

 **Media Owners**



Former JCDecaux Airport stalwart Paula Oliver has joined rivals Airport Partners as Managing Director (Designate). An experienced operator, Oliver will be assisting her new employers in the process of tendering for part of the BAA media estate currently up for grabs. Airport Partners has been in existence for 5 years and oversees 20 regional UK airport concessions including Bristol, Leeds Bradford and Glasgow Prestwick.

The process for the BAA's media inventory tender rumbles on, with all potentially interested parties being shown around the airports simultaneously.



This seemingly unconventional approach is presumably adopted in an attempt to be even-handed to all those with ambitions to enter this particular contest. We will see how things develop...

Barry Sayer is set to leave Clear Channel and return to his native South Africa after a 4 year stint running the media owner's UK activities. Coincidentally PSI personnel have recently returned from a visit to South Africa during which our market knowledge was refreshed. In anticipation of the 2010 World Cup, the transport infrastructure is being considerably improved and upgraded. Johannesburg Airport is virtually complete, with advertisers such as Coca Cola and Visa securing quality inventory well ahead of the event. Cape Town Airport still has a long way to go by all accounts. Our market information on this important part of the world is being updated and will be made available shortly.



Moscow Sheremetyevo

PSI have also undertaken a visit to Moscow's 3 airports this month and we will be reporting separately on the various media-related developments taking place in that territory next time.

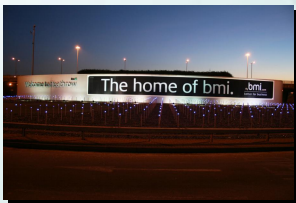


BA successfully launched its brand new business only flight between London City and New York JFK on the 29<sup>th</sup> September. Two uniquely configured Airbus A318s will fly twice daily on the new route, which links the hearts of the world's two biggest financial centres, complete with lie down beds and the shortest check in time of any international service in the UK.



The historic launch flight bears British Airways' most prestigious flight number, BA001, formerly used by Concorde. Passengers will also get pre-clearance of US Customs & Immigration, further reducing travel time, when the aircrafts stop to refuel in Shannon. The service also offers on board email service and telephones, demonstrating – according to BA – that it has listened to its core, affluent but time poor audience. With only 32 seats on the aircraft, BA will be hoping to achieve high occupancy levels.

With the takeover of bmi complete by Lufthansa, the guessing game begins as to what the German carrier plans to do with the 24 destinations its acquisition served from the world's busiest airport, London Heathrow. Due to a less than successful year for Lufthansa, there is speculation that it may sell bmi to one of a number of rivals, including BA, whose dominance of landing slots at Heathrow would thereby increase by 11%. There are reportedly twelve potential buyers circling.



Some of bmi's routes from Heathrow will be strategically important, such as the Belfast City service; it is the only airline currently offering the airport from LHR (Aer Lingus flies to Belfast International). Its international offering is diverse too, with destinations such as Baku, Tehran and Moscow.

In the Low Cost sector, the narrowly-evaded takeover of Aer Lingus by Ryanair has flared up again with combative boss Michael O'Leary stating it will eventually succeed. If this does happen, Ryanair will make it into Heathrow via the back door and pick up routes/slots it never previously contemplated. In a scrap that has lasted many months and been the subject of much debate over competition laws, it seems that the Irish flag carrier will find it difficult to evade being taken over. Even Aer Lingus' Chief Financial Officer has admitted he did not know if they would be able to resist another bid from the low cost giant.

Elsewhere, Slovakian LCC SkyEurope has gone under and is being stalked by Ryanair too. The Eastern European carrier serves many important hubs in the region, including Bratislava, Prague and Vienna. Both Wizz (another Eastern European airline) and Ryanair are said to be interested in acquiring the now defunct carrier to gain additional market share in the region.

Finally, easyJet have announced they are to pull out of East Midlands Airport and will cut flights from Luton by nearly 25%. With its base at East Midlands having remained 'stagnant' for the last three years, Ryanair's increasing share of the Luton market and with increases in tax, the airline took the decision to consolidate and focus its assets i.e. aircraft - on 'higher priority markets'.





## Airports & The Aviation Industry

Worldwide passenger traffic for August showed some improvement, a year on year % increase of 0.1% according to ACI. This is the first time in months that traffic has increased overall and has been attributed to an upturn in domestic air travel, especially in the Asia Pacific and Latin American regions. ACI Director General Angela Gittens describes the small improvement as 'flat is beautiful' and it is definitely a positive sign for the times ahead. The past months have seen lesser decreases and finally 8 months into the year, there are positive signs for the industry.



China's home aviation industry has managed to boom despite the economic recession. The domestic market has increased to 100 million this year (up 20%) and has levelled out China's failing international statistics enough to give a nett increase of 16% in the first half of 2009.

Encouragingly, other indicators point to the slump in global passenger numbers receding. Airbus has released a statement saying it expects traffic to start recovering by next year. However its adversary Boeing believes the full recovery may take a little longer and plan a full bounce back by 2011. They stated that 'next year will be a year of economic recovery, 2011 will be a year of airline industry recovery'. Both companies have suffered in 2009 with their worst order tallies in 15 years



The recession has also encouraged them to diversify their focus nations and with China and the Asia Pacific region leading recovery in the airline industry and airport investment, both manufacturers will need to exploit this newest territory assiduously. Part of that process will be to step up the amount of manufacturing done in China, as well as India and



Boeing's 787 Dreamliner has had its official launch confirmed as taking place before the end of 2009. After many delays, the manufacturer has billed its first delivery date to be at the end of 2010. The Dreamliner is said to be the most environmentally friendly aircraft ever constructed and orders already stand at 600, from 56 different companies.

Although smaller than the A380, the Dreamliner is truly impressive, with a vaulted ceiling, better hydration in the cabin air and sympathetic lighting in the cabin. Although, the first class offerings will be luxurious, their take on design will improve the passenger experience in small but crucial ways

Closer to home, the debate surrounding London Heathrow's third runway (and 6<sup>th</sup> terminal) is once again a hot topic. According to the British Chambers of Commerce the third runway would add £30 billion to the UK economy. In light of current economic problems, an argument such as this may help build support for the proposal. There would be significant shifts in passengers to Frankfurt, Paris and Amsterdam if the 3<sup>rd</sup> runway does not get the go-ahead.

As if timed to coincide with PSI's new dedicated Business Lounge offering, more and more regional airports in the UK are overhauling their once dingy and uninviting lounges. As an example of this development, Newquay Airport has just opened its brand new Executive Lounge for business passengers with bright, airy and altogether more modern facilities. This comes as part of plans to increase the airport's capacity to 700,000. The airport will provide a lifeline for businesses based in Cornwall and also make it easier for tourists to fly in and out of the region.