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In association with RSA, Route Development Research



ASM Sharing the Passion

**Industry Trends & Climate Survey - Interim
Research Results**

Routes Europe, May 2009

Introduction

- Unique online survey researching airport marketing activities
- More than 100 airports participated in the survey to date
- Interim results analysed by size of airport and region
- Research is ongoing
- Further results to be released at ACI Europe



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Airports Which Participated

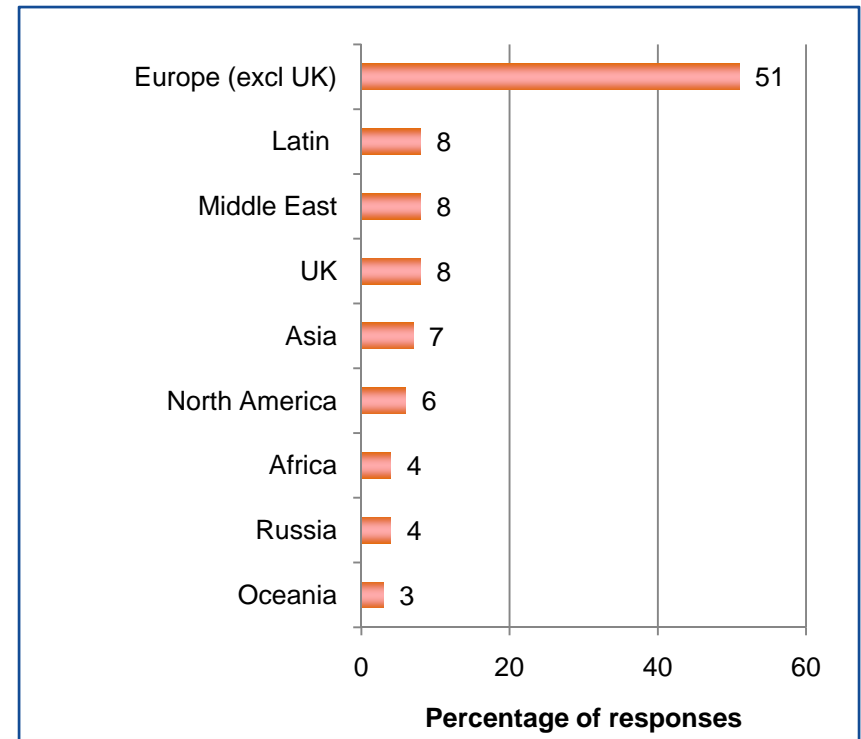
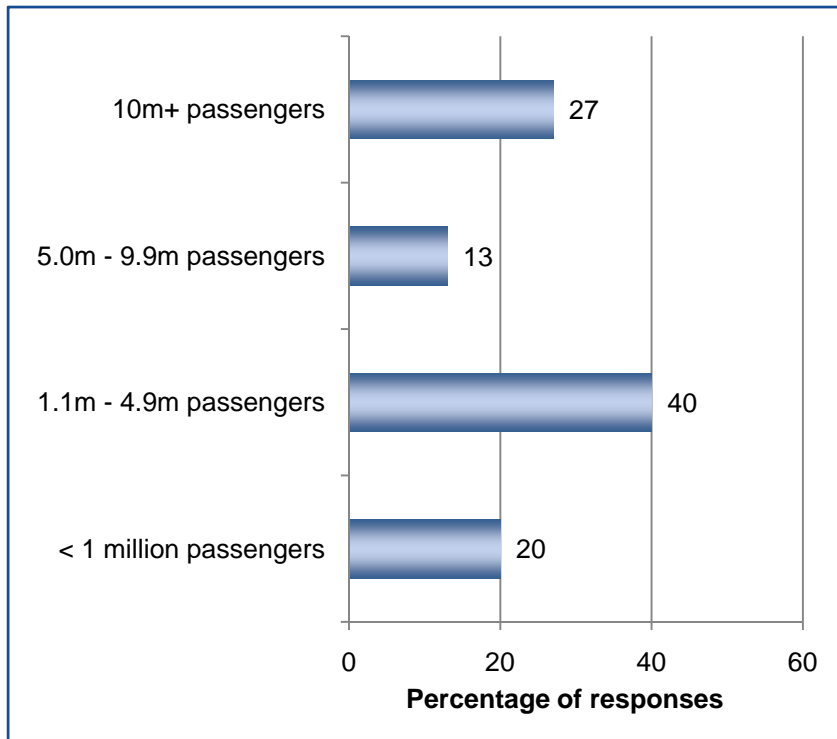
- These airports represent some of those who responded to the survey:

ANA , Abu Dhabi , Adelaide Airport & Coolangatta Airport , Aeroport Toulouse-Blagnac , Aeroporto G. Marconi di Bologna SpA , Aeropuertos de Honduras , Airport Weeze (Niederrhein) , Airports Authority of Trinidad & Tobago , Airports of Montenegro , Airports Vanuatu Ltd. , Algiers- Houari Boumedienne Airport , ANA Aeroportos Algarve , ASUR , ASUR Aeropuertos del Sureste , Athens International Airport , BAA Scotland , Bangalore International Airport , Bordeaux Airport , Budapest Airport , Cagliari Airport - Sardinia , Camobodia , Cardiff International Airport , Ciudad Aeropuerto , Conakry G'Bessia Airport , Constanta International Airport , Copenhagen Airports A/S , Curacao - Hato Airport , Detroit Metro , Dublin Airport , Dubrovnik Airport Ltd , Durham Tees Valley Airport , Eindhoven Airport , Fujairah International Airport , Geneva International Airport , Goteborg Landvetter , Grenoble & Chambéry Airports , InterVISTAS-EU Consulting Inc. , Istanbul , Istanbul Sabiha Gokcen International Airport , Julius Nyerere International Airport , Katowice International Airport , Kuala Lumpur , Kaunas International Airport , Kingdom of Bahrain Civil Aviation Affairs , Korea Airports Corporation (KAC) , Kruger Mpumalanga International Airport , Leifs Eirikssonar Ohf , Lima Airport Partners , Linköping City Airport , Louisville International Airport , Maastricht Aachen Airport , Madeira Airports - ANAM , Malta International Airport , Melbourne Airport , Miami International Airport , Newquay Cornwall Airport , Norman Manley International Airports (NMIA) Ltd , OMA Mexican Airports , Oman Airports Management Company S.A.O.C. , Orio al Serio International Airport , Osijek Airport Ltd , Oslo , Panama City - Tocumen International Airport , Prague Airport , Prague Airport , Primkop Airport Management (Pty) Ltd , Queen Alia International Airport , Queensland Airports , Queensland Airports Ltd , Rennes Airport , Riga Airport , Riga International Airport , Rostock-Laage Airport , Sarajevo International Airport , Saskatoon International Airport , SE Vilnius International Airport , Sheremetyevo International Airport, Moscow , Sofia Airport , Sri Lanka Tourism , Stockholm Arlanda , Stockholm Bromma Airport , StockholmVästerås Flygplats , Stuttgart Airport , Stuttgart Airport , Thunder Bay International Airports Authority Inc , Tolmachevo Airport , Ufa International Airport , Vilnius International Airport , Vinnitsa Airport "Gavrishevka" , Vnukovo International Airport Moscow , Zagreb Airport , Zurich Airport



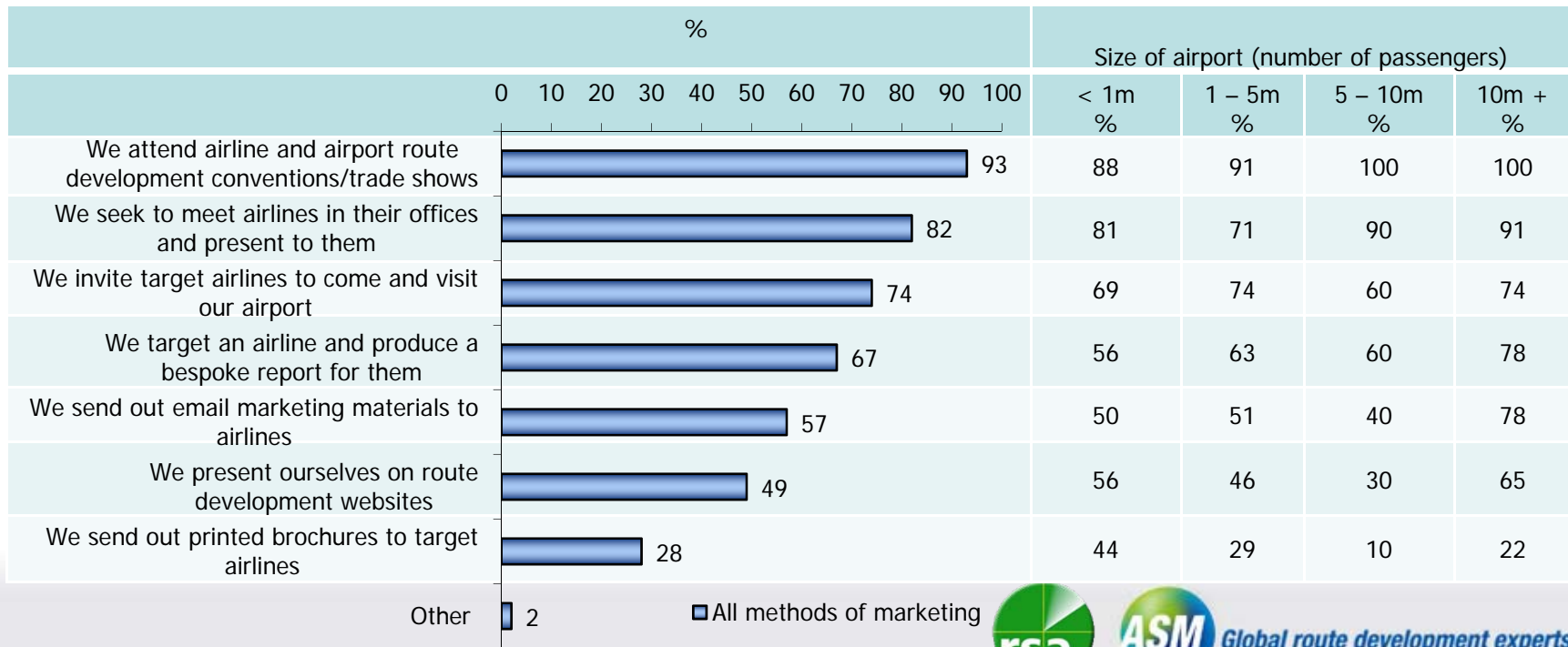
Sample Profile

- The sample included airports of all sizes
- 59% of sample from Europe (including the UK)



Methods of Marketing Airports to Airlines

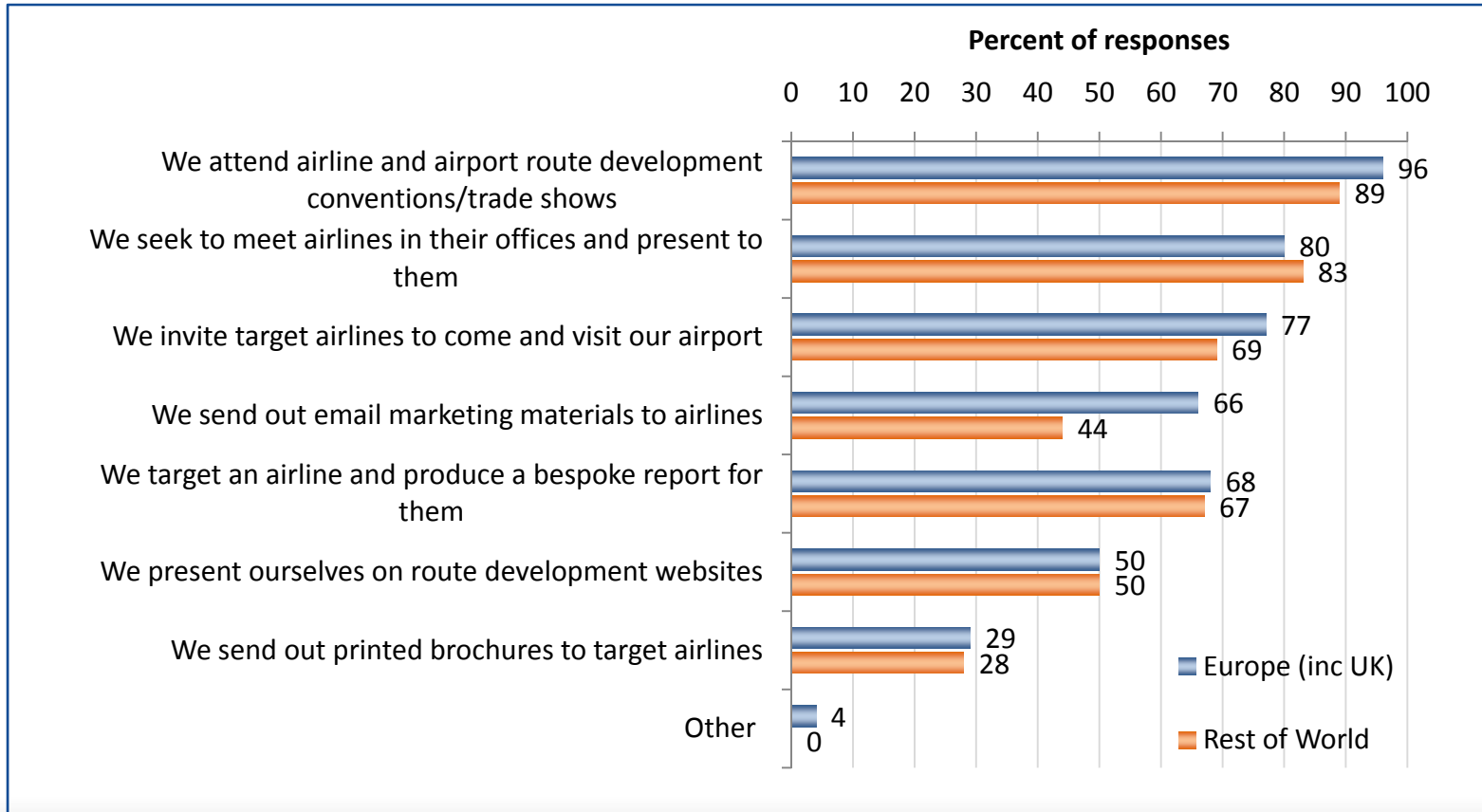
- 94% of airports actively market their airport to airlines
 - Consistently high across all airport sizes and regions
- Marketing which involves face-to-face meetings are used most widely
- Lack of budget is main reason for no marketing activity



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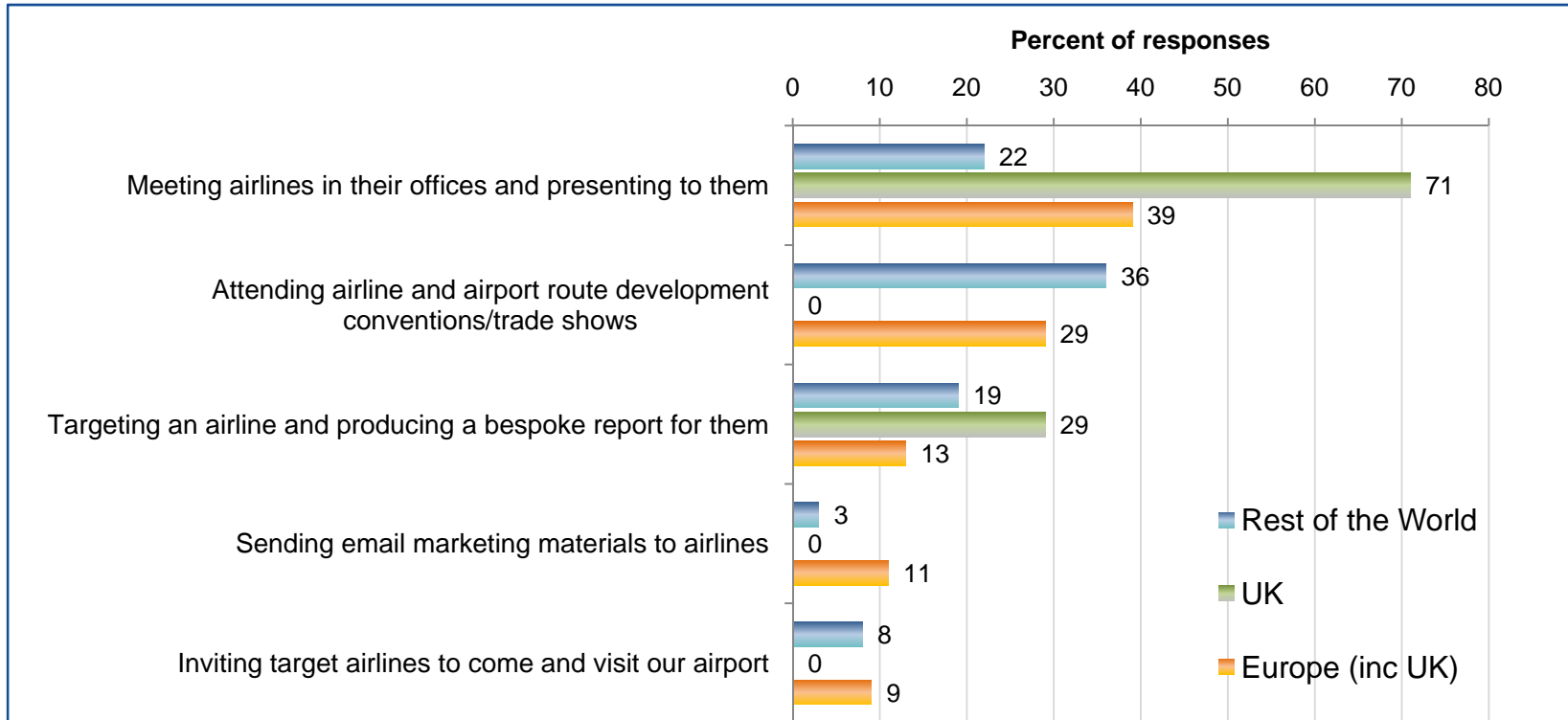
Marketing by European Airports

- Europe generally more pro-active than the Rest of the World



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Main Methods of Marketing Airports to Airlines



- 40% said attending conventions/trade shows was most cost-effective method of marketing
- 46% said meeting airlines in their offices was most successful



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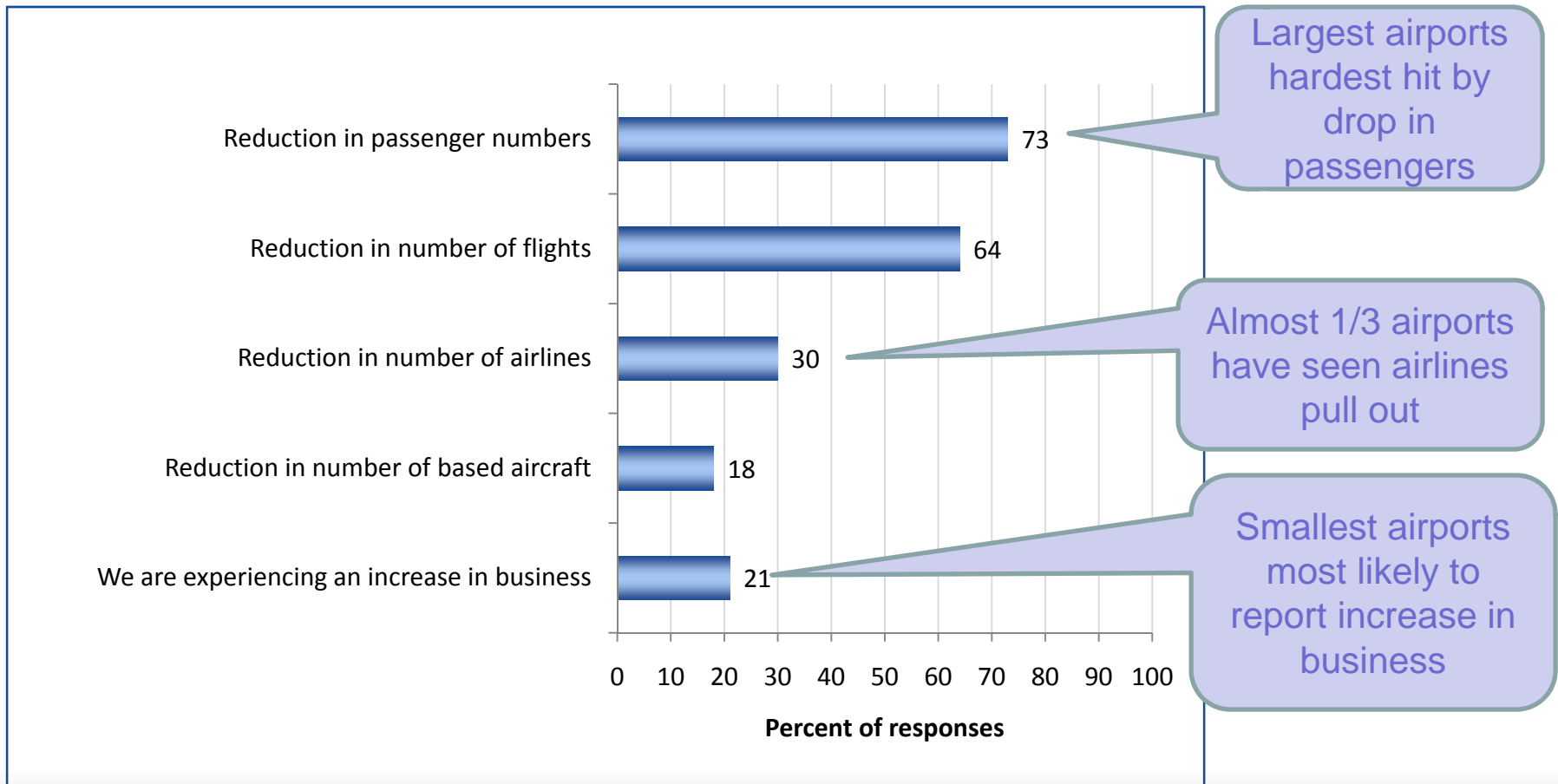
Digital Marketing Strategy

- Almost half of airports had at least a basic digital marketing strategy



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Impact of Current Downturn

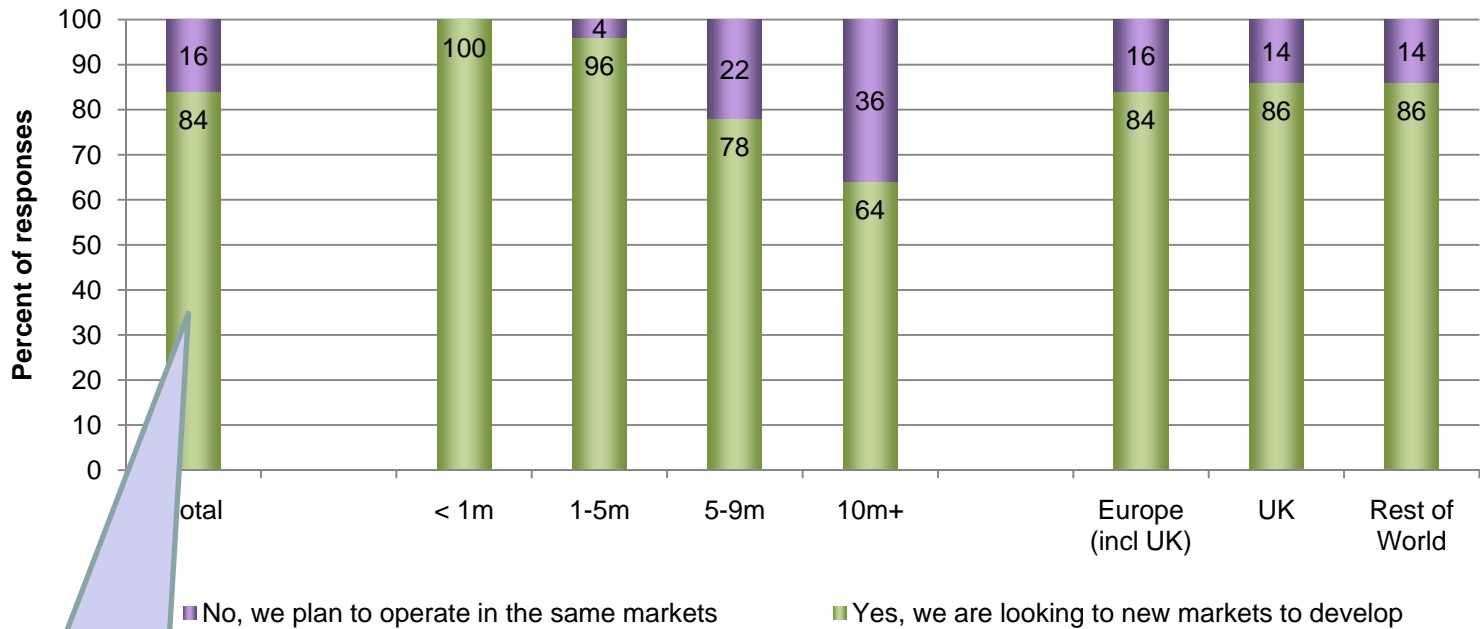


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Airport Reactions to Downturn

Smallest airports appear pro-active

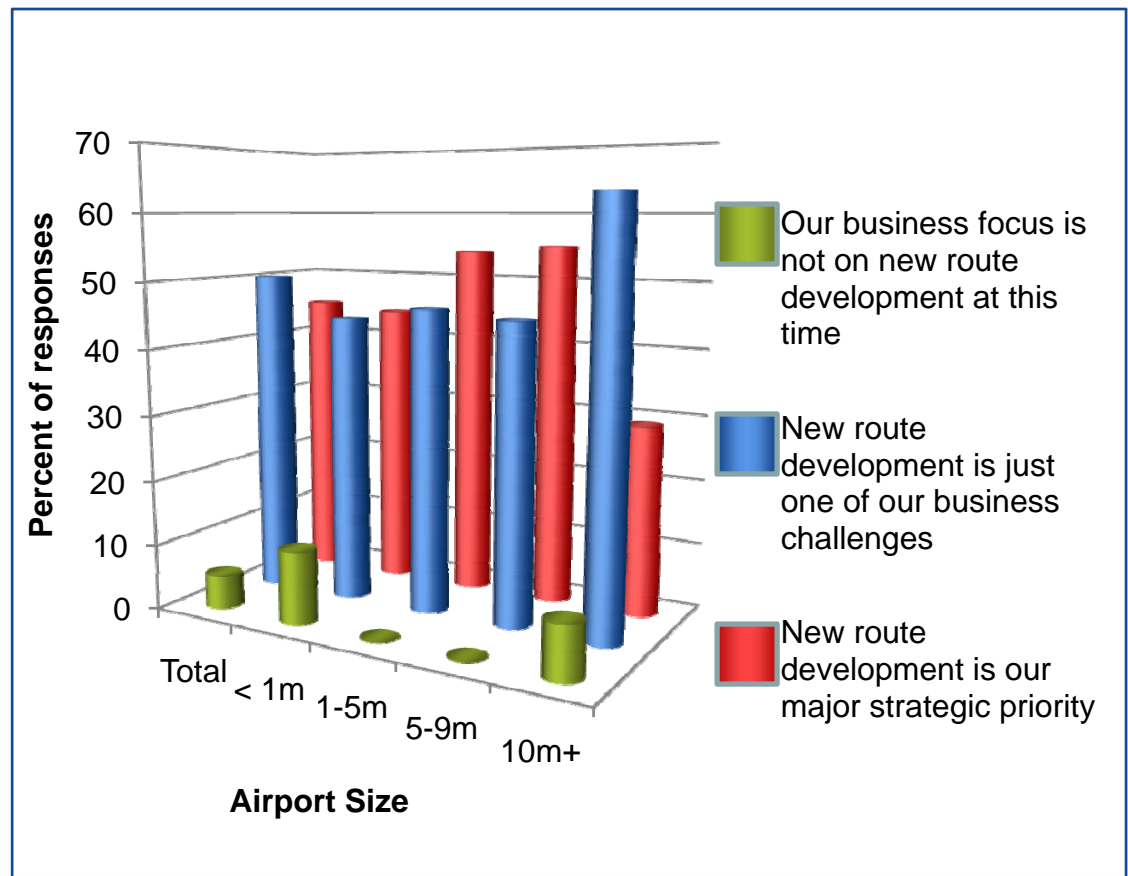
Largest airports waiting recovery?



Very high proportion of airports pro-active (84%)

Importance of New Route Development at This Time

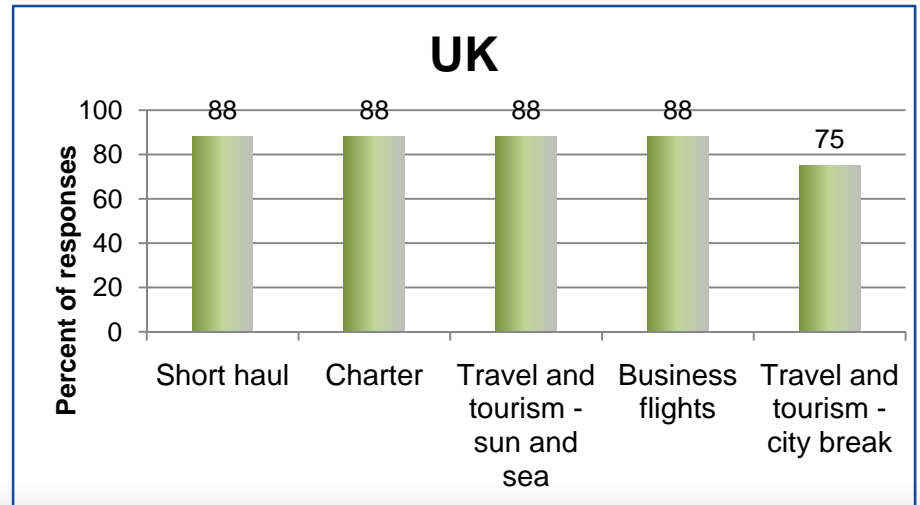
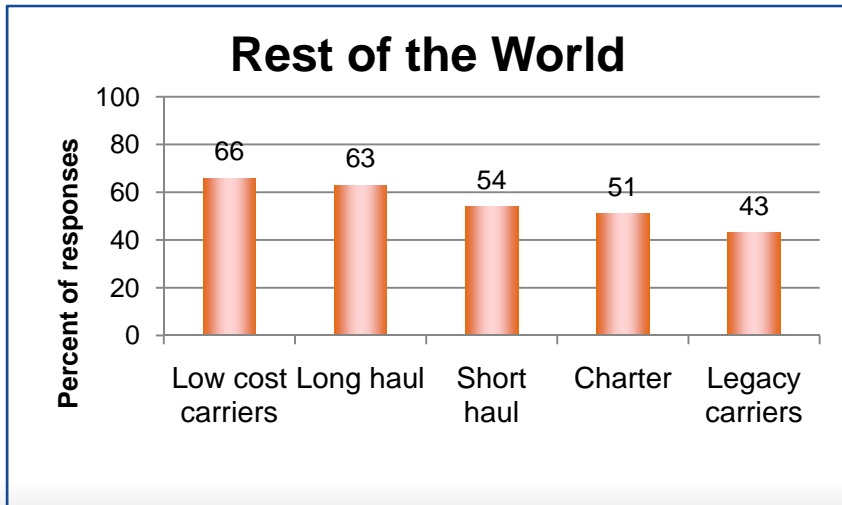
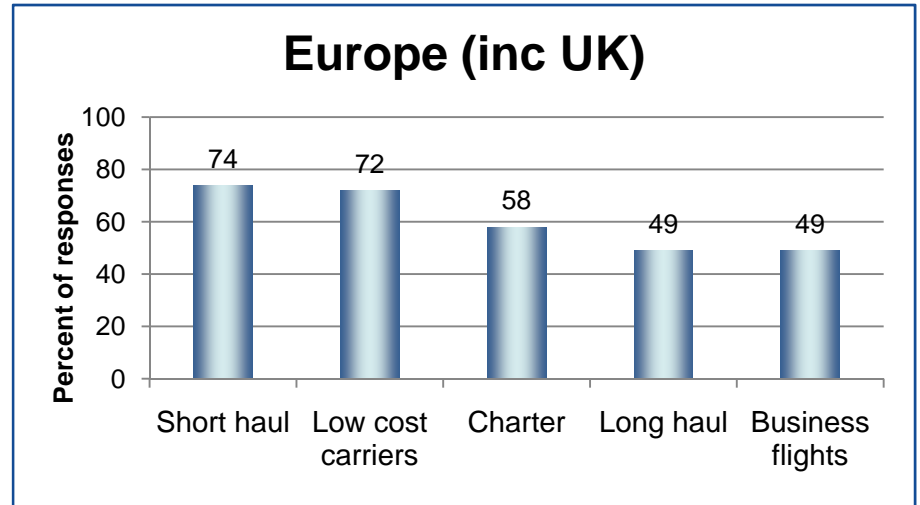
- 95% are airports focussing on new route development
- 45% said new route development was their major strategic priority
- Larger airports facing other challenges and new route development just one of them



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Top 5 Priorities for New Route Development

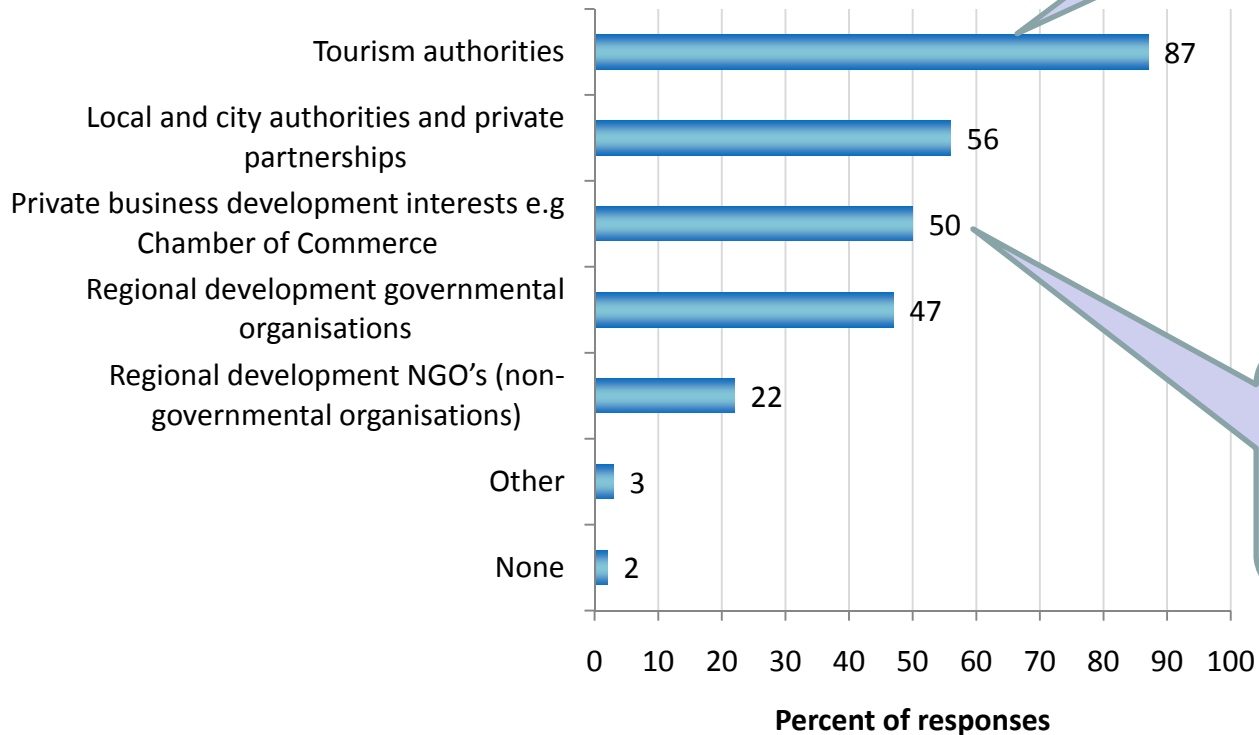
- European focus on short haul and low cost
- UK seeking new low cost routes is a lower priority now (63%)
- Rest of world seeking low cost and long haul



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Who are Airport Partners for Route Development

In general tourism authorities most likely partners (except in UK)



Larger airports more likely to turn to business community as partners



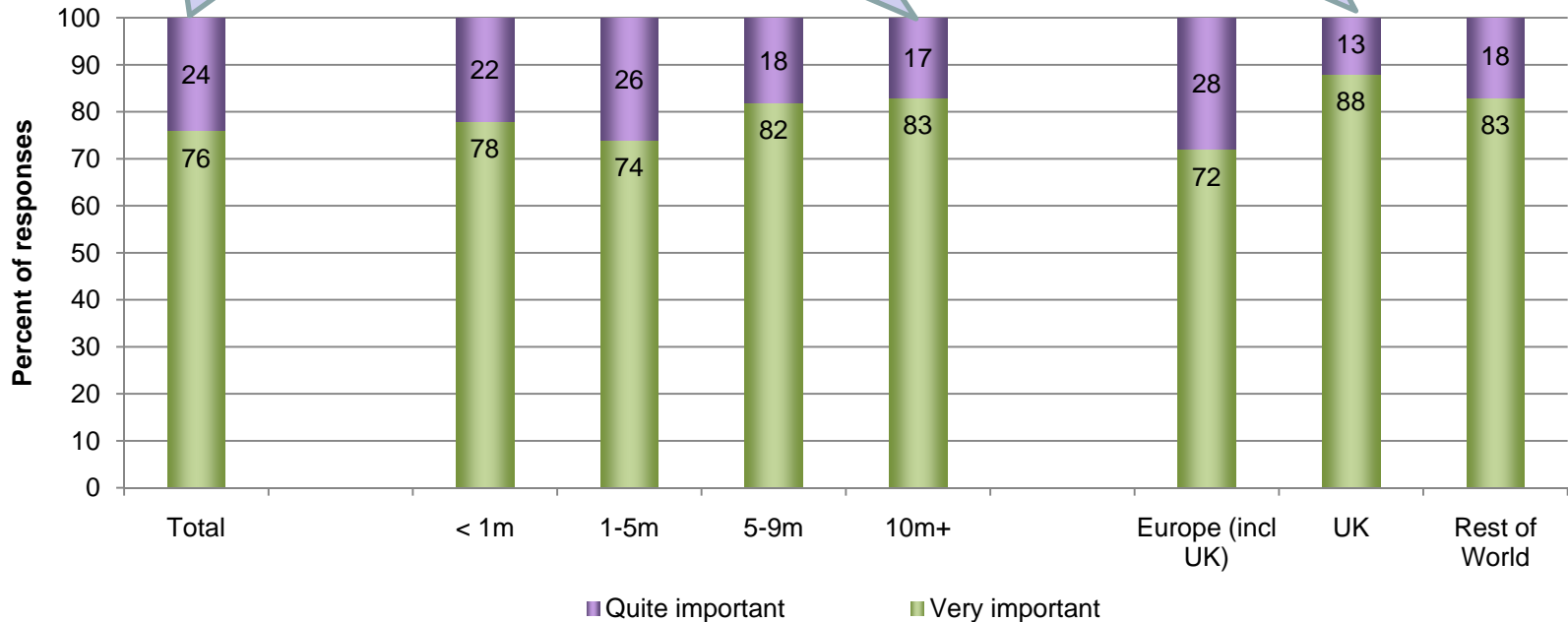
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Importance of Viable Air Service for Regional Economy

Airports place high importance on viable air services for region

Large airports most likely to say air services are very important for economy

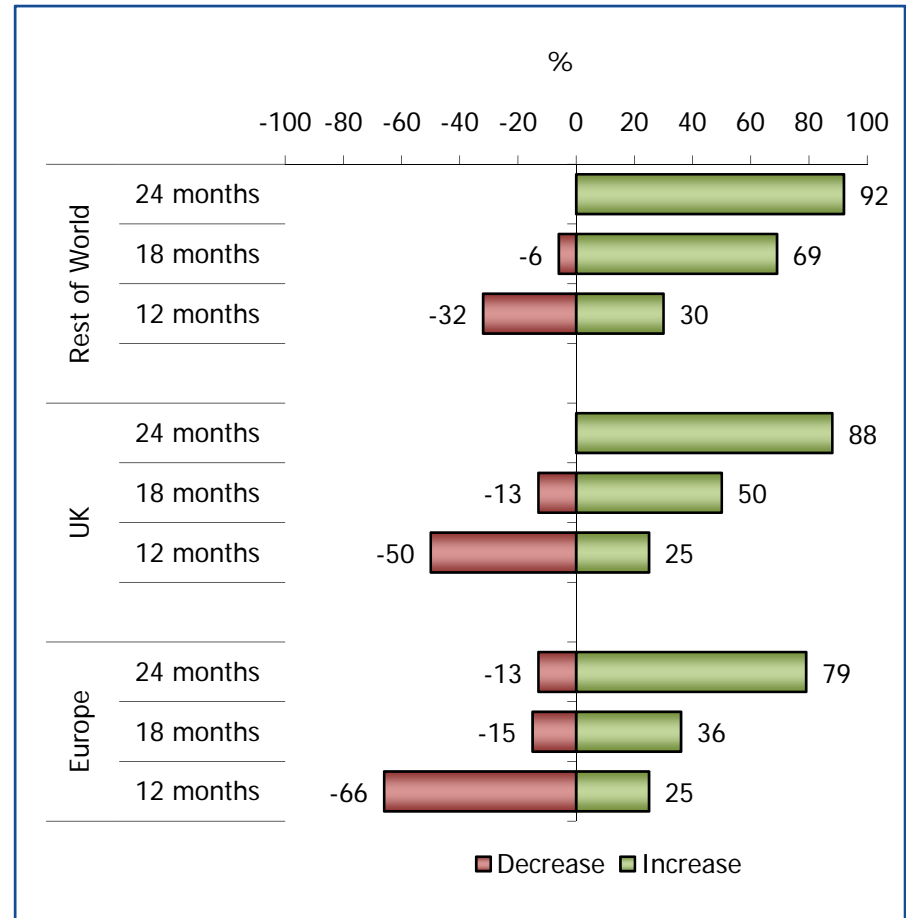
UK airports most likely to say air services are very important for economy



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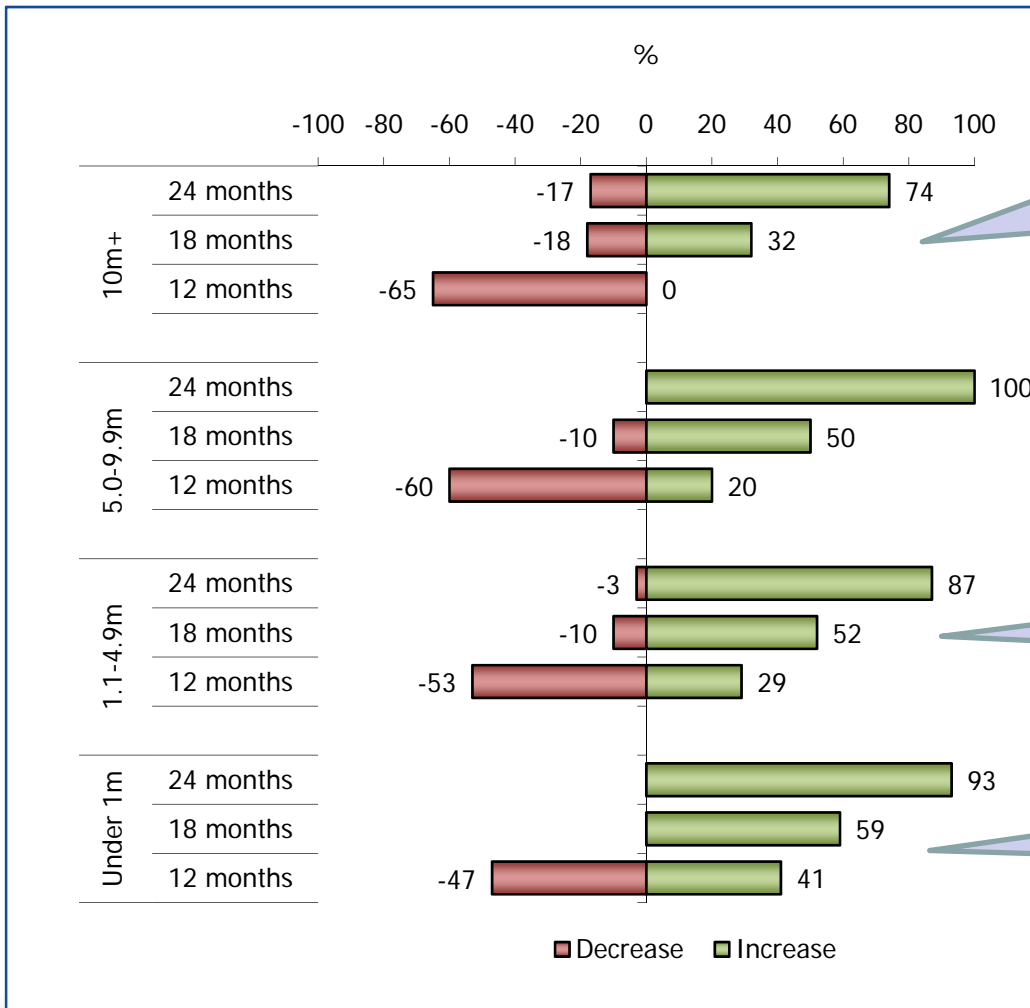
Forward Expectations by Region

- Optimism over the long-term with airports seeing that their current marketing activities are going to be fruitful in the future
- European airports are more negative about the prospects for the next 12 months than airports elsewhere
- Within Europe, the UK airports are less negative and envisage a return to growth within 18 months
- Across Europe as a whole recovery is expected to be somewhat slower
- Airports in the Rest of the World are less pessimistic about the next 12 months, with almost as many seeing growth as those seeing declines in the next 12 months



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Forward Expectations by Size of Airport



Largest airports expect next 12 months to be very hard – 65% expect trade to get worse

Recovery expected in 18-24 months

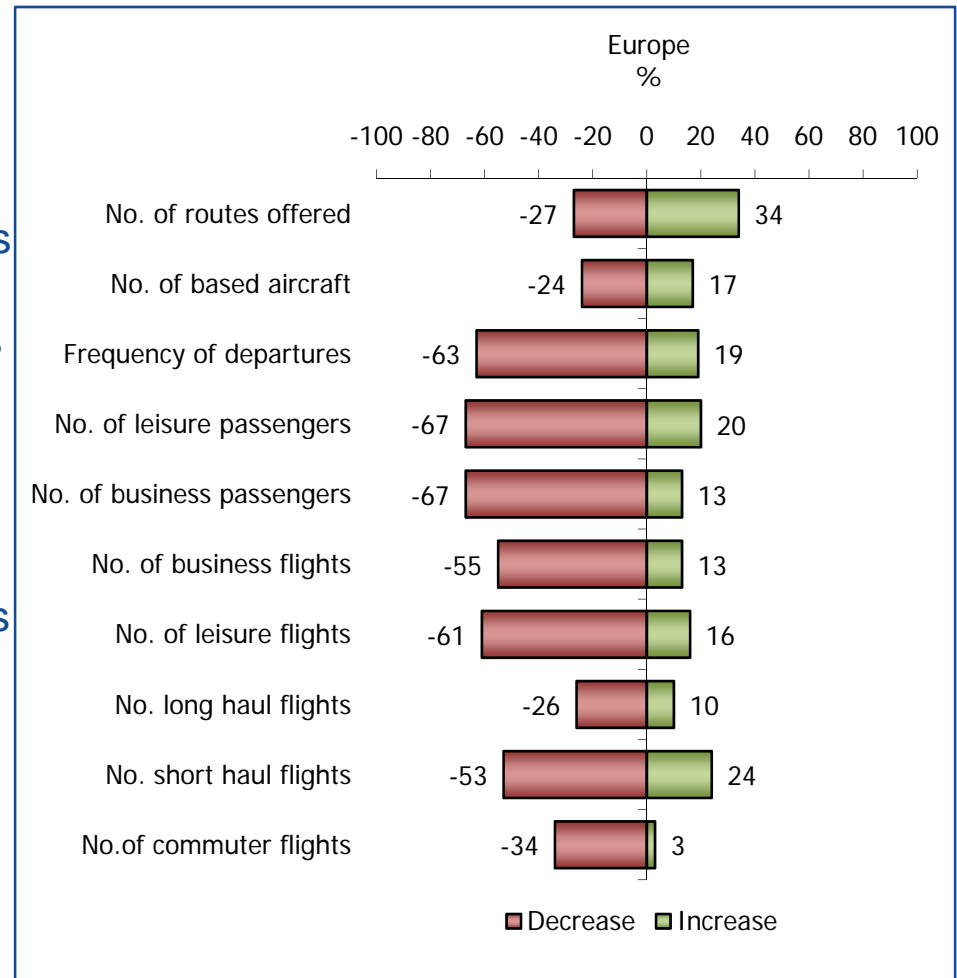
Smaller airports are somewhat less pessimistic



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Route Network Trends for European Airports

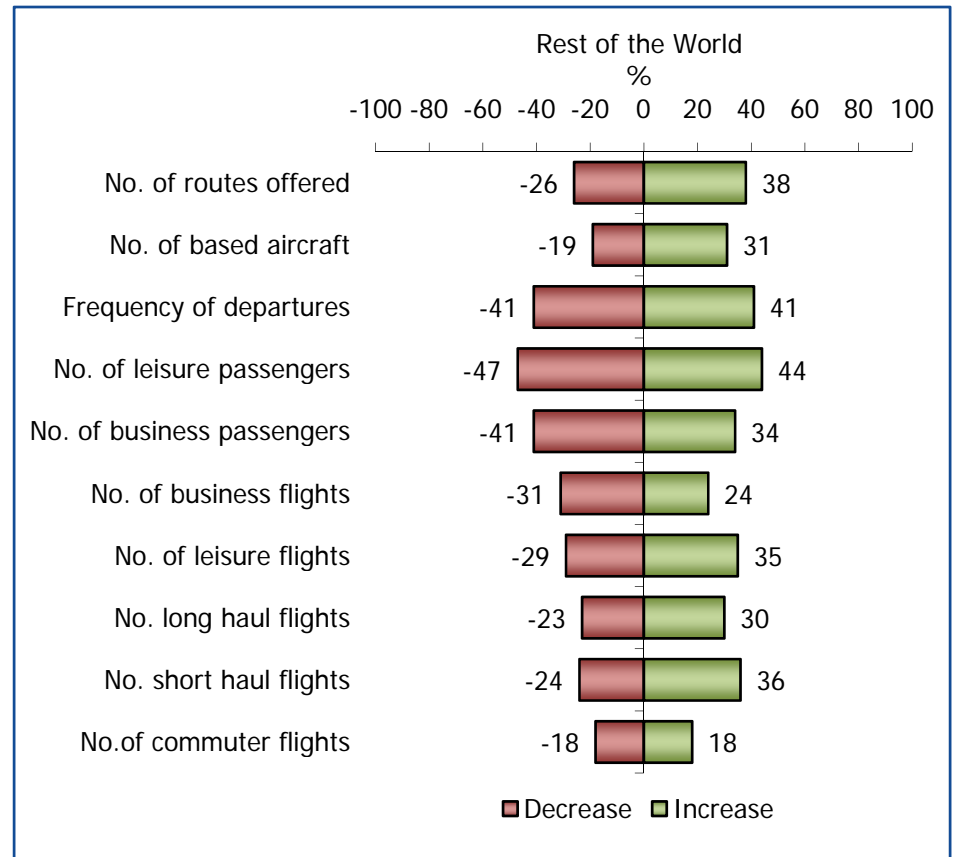
- Over half report a decrease in the number of flights at their airports
- Passenger (business & leisure) declines are greater than reductions in the number of flights, indicating that airlines are flying with lower loads
- Short haul flights appear to have been dropped more readily than long haul flights - but a good proportion of airports also report increases in the number of short haul flights
- This probably reflects the fact that airports continue to expand their route networks with more airports reporting increases in the number of routes offered, than decreases



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Route Network Trends – Rest of the World

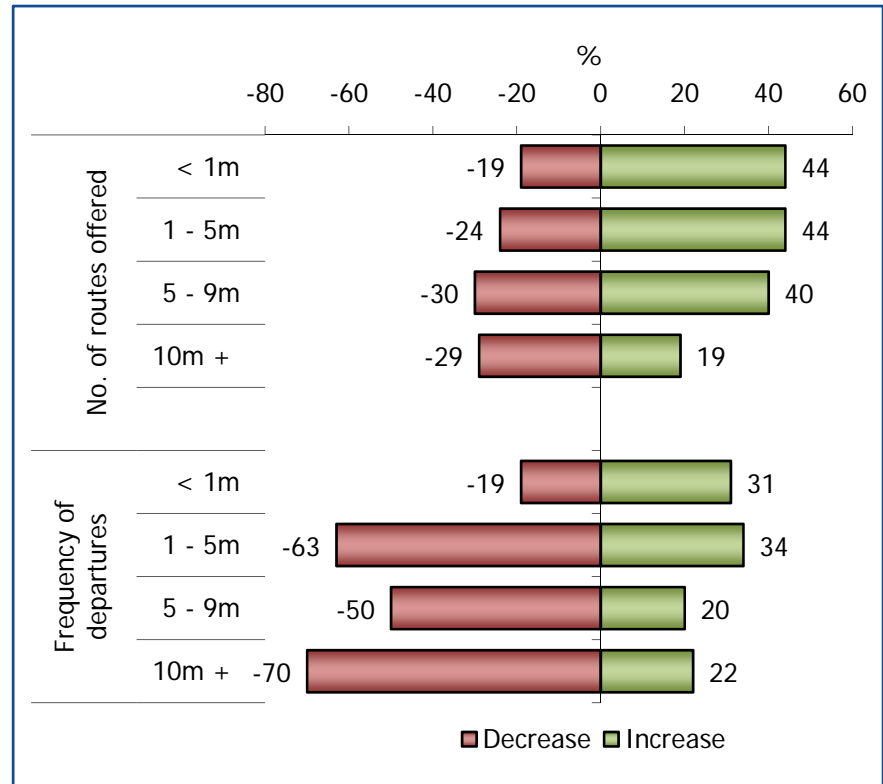
- View in the rest of the world is more positive with the proportion of respondents reporting a decrease in the number of passengers between 40% and 50%.
- On half the measures, there are more airports reporting an increase than a decrease
- More than a third of all airports in the rest of the world report an increase in the number of routes offered.



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Route Network Trends by Size of Airport

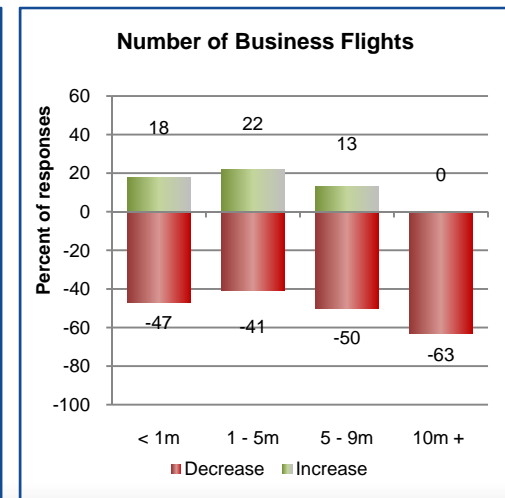
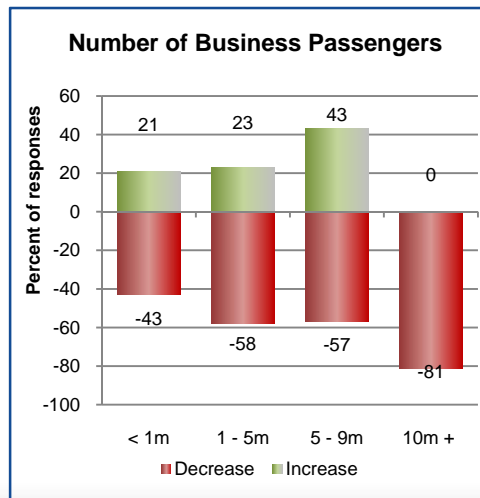
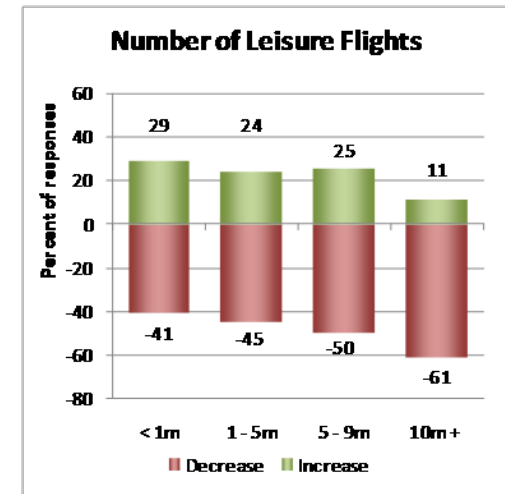
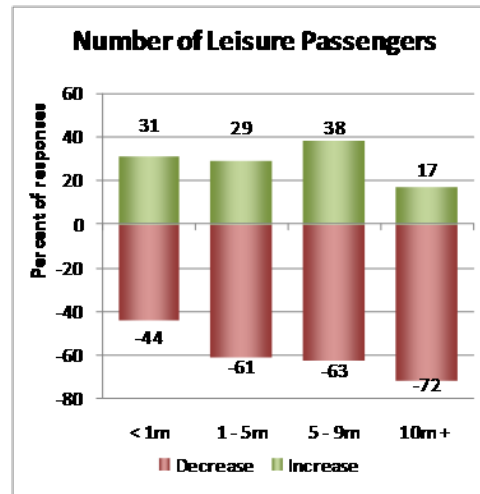
- Smaller airports reporting greater increase in number of routes offered than larger airports
- Larger airports reporting greater decline in frequency of departures



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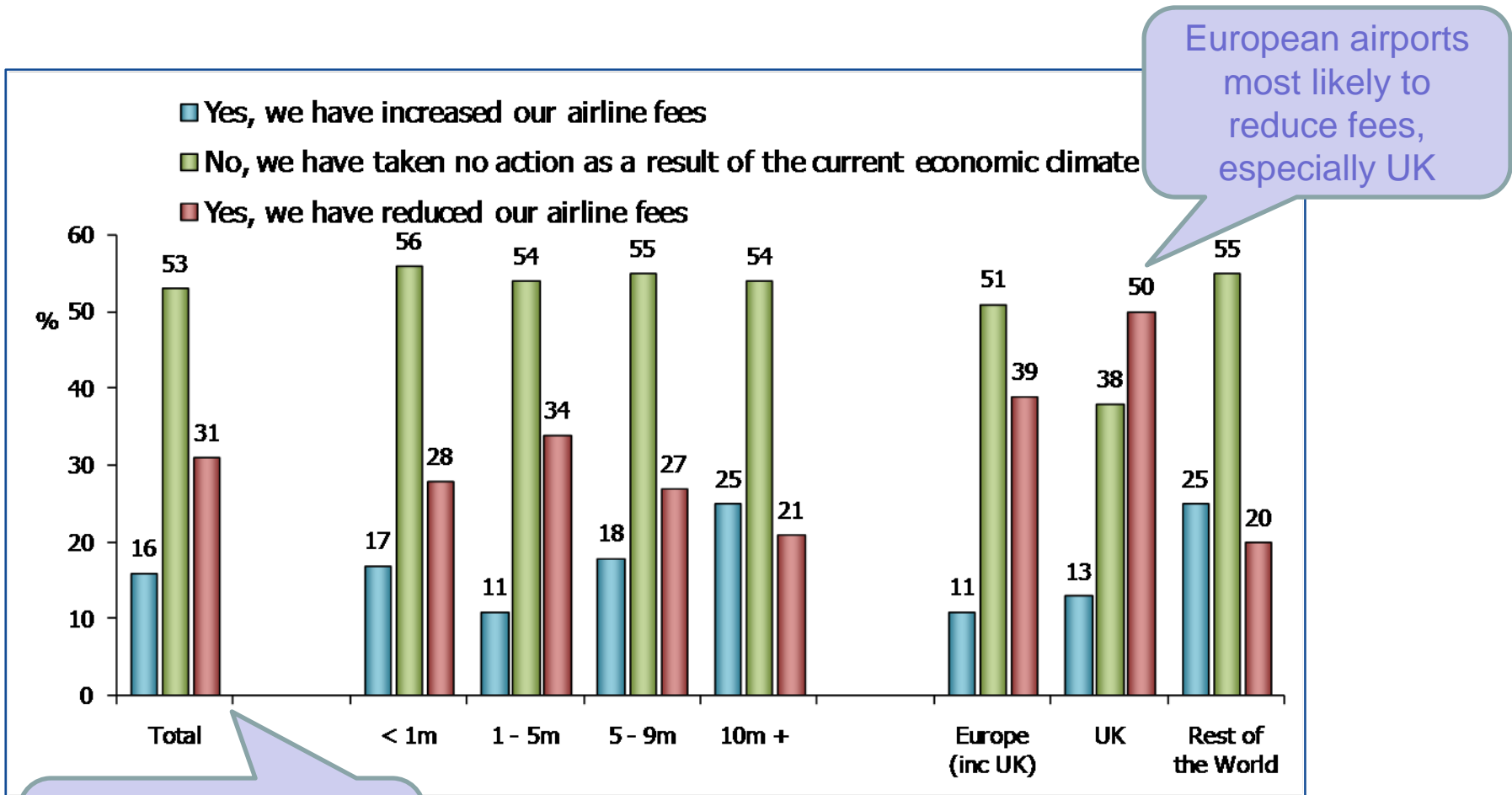
Route Network Trends by Size of Airport

- Larger airports reporting greater declines in passengers and number of flights
- Mid sized airports have largest proportion of responses with increases in passengers



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Airport Response to Downturn - Pricing Structure



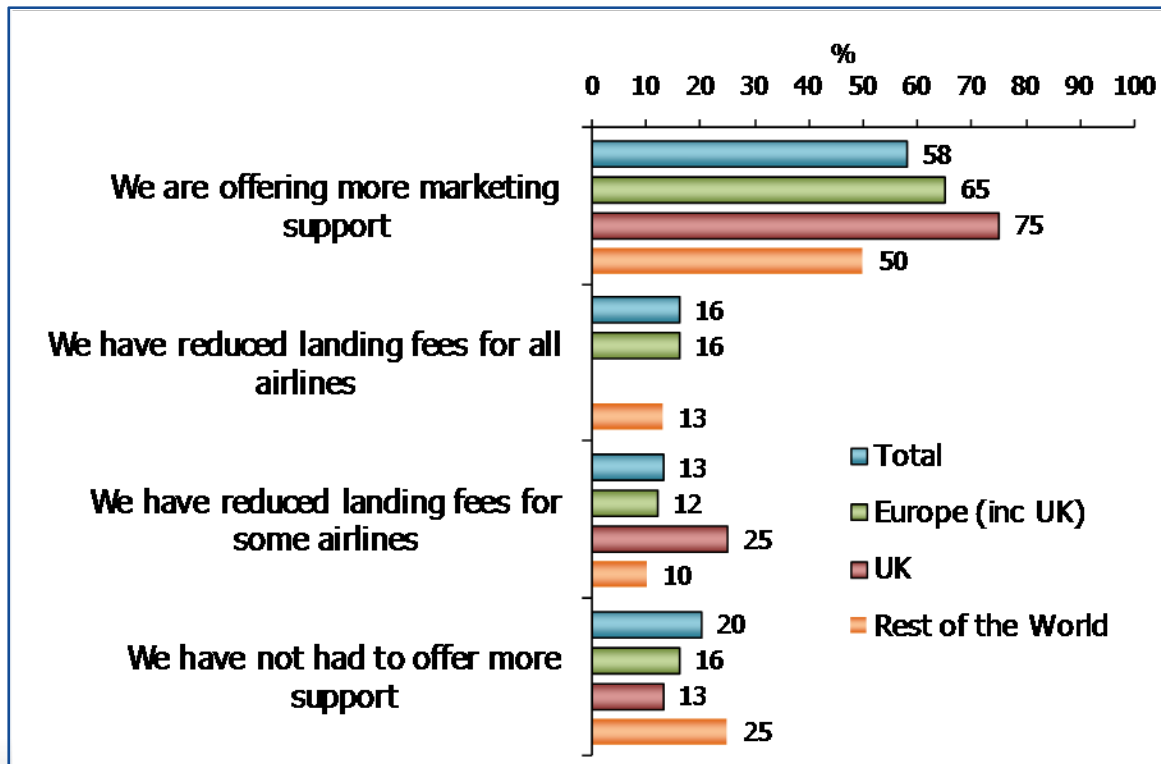
Almost 1/3 of airports have reduced airline fees



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The Need for More Marketing Support to Airlines

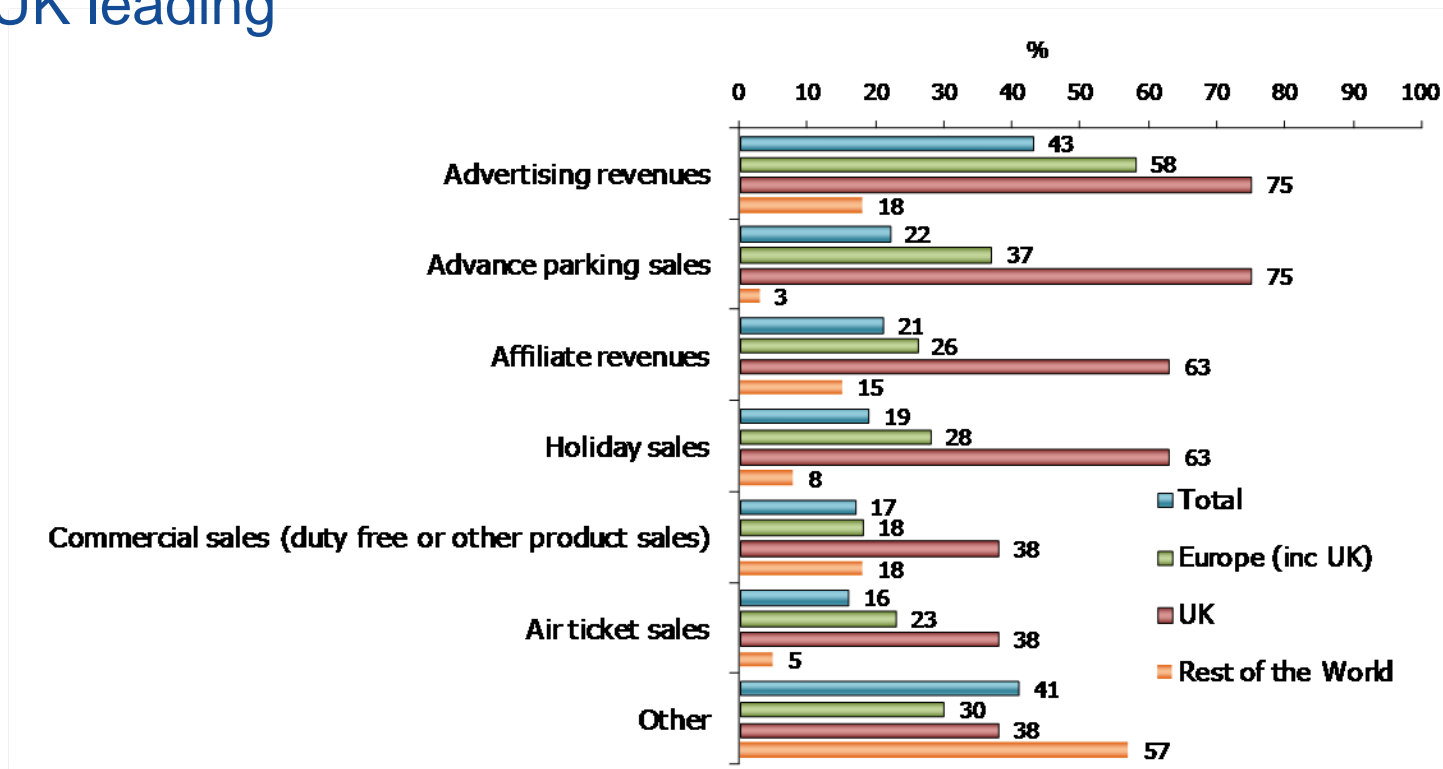
- Overall, 80% of airports have had to offer more support to airlines
- Majority offering more marketing support, particularly UK



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Airport Website Revenues by Region

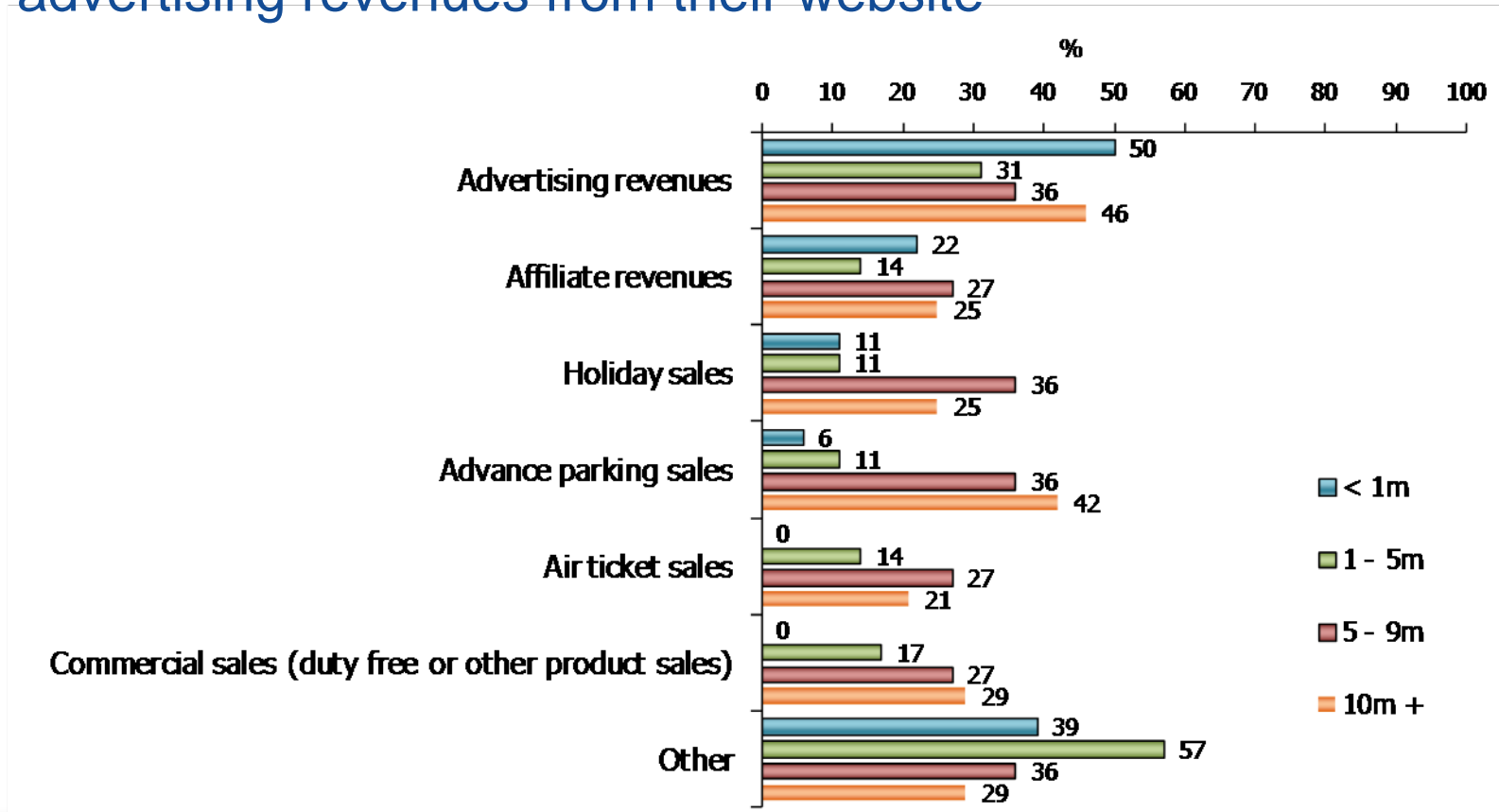
- 43% of airports receive advertising revenues from their website
- Europe were furthest ahead in terms of website revenues, with UK leading



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Airport Website Revenues by Size of Airport

- Smallest and largest airports most likely to be receiving advertising revenues from their website



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Summary

Airport Marketing

- Almost all airports undertake marketing
 - Face-to-face marketing is key
 - Half of airports have digital marketing strategy

Current Downturn

- Current downturn affecting all airports, but Europe worse than rest of world
- Most see recovery in 12-24 months
- But largest airports being hardest hit and recovery will take longer
- 84% of airports being pro-active in addressing effects of downturn
 - Most are undertaking route development activities
 - In Europe 39% have reduced airline fees, but 11% have increased fees
 - More than 80% of airports offering marketing support to airlines



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