Airport Marketing within a highly critical environment

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Athens International Airport
Defining Airport Marketing

Airport Marketing: an Integrated Approach for the achievement of Company’s objectives

Service Quality Monitoring System & Business Intelligence Tools

Airline Marketing & Development: the Aeronautical Strategy formation & continuous update
Airport Marketing is the function by which, in line with the Corporate Strategy, the airport can interact with its target groups, identify and address each group's needs, in order to stimulate and accelerate its growth resulting in more aviation and non-aviation revenues.
...and how can it reflect the Company’s Objectives?

- **Aeronautical**
  - Defend Current Traffic levels
  - The Low-Cost Carrier Strategy
  - The Regional Development Strategy

- **Non-Aeronautical**
  - Commercial Terminal Development
  - Real Estate Development
  - IT&T Expansion

- **Value for Money Services**
- **Defend Revenues**
Defining Airport Marketing

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Airport’s active role

The Airport

Airlines

Businesses

Consumers

General Public
More specifically, main objective of AIA’s Strategy has always been to:

Grow profitably beyond macroeconomic trends, via three strategic directions:

1. Value for money services

2. Accelerating profitable growth

3. Optimising airport pricing
A new set of challenges drives the discussion on the Company’s Strategy, the main strategic directions remaining valid so far...

I. Offering Value for Money Services ➔ maintain under cost optimization

II. Accelerate Profitable Growth ➔ defending volumes and protecting margins

III. Optimizing airport pricing ➔ airport charges development and enhancement of the existing Incentives’ Scheme foregoing short-term profit maximization in favor of long-term development
### Introducing the Airport ABC-Marketing...

#### The Airport

<table>
<thead>
<tr>
<th><strong>A</strong></th>
<th><strong>B</strong></th>
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<tbody>
<tr>
<td><strong>A2A</strong></td>
<td><strong>A2B</strong></td>
<td><strong>A2C</strong></td>
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<tr>
<td><strong>Airlines</strong></td>
<td><strong>Businesses</strong></td>
<td><strong>Consumers</strong></td>
</tr>
<tr>
<td>✓ Maintain current network</td>
<td>✓ Promote business opportunities at the airport</td>
<td>✓ Build Brand equity</td>
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<tr>
<td>✓ Improve network connectivity</td>
<td>✓ Attract new partners and customers</td>
<td>✓ Promote the airport’s services and facilities</td>
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<tr>
<td>✓ Attract alternative traffic</td>
<td>✓ Market the ancillary services and facilities of the airport</td>
<td>✓ Increase passenger penetration &amp; encourage passenger spending</td>
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<td></td>
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<td>✓ Monitor and ensure passenger satisfaction</td>
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</table>
...in order to address AIA’s target groups’ needs...

The Users
- Airlines
- Passengers
- Visitors
- Business partners

The Non-Users
- Greek Public
- International Public
- Local Communities
- Shareholders
- State Authorities
- Financial Institutions
- Media

AIA
- AIA Employees
- AIA Community

Marketing & Communication Strategy
Corporate Communication Strategy
Internal Comm. Policy & Corporate Comm. Strategy
...in line with AIA’s positioning...

“Caring for more...”
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Quality Monitoring crucial for AIA’s “value for money” strategy

Service Quality Monitoring is among top business objectives and related KPIs are included in AIA’s Scorecard.

**Measure**
level of quality and acquire feedback

**Process**
monitoring system findings for enhancement & elaboration of aeronautical & commercial strategy

**Incentive Schemes**
**Corrective Actions**
## Customized Monitoring based on operational measurements and satisfaction surveys

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<thead>
<tr>
<th>Alpha 2 A</th>
<th>Alpha 2 B</th>
<th>Alpha 2 C</th>
<th>Alpha 2 General Public</th>
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<tbody>
<tr>
<td><strong>Operational Monitoring</strong></td>
<td><strong>Service Performance Monitoring</strong></td>
<td><strong>Service Performance Monitoring</strong></td>
<td><strong>General Public</strong></td>
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<td>Operational Performance Monitoring</td>
<td>Service Performance Measurement System</td>
<td>Ground handling SLA’s</td>
<td>Airport Image Study</td>
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<td>Outsourced Consumer Services SLA’s</td>
<td>Local Communities survey</td>
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<td>“We listen” telephone line</td>
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<tr>
<td><strong>Airlines Satisfaction Survey</strong></td>
<td><strong>B2B Satisfaction Survey</strong></td>
<td><strong>Passenger Survey</strong></td>
<td><strong>Airlines Satisfaction Survey</strong></td>
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<td>B2B Satisfaction Survey</td>
<td>Passenger Survey</td>
<td>Quality Monitor</td>
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<td>ASQ Benchmarking</td>
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<td>Mystery Shopping</td>
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<td>Pax Comments</td>
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Airlines’ Monitoring Tools leading to improved airport performance

- **Operational Performance Monitoring**
  
  Monthly reporting of operational elements, e.g. punctuality, facility utilization, load factor performance, critical airport operations

- **Airlines Satisfaction Survey**
  
  Annual monitoring of airlines satisfaction with AIA’s units, e.g. operations, security, finance, IT&T, commercial (sample size: 120 airline representatives)
Business Partners’ Monitoring Tools ensuring high-quality services

- Service Performance Measurement System (15 contracts)
- Ground handling SLA’s (3 contracts)
- Outsourced Consumer Services SLA’s (5 contracts)
  
  Monthly reporting of each partner performance vs. agreed service levels affecting passenger satisfaction

- B2B Satisfaction Survey
  
  Satisfaction surveys addressed to main business partners (under development)

Groundhandling SLAs: Aegean, Goldair, Swissport
Outsourced SLAs: Goldair, Olympic Airways Services, Olympic Handling, Swissport, CPS
Service Performance Measurement System (SPMS): performance evaluation tool for service contracts, custom developed for each contract, in order to ensure the attainment of agreed service level.

**Key elements:**

- Monitoring process (inspection- or systems- based)
- Evaluation criteria (critical performance parameters)
- Incidents of non-conformance against the service level
- Contractor Performance Index (CPI): percentile evaluation of performance (monthly) vs. agreed thresholds

SPMSs in place: ENC lots 1,2, TES lots 1,2,3,4,5, IWTF, Cleaning, Landscape, Employee Restaurant, Parking curbside, Baggage Trolleys, ITT PC Services, BHS
A set of highly sophisticated, business-intelligence tools addressed to Consumers...

- **Passenger Survey (Corporate KPI)**
  24/7 monitoring among 40,000 passengers regarding “Overall Passenger Satisfaction”

- **Quality Monitor Survey**
  24/7 monitoring among 7,000 passengers, assessing all services & facilities

- **ACI/ASQ Benchmarking**
  Monthly monitoring of AIA’s positioning amongst top international airports through 2,200 departing passengers organised by ACI

- **Mystery Shopping**
  Qualitative monitor via 8 mystery visits per service/ facility, recording “real customer experience” (4 waves per annum)

- **Pax Comment Management**
  Quarterly reporting of direct passengers feedback deriving from their experience at the airport (5,000 distinct comments annually)
Identifying General Public’s perception...

General Public

- Airport’s Image Study
  Annual monitor of Greek residents perception regarding airport’s image (1,500 Greek residents)

- Local Communities Survey
  Biannual monitor of airport’s image as perceived by local communities (1,000 Messoghia inhabitants)

- “We listen” telephone line
  Monitoring & handling of local residents aircraft-noise related complaints and information requests (2009: 91 complaints)
Turning information into intelligence...

Market Research

- Demographic & travelling profile
  - Airport, Airlines’ & other external partners
    - Define target groups

- Route development information/ Pax travelling pattern
  - Airlines
    - Support new routes & additional frequencies

- Tourism information
  - Ministry of Tourism
    - other tourism institutions
      - Estimation of tourists & investigation of characteristics

- Purchasing behaviour & needs
  - Airport & external partners
    - Optimise airport’s commercial product

- Performance indicators
  - Airport & concessionaires
    - Ensure high level of passenger satisfaction
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Airline Marketing & Development: the Aeronautical Strategy formation & continuous update
The approach

AIA’s Airline Marketing & Development function is heavily focused on the Aeronautical Strategy formation as well as the risk-sharing philosophy and excellent customer service, promoting the Airport to Airlines and the Airlines to Passengers.
... with specific action strategies and using a **Dynamic Marketing Approach**

<table>
<thead>
<tr>
<th>I. Offering Value for Money Services</th>
<th>II. Accelerating Profitable Growth</th>
<th>III. Optimising the Airport’s Pricing</th>
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<tbody>
<tr>
<td>b. Ample capacity</td>
<td>b. Low Cost Carrier Strategy</td>
<td>b. Extensive Incentive Scheme</td>
</tr>
<tr>
<td>c. Competitive and high quality services</td>
<td>c. Regional Gateway Strategy</td>
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AIA acts as the “Active Infrastructure Manager”

Aiming to attract new airlines, add new destinations, increase flight frequencies in the specific segments

Overall objective of aeronautical cost recovery and profit maximisation
II.a. **Home-Based & Network Airlines’ strategy** aims at supporting the development and expansion of our key customers by encouraging them to maintain existing routes and introduce new ones.

- **Home based carriers**
  - New Routes
  - Additional Frequencies
  - Maintaining Routes

- **Network carriers**
  - Additional Frequencies
  - Alliance Support

- **Long haul carriers**
  - New Routes
  - Additional Frequencies

- **Optimisation of MTB Operation**
- **Client Service**
- **Developmental & Risk – Sharing Incentive Policy**
- **Extensive Marketing Support**
- **Marketing Consulting**

**Major prerequisite** for the development of a solid Home-Based Strategy:

The existence of a strong home carrier with long-term, developmental plans.
II.b. Regional Gateway Strategy aims at further accelerating traffic to/from the regions of Eastern Europe, the Balkans, M.East & N.Africa

Successful regional expansion, growing faster than the total airport’s average (+7%) and representing more than 28% of the international passenger traffic

- Upgrade transfer product
- Bilateral ASAs facilitation
- Enhanced incentive Policy
- Extensive marketing support

Major constraint for the development of a Regional Gateway Strategy: The absence of a strong home-based carrier
### II.c. The LCCs Strategy

Focused on the development of AIA as a successful airport for LCCs, opting between the Base-Spoke and the Base-Base Strategy.

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**Dynamic LCC evolution, growing by more than 20% per year**

<table>
<thead>
<tr>
<th>The Base-Spoke (BS) Approach</th>
<th>The Base-Base (BB) Approach</th>
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<tbody>
<tr>
<td>✓ No customised operational concept for LCCs</td>
<td>✓ STB utilisation for a new attractive product with a reduced cost structure for all users</td>
</tr>
<tr>
<td>✓ Generic Incentive Policy</td>
<td>✓ Differentiated Pricing/Incentives Policy</td>
</tr>
<tr>
<td>✓ Marketing Support</td>
<td>✓ Marketing support</td>
</tr>
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</table>

**The Impact**

- ✓ No impact on AIA’s operational processes or infrastructure
- ✓ Slower traffic development than other mixed mode airports with LCC bases
- ✓ No real effect on other carriers
- ✓ Higher increase of LCC traffic than rest of carriers
- ✓ Development only on international traffic

- ✓ Development of LCC mini base with domestic and international flights
- ✓ New AIA operational processes and change of infrastructure use
- ✓ Possible reaction from home-based carriers
- ✓ Possible downgrading of corporate value
a. Airport Charges Development:

- AIA maintains in 2012 for the 4th consecutive year all its charges unchanged without any inflationary adjustments.
- Inline with the results of the May 2011 McKinsey Study no horizontal charges decreases are foreseen given that they construe negative business cases for the Airport Company.

Foregoing short-term profit maximization in favour of long-term development.
AIA is offering strong discounts on Parking & Landing charges of the airport (fixed costs for the airlines) up to 100% and for max. 5-year period.

- AIA’s incentive cover all possible new developments.
- Additional discounts offered on Centralized Infrastructure charges.

### AIA Incentives

<table>
<thead>
<tr>
<th>AIA Incentives</th>
<th>Discounts on: Landing &amp; Parking Charges</th>
<th>Centralized Infrastructure</th>
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<tbody>
<tr>
<td></td>
<td>Yr.1</td>
<td>Yr.2</td>
</tr>
<tr>
<td>New Long-haul routes</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>New Int’l destinations</td>
<td>100%</td>
<td>75%</td>
</tr>
<tr>
<td>Additional Long Haul frequencies</td>
<td>100%</td>
<td>50%</td>
</tr>
<tr>
<td>Other Additional frequencies</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>New seasonal frequencies</td>
<td>50%</td>
<td>25%</td>
</tr>
<tr>
<td>Thin routes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth Incentive (3 Int’l Routes within a Year)</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>5th Freedom Traffic Rights</td>
<td>100%</td>
<td>100%</td>
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</table>
It is, therefore, considered essential to complement the existing market incentives with a set of additional measures for the S.2012 period.

The New Incentives will be temporary and targeted, aiming at stopping, at the extent possible, further traffic losses vs. 2011 and reversing the double-digit decline observed in the 1st Q2012, via:

- Sustaining the same number of flights vs. the previous summer period
- Defending transfer traffic levels
- Capitalizing on the potential of niche-market opportunities

Aim to contain traffic losses above projected GDP.
**IV. Niche Markets’ Incentive** aims at generating additional traffic volumes during a dire period for ATH without jeopardizing the existing markets.

- Countering against increase of direct operations between regional airports and international destinations.
- Targeting non-main-stream markets where there is no direct competition.
- Offering highly competitive pricing for a certain period of time.
A list of indicative cities and regions include a wide range of destinations in Europe representing a market of approximately 300 million passengers...

- Spain (exc. BCN-MAD)
- Morocco
- Russia
- Estonia
- Belarus
- Lithuania
- Hamburg
- Poland
- Helsinki
- Oslo - Stockholm
- Russia
- Belarus
- Poland
- Lithuania
- Estonia
- Barcelona
- Madrid
- Bordeaux
- Lille
- Basel
- Naples
- Catania
- Firenze
- Bergamo
- Bologna
- Leeds
- Newcastle
- Hamburg
- Liverpool
- Berlin

[Map showing cities and regions in Europe]
Besides the Aeronautical Strategy formation, promoting Airport to Airlines...

✓ AIA’s communication strategy to airlines
✓ AIA’s advertising campaign to airlines
✓ Contract agreements with international media for AIA promotion
✓ Implementation of AIA’s advertising campaign to international media
✓ Tactical e-newsletters & e-videos
✓ Airline Marketing Workshop
✓ e-Reportair – 4 issues/year
✓ Continuous update of “we deliver” section at AIA’s site
✓ Organisation of airlines’ trade/social events
✓ Special promo activities in the frame of AIA’s participation at IATA Slot and Routes Conferences
...as well as Airlines to Passengers are fundamental tools...

- Contract agreements with local media for airlines’ promotion
- Implementation of airlines’ advertising campaigns at local media incl. airport’s advertising positions and internet site
- Ticket Offer Campaign – 2 waves/year
- Destination Campaign – 4 waves/year
- Organization of airline inaugural events
- e-booking / e-check in functions at AIA’s site
  and
- 2board magazine – 4 issues/year
Promoting Airlines to Passengers
Destination Campaigns 2010

Travelling beyond stereotypes.
Discover the real Ismir.

FULL CRIME AT YOUR FINGER FROM YOUR VACATIONS IN CHIOS?

LUCKY YOU CAN GO BACK AGAIN WITH AEGEAN.

PEGASUS
SunExpress
OLYMPIC
Promoting Airlines to Passengers
Destination Campaign 2011

SPY GAMES IN MARSEILLE'S NARROW STREETS
DON'T TRAVEL THROUGH BOOKS, BOOK YOUR FLIGHT TO MARSEILLE NOW!

A HOT GIFT IN COLD PRAGUE
DON'T TRAVEL THROUGH BOOKS, BOOK YOUR FLIGHT TO PRAGUE NOW!

THE DOCTOR IN MALTA WAS RAVISHING
DON'T TRAVEL THROUGH BOOKS, BOOK YOUR FLIGHT TO MALTA NOW!
2board: AIA’s official magazine
B2B Print Campaign 2010
URL: www.aia.gr/igate
The Integrated Marketing Strategy having contributed to AIA’s award with significant Distinctions in all aspects of the airport business

- “Company of the Year-Transportation” The Stevies Awards (October’11)
- “European Airport of the Year” ITM Award (March’11)
- “Conde Nast Traveller” magazine award for the high level of airport services (July’10)
- “Air Cargo Award of Excellence” for the high level of cargo services (Mar’10)
- “Superbrands” Award – “Golden Sun” (Mar’08 – Mar.’10)
- “GreenBuilding Award for saving energy (May’08)
- ATRS 2006 European Efficiency Excellence Award (May’06)
- Best Cargo Airport 2006 (Apr’06)
- Aerospace Industry Awards 2005 (Jun’05)
- GreenLight E.C. Award (Nov’04)
- Airport Service Excellence Award 2003/2004 - IATA/ACI (Jun’04, Jun’05)
- E.FQ.M “Committed to Excellence” Award (Apr’03, Jun’04)
- European Airport of the year 2004” ITM Award (Dec’03)
- IATA Eagle Award 2003 (Jun’03)
In the last 7 years, AIA has been honoured with 10 ROUTES airport marketing distinctions, being...

the only airport in the world with such a record

✓ OAG Airport Marketing Awards
(Sep’05, Oct’06, Oct’07, Oct’08, May’09, Sep’09, May’10, Sep’10, May’11, Oct’11)