

**AN EXPLORATION OF POLICY,
PRODUCT DEVELOPMENTS,
INNOVATION AND CONSUMPTION
PATTERNS:
THE CASE OF TOURISM AND
AIRLINE INDUSTRIES
IN CYPRUS**

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ABSTRACT

This study aims to explore policy implications, production and consumption processes between the airline and tourism industries. In particular, policy initiatives, product developments, innovation and consumption patterns are taken into consideration in order to identify the relationship between the two industries within the context of Cyprus. The airline industry, after the implementation of liberalization, has changed considerably in terms of market size, type of airlines and operations. In the case of destination management, innovation and policy planning are key parameters of success. Additionally, new business production methods are imperative, given the emergence of a 'new-tourist' who is educated, seeking shorter breaks and more frequent and cheaper trips in unique and unexplored destinations.

Both quantitative and qualitative methods of analysis are employed. In particular, 26 interviews of 'power-elite' policymakers and stakeholders in Cyprus are used to explore policy implications for the identification of implementation outcomes and their impact on product developments and innovation. Furthermore, 300 self-administered questionnaires were distributed to British travellers to Cyprus, so as to identify the role of the airlines and the extent of the importance attributed to destination.

The results of the study suggest a gap in the relation of the tourism and airline industries' interaction at policy level, outcome, and implementation. More specifically,

the airline policy enables the industry to become more adaptive and creative, and innovation is depicted via low-cost carriers (LCCs). The tourism industry has developed a policy that reflects the post/neo-Fordism trends of consumption and production, which refers to niche products. However, there is a dearth of policy theory and implementation, with consistent failures and delays. Thus, tourism is at the stage of renovation without essential innovation in contrast to the airline industry, which is a leader, and a proponent of innovation.

In terms of consumption, Factor Analysis suggests that British tourists tend to book their holiday trips based on three categories of airline attributes: 'Customer service', 'Price-sensitive & Internet' and 'Selection in travel behaviour'. Cluster analysis suggests three main categories of tourists, namely, 'Traditional', 'Demanding/Oppportunists' and 'Ambivalent'. The results confirm that consumers have changed and tourism destinations must be able to adapt to their demands and to offer a variety of services and products in order to survive in a competitive global market. In the case of the airline industry and holiday trips, convenience and the airport that the airline is flying from is more important than the cost of the ticket.

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LIST OF ACRONYMS

ABTA	Association of British Travel Agencies
ACTA	Association of Cyprus Travel Agencies
ACTE	Association of Cyprus Tourists Enterprises
AEA	Association of European Airlines
AOA	The Airport Operator Association
ACI	Airport Council International
AOC	Air Operator Certificate
ASAs	Air Service Agreements
ATAG	Travel Transport Action Group
ATM	Air Traffic Management
AUC	Air Transport Users Council
BA	British Airways
BERA	British Educational Research Association
BOT	Build Operate and Transfer
BTA	British Tourism Authority
CAA	Common Aviation Area
CAA	Civil Aviation Authority
CHA	Cyprus Hotel Association
CRS	Computerized Reservation System
CTO	Cyprus Tourism Organisation
CWC	Carriers within Carriers
DCA	Department of Civil Aviation Cyprus
DG IV	Directorate General for Competition
DG VII	Directorate General for Transport
DMSs	Destination Management Systems
EC	European Commission
ECSC	European Coal and Steel Community
ELFAA	European Low Fares Airline Association
ETC	European Travel Council
EU	European Union
FFP	Frequent Flyers Program
GDP	Gross Domestic Product
GDSs	Global Distribution Systems

IACA	International Air Carrier Association
IATA	International Air transport Association
ICAO	International Civil Aviation Organisation
ICTs	Information Communication Technologies
LCA	Larnaca International Airport
LCCs	Low Cost Carriers
MICE	Meetings, Incentives, Conferences and Exhibitions
MNCs	Multi National Corporations
NCs	Network Carriers
OAG	Official Airline Guide
OECD	Organization for the European Economic Cooperation'
OEEC	Organisation of European Economic Cooperation
PIO	Press Information Office Cyprus
PFO	Paphos International Airport
SARS	Severe Acute Respiratory Syndrome
SIDs	Small Islands Developing States
SSIs	Semi-structured interviews
SPSS	Statistical Package Social Science
TTC	Travel and Tourism Council
TTAG	Travel Transport Action Group
UK	United Kingdome
UN	United Nations
UNEP	United Nations Environment Programme
UNWTO	United Nation World Tourism Organisation
USA	United States of America
WCED	World Commission on the Environment and Development's
WWI	World War I
WWII	World War II
WTO	World Tourism Organisation
WWW	World Wide Web

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