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## Newsletter

In line with our commitment to key market insight and industry awareness we are delighted to present this latest newsletter, giving details of projects and new developments in the industry.

### CADI Takes Shape

The first meeting of the Cornwall Aerospace and Defence Initiative (CADI) took place recently. This was a gathering of a strategic partnership linking industry, local community, educational, aerospace and defence sector interests. The meeting hosted by Cornwall Enterprise, the Economic Development arm of Cornwall County Council, was held courtesy of The Royal Navy at RNAS Culdrose.

Cornwall is home of the Royal Navy's front-line helicopter base at Culdrose, extensive defence and civilian facilities at Newquay Airport and aviation facilities at Penzance - maintaining essential transport links with the Scilly Isles. It is also home to Pall, one of the world's leaders in filter technology, used extensively in aircraft engines and onboard ventilation.

The Objective One status for Cornwall recog-



Cornwall's search for appropriate inward investment continues

nises the urgent need for inward investment and the region has to fight hard to win over both industrial and commercial enterprise. The initiative proves setting up business in the county is rewarding not only from a quality of life perspective but also by creating real economic sustainability. Feather Consulting is delighted to be associated with CADI.

### Katowice Airport and Wizz Air



Katowice set for surge in traffic

As Poland celebrates its successful EU Accession on May 1st, new carrier Wizz Air begins operations. Flying from the Polish city of Katowice, approximately 70 km. from Krakow to London, Berlin, Milan and Rome using

A320s. On June 24 it opens a base at Budapest serving London, Barcelona, Athens, Rome, Paris, Prague and Katowice. From July 1 Wizz intends to bring six more destinations online from Katowice: Paris, Munich, Athens, Barcelona, Dortmund and Stockholm.

Privately owned by GTL, Katowice Airport itself seems set to enjoy even greater traffic expansion and the stimulation effect of new routes is likely to send traffic figures soaring way ahead of the already successful 2003 when traffic surged 27%.

Traffic growth across the whole of the new EU members is likely to see similar explosion in the next few months as a whole array of new routes come on-line.

#### Inside this issue:

- Low Cost Carriers 2  
Keep Pressure on Airports
- Prague Ruzyně 2  
Airport Continues
- Regional Airport 2  
Expansion South
- Airport Competition 3  
in the UK Midlands region  
hots up
- Boeing 737—The 3  
most successful aircraft of all  
time?
- Ground Handling: 3  
Singapore Changi  
Bids
- easyJet New Ten- 4  
dering Approach

#### Special points of interest:

- Adaptable airports see new era through.
- Airport expansion in South Africa
- New names for Midlands airports
- easyJet throws down the gauntlet

# Low Cost Carriers Keep Pressure on Airports

*"Its not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change" Charles Darwin*

The power of the Low Cost Carrier model continues to exert pressure on airports to reduce costs and charges. Indeed as Charles Darwin elegantly put it so many years ago, its those airports that have been able to adapt to the new landscape that seem best able to see this new era through.

Passenger service charge deals are as low as €1 per passenger and yet this can be attractive to some airports where the nature of existing demand has held back route development and corresponding airport business expansion

Airports in the UK such as Leeds Bradford, Liverpool and Glasgow Prestwick that previously had static growth are enjoying periods of unprecedented growth. They seem to



Jet2 providing real growth for Leeds Bradford Airport

have understood the special needs of the carriers - even though the financial returns appear slower. Glasgow Prestwick's transformation from backwater to one of Europe's fastest-growing airports was underlined with the announcement that strong passenger growth of 27% in April took the airport past the two million milestone for the first time.

Liverpool John Lennon Airport's new departure lounge extension opened this month by Alistair Darling is part of a £21.5 million expansion program by owners Peel Holdings p.l.c. The Secretary of State arrived at Liverpool on the new VLM Airlines London City route.

This is of particular interest to us since Feather Consulting assisted Liverpool with the business case for the new route.

Leeds Bradford with 189,249 passengers passing through their terminal in the month of April, saw an increase of 30% year on year. Over the past 16 months Leeds Bradford has

# Prague Ruzyne Airport Continues Spectacular Growth

Traffic growth at Prague Ruzyne Airport for 2003 grew at 18.2% reaching 7.463 million passengers. This represents almost 18% growth on the year. So far this year the surge in traffic has been exceptional with a 40% hike in passenger numbers. If rates of growth continue the airport is likely to exceed 10 million this year alone.



Major expansion as Prague enjoys 49% growth in 2004

Most of the new expansion appears to be from Low Cost Airline operations. Indeed the coincidental discovery of Prague as the low cost beer capital of

and increased numbers of shops and restaurants in the terminal.

Europe with prices as low as €0.45 per bottle makes the capital city a magnet for week-end breaks.

This growth is putting huge strain on the existing facilities and prompting a wholesale expansion of the terminal processing facility. Currently a phased expansion is underway extending the terminal for flights to European Union countries under the Schengen regime.

Around 6.5 million passengers use the existing terminal, and the first phase of a new facility will offer an increase in capacity to 10 million passengers. Further expansion will take the facility up to 14 millions with improved passenger comfort.

Other features include a new conference facility

# Regional Airport Expansion South Africa



Polkwane can handle the new A340-600 of South African Airways

Polokwane International Airport situated in Limpopo region of South Africa. Formerly known as St Pieterburg the town makes the boast as the fastest growing city in the country.

Increased investment and business confidence and its growing popularity as a tourist destination are all contributing to the surge in economic growth.

Feather Consulting is providing key traffic forecasts as an integral part of the airport's strategic development. The potential to exploit the ample aviation facilities and develop a major cargo facility at the airport are also under consideration as part of the study. It lies in the country's richest agricultural areas with citrus, cotton and beef extensively farmed.

An hours flying time north of Johannesburg in the Bushveld region it is also close to the world famous Kruger National Park.

## Airport Competition in the UK Midlands region hots up

With exciting developments at Coventry and Wolverhampton and a fundamental change at East Midlands, Birmingham International is not finding it all its own way at the moment.

### TUI takes Coventry

In a bold and innovative move, TUI Northern Europe has taken a majority interest in West Midlands International Airport transforming the airfreight facility at Coventry into a new base for its new born low fare airline Thomson Fly.

### City Hopper Airports Ltd “CHAL”

Following on from the DETR White Paper stating that the airport was “capable of delivering commercial services on a limited scale” Wolverhampton Airport at Halfpenny Green has emerged with a new and innovative solution for small airports. City Hopper Airports Limited (“CHAL”) is a new holding company formed to build a group of low cost regional airports complementary to major airports.

Quoting from their website: “*The philosophy of CHAL is that airports offer the nucleus for ground support encompassing many varied business activities but embracing them in a safe and secure environment and “enabling the regions to fly”.*

### New Names all Round

From January this year East Midlands is now to be referred to as Nottingham East Midlands Airport. This change in title has caused some consternation in the region particularly as its has a Derby post-code.

The change clearly reflects a trend towards stronger international branding and the growing need to instantly differentiate airport destination names around the world.

The recent announcement by Peel Airports that the new airport at Finingley will be called Robin Hood Airport Doncaster

### Busiest April ever at BHX

Sheffield, underlines this point.

Meanwhile Birmingham International Airport (BIA) the UK's 5th largest airport has recorded its busiest April ever, handling 677,908 passengers during the month. This represents an increase of 2.7% on the same period in 2003. In 2003, the Airport handled 9 million passengers, an increase of 13.1% on 2002. The airport also had to deal with the unfortunate fall-out from the loss of new carrier Duo that ceased operations

## Boeing 737—The most successful aircraft of all time?

Boeing has recently delivered its 1,500th 737NG (New Generation). The delivery of the 737-800 to ATA Airlines on lease from ILFC occurred six years after Southwest Airlines received the first 737NG.

Representing 50% of all aircraft currently in the Boeing fleet the B737 in all configurations clearly has achieved a particular place in aviation history as the most successful passenger jet aircraft of all time.

The current surge in applications as the darling of the low cost carriers, underlines the aircraft’s unique niche operating characteristics and economics.

Airbus has recently enjoyed great success with the A320 family but it has a long way to go if it is ever going to catch the historic B737 airliner.



Boeing 737-800

## Ground Handling: Singapore Changi Bids

The Civil Aviation Authority of Singapore (CAAS) named Worldwide Flight Service, owned by the VINCI group of France, and Swissport International, majority owned by London-based private equity house Candover Partners, as the two bidders at Changi Airport as it aims to cut costs in the face of growing regional competition.

Currently two government-linked companies, Singapore Airport Terminal Services (SATS) and Changi International Airport Services, handle passenger check in, loading and unloading of baggage, flight catering services and cargo. SATS, the baggage-handling and catering arm of Singapore Airlines which is majority government-owned, controls about 80 percent of Changi Airport's ground handling and catering business.

The world ground handling market is dominated by European ground handling companies with the leader Servisair/Globeground owned by the French services company Penauille Polyservices. Frankfurt Airport Ground Services provides extensive ground handling services around the world.

Supplier	Parent group	Base
Servisair/	Penauille	
GlobeGround	Polyservices	France
Swissport	Candover	Switzerland
Frankfurt A/pt		
Ground Services	Fraport	Germany
Worldwide Flight Services	Vinci	France
Menzies	John Menzies plc	UK
Aviance UK	Go Ahead Group	UK
SATS	Singapore Airlines	Singapore
AviaPartner	Verougstraete family	Belgium

# easyJet New Tendering Approach for Airports

## The EU and easyJet just keep on growing

**easyJet**, Europe's largest low-cost airline, seeks airports to tender for its fast growing business.

Unlike some so-called low-cost airlines, **easyJet** has very strict criteria for its airport selection. We're looking for airports with access to attractive markets that are willing to bring the **easyJet** vision to life. We are growing at 25% per year, made possible by a ground breaking deal to buy 120 Airbus A319's and looking to bring low-cost flights to the people of an expanding Europe.

For a full list of criteria and to find out more about how your airport could be part of the **easyJet** growth story, visit:

<http://www.easyJet.com/en/newairports.html>

Closing Date for tenders is 1st July 2004



**easyJet.com**  
the web's favourite airline

New Tender Notice published in Airline Business May 2004

**feather consulting** is an independent research group providing advice to airports, airlines, financial institutions, governmental organisations and other clients throughout the world.

We provide essential "Value Adding" strategies that integrate closely with all our work. In our forecasts for example we not only provide the key logic that underpins our findings but, importantly, details of the specific route opportunities that will actually lead to any growth in traffic. In our market research we identify the important opportunities that are at the heart of any new business development.

Our flexible approach allows us to deliver a bespoke service generating balanced and informed solutions. A range of research methodologies and comprehensive modelling techniques coupled with in-depth industry knowledge permits us to deliver discrete commercial advantage for our clients.

easyJet are throwing down the gauntlet to airports in an unprecedented challenge for new business. They have just issued this notice inviting airports to tender for its services. This new move puts extra pressure on airports to come up with swaying arguments to get new air services. easyJet seems keen to assist this process and has outlined the need for airports to prepare a detailed proposal containing all the relevant marketing information.

By any standards this is a bold move. No longer it seems is the airline prepared to hunt high and low for new routes, or indeed to be accosted by airports at conferences or at industry gatherings. The proposals must include the following details:

- the Catchment area
- the Airport  
owners or shareholders, local government contacts etc.
- Traffic  
existing charter, connecting, low-cost, full-service, point-to-point traffic largest routes, potential routes currently not served, seasonality, scheduled and charter operators recent changes in capacity on each route, load factors, incumbent frequencies, fares and aircraft type, charges and support
- Discounts  
Provide specific details on all charges including: marketing support related to growth and growth-related discounts, long-term contractual agreement including service level agreements (e.g. 20 years)?
- Operations  
operational hours, runway length, capacity, slot-constraints, environmental restrictions, development plans, terminal design capacity, aircraft turnaround times, services level efficiencies, a low-cost terminal, or differentiated facilities.

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