

# Consumer Flight Booking Habits

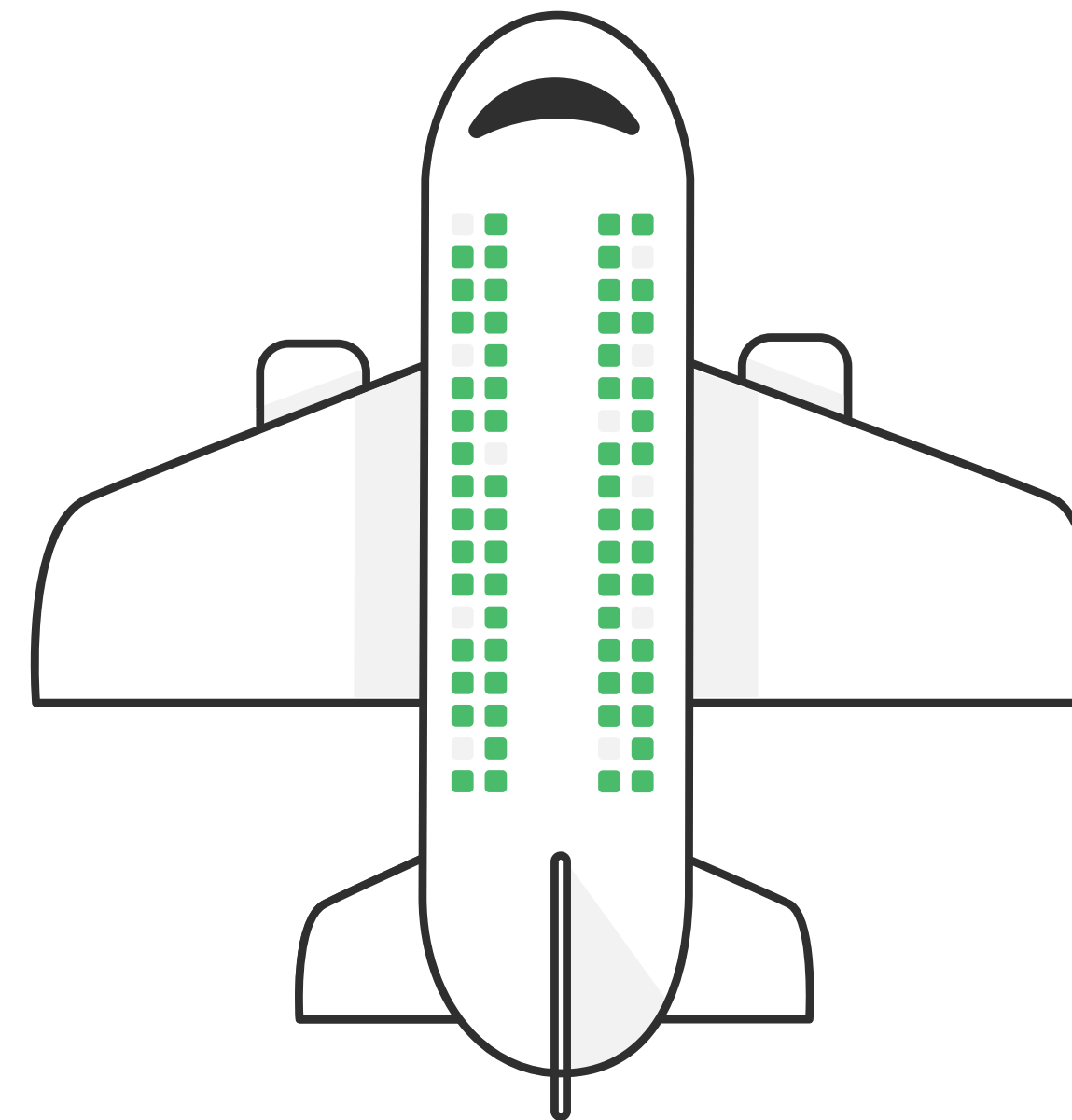
*Yieldr*

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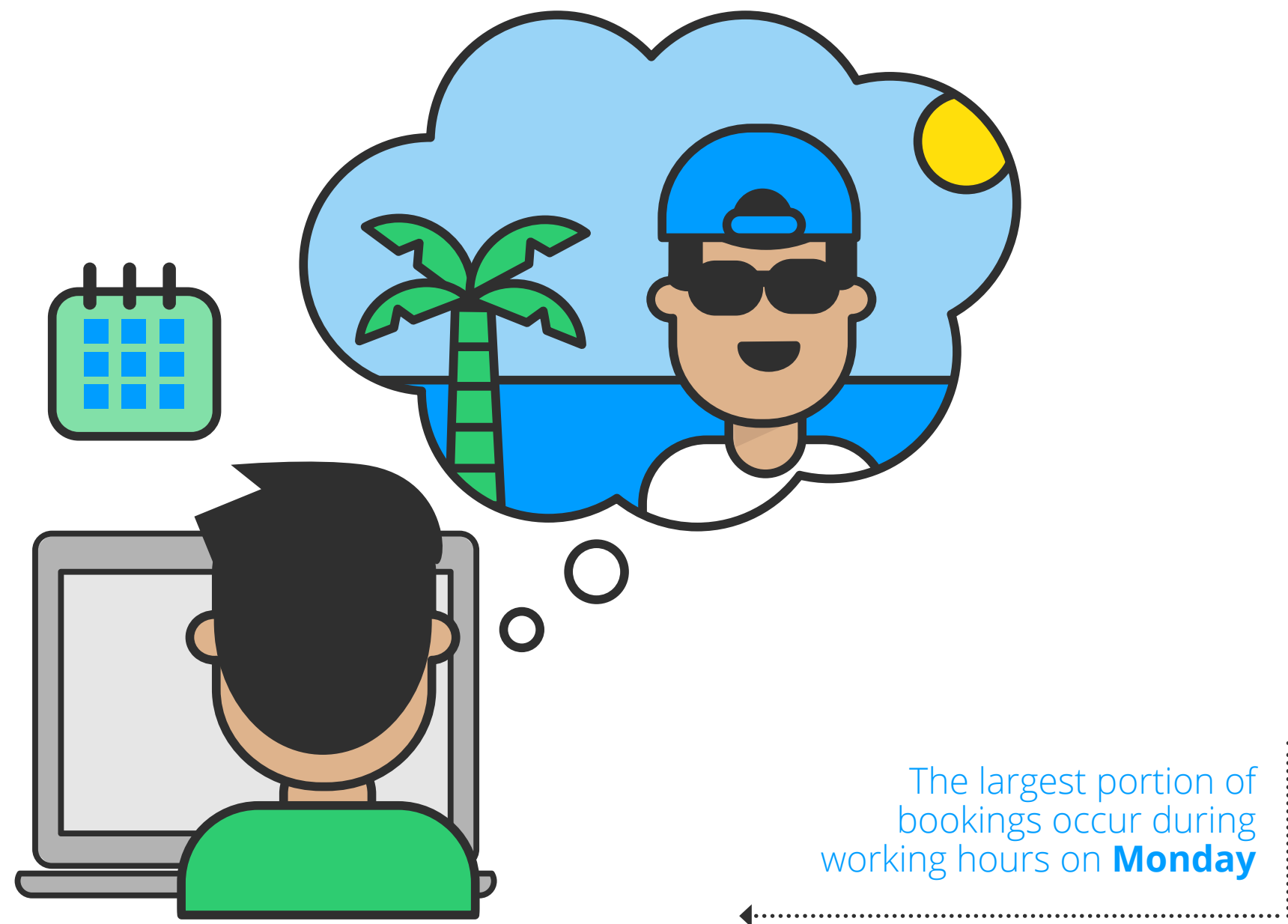
# Preface

When it comes to understanding the desires of your customers and connecting with them through relevant content, it's quintessential to know their purchasing tendencies. That's why we've dove into data within the **Yieldr** platform to uncover consumer booking habits of air travelers from North America and Europe. We analyzed approximately 7 million sales over the course of Q4 2015 - Q1 2016.

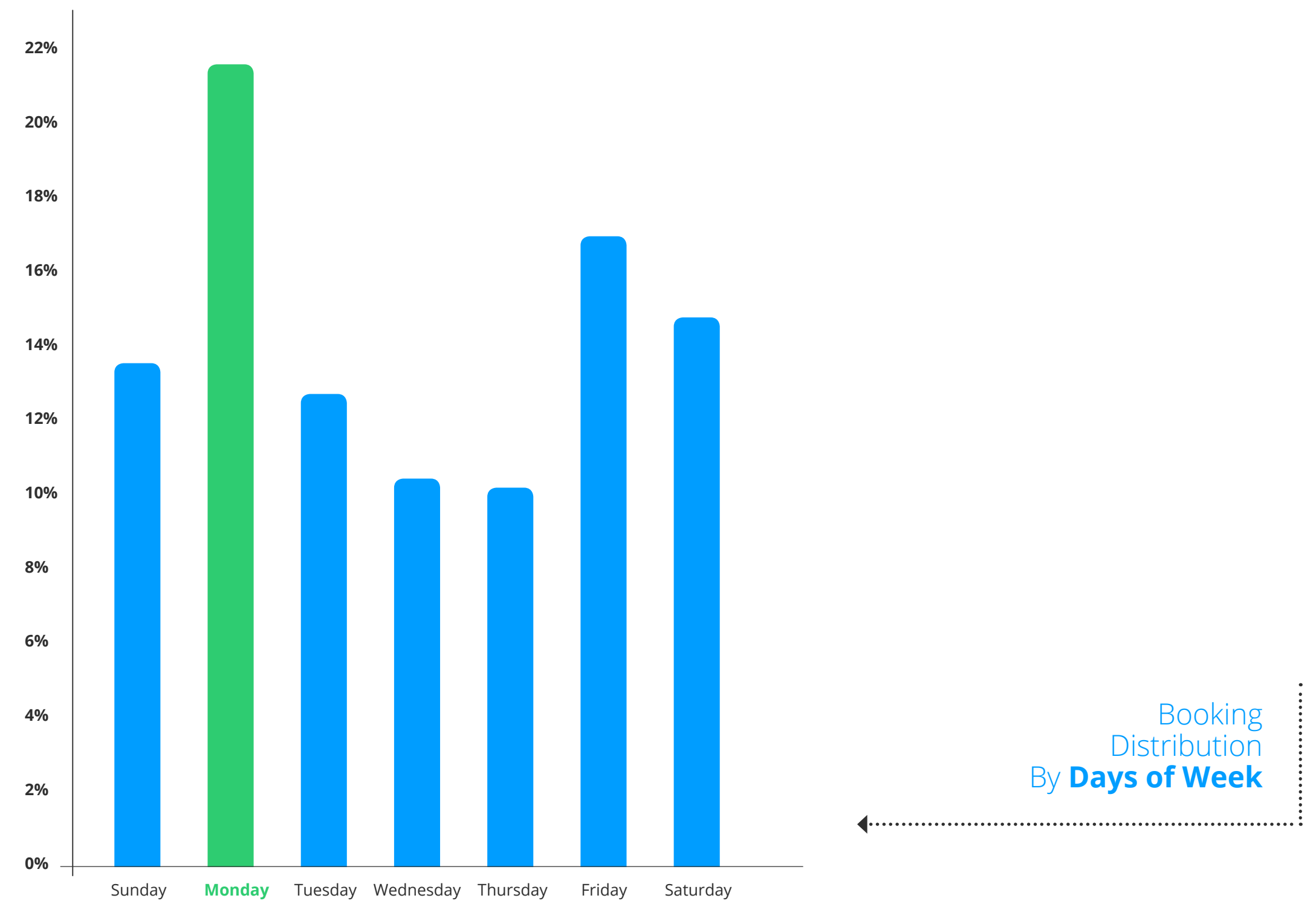


# When is The Moment of Truth?

There's plenty of hearsay about when is the best time to book a flight, but when are consumers actually making their booking? Although [it's been suggested that you book on Tuesday 21 days or further from your departure date](#), we actually found the most popular time to book was **Monday during working hours**. Maybe we can attribute this to the Monday Blues.

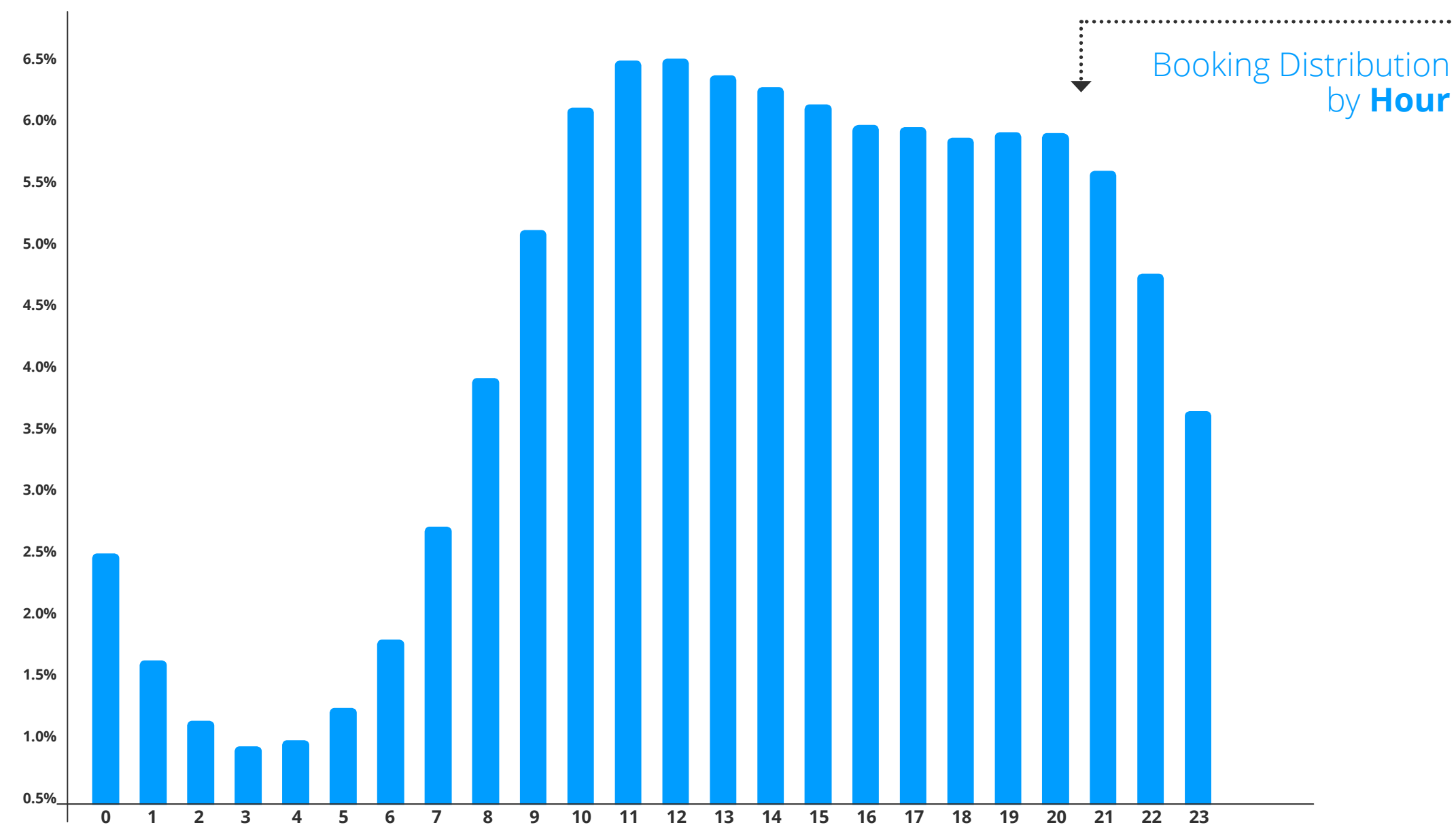


While nearly **22% of bookings occur on Monday**, between Tuesday and Thursday we see a dip and plateau in booking volume before it rises again on Friday when about **17%** of bookings are made. Refer to the graph below to see the full distribution of bookings made.



# When is The Moment of Truth?

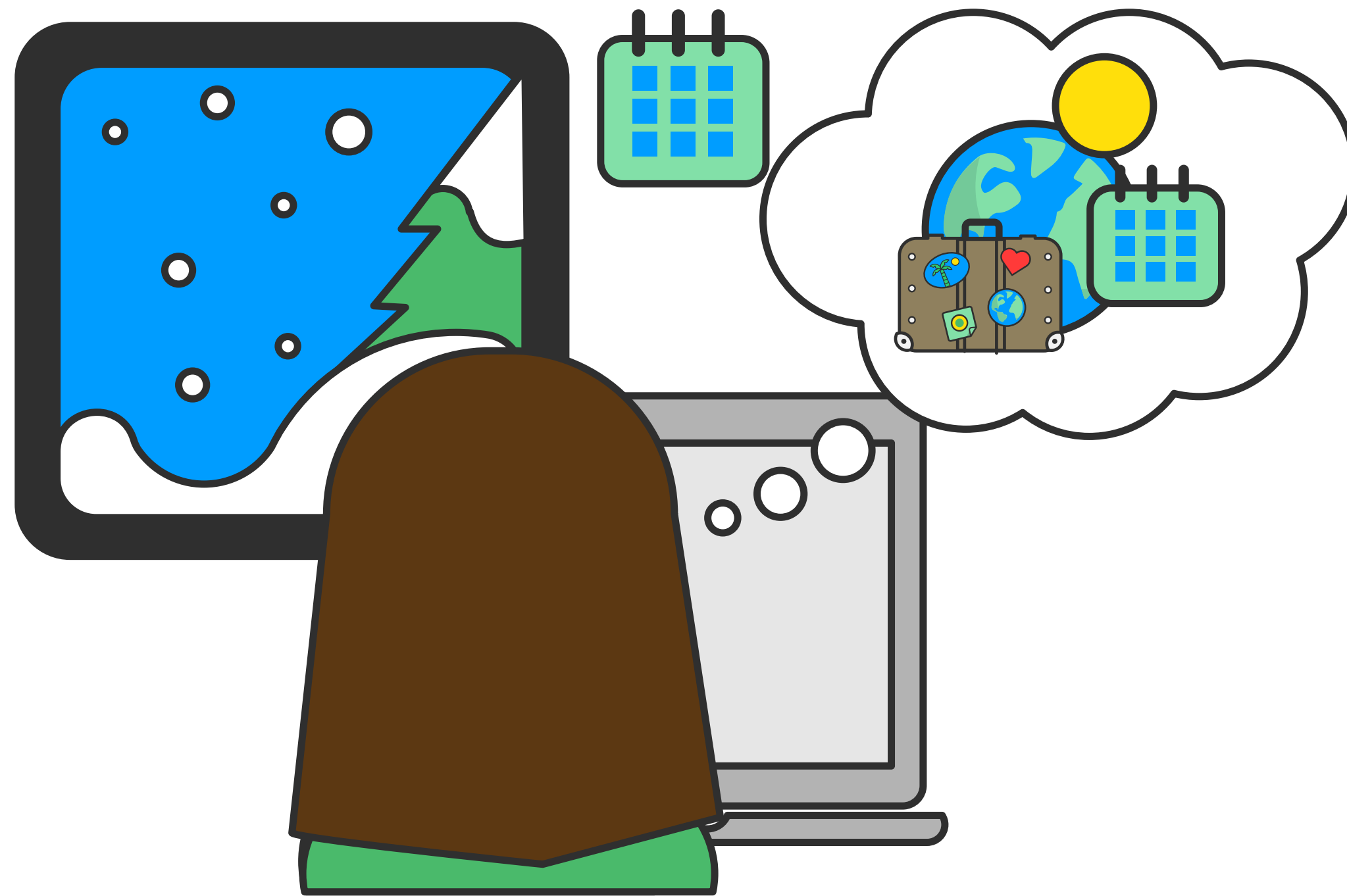
Now let's drill down a bit further and take a closer look at during **which hours of the day customers are booking flights**. Between **11 a.m. - 12 p.m.** is the peak time for flight bookings and booking volume remains pretty steady between 10 a.m. - 9 p.m. Then of course, you find very few bookings taking place during sleeping hours, outside of a few night owls. The complete hour-by-hour breakdown is displayed in the graph below.



So to summarize, **Monday and Friday are the days of the week that experience the most booking volume** (specifically during the afternoon hours). Then we see a not so unexpected drop in booking during weekend evenings (Friday and Saturday), before weekend traffic picks up Sunday evening (between 3 p.m. - 9 p.m.), possibly as people knock off the remaining items from their weekend to-do list while planning for the week ahead.

After Monday, it's back to the midweek grind where it's possible consumers are too enthralled in their day-to-day tasks to look ahead to travel planning. We'd recommend carrying out communication to prospective travelers during the hours they are most engaged in the booking process as this is when they're most likely to engage with special offers, look into alternate routes and days and are focused on finalizing plans, rather than engaged with a different online activity.

# How Far in Advance Do Customers Book?

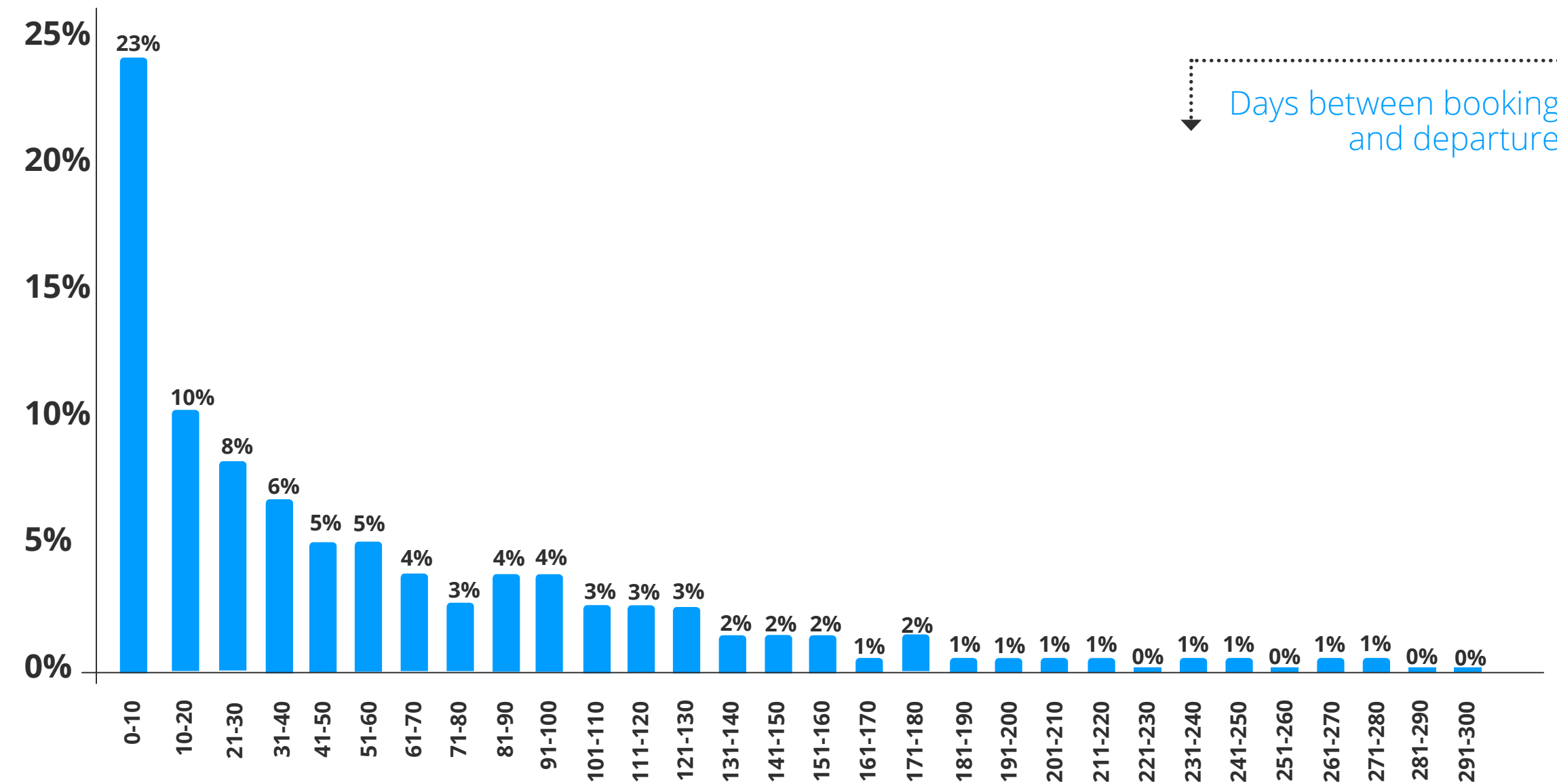


A second very important component to fully understand when customers are booking flights is knowing how far in advance customers are booking from their departure date.

Our data found that on average consumers book **78 days** in advance of their departure date. For a low-cost carrier this number inflates to **81.4 days**, while those flying via a legacy carrier book on average **55.4 days** from their departure date.

On average consumers book  
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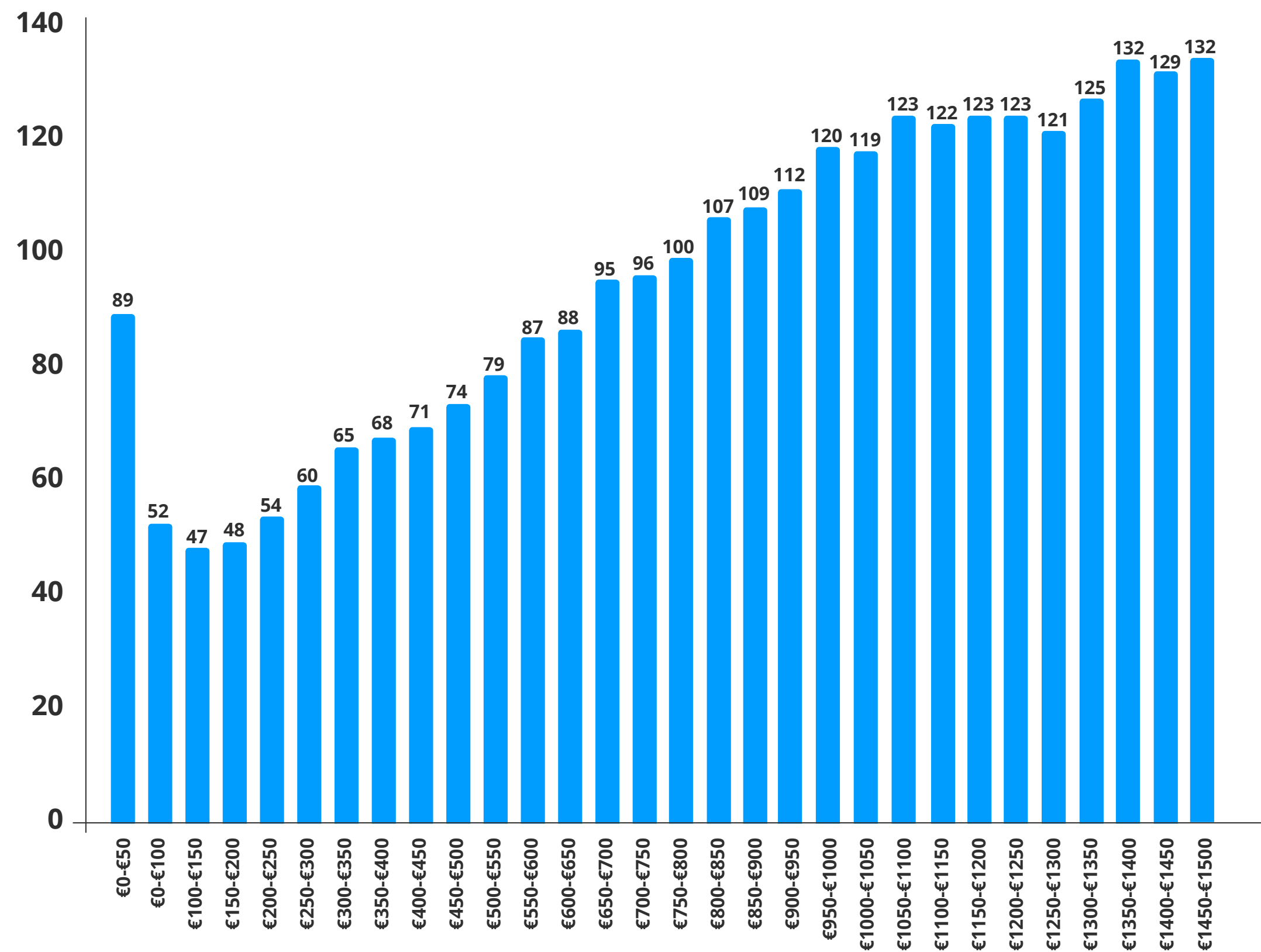
# How Far in Advance Do Customers Book?



Next, if we look at the number of travelers within a booking, we uncover some additional insights. Generally, speaking the larger the party, the further out in advance the booking is made on average. The days from date of departure breakdown as follows:

**1 person: 43.5 days**  
**2 people: 71.9 days**  
**3 people 79.3 days**  
**4 or more people: 98.1 days**

Looking at the graph above we can see the distribution of when travelers are booking their flights. The largest portions of bookings happen between zero and 10 days from departure when **23%** of customers are making a purchase. We see a fairly steady increase in booking volume the closer it gets to the day of departure.



Average days before booking  
by order value

Finally, if we combine the time of booking with the basket value, we also find a fascinating pattern. Illustrated in the graph to the left, aside from one major discrepancy, the more expensive a flight is, the further out in advance that it is booked. The lone outlier are flights booked under **50 euros**, which are purchased on average **89 days** from departure. We can assume that such bookings are encouraged from promotional offers, showing the ability of airline marketers to alter demand.



# How Much Are Customers Spending?

In an industry where the line between profit and deficit is razor thin and the **average ticket only generates less than \$10 of profit** for airlines, it's important to know how much customers are spending on their products.

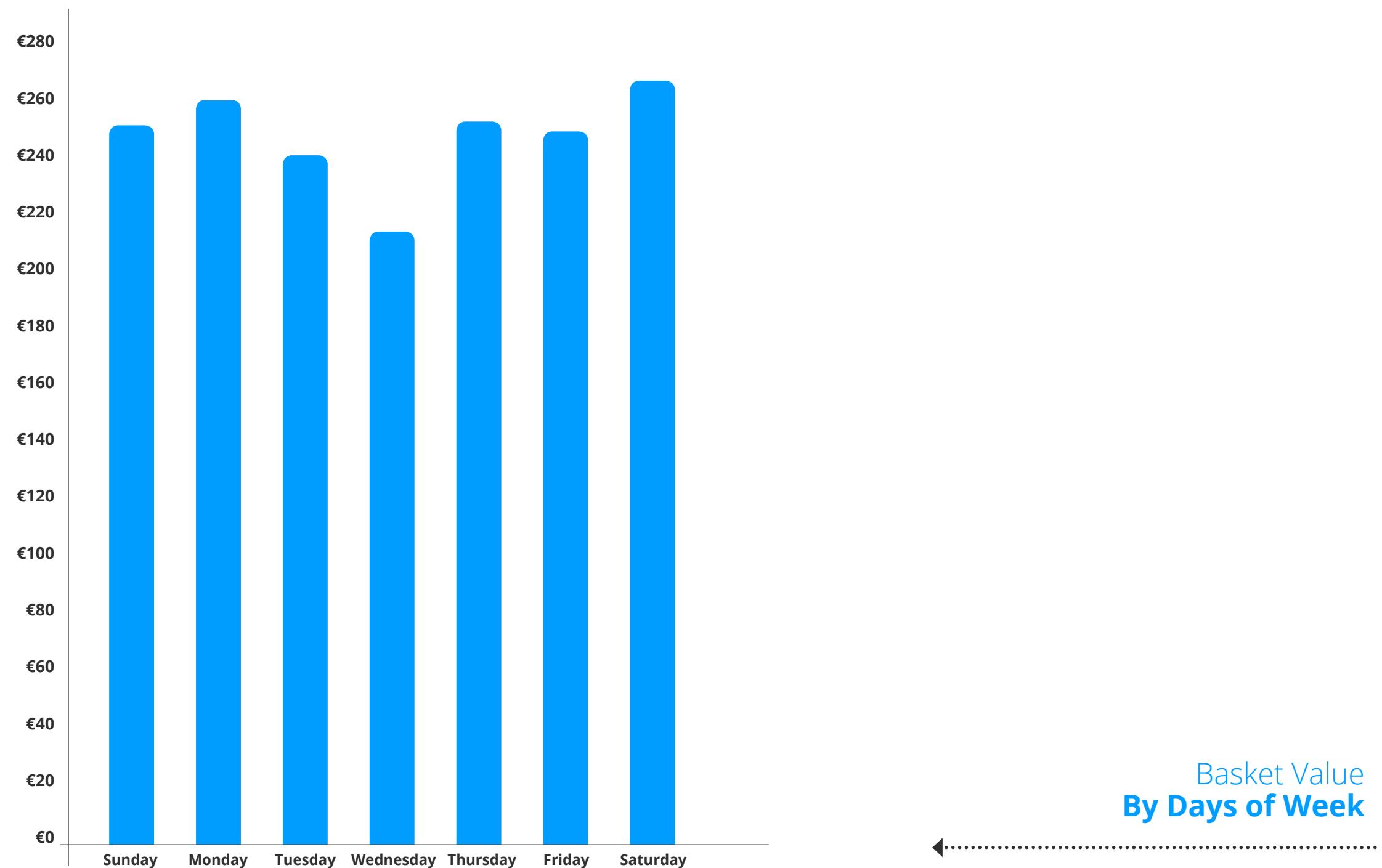
On average, we found the basket size of a customer to be about **240 EUR**, which typically includes one round trip booking. When looking into the days of the week, we find our biggest spenders are Tuesday shoppers coming in at an average basket value of more than **260 EUR** (so much for those cheap Tuesday flights).



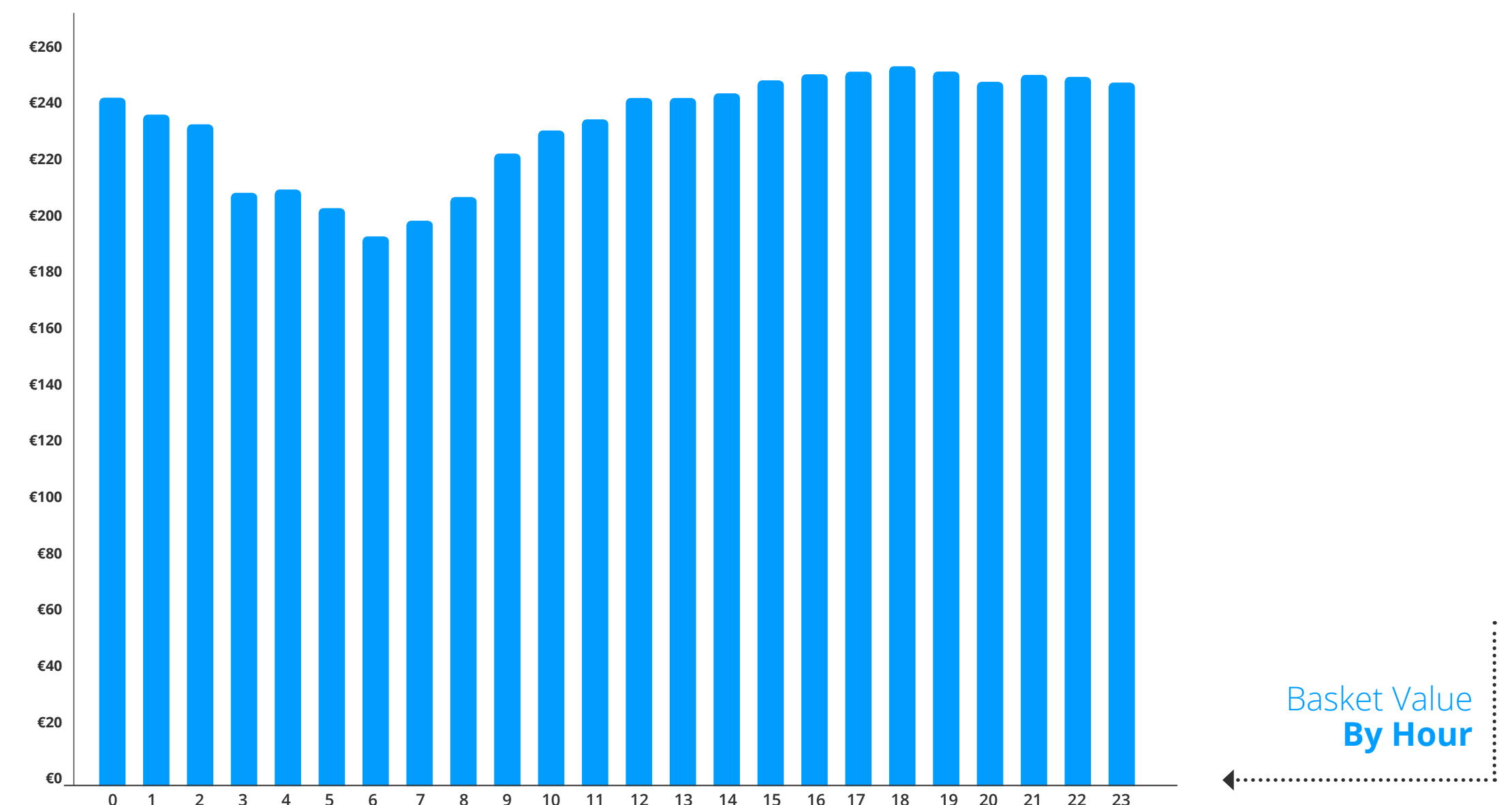
On average,  
customers spend **240 EUR**  
when making a booking,  
spending the most on  
**Tuesdays**

# How Much Are Customers Spending?

We found no large discrepancies when looking at basket value against when the purchases were made. As days of the week are concerned, the biggest outlier was Wednesday with customers spending about **210 EUR** on average. You can find the full breakdown below.



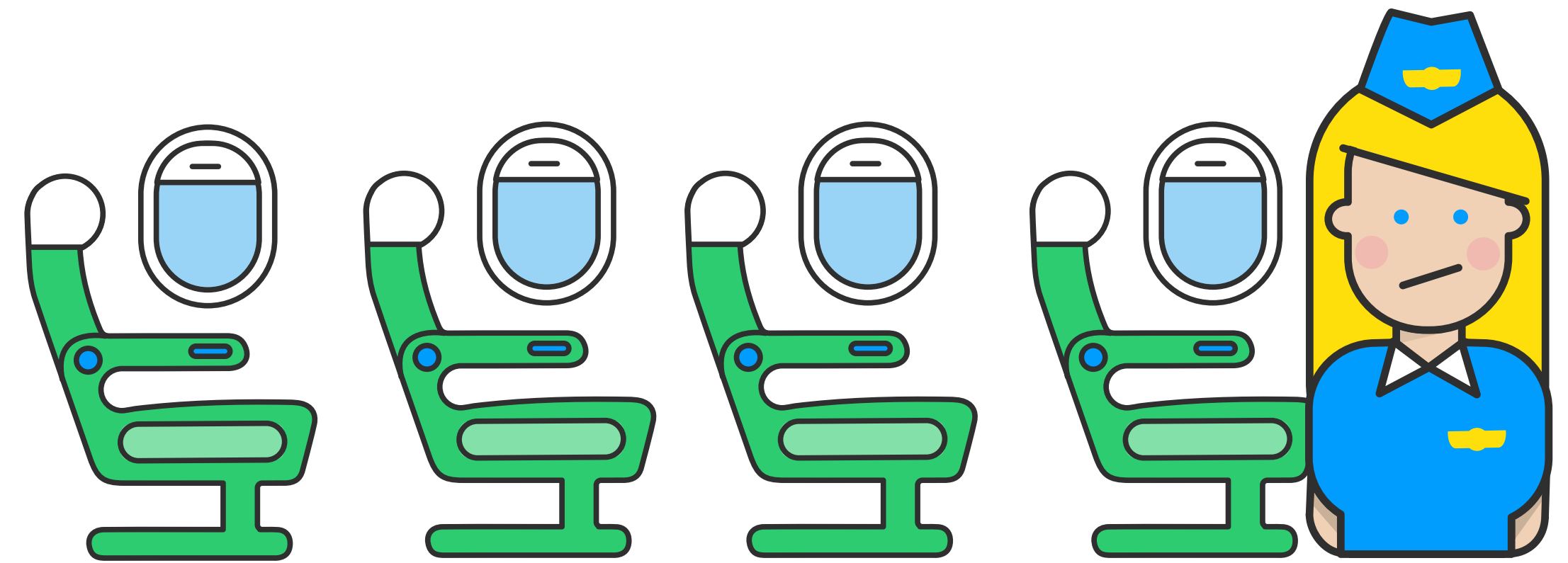
Drilling down to bookings made by hour, the numbers also remain fairly consistent, especially in the p.m. hours. Where we see the biggest outlier is between **3 a.m.-10 a.m.**, where basket values average **less than 210 EUR**. Maybe these night owls/early rises are thinking they can outsmart the system by booking at odd times so they only make the purchase if the price seems to be in their favor.



# Examining Passenger Load Factor & Lost Revenue

Understanding consumer booking tendencies is very valuable for airlines, especially when it comes to maximizing passenger load factor (PLF). According to the *IATA* global PLF is projected to be **80.4%** among **54,000** routes in **2016**. So let's run a few calculations to see how these empty seats are potentially affecting the bottomline.

The *IATA* also projects there to be **3.8 billion** global passengers in **2016**. Using the anticipated PLF of **80.4%**, we can assume that there are approximately **4.72 billion** total seats (since there are 3.8 billion passengers). A simple subtraction then leaves us with approximately **920 million** empty seats.



↑  
**Potential 920 Million** Empty Seats in 2016

So what does **920 million** empty seats equate to from a revenue standpoint? This is where it gets tricky. Although it's nearly impossible to arrive at a completely accurate number, we can make some assumptions just as we did with the empty seats calculation.

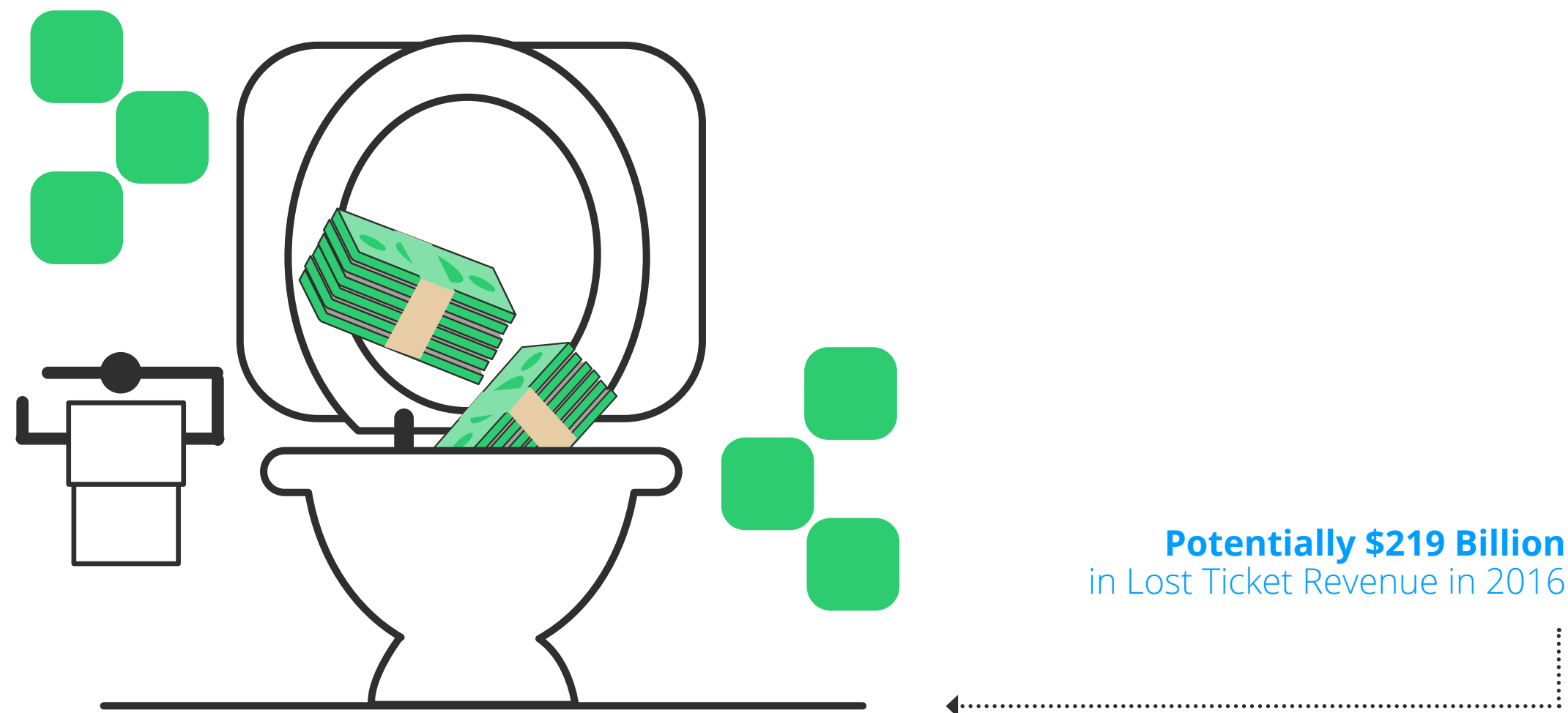
# Examining Passenger Load Factor & Lost Revenue

Ticket prices of course vary across the board with time of booking, distance, destination, time of travel and seat class all playing a role among other factors. According to bookings made in the [Yieldr](#) platform, we found an average basket size of **240 EUR (\$266)**. In order to increase the accuracy of this number, we can cross reference it with expert airfare predictor app Hopper. [According to their research](#), they found the average price for a round-trip ticket to cost \$210 (189 EUR). For all intents and purposes, let's take the average of **\$238**.

We can then multiply this figure by the number of empty seats and arrive at a number of approximately **\$219 billion** of potential lost ticket revenue. At first glance, this number may seem absurdly high, but not when compared to the total value of the airline industry.

When considering the entire industry is worth **\$700-800 billion** (according to the IATA), the additional revenue from filling the empty seats would bring the total to approximately \$1 trillion. This makes sense as about **20%** of that would be coming from maximizing the load capacity which was before at about **80%**.

Let's keep in mind there are a number of ways airlines can affect revenue that goes beyond PLF. For instance, increasing the price of a ticket just before departure with the idea being two seats sold at **\$200** each is the same as four seats sold at **\$100**. Here is where the metric RASK/M (revenue per available seat kilometers/miles) comes into play. Then of course there is still the opportunity to potentially generate ancillary revenue. However the fact remains, there is still huge potential to increase revenue by filling these empty seats. Even if the lost revenue number is halved, that leaves a **\$100+** billion opportunity for airlines.



# Conclusion

Anyway you look at the numbers, there's still plenty of opportunities for airlines to improve and affect the bottomline. In 2015, the industry operated at a net profit of **\$33 billion**, equating to a net profit margin of just **4.6%**. Even if the needle is moved just a bit, this could equate to tremendous growth for airlines.

The best way for airlines to grow is by understanding and connecting directly with its customers at opportune times. This all begins by looking into and leveraging valuable data insights such as when consumers are making bookings.

*Yieldr*