

Summary:

# Air travel disruption after the volcano eruption in Iceland

## Consequences for Norwegian travellers and businesses in Norway

**The air travel disruption caused serious problems for travellers and companies while it lasted, but it does not seem to have had significant consequences in the long run. Both travellers and companies say they will choose destinations reachable by other means of transport than airplanes more often, or travel more often by other means of transport in the first place. Business travellers and companies will also use tele- or videoconferencing more often. However, according to air traffic data we fly more than ever after the air travel disruption.**

The volcano Eyjafjallajökull in Iceland erupted 14 April 2010. Due to the ash cloud from the volcano eruption, European aviation authorities put in place strong restrictions on air traffic in European air space. This report presents the consequences of the air travel disruption for Norwegian travellers and businesses in Norway, how travellers and businesses acted in response to the air travel disruption, and what measures they consider to take in protection against similar disruptions in the future. The Institute of Transport Economics (TØI) carried out three surveys in May and June 2010, focusing on the air travel disruption: One among air travellers (2973 participants), one among business managers (1000 participants), and one among travel managers (99 participants). Analyses are also based on available statistics from Avinor (Norwegian Airports Operator), Eurocontrol (European Organisation for the Safety of Air Navigation), Statistisk Sentralbyrå (Statistics Norway), SAS Scandinavian Airlines, Norwegian Air Shuttle, and the Norwegian National Air Travel Survey of 2009.

Air travel disruptions lasted mainly from 15 April 2010 to 22 April 2010. Disruptions caused a gross loss of ca. 820 000 air travels (passenger journeys, one way) in Norway (incl. journeys to/from Norway) in April 2010. Because many of the travellers being unable to go by air as planned ultimately went with a different flight the disruption also generated ca. 170 000 air travels in substitution for the ones lost. In April 2010 there was ca. 1.8 million air travels in Norway, 650 000 less than expected (incl. an expected increase of 5-7 % from April 2009). Because many travellers postponed their journeys, it can be expected that ca. 200 000 postponed air travels took place in the months following the disruption. However, the increase in the amount of air travels in Norway after the disruption has been so high that it cannot be explained only by postponed travels from the air travel disruption. In the months from July to October 2010 the amount of air travels in Norway increased with 8-11 % from the same months one year before.

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Travellers stranded at their destination or on their return journey had no other choice than to find alternative transport for their journey back home. Most of the travellers stranded on their way to the destination turned and went back, but one in four completed the journey to their destination using alternative transport. Many had their flights cancelled before they started their journey, some chose to cancel their booking, and some decided not to book flights they had been planning to book. In most of these cases the travellers postponed the journey or decided not to make the journey altogether, but one in four made the journey to their destination using alternative transport. The most common form of alternative transport was a different flight (45 %), but train (26 %) and bus (24 %) was also used by many. Private car was also a common alternative among people who had not yet started their journey.

Cancellations by the airlines affected leisure travellers and business travellers equally. It was more common among leisure travellers to attempt to carry on with the journey if they had already started, to not book a planned flight, and to postpone or cancel a journey altogether if they had not already started. It was more common among business travellers to cancel their booking, but then find alternative transport to make the journey.

Among both leisure travellers and business travellers, the most common adaption to the uncertainty associated with future volcano eruptions is choosing travel destinations reachable by other means of transport than airplanes more often (ca. 30 %). One in five expect to travel more often by other means of transport than airplanes already in the first place. One in five business travellers expect to use teleconferencing or videoconferencing more often.

Travellers stranded at their destination or on their return journey were on average three and a half days delayed and paid ca. 9 000 NOK (1125 EUR, 1500 USD) in extra travel/accommodation costs. Travellers making the journey to their destination using alternative transport were on average 24 hours delayed and paid ca. 3 000 NOK (375 EUR, 500 USD) in extra costs.

Half of the companies taking part in the survey were affected by the air travel disruption. Larger companies and companies with employees travelling more frequently by air were more at risk to become affected. The air travel disruption affected the secondary sector of the economy (e.g., petroleum and energy industry) most strongly. The most common consequences of the air travel disruption were employees having to travel by alternative transport (37 %), not coming back from a journey as planned (35 %), and having to cancel (34 %) or postpone (31 %) journeys. One in four companies had to cancel/postpone meetings because external participants were unable to come, 17 % did not receive shipments from suppliers, and 13 % could not get shipments through to their customers. Most often contact with other parts of the organisation was affected, but the air travel disruption also reduced contact with knowledge partners and customers, in addition to authorities (especially for companies in the most northern regions). The most common consequence of not being able to travel and stay in contact was delays in ongoing projects/work (34 %) and in start-up of new projects (22 %). Some of the companies reported reduced sales (15 %), loss of contracts/customers (7 %), and increased costs beyond the extra travel and accommodation costs (15 %).

In total, 45 % of the companies have access to one form of video telecommunication or another. Videoconferencing for conference room is the most common type. Among companies cancelling travels because of the air travel disruption 9 % replaced most of the cancelled travels with tele- or videoconferences and another 43 % replaced some of the cancelled travels with tele- or videoconferences. In two out of three companies the air travel disruption has not had any consequences for planning of meetings and travels in the future. The most common action in response to air travel disruption in the future is more tele- and videoconferences (13 %) and less meetings (10 %).

Business travellers have more access to video telecommunication than business in general. Almost three out of four business travellers have access to one form of video telecommunication or another. Among those who did not have access to video telecommunication, 10 % felt the air travel disruption had made acquiring such equipment more pertinent. Among business travellers who got their flight cancelled by the airline before starting their journey or who stranded on their way to the destination, 5 % replaced the meeting with teleconferencing and 3 % replaced it with videoconferencing. Among business travellers who cancelled their booking or who decided not to book flights they had been planning to book, 12 % replaced the meeting with teleconferencing and 7 % replaced it with videoconferencing.

Companies with travel managers are larger companies. On average, such companies have 17 times as many air travels per year as companies in Norway in general. Consequently, such companies were more at risk to become affected by the air travel disruption: 97 % had to cancel/postpone journeys, 93 % had employees not coming back from a journey as planned, and 84 % had to cancel/postpone meetings because external participants were unable to come. Companies with international offices/locations and companies within the secondary sector of the economy have more air travels and were affected by the air travel disruption more strongly than companies located in Norway only and companies within the service sector. Among companies with travel managers 85 % have access to one form of video telecommunication or another. Among companies cancelling travels because of the air travel disruption 11 % replaced most of the cancelled travels with tele- or videoconferences and another 61 % replaced some of the cancelled travels with tele- or videoconferences. In 41 % of the companies the air travel disruption has not had any consequences for planning of meetings and travels in the future. In 44 % of the companies there are plans to have more tele- and videoconferences in the future.

A short time after the air travel disruption, most of the travellers felt uncertain about how the disruption due to the volcano ash cloud might impact travels in the short run (3-4 months). Fewer, but still the majority, felt uncertain in the long run (2-3 years). If this uncertainty were to last, by new disruptions due to volcano ash clouds happening during the next couple of years, more travellers, managers, and travel managers will respond by choosing travel destinations reachable by other means of transport than airplanes more often, travel more often by other means of transport than airplanes in the first place, and use teleconferencing or videoconferencing more often. The strong increase in the number of air travels in Norway from July to October 2010 still suggest that the air travel disruption has not scared people away from flying.