

**The Airline Business Model Framework (ABMF) –
A comprehensive framework for characterizing next-generation passenger
airline business models**

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Abstract

In recent years, the sector of air travel has seen a tremendous development towards hybrid business models as a result of the phenomenon of convergence between full-service carriers (FSC) and low-cost carriers (LCC). Until today, the identification and definition of airline business model has been almost limited to this predominant typology and only some others, such as leisure or regional carriers, are described. It becomes necessary to take a broader view in the description of passenger airline business models by exiting the current spectrum limited by the two established extremes: FSC and LCC.

The objective of this paper is hence to create a comprehensive framework which broadens the current typology and allows to identify and characterize both evolving and new business models for passenger airlines which are observable in the market today, called the “Airline Business Model Framework” (ABMF). The basis is global airline sample.

Departing from the phenomena of convergence and hybridization the limitations of previous research are acknowledged. Based on business model literature, all components which define an airline business model are identified and combined into the ABMF. For each component a quantitative measurement is defined subsequently. A global sample of 78 passenger airlines is then run through the framework and four business model patterns were identified. Of the four identified patterns, three were found to characterize an evolved business model while one was found to represent a new one. The *Airline Business Model Framework* is presented as a new and comprehensive approach, which can also be practically applied for analyzing, comparing, and designing airline business models. It is thought to fill the gap between the existing, and almost theoretical, business model typology and observable business models in the market for both academics and practitioners.