

Summary

The welfare value of leisure air travel abroad

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- *Holiday and leisure trips with flights abroad are carried out to enjoy time with friends and family, experience something new or new places, relax and “charge the batteries”, get away from everyday life, and experience warmer, more sunny climate than home.*
- *Many think it is relatively affordable to fly, and a large proportion expresses willingness to pay relatively high for the flights. About three out of ten would still have traveled if the trip was twice as expensive. About half of the respondents can accept increased fees, and most of these are for earmarking of any fees for climate purposes.*
- *Relatively few believe that information on climate impacts of the flights will affect the decision to travel, and few believe that what they possibly do of environmental efforts in daily life will compensate for the climate effects of flying.*

This report presents the results of an online survey of the welfare value of Norwegians private holiday and leisure travel by plane abroad. The project was carried out by the Institute of Transport Economics in the autumn of 2017 on behalf of Avinor. Following the completion of a focus group, a national representative internet panel managed by Norstat gave 1220 complete responses from persons who had taken at least one holiday or leisure trip with flights abroad the last 12 months that they had paid for themselves.

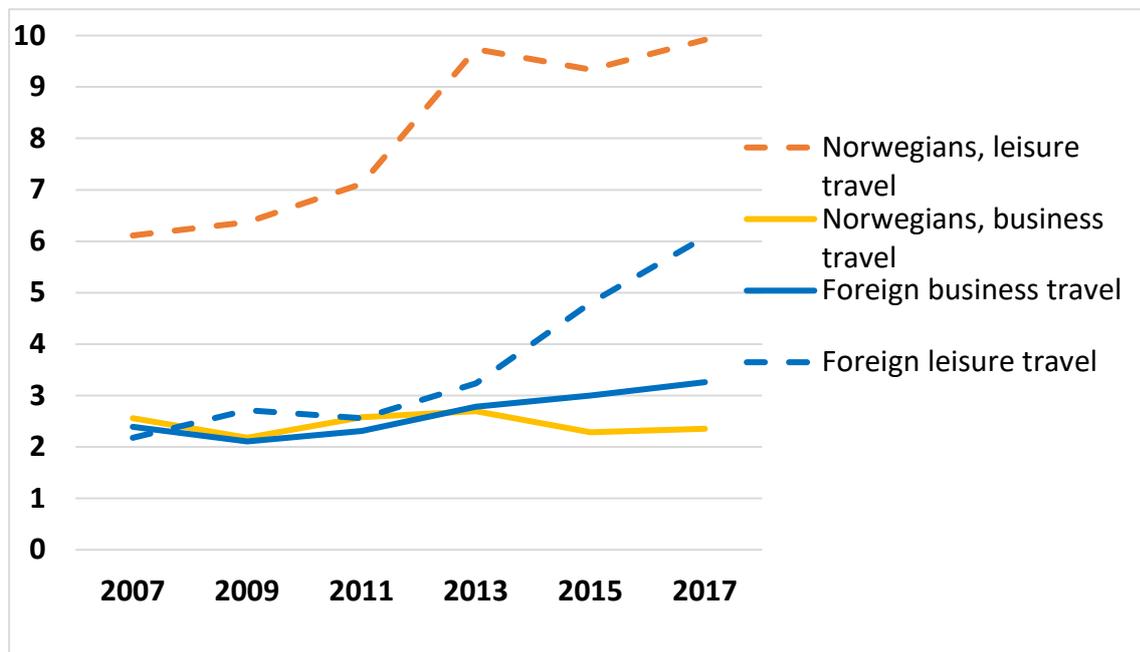
The welfare value of such holiday and leisure travel by plane abroad was highlighted with various questions about travel motives, importance of the journey, and the willingness to pay higher prices. Furthermore, the air passengers were asked to assess the environmental/climate impacts of their voyages, possible compensatory environmental behavior and travel patterns over time, and evaluate different price increases and climate-related taxation alternatives.

Private flights abroad have increased considerably in recent years (see Thune-Larsen and Farstad, 2016). The welfare value of international journeys is initially manifested by the travel activity itself - that people are increasingly willing to spend leisure and resources on this travel activity. The survey shows that the holiday and relaxation motif is dominant, that it is a significant social component of the leisure flights, and that one also has a significant feature of what can be called «educational travel motive». There seem to be some stronger motives for the longer (intercontinental) trips than the short ones, and these achieve a consistently higher importance score. However, the absolute differences in most of the stated reasons for the journey and stated importance vary little between destination regions. More than half believed that information about climate effects would have little impact on travel activity, while approx. one fifth thought it could have a big impact. More than 40 per cent thought that environmentally-saving actions they make in the daily life could do little to cope with the environmental impact of travel, while approx. one in four believed that this could largely do so.

Approximately half can accept increased fees on flights, and clearly the largest proportion is for earmarking for climate purposes. Only one in ten believe that a fee that does not have earmarking is best. A large proportion expresses willingness to pay relatively high for the flights. Half of the respondents say yes to about 25 percent price increase, or to approx. NOK 400-500 increase per flight return trip. Different tax alternatives have relatively limited impact on the willingness to pay more, in the sample overall.

Air travel and the travellers

Figures from Avinor show that Norwegians' holiday and leisure travel volume now amounts to almost 10 million trips to/from Norwegian airports per year, and is around four times greater than Norwegians' occupational air traffic to/from Norway (Figure A).



Source: Avinor

Figure A: Number of passengers by market, 2007-2017. Millions of passengers.

The sample from the internet panel travelled primarily to European countries; nearly half are targeted at southern Europe (Figure B). Northern Europe (excluding the Nordic countries) and Central Europe are also popular destinations. Traveling to North America and Asia is dominant among intercontinental leisure flights.

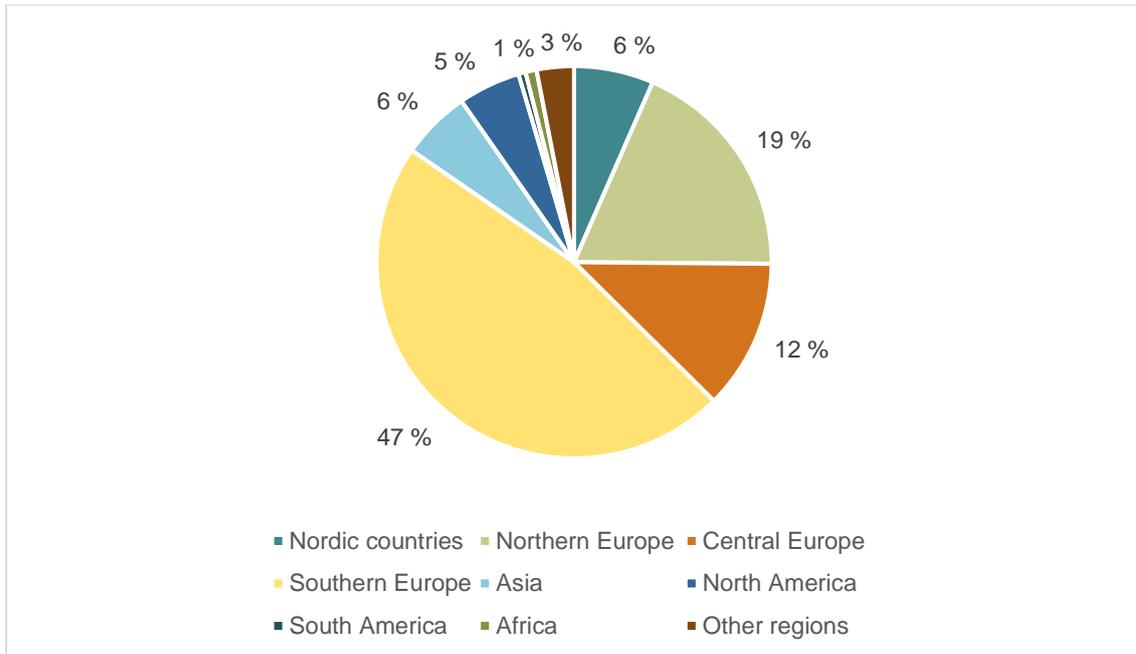


Figure B: Travel destination area for the last leisure trip made by plane abroad. Percentage of trips.

The estimated average fare for the airline tickets for the entire trip was around NOK 8800 and the median fare was NOK 5600. The estimated average price per adult in the travel was approx. NOK 3700, with the median being NOK 3000. Compared against the cost of other types of consumption, the majority of the travelers believe that it is relatively cheap to travel by plane abroad. In particular, this attitude is widespread among those who perform relatively short journeys (i.e. to destinations in northern Europe).

About half say they travel about as much now as for about 5 years ago, while almost 30 percent answered they traveled more now, and nearly 20 percent responded that they were traveling less. However, it was not a larger proportion that thought they would travel more about 5 years ahead (almost 20 percent) compared to the proportion who thought they would travel less (well 20 percent), but about half believed that they would also travel about as much now as in the future.

Travel motives

The latest private flight, as asked about in this survey, is considered to be relatively important by three out of four travelers. One in eight regards this trip as relatively unimportant.

The stated travel motives reveal some of the reasons for choosing to travel by plane abroad. On a list of possible reasons, classical travel motives are important to the vast majority of people: getting away from their home-grown environment to experience something new and different with their closest, and to recuperate and enjoy sun and warmer climate than home. The 11 highest ranked motives by average relative importance (ranked from top to bottom on a scale from 1 to 7) are shown in Figure C below.

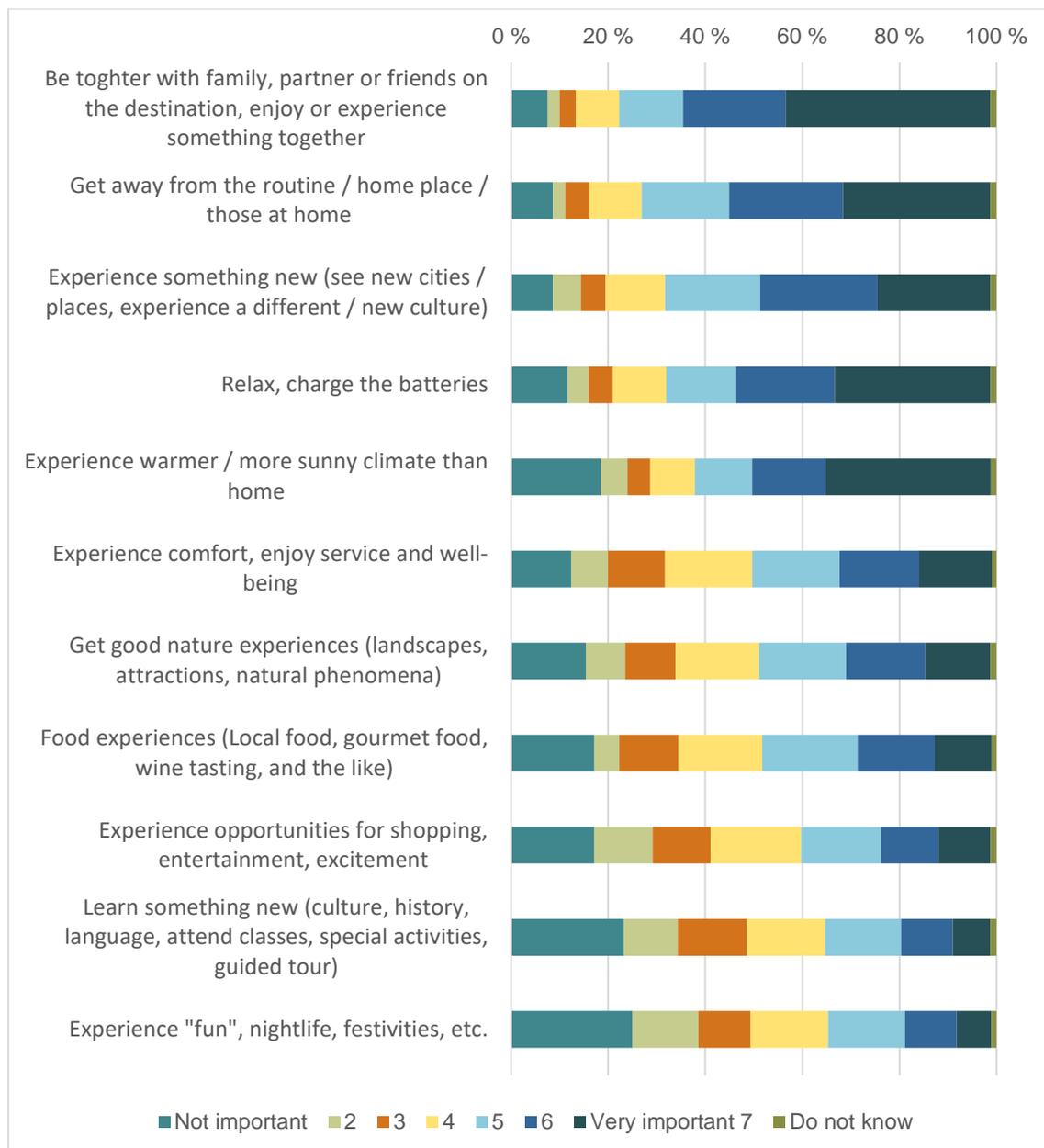


Figure C: Perceived importance of travel motives for leisure flights abroad. Percentages.

A break from everyday life, where one has time for social life and can enjoy a warmer climate, is the common travel denominator for most Norwegians.

Apart from the desire to experience better climate and sun and warmer weather than home, which is important for all groups in the population, there are nevertheless some differences in how different groups consider the five main travel motives:

Enjoying time with friends and family is stated as particularly important for women and for the age group 30-39 years.

Getting away from the routine or home location is also stated as important for those between the ages of 30 and 39 and those living in northern Norway.

Relax and "charge the batteries" is stated as more important to everyone in the age group between 30 and 59 years compared to the younger and older, and it is more important for women than men.

Experiencing something new is stated as most important for the youngest and least important for the oldest travelers.

Other motives obviously play a significant role also, such as expressed wishes to experience nature, local food and culture, and to learn something new. Shopping and nightlife is also of importance to many of the travelers. The overall picture is that the motives for traveling are highly complex, and there are few single motives that are decisive of whether to choose to travel abroad by plane.

There are also not very big differences depending on how often or where one travels, with the exception: For those traveling to other continents, the journey is considered to be particularly important. The long-haulers also have the highest average scores on most of the motivational issues. This group has obviously invested the most time and money in the journey.

A factor analysis shows that many of the travel motifs gather in four underlying patterns, which can be seen as broad segments of travelers by plane abroad:

Relaxation and pleasure - with an emphasis on getting away, decoupling, comfort, sun and warmth

Nature and cultural experiences - emphasizing physical activities and learning something new
Personal reasons - with emphasis on re-visits and maintenance of social contacts

Shopping and nightlife - with emphasis on entertainment on the trip.

The driving forces behind the flights are classic travel motifs with wide appeal, while the flights allow for a wide range of more specific activities and experiences.

Attitudes to the environmental impact of flights and general environmental behavior

The travelers were asked whether the fact that if flights could have a negative effect on climate/environment would have a bearing on whether one chose to go on a holiday/leisure trip by plane to foreign countries or not. About one fifth believed that this could have a relatively significant impact on travel activity, while over half thought that this would be relatively small.

Generally, travelers perform actions in their daily lives that may have positive environmental impacts, usually relatively simple, routine ones as they do on their own. A factor analysis of statements about how often one conducts behavior that may have an environmental impact gave a main factor reflecting reuse/waste recycling behavior and an asset/cost saving behavior. Another factor reflected less common behavior, such as paying climate quotas on flights. More than 40 per cent thought that these actions would not outweigh the environmental impact of the flights, while almost 25 per cent thought it could outweigh them to a considerable extent.

The willingness to pay higher prices on flights

What will travellers do if the prices for flights were twice as high, for example, because of increased environmental taxes? A little over half believed they would reduce the number of flights, while one third would have travelled as much as today despite double prices, but reduced other spending or reduced savings. Of the half that would reduce their flights, just

over 40 percent had chosen other means of transport and / or destinations that it was not necessary to fly to, while almost 60 percent would reduce the total number of trips.

In the (societal) economic sense, a measure of the welfare value of (private) travel can be given as the difference between what a person pays for the trip and what the person (maximum) is willing to pay. In the project, the respondents were therefore asked to assess scenarios for price increases on flights, driven by new potential charges (such as today's passenger tax). The price increase was given as a percentage increase compared to what respondents had paid for their last flight. The results gave a median value of approximately 25 per cent, and an average estimate of approx. 33 percent of the price increase one could accept. If using monetary value instead of percentages, the median will be in the range of NOK 400-500 as an acceptable price increase.

The willingness to pay increases with the respondent's age, while gender, education and household size showed no significant effect. Those who are against such taxes have lower willingness to pay. The same applies to those who express less faith in the price-rise scenario they were shown, and those who express that flights to abroad are already "expensive." The fifth of the respondents who considered that the negative impact on the climate and the environment would have a bearing on travel choices, had a slightly higher probability of yes-response (accepting the price increase). There were otherwise some differences in willingness to pay depending on the reasons and motifs for the trip, but no correlation between willingness to pay more and travel frequency last year or the length of the journey.

It was also tested whether different tax charging plans affect the willingness to pay for flights. In the overall sample, the effects were weak, for different earmarking options as well as for distance-paying fees. The respondent sample was split with regard to the price of the last flight, i.e., ticket costs return for the entire journey. The results indicate that those with low-cost flying are more negative towards distance-based tax and more positive towards earmarking of fees (and especially for biofuels). Those who have traveled expensive are more positive to distance-based fees and more negative to earmarking of fees (and especially for biofuels).