respondents expecting no change – notably, 25% plan to increase their general vacation travel, indicating a positive yet cautious outlook. Alternative transportation for short-distance vacations saw a 36% combined increase in intent. Conversely, long-haul flights might see a reduction, with 30% of respondents planning to travel less. Premium class travel also faces potential decreases in frequency, with 27% anticipating less travel. These insights suggest a complex future for travel habits, with a noticeable lean towards maintaining current patterns or exploring short-distance alternatives, possibly due to budget considerations or changing travel priorities.

4.1.3 *Travel Motivation*

The survey highlights key travel motivations among modern travelers: a strong preference for health and wellness vacations is evident, with 91% favoring relaxing and rejuvenating holidays. Cultural immersion also ranks highly, with 80% interested in experiencing new cultures, suggesting a desire for meaningful interactions with destinations. Preferences for specialized trips like cruises or safaris vary greatly, reflecting individual tastes and trip specifics. Adventure and sports travel show a divide, underscoring niche markets within the industry for different activity levels. Educational trips and combining business with leisure (Bleisure travel) are less appealing, indicating a preference for distinct leisure experiences. Overall, the data reveals a trend toward travel focused on health, cultural engagement, and a clear separation between business and leisure activities.

4.1.4 *Travel Restrictions*

The survey explored how travel decisions are influenced by various restrictions. Geopolitical concerns, heightened by conflicts like the Ukraine war and tensions in the Middle East, were deemed relevant by 73% of respondents. Weather and natural disasters, alongside operational disruptions like strikes and airport chaos, both registered a 62% relevance among participants, indicating moderate concern. These operational issues are notably influenced by rising climate activism and recent disruptions in German airports (Kowollik, 2022). Pandemic restrictions, still a factor post-COVID-19, affected decision-making for 60% of respondents, reflecting moderate considerations for health-related restrictions. Availability of travel deals was noted by 55% of participants, and time constraints by 58%,

showing these as important yet less critical than other factors. Visa requirements and sustainability issues were considered less critical, at 44% and 42% relevance. This indicates that travelers prioritize geopolitical stability and financial considerations, while sustainability and visa restrictions are lower on their list of concerns.

4.1.5 Price and Service Sentiment

Participants spend roughly 28% of their vacation budget on flights, aligning with studies suggesting transportation accounts for 30% of vacation expenses (Pokora, 2023). Post-COVID-19, 46% reported unchanged vacation spending, 29% increased, and 25% decreased, indicating varied adjustments in travel budgets.

Perceptions of fare costs across cabin classes show a majority find First Class expensive, with Business Class also viewed as costly. Premium Economy fares are seen as balanced between expensive and normal, while Economy is considered reasonable by nearly half of the respondents. This suggests a preference for Economy due to perceived value.

Satisfaction with premium air travel remains high, with 61% expressing satisfaction and only 7% dissatisfied, indicating consistent contentment with service levels. However, value-for-money opinions are mixed; 27% perceive a decline, while 21% see improvement, highlighting divergent views on service value relative to cost.

The findings indicate that premium leisure air travel generally satisfies customer expectations regarding service quality. Nonetheless, opinions diverge on the value for money offered by these services. While a considerable portion of travelers appreciate the high service quality, there's a notable concern among many that the costs might not fully align with the value provided.

4.2 ACBC Results

4.2.1 Build-Your-Own

The ACBC section of the survey explored participants' willingness to pay, preferences, and trade-offs among various travel attributes. Participants initially designed their ideal flight by choosing preferences and pricing in a Build-Your-Own (BYO) exercise. This section reveals insights into their chosen configurations for a flight from Zurich to Cancun, highlighting preferences across different booking classes. Notably, Wi-Fi and seat configuration were excluded from the BYO part.

Attribute	Levels and distribution (n=289)			
Booking class	Economy	Premium Economy	Business	
Participant's Choice	57%	35%	8%	
Airlines	Star Alliance: United, Air Canada, Austrian Airlines, TAP Portugal, SWISS, Lufthansa	Oneworld Alliance: American, British Airways	SkyTeam Alliance: Air France, KLM, Delta, Air Europa	Vacation airlines: Edelweiss, Condor, Eurowings
Participant's Choice	52%	9%	11%	29%
Flight connection	Direct flight (12h travel time)	1 stopover (12h + 2- 5h)		
Participant's Choice	76%	24%		
Travel time	High season (Nov.- Apr.)	Low season (May- Oct.)		
Participant's Choice	25%	75%		
Service onboard	Food and non- alcoholic drinks included (standard quality)	Gourmet menu and alcoholic drinks included (premium quality)		
Participant's Choice	79%	21%		
Priority check-in, security control, and baggage claim, including lounge access	Included	Not included		

Participant's Choice	44%	56%		
Free baggage allowance	No checked baggage included	1x 23 kg checked baggage	2x 23 kg checked baggage	2x 32 kg checked baggage
Participant's Choice	7%	66%	24%	3%
Sports equipment	Included	Not included		
Participant's Choice	14%	86%		
Flexible cancellation/rebooking	Included	Not included		
Participant's Choice	51%	49%		
CO₂ offset	CO ₂ compensated	CO ₂ not compensated		
Participant's Choice	34%	66%		

The survey revealed that Economy Class was the preferred booking class for 57% of participants, emphasizing the importance of cost-effectiveness in travel decisions. This preference persisted despite the target demographic of experienced premium-class travelers, suggesting a potential discrepancy between past travel experiences and current budgetary priorities or the influence of perks such as frequent flyer discounts. Premium Economy was chosen by 35% of respondents, underscoring demand for comfort, while Business Class, selected by only 8%, reflected its higher perceived cost relative to value. Star Alliance emerged as the preferred airline network for 52% of participants, possibly due to its extensive reach in the DACH region or positive perceptions of its member airlines. Direct flights were overwhelmingly favored, showing a premium placed on convenience and time efficiency over cost savings from stopovers. Seasonal preferences indicated a majority inclination towards low-season travel, perhaps driven by lower costs and fewer crowds, although Business and Premium Economy travelers showed a higher preference for high-season travel, possibly due to less flexibility in travel dates. Regarding onboard services, the survey highlighted a general satisfaction with standard food and drink options in Economy and Premium Economy classes. In contrast, Business Class passengers placed greater value on gourmet options, indicating varying expectations of service quality across booking classes. Ancillary services such as priority check-in and lounge access were highly valued, especially among Business Class passengers, who already enjoy these benefits. Baggage allowance preferences revealed a minimal interest in traveling without checked luggage, with some willingness to adjust luggage options for cost savings, particularly among Business and Premium Economy passengers. Sports equipment was not a priority for most, indicating it's a niche concern. Opinions on flexible cancellation/rebooking options and CO₂ compensation were mixed, with a notable portion of participants not prioritizing environmental offsets in their travel decisions. In summary the BYO reflects modern travelers' nuanced preferences, highlighting the importance of price, convenience, and service quality, alongside varying opinions on environmental offsets and ancillary services.

4.2.2 Unacceptables

In the ACBC survey, a segment pinpointed Unacceptable attributes when participants consistently rejected options, identifying their deal-breakers. This process captured 192 respondents' non-negotiable attribute/level combinations and distinguished between compensatory and non-compensatory preferences for long-haul flights.

The findings highlighted that the absence of a baggage allowance was the top deal-breaker for 29% of participants, emphasizing its importance, as previously noted in the Build-Your-Own (BYO) section results. Following this, 11% found indirect flights unacceptable, and 10% were against selecting the Economy class seating option. Interestingly, airline brand preferences also surfaced as a critical factor, with close percentages rejecting different alliances: 8% for Skyteam, 7% each for Vacation Airlines and Oneworld, and 5% for Star Alliance. This suggests varied perceptions, attitudes, or experiences with specific airline brands. The least critical deal-breakers involved CO₂ compensation, flexible cancellation/rebooking policies, and standard onboard service quality, indicating these aspects were less influential in defining the participants' travel preferences.

4.2.3 *Must-Haves*

In the ACBC survey, the Must-Have segment served the same purpose as the Unacceptable section, identifying indispensable attributes for participants, with 55 choosing at least one must-have. Top Must-Haves matched the primary Unacceptable feature, emphasizing checked baggage and comfortable seating as critical, with 22% requiring a 23 kg baggage allowance and 15% a Premium Economy seat. Priority services and extra baggage were also highly valued while booking flexibility, airline choice, and travel seasons held moderate importance. Luxury amenities and environmental considerations like CO₂ compensation were least prioritized, indicating a focus on practicality and comfort in travel preferences.

4.2.4 *Zero Centered Utilities*

In an ACBC analysis, zero-centered utilities provide a comparative baseline for understanding participant preferences across different attributes/levels. These utilities indicate how much more or less preferred an option is relative to the average, allowing one to identify which features drive choices in a clear and quantifiable manner. Notably, utilities are not comparable across attributes but only within the levels of one attribute.

The analysis reveals that booking class significantly influences participant utilities, with preferences strongly aligned with specific classes and a marked aversion to the opposite class, indicating price sensitivity among Economy passengers and a preference for premium amenities among Business Class travelers. Airline alliances show varied impacts, with Star Alliance enjoying a "home-field advantage," while Oneworld and Skyteam alliances, and Vacation Airlines, appear less favorable, possibly due to brand perceptions or experiences.

Direct flights are universally preferred by all booking classes, underscoring the value of convenience and time-saving, with a general preference for traveling in the high season, suggesting a desire for optimal travel conditions. This is opposing the initial results from the BYO section. Premium travelers show a particular preference for high-season travel, highlighting less flexibility in their schedules.

Seat preferences within Business Class reveal a hierarchy of utility from angled-lie-flat beds to suites, suggesting varying levels of satisfaction with seating options. Free Wi-Fi boosts utility across all classes, emphasizing the importance of connectivity, whereas gourmet food options surprisingly offer lower utility than standard offerings, even among Business Class passengers.

Ancillary priority services are highly valued, especially in the Premium Economy, indicating a demand for enhanced travel experiences. Baggage allowance is critical, with a strong negative reaction to no allowance and diminishing utility for higher allowances, suggesting that excessive baggage options may not add value for travelers. Sports equipment inclusion generally detracts from the utility, implying a preference for cost savings over the ability to carry specialized equipment.

Flexible cancellation and rebooking options are appreciated across classes, with a notable preference in Premium Economy, indicating an interest in such ancillary services. CO₂ compensation shows mixed utility impacts, with only Premium Economy passengers showing notable interest, indicating a varying emphasis on environmental considerations among travelers.



Legend

—●— Economy Utility >0
 —●— Premium Economy Utility >0
 —●— Business Utility >0

Figure 1: Utilities per attribute / level in 3 categories: Utility Economy >0, Utility Premium Economy >0, Utility Business >0 (own illustration)

4.2.5 Importance Level of Attributes

The study highlights price as the dominant factor influencing premium leisure air travel preferences, accounting for 67% of decision-making, underscoring cost as a critical concern even among premium travelers. Booking Class and baggage allowance follow with 7% and 5% importance, respectively, reflecting their roles in shaping travel choices, consistent with findings from other survey sections. Other factors like flight connection, airline choice, and travel time are less influential, suggesting expectations of a certain standard in premium travel that doesn't vary much between options.

Surprisingly, seat comfort and CO₂ compensation are deemed relatively unimportant (4% and 2%, respectively), hinting that comfort and environmental considerations might not be as pivotal as cost and basic amenities. Features like complimentary Wi-Fi, onboard service, sports baggage, priority services, and flexible cancellation/rebooking are ranked lowest in importance (all at 1%), indicating these premium offerings may not significantly sway consumer preferences.

Demographic filters reveal minor differences in price sensitivity, with no more than a 5% variation, suggesting that these preferences are consistent across different demographic segments, indicating a universal prioritization of cost over other premium travel features.

4.3 Interpretation

4.3.1 Flight Behavior, Motivation, Restriction, and Satisfaction

The survey data indicates a recovery in air travel post-COVID-19, with a decreasing trend in those not flying and an uptick in occasional travelers, validating Hypothesis H1 that air travel rebounds post-pandemic (ForwardKeys, 2023). Premium flights are growing faster than overall flights, aligning with market trends identified by IATA (2023), suggesting a quicker recovery in the premium segment.

Future travel behavior points towards a modest increase in alternative transportation for short-haul trips and a slight decrease in long-haul flights. The leading motivator for leisure travel is health and relaxation, highly rated by 91% of respondents, underscoring its significance in travel choices and contradicting Hypothesis H2 on the rise of combined business and leisure travel, as only 34% saw it as relevant.

Geopolitical instability and financial concerns are the main travel restrictions, with pandemic-related issues and environmental impact being of moderate concern. This partially supports Hypothesis H3, suggesting financial and geopolitical factors as primary travel barriers. Despite environmental debates, fewer participants felt deterred by the environmental impact of their flights than expected, leading to a partial rejection of Hypothesis H4 on flight shame affecting travel habits (Mkono, 2020).

4.3.2 Consumer Preferences from ACBC

The ACBC analysis underscores price as the paramount factor, with over 67% importance, indicating cost is a crucial consideration for premium leisure air travelers, aligning with Hypothesis H4 (ACBC). A notable disinterest in paying extra for CO₂ compensation suggests limited appeal for such features. Preferences for direct flights and high-season travel, particularly in premium classes, indicate a value for convenience and timing. Wi-Fi and in-flight amenities showed varied utilities, but their overall importance was low. Business Class preferences leaned towards suites over angled seats, with negative utilities for other seat options hinting at potential survey design issues or specific seating discontent.

Opportunities for unbundling emerged, particularly with onboard service, where a significant percentage opted for standard over gourmet menus, suggesting a preference for lower prices over premium services. Similarly, baggage allowance data hinted at a preference for less than the included 2x 32kg in Business Class, advocating for customizable luggage options without affecting the minimum 1x 23kg allowance due to its importance. Sports luggage and flexible cancellation/rebooking options were less valued, indicating these could be selectively offered rather than standard inclusions.

Conversely, packaging strategies could leverage priority services, enhancing value for lower-class bookings while generating additional revenue, as evidenced by significant interest across all booking classes. This approach,

exemplified by Zurich Airport's fast lane and lounge package, suggests a viable path for enhancing customer experiences and supporting revenue in premium travel sectors.

5 Conclusion

This chapter will offer an answer to the research question: *“How have customer preferences and travel behavior in the Swiss premium leisure long-haul market developed after COVID-19?”*

This paper delved into leisure travel, distinguishing short-haul from long-haul and business from leisure travel, highlighting the Swiss air travel market's significance and growth potential. It covered luxury tourism, ancillary services, and applied basic marketing concepts to aviation, including consumer behavior, preference theories, and the KANO model. It addressed air travel demand, price sensitivity, the impact of low-cost carriers, and external shocks like COVID-19 and geopolitical tensions.

The empirical research, conducted via an Adaptive Choice-Based Conjoint (ACBC) survey with 289 Swiss premium leisure travelers, identified a post-COVID-19 recovery in air travel, a faster growth in premium flights, and a preference for relaxation-focused leisure travel. The study confirmed price as the primary decision driver, highlighted a reluctance to pay for CO₂ compensation, and revealed a preference for direct flights and peak season travel. Business Class preferences indicated a desire for more luxurious seating, while results suggested opportunities for airlines to unbundle and package services like baggage allowances and priority services to cater to price-sensitive consumers and enhance ancillary revenues.

The paper acknowledges its limitations, including its focus on specific geographical regions and a predefined set of airline alliances, which might not fully capture the global dynamics of premium leisure air travel. Expanding the scope to include diverse markets like Asia and the Middle East and exploring emerging trends could enrich insights. The methodology's reliance on literature review for attribute selection and the participant selection process could be improved for greater representativeness. Improving the ACBC survey to minimize dropout rates through a balance of comprehensive detail and engaging participant experience is highlighted as a key area for development.

For future developments, airlines, especially in the DACH region, need to deepen their understanding of consumer preferences through detailed market research, focusing on innovation in both product offerings and pricing strategies to remain competitive. Given the growing importance of leisure travel, particularly premium long-haul travel, there are ample opportunities for airlines to differentiate themselves by enhancing services, and strategically unbundling and packaging offerings. Conversely, the short-haul Economy segment faces challenges due to its current low-cost, low-service model, which limits differentiation. Breaking this cycle and seeking new distinct strategies could open up growth and customer satisfaction opportunities. Airlines should adopt a more customer-centric approach, prioritizing innovation and research to excel in the dynamic and competitive airline industry.

6 Literature

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