

How Airports Can Achieve World Class Status

As Viewed by Passengers AND Airlines

A Research Programme



© CAP Strategic Research 2011

How Airports Can Achieve World Class Status *As Viewed by Passengers AND Airlines*

A Research Programme

Table of Contents

A.	Introduction	3
	World Class Airports as Viewed by Passengers	3
	World Class Airports as Viewed by Airlines	4
B.	How To Achieve World Class Status Among Passengers	
	1. Measure Passenger Satisfaction with Your Airport	5
	2. Find Out What's Important to Passengers	6
	3. Identify Improvements Required	6
	4. A Segmented Approach to Passenger Improvement	7
	Passengers – The Next Research Steps	8
C.	How To Achieve World Class Status Among Airlines	
	1. Identify the important Factors Airlines Use to Evaluate Airports	9
	2. How Do Airlines Rate Your Airport's Brand & Performance?	9
	3. Identify the Ideal Relationship that Airlines Want With Your Airport	10
	4. Develop The Most Effective Selling & Marketing Programme	12
	Airlines – The Next Research Steps	13
D.	References	14
E.	CAP Research and Airports	15

How Airports Can Achieve World Class Status

As Viewed by Passengers AND Airlines

A. Introduction

Many airports around the world have the aim of achieving world class status - but most don't fully appreciate what is required. To realise this objective airports have to gain very high satisfaction ratings among two important, but distinct, audiences – passengers and airlines. These two customer segments have very different attitudes and requirements and the best airports offer outstanding performance to both types of customer. Airports also have to ensure that ground handlers are providing excellent and consistent services and that concessionaires are running first class Retail and F&B operations. Our 20 years experience of conducting research has shown that very few airports actually succeed in achieving high levels of satisfaction among both passengers and airlines. Certain European airports – AMS, BRU, FRA, MUC etc have developed excellent relationships with airlines yet passengers rate their services as average to good. The Asian airports – SIN, HKG, ICP – have excellent passenger facilities but are not viewed as best in class by airlines.

CAP Strategic Research has a successful track record of conducting research among both passengers and airlines and we have developed a World Class Airport Programme that airports can use to become a world leader.

World Class Airports – Who Are They?

1. The Passenger View

The ACI ASQ rankings show the following as leading airports in US, Europe and US.

The World's Best Airports – The Passengers View

Asia-Pacific	Europe	USA & Canada
Incheon	Keflavik	Austin
Singapore	Zurich	Halifax
Hong Kong	Porto	Ottawa
Beijing	Malta	Jacksonville
Hyderabad	Southampton	Portland

2. The Airlines View

Research conducted by Research For Travel Ltd among over 100 airlines around the world shows a very different picture.

The World's Best Airports – The Airlines View

Asia-Pacific

Hong Kong
Narita
Bangkok
Singapore
Dubai

Europe

Amsterdam
Stockholm
Hamburg
Brussels
Copenhagen

USA & Canada

Dallas Fort Worth
Chicago O'Hare
Miami
Atlanta
New York JFK

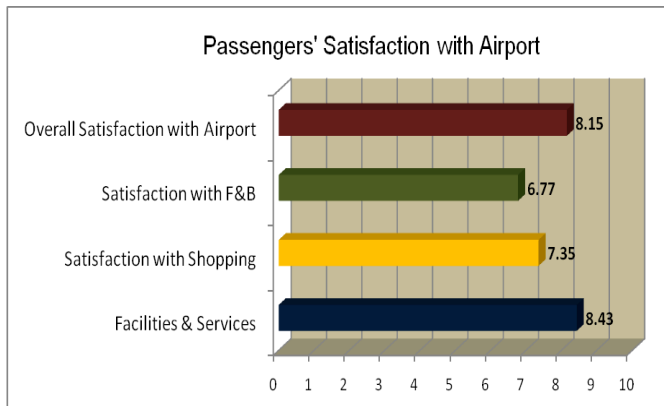
This is not surprising as passengers and airlines use very different criteria to measure airport performance. Passengers are looking for efficient, comfortable, attractive airports which make their departure and arrival as enjoyable - and as least stressful - as possible. This is why Changi Terminal 3 is so successful – there's no stress. Airlines however judge airports on the profitability (yield and payload) that an airport offers them. They also rate airports that make the effort to establish positive, pro-active relationships with airlines.

Only two airports appear in both lists – Hong Kong and Singapore. These airports succeed by offering excellent performance to both passengers and airlines. This is what airports have to do to achieve real world class status and in the following pages we describe how you can adopt a research programme that will help you achieve the objective of becoming one of the world's leading airports.

B. How To Achieve World Class Status Among Passengers

1. Measure Passenger Satisfaction

To gain outstanding levels of customer satisfaction among passengers an airport has to offer excellent performance on three main areas – facilities and services, F&B and Retail. The following chart shows the performance of a major Asia-Pacific airport and reveals that good overall performance is being adversely affected by average F&B service.

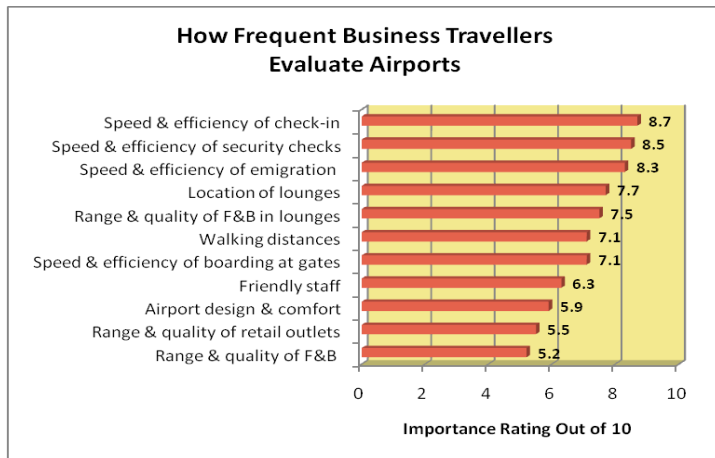


The first thing an airport has to do is to measure current performance and identify where and how improvements have to be made. This requires in-depth, professional research covering the differing types of passengers who use your airport – leisure/business, economy/premium, transfer/destination etc. Different nationalities will also have to be surveyed as satisfaction levels do vary significantly by country of origin.



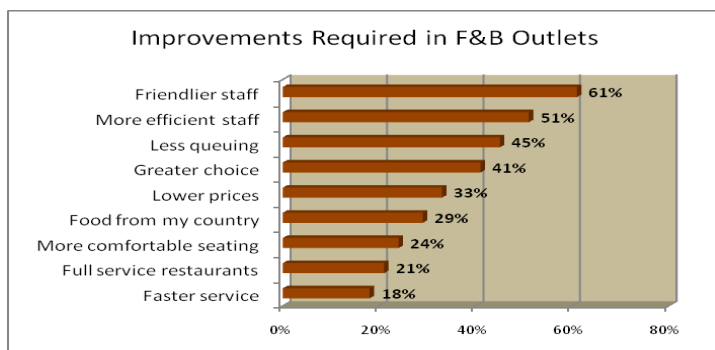
2. Find Out What’s Important to Passengers

You need to concentrate your airport improvement programme on the factors that really matter to passengers. Research can identify which factors passengers see as the “order-winners” but you should realise that this research exercise is difficult complex and using simple rating scales will not provide the accurate data you need. And remember that different passenger types will have differing priorities. The frequent business traveller values airport efficiency above all else. The leisure traveller puts more emphasis on comfort, F&B and shopping.



3. Identify Improvements Required

The above analyses will tell you where you need to improve and the priority areas you should concentrate on to achieve significant improvements in passenger satisfaction. Surveys can identify the key improvements you should concentrate on to improve passenger satisfaction. The chart below shows what is required on F&B at the international terminal of a South East Asia airport. Improvements required often relate to staff employed and here Mystery Shopping exercises can prove particularly useful.

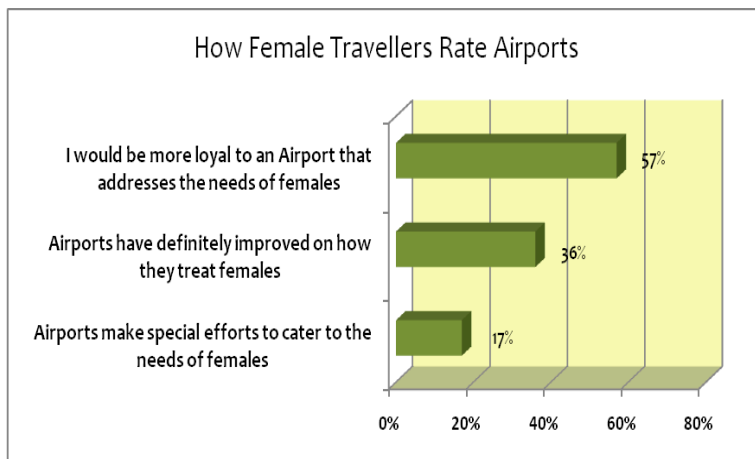


4. Don't Treat Passengers As All The Same – A Segmented Approach

Passengers at your airport comprise very different segments and you will need to develop a segmented product, service and marketing programme such that each customer type receives the service that suits them. You need to understand your passengers in terms of the products they want, their attitudes to pricing, the brands they like etc by sex, age, purpose of travel and, of course, nationality.

For example Chinese passengers go for well-known brands e.g. Johnny Walker Red Label while UK shoppers tend to look for niche brands e.g. Laphroaig 18 year old Whisky.

Research we have undertaken throughout the world shows that the female traveller is a very important market sector that has firm views on how they want to be treated by an airport, as evidenced by the charts below.



- *“Many airports have long walks to the gates which is a real problem when you have lots of carry-on luggage, and often there are no trolleys to be had”* **Female Traveller, USA**
- *“Airports could do much more for the female. Arriving in the middle of the night is very worrying for the female traveller, especially if you have to go to the car park on your own, there should be security people to help”* **Female Traveller, UK**
- *“I dislike O’Hare, you’re always delayed and walking distances are too long. At LaGuardia there’s no security at all in the baggage area”* **Female Traveller, USA**

Passengers - The Next Research Steps

1. **Identify Passengers’ Satisfaction with Your Airport – Facilities & Services, F&B and Retail**
2. **Identify the Factors that Are Vitally Important to Passengers**
3. **Identify How and Where Improvements Are Required**
4. **Develop a Segmented Approach to Passenger Improvements**

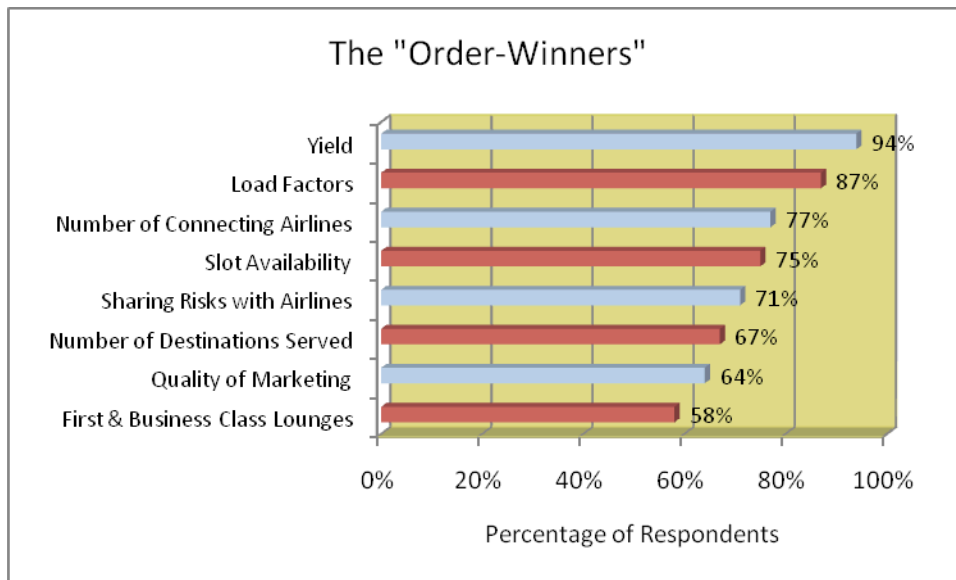
C. How To Achieve World Class Status Among Airlines

Introduction

We have been conducting market research among Airlines for over 20 years. During that time we have interviewed senior executives in over 100 airlines worldwide – in the US & Canada, Europe, China, Asia-Pacific, Middle East, Africa, India, South America and Australia & New Zealand. One of the key objectives of our research was to identify the changes and improvements that Airlines want from Airports. While it is true to say that Airports have dramatically improved the quality of the service they offer their Airline customers, it is also apparent that much work needs to be done. This holds particularly true for Airports in emerging countries such as China, Asia-Pacific, India and Africa. This report shows the way forward – it is based on information provided by key personnel employed at the Head Offices of Airlines, including Network/Route Planning, Operations and Marketing

1. What Are The important Factors Which Airlines Use To Evaluate Airports?

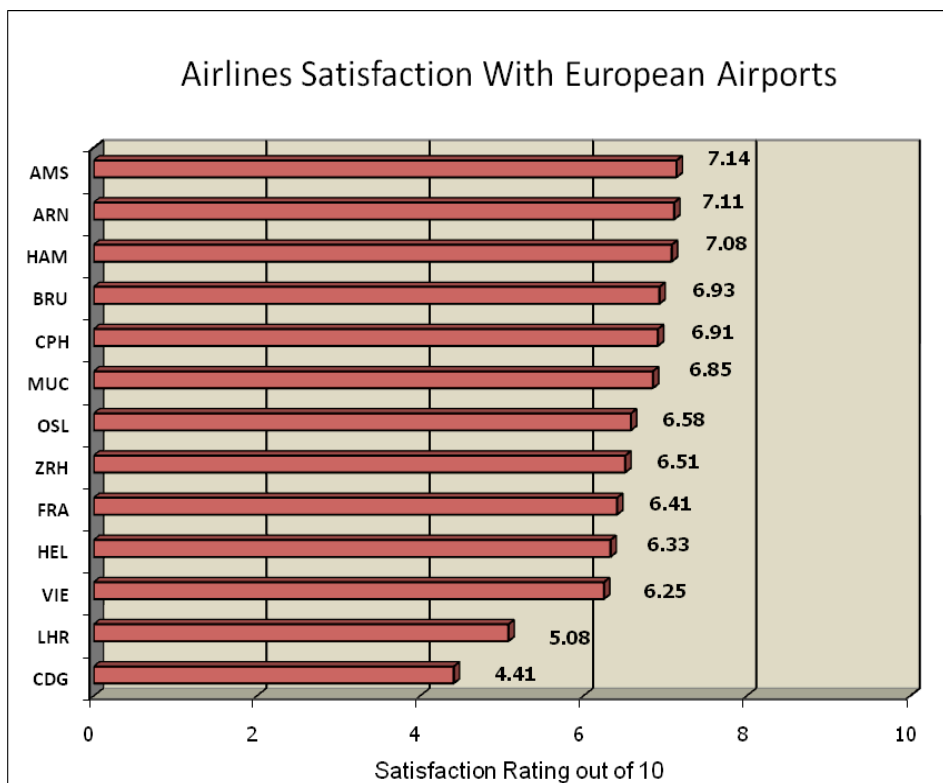
You have to be good at the factors that Airlines see as really important. We call these the “Order-Winners” - the criteria that Airlines regards as REALLY important when choosing and evaluating airports. In order to achieve high levels of customer satisfaction n your Airport needs to offer good service on ALL these factors. The first research step, therefore, is to identify the factors that the airlines that you are interested in – existing and potential customers – see as vitally important. The chart below is based on European airlines.



This analysis shows that profitability remains the strongest factor – airlines use airports where they can make money – thus Yield and Load Factors are regarded as most important. The other key issue is connectivity. Many airlines now see themselves as primarily connecting, rather than destination, airlines and as such place great emphasis on Number of Airlines that connect at an Airport and Number of Destinations served.

2. How Do Airlines Rate Your Brand & Performance?

You need to identify your current market position i.e. how do your current airline customers rate your performance and what do potential carriers know about your airport, how strong is your brand, what image do airlines have of you – if any? The chart below shows a marked difference in performance by European airports.



3. What Is The Ideal Relationship That Airlines Want With Airports?

One of the most productive research exercises we undertake is defining the ideal relationship that airlines want with an airport. Many Airlines complain that they have unsatisfactory relationships with the Airports they use – some claim to have no relationship at all! This has traditionally been the fault of the Airports, many of which are still monopolistic, public owned, bureaucratic and unresponsive. For many years these Airports saw no reason to adopt customer service activities that are regarded as normal in most other industries. The situation is changing and Airports now have to understand that they have to treat Airlines as customers and try hard to develop excellent working relationships. This is very true of Airports in countries such as China, India, Africa and South America.

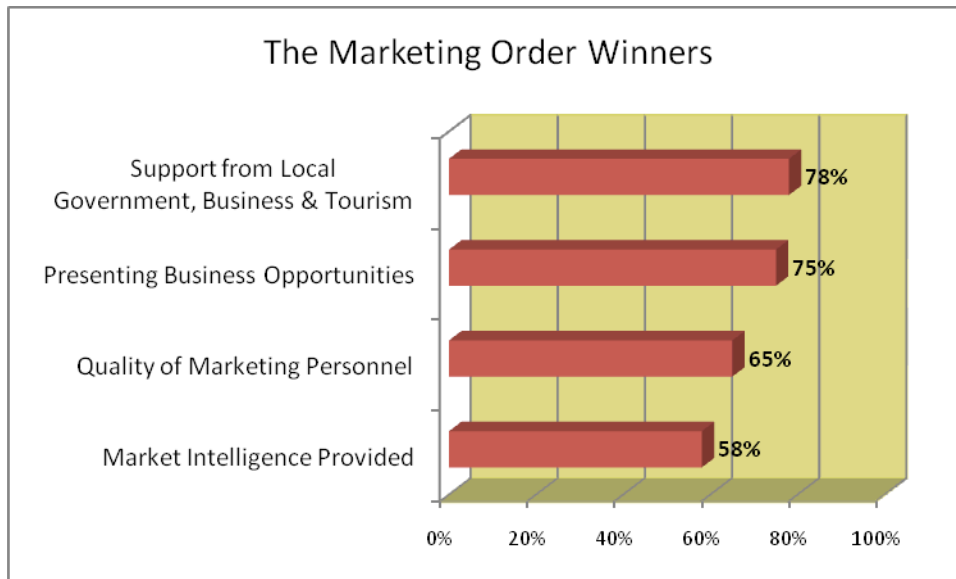
Improving relationships with Airlines is an area where major improvements from the airports are required and research can show you how and where this can be achieved. . Airports should see this as an opportunity to gain competitive advantage quickly and without spending too much money. In many cases all that is required is a change of attitude – Airports need to be much more customer-focused, spend more time getting to know an airline, its objectives and strategies, be interested in an airline and provide relevant useful information. The airports that are seen as having the best relationships with airlines include AMS, BRU, CPH, FRA and MUC as well as smaller airports such as ATH, DUB and HAM.

- *“The ideal relationship? Lots of contact. Mutual appreciation of each others needs and objectives. Regular supply of information and marketing intelligence. Show interest in us, let us know what's happening at that airport”* **European Airline**
- *“What we want is a change of attitude – we want airports to listen – and I mean listen – to us then have a positive attitude towards solving our problems. Too many airports have a knee jerk reaction “Oh that would be very difficult” rather than approach it in a positive manner”* **Asia-Pacific Airline**
- *“What is required is for an airport to do two things. (i) run the airport professionally and (ii) have the right, pro-active, helpful attitude. This can only come from top management setting the right corporate philosophy. Few airports can combine both – the only ones in Europe are AMS, CPH and MUC”* **US Airline**
- *“Many airports in Europe, Asia-Pacific, and India still have the monopoly attitude – they’re doing us a favour by allowing us to fly there. 20 years ago that was OK but not now. WE are an important customer and expected to be treated as such”* **European Airline**
- *“We like airports that are pro-active and try to help US! Chicago came to see us – a rare event in this industry – and gave us detailed figures on passenger revenues, traffic flows etc. They showed us how we could make money, then said we could have the first two years free, based on us meeting certain targets. This is the approach we want”* **Middle East Airline**
- *“Demonstrate a desire for an interactive relationship; open and frequent communication. Just display an interest in a productive mutual relationship, everything follows from that”* **US Airline**

4. Effective Selling & Marketing to Airlines

Best-in-class airports have professional, pro-active sales and marketing programmes. Our surveys identify exactly what are the marketing approaches, methods and messages that airports should adopt to achieve maximum impact on prospective airline customers. Our surveys have shown that only a very few airports are good at sales and marketing. There are great opportunities for airports of all sizes to offer very effective marketing. And you don't have to be a big airport to undertake effective marketing, many of the best at marketing are small airports.

We ask Airlines to nominate the Marketing “Order-Winners” – the factors that are REALLY important when an Airline evaluates the marketing performance offered by Airports. The following table shows that Support from Local Government, Business and Tourism remains the strongest factor – Airlines put emphasis on this as it reinforces, and gives credibility to, the business argument that Airports make to Airlines. This is also a factor that most airports do not exploit.



We conduct research among airlines to identify how your airport should most effectively market to airlines. We present detailed recommendations on how you can attract new airlines. We advise on the format and content of presentations (most airport presentations are rated very poorly by the airlines), the importance of Routes conferences, type and frequency of contact etc

- *“No European airport has a marketing programme, we hear very little from them, and haven’t seen an airport executive in years. Marketing approaches would be very beneficial, we would want a visit once a year. Airports should tell us what’s happening to their facilities and service levels and show how this will impact on our operations AND tell us how we might benefit”* **US Airline**
- *“The best airports at airline marketing are DUB, BRU and FRA - always making sales calls. CPH are also good. CDG we never see and BAA only tries occasionally. ATH and Miami are good but the best we have come across is Dallas Fort Worth. Their presentation was outstanding, they had a presentation bespoke to us and had obviously done a lot of homework. They didn't talk about their airport at all, but talked about our airline and our strategies and long term goals. They also came here with a very strong delegation”* **Asia-Pacific Airline**
- *“BRU and DUB are the best. With each we have a good relationship at all levels, at the airport itself, with the network and operational people at HQ and also with the CEO on a very occasional basis. Personal contact is the cornerstone of the relationship. We want to meet and have a good positive relationship with the main man at each airport. That's why DUB and BRU are so good - in Cormac and Leon they have very positive, creative people, and they're also nice people. A good personality is very important in that job”* **US Airline**

Airlines - The Next Research Steps

1. **Identify Airlines Satisfaction with Your Airport**
2. **Identify the Factors that Are Vitally Important to Airlines**
3. **Identify Your Image & Brand Equity among Potential Airlines**
4. **Identify How and Where Improvements Are Required**
5. **Develop an Effective Airline Sales & Marketing Programme**

E. References

Here are some comments from Airports that we have worked with.

- ▶ *“Your team’s expertise and airport experience has been very useful in providing guidance on the implementation of our new commercial programmes. It has been a pleasure working with your team and throughout the period you have been very prompt in your responses and always ready to provide further information and clarify any points that we raised. We look forward to other opportunities to work with you again in the future”* **Changi Airport**
- ▶ *“Your survey on airline marketing provides many invaluable suggestions on how we can improve relationships with existing Airlines and attract new business to BRU”* **Leon Verhallen, Brussels Airport**
- ▶ *“The results and findings of the survey on marketing to airlines have given us plenty of ‘food for thought’ and the results will help us to better understand the needs of our airline customers. We will certainly use the findings to further improve our performance”* **Wilco Sweijen, Schiphol Airport**
- ▶ *“The survey among airlines is a way for airports to improve overall business. It builds the bridge that is necessary for the airlines to be heard. The survey has enabled us to use the feedback from airlines to improve and tailor our services and facilities to meet the needs of the airlines. The Airlines on Airports Report has been very positively received by our Chief Executive”* **Britt Rasmussen, Copenhagen Airport**
- ▶ *“We find your main report very interesting and useful. We have already intensified our marketing and business development according to your recommendations”* **Knut Stabaek, Oslo Airport**
- ▶ *“This is one of the best pieces of research we commissioned and we have used the results consistently to aid our decision-making”* **London Heathrow**

CAP STRATEGIC RESEARCH AND AIRPORTS

CAP Strategic Research is the world's leading market research agency working in the Airports sector. We have over 20 years experience of conducting surveys for airports based in Europe, US, Asia-Pacific and India and the Middle East. We have conducted passenger surveys of all types and regularly undertake projects among airlines based throughout the world. Our clients include many "best-in-class" airports such as AMS, FRA, CPH, MUC, BRU in Europe, DFW, BOS, MIA, EWR, JFK in the US and SIN and HKG in Asia-Pacific.

We have a successful track record of conducting surveys in Asia-Pacific based on in-depth knowledge and experience of the Airports and Airline industries and providing strategic insights and "actionable" recommendations.

With offices in China, Hong Kong and Singapore we are ideally placed to meet your research needs in Asia-Pacific.

For more information please contact at one of the following offices.

Singapore

34 Lor Mydin, # D 04-01, Astoria Park, Singapore 416827

Tel: +65 9026 2596

E-mail: roger@capstrategicresearch.com

Hong Kong

1501-08 Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong

Tel: +852 37508640

E-mail: roger@capstrategicresearch.com

Beijing

11/F Xinyi Commercial Building, No.3A Xinyijiayuan, Chongwenmenwai Avenue, Dongcheng District, Beijing. China 100062

Tel: +86 1391 1012 220

E-mail: keith@capstrategicresearch.com