

# FAST

Future Airport Strategies



La référence aéronautique



AIR TRANSPORT DEPARTMENT



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# Context

Airport status:  
*Evolution from public to  
private ownership and/or  
management*



Objective:  
Profit  
maximization

Low-cost airlines:  
*Strong development*



Necessity  
to develop  
new strategies

Impacts  
on the  
route network

**What are airports strategic options for the future?**



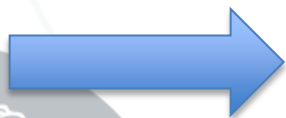


# FAST project



- FAST= Future Airport Strategies
- Project funded by EUROCONTROL in the scope of CARE INO projects
- Partners: M3 Systems (leader), ENAC (LEEAA), University of Zilina
- Objectives:
  - Developing an innovative method to identify airports strategic options
  - Applying this method to airport case studies
- Method applied to Bordeaux airport (France) in 2009

**Interesting to observe and compare the real strategy developed by the airport, with the analysis made in the FAST project**





# METHODOLOGY OF IDENTIFICATION OF AIRPORT STRATEGIC OPTIONS



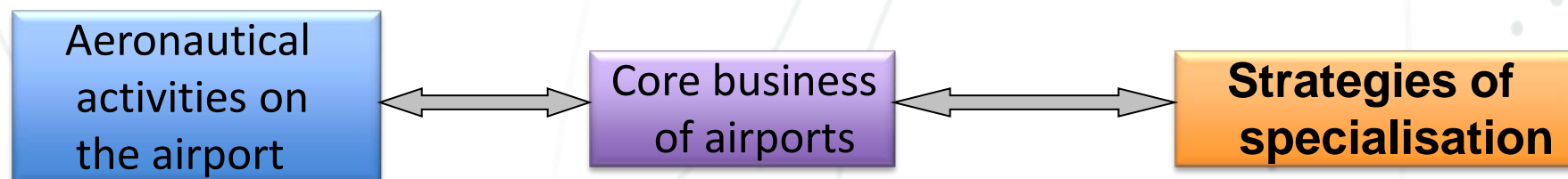


# Airport strategies of development

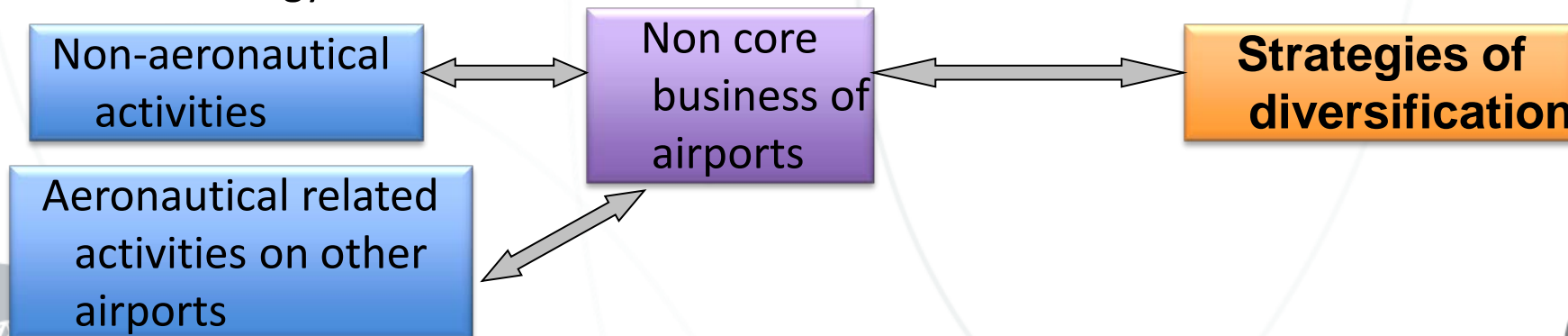


- Two categories of strategies:

- Strategy of specialization



- Strategy of diversification





# Strategies of specialization



- Investing in capacity: pax/freight terminal, runway
- Improving the airport accessibility: bus shuttles, etc.
- Developing commercial policies to airlines
- Investing in a low-cost terminal
- Investing in terminal infrastructure to improve aeronautical services efficiency (e.g. luggage transfer, pax flows, etc.)
- Investing in communication and marketing
- Developing intermodality with an high-speed rail interconnection





# Strategies of diversification



- Developing commercial activities at the airport i.e. developing commercial areas
- Developing services to pax to secure their loyalty
- Investing in other economic sectors (e.g. Investment of Aéroport de Paris in Hub Telecom)
- Developing consultancy services
- Investing in another airport
- Managing other airports





# How to identify the most relevant strategic options for an airport according to its type ?

1. Defining an adequate typology of airport
2. Using this typology to make a first identification of the strategic options
3. Refining these strategic options with other factors (congestion level, competition level, regulation type, airport status)







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# Airport typology



- Based on three scales:
  - Size
  - Potential for growth in capacity (available capacity and possibilities of extension)
  - Potential for growth in demand (intrinsic characteristics of the airport region)
- Both levels of potential for growth scales are broken down into low, medium and high potential levels
- The size scale is broken down in:
  - Small (<5 million pax a year)
  - Medium sized (between 5 and 10 million pax a year)
  - Large (>10 million pax a year)





# Airport typology



| Potential for growth |        | CAPACITY   |   |                        |
|----------------------|--------|--|---|------------------------|
|                      |        | HIGH   | MEDIUM  | LOW                    |
| DEMAND               | HIGH   | <div>Vienna</div> <div>Lyon</div> <div>Paris CDG</div> | <div>Prague</div> <div>Marseille</div>                | <div>Paris Orly</div>  |
|                      | MEDIUM | <div>Bratislava</div> <div>Bordeaux</div>              | <div>Geneva</div> <div>Faro</div> <div>Toulouse</div> | <div>Southampton</div> |
|                      | LOW    | <div>Brno</div> <div>Kosice</div>                      | <div>Graz</div>                                       |                        |





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# Strategies of specialization by airport type



| POTENTIAL FOR GROWTH |        | CAPACITY   |   |  |
|----------------------|--------|--|---|--|
|                      |        | HIGH   | MEDIUM  | LOW  |
| DEMAND               | HIGH   | <ul style="list-style-type: none"> <li>- Accessibility</li> <li>- Commercial policies to airlines</li> <li>- Communication and marketing</li> <li>- Terminal capacity</li> <li>- Low-cost terminal</li> <li>- Runway capacity</li> <li>- Infrastructure efficiency (<b>only for large airports</b>)</li> <li>- Intermodality (<b>only for large airports</b>)</li> </ul> | <ul style="list-style-type: none"> <li>- Accessibility</li> <li>- Commercial policies to airlines</li> <li>- Communication and marketing</li> </ul> | <ul style="list-style-type: none"> <li>- Accessibility</li> <li>- Commercial policies to airlines</li> </ul> |
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|                      | LOW    | <ul style="list-style-type: none"> <li>- Accessibility</li> <li>- Commercial policies to airlines</li> <li>- Communication and marketing</li> </ul>  |   |  |

Bordeaux:  
 Small airport  
 Available capacity  
 Strong competition with HST in the future  
 Partial devolution without privatization





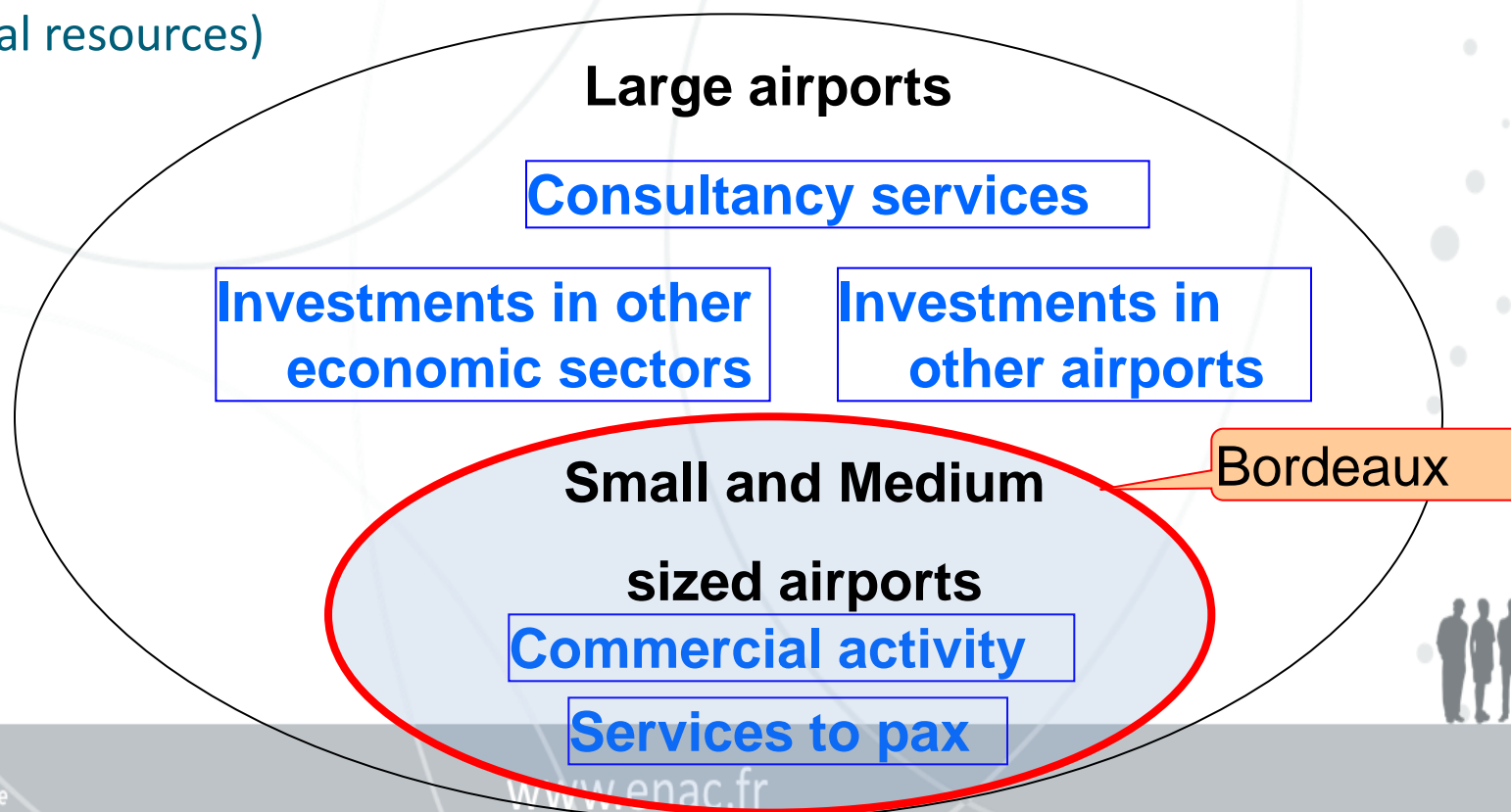
# Strategies of diversification by airport type



- Potentially relevant for all airport types whatever the potential for growth (in capacity or in demand)



more or less relevant according to the airport size (linked to the airport financial resources)





# First identification of strategies for Bordeaux airport



- Strategies of specialisation:
  - Accessibility
  - Commercial policies to airlines
  - Communication and marketing
  - Terminal capacity increase
  - Low-cost terminal
  - Runway capacity increase
- Strategies of diversification:
  - Commercial activity development
  - Services to passengers





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# Refinement

Bordeaux: strong competition with HST

Accessibility  
Capacity

**Competition**

+

Accessibility  
Capacity  
**Low-cost terminal**  
**Commercial policies**  
Communication

**Confirmation of the relevancy of the first identified**

Commercial activities  
Services to pax

**Private ownership and/or management**

Commercial activities  
Services to pax  
**Consultancy services**  
**Investments in other airports**  
**Investments in other economic sectors**

Bordeaux:  
publicly owned and managed



# Future strategic options of Bordeaux airport



- Time scale: Up to 5 - 8 years
- Objectives:
  - Secure the loyalty of passengers and of airlines
  - Attract additional low-cost airlines on the platform
- Strategy oriented toward the quality of service:
  - Higher quality of service in traditional terminals with development of services to passengers
  - Lower quality of service in the low-cost terminal
- Development of commercial policies to airlines (e.g. reduced fees on traffic volume or peak load pricing to increase the traffic at off-peak hours)





# Developed strategies since the end of FAST at Bordeaux airport



- In June 2009, Bordeaux Merignac airport decided to build a low-cost terminal, named Billi, which opened in May 2010.
- Declared objectives are fully in line with the results obtained with the FAST method:
  - Secure the loyalty of passengers and of airlines
  - Attract additional low-cost airlines on the platform
- Three years after the opening of Billi, this strategy proves successful:
  - Traffic increased by 1 million pax since 2010 while the impact of the HST competition in 2016 is expected to reduce the airport traffic by 800,000 passengers
- The airport wants to reinforce this strategy:
  - Enlargement by 2,000m<sup>2</sup> of the Billi terminal from 2013

In contemplation of  
the future HST  
competition





# Conclusion on the FAST project



- FAST is an innovative methodology applicable to any airport case study
- Identified future strategies of Bordeaux airport obtained in 2009 with the FAST methodology proved to be very close from the strategies effectively developed by the airport from 2010
- Methodology only applied to a few airports in the study but could be applied and extended to:
  - all airport types including new European member states
  - airports with overlapping catchment areas
  - competing hub – airports,
  - complementary airports in case of multi-airport management or in case of hub and secondary airports

