

The Impacts of Low-Cost Carriers' Entry on International Tourism Demand

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Abstract

Low-cost carrier entered China in 2004. After the entry, more tourists were anticipated to travel. Can the low-cost carriers really stimulate the tourism demand of the destination? Passengers may only shift from one airline to another. It is especially true for a multi-airport region where passengers can have more choices. Therefore, it is questionable to the impacts of low-cost carriers' entry on the international tourism demand to the destination. The low-cost carrier development in the Pearl River Delta region was outlined in this paper, and the relationship between low-cost carriers' entry and the international inbound tourism was investigated. Macau International Airport, as the pioneer in developing low-cost carriers in China, is located in the largest multi-airport region in the country; Malaysia, Singapore and Thailand were the major markets of the low-cost flights to Macau. Hence, the tourism demand from the above three places was analyzed with the low-cost carriers' influences in Macau. It is found that the low cost carriers' entry has generated some positive impacts to the destination. It enhanced the supply factor of air transport, and the attractiveness of the city. Although the growth of visitor arrivals would be diminished with years of operations, it was still positive and sustainable. Moreover, it improved the transport network and so the mobility of the city. More tourists chose to visit the destination directly instead of transiting from other cities, and more travelers got to the destination for transiting to other cities as well. A well-developed low-cost carrier airport can be positioned as a transport node for international tourism. And, low-cost carriers encouraged international inbound tourism demand of the destination.