



November 2008

Media Owners

§Perhaps unsurprisingly, given the current global economic woes, **JCDecaux's** putative deal to acquire Rupert Murdoch's **News Outdoor** business in Russia is off. This means that, for the time being at least and aside from the obvious frustration of their territorial ambitions for that part of the world, JCD will remain the no. 2 outdoor media owner globally, instead of leap-frogging **Clear Channel** to that position.

§**Eye Corp** have recruited an ex-IPM marketer as their new Marketing Manager to replace Catherine Cooper who, as previously reported, returned to JCDecaux Airport. The new hiring is **Stephanie Gibson** who, along with **Donna Randall's** recent transfer from Singapore, represents a continued investment in improving Eye's offering. An interesting initiative they have recently undertaken is a pioneering research project commissioned at **Singapore Changi Airport**. A group of volunteer passengers were fitted with sophisticated eye-tracking devices which recorded the actual amount of visual engagement achieved with advertising displays in various parts of the airport, and at different stages of a typical journey through it. This study, seen literally through the eyes of passengers, is a qualitative first step only, but has some revealing findings.



§By coincidence, **JCDecaux Airport UK** are conducting a similar exercise at **LHR Terminal 5**. In this case the study will be concentrating on digital media only. The fieldwork is due to take place later in November, and we will be meeting with JCD to discuss methodology, relevance to our clients and other potential applications, in advance.

§Another exercise JCD have just announced is the **"1 of a kind!"** segmentation study, which has focused on identifying demographic "clusters" of passengers amongst 5 different types of respondents. As a UK-centric analysis of airport users, it is bound to be of interest to international advertisers with UK media activity, as well as domestic clients. More on this next month.

§In a separate development, a joint venture between **JCDecaux** and **Dicon**, (an Emarati company), has been awarded a 10 year exclusive concession for advertising throughout all 3 of Dubai Airport's terminals. As expected, the press release does not mention the previous incumbent for Terminals 1 & 2, who has been unceremoniously dumped. As they say in Dubai, it's now with the lawyers!



§A significant digital offering has been unveiled in **Frankfurt Terminal 1**. Unlike other digital inventory in this airport, the new network, consisting of 80 screens, 46" across, is in landscape format. It is designed to capitalise on the fact that more passengers are now opting to check their baggage in. 73% of business travellers and 90% of those travelling on holiday are now waiting up to 20 minutes in Frankfurt's Baggage Reclaim Halls. This is attributed to increasingly stringent security standards for carry-on baggage.

Airlines

§September was a good month for **easyJet**, **Ryanair** and **Norwegian**, all of whom reported increases in passenger numbers, with easyJet topping the list at 22%. This could be attributed to the popularity of short autumn breaks instead of long haul holidays, and easyJet's acquisition of **GB Airways** some time ago.

§Amongst national flag carriers **Air France's** traffic on services to South America is up by 10.1% and transatlantic traffic by 3.2% in the year to September. Surprisingly, the most profitable airline to report recently was Russia's **Aeroflot** with a staggering US\$313 million net profit. This news, taken with rising passenger figures at Russian airports, sets the country apart from the many other parts of world with less positive results.



Lufthansa

§Other headlines for the sector include a potential bid for **British Airways** from **Cathay Pacific**; **Air France-KLM** and **Lufthansa** vying for **Austrian Airlines**

and **Alitalia**; **Delta** buying **Northwest** to become the world's largest airline; **Lufthansa** adding 50% of **bmi** to its existing stake of 30%, which gives it more slots at Heathrow than anyone else except **BA**, and has prompted **Virgin Atlantic** to suggest a form of codeshare cooperation with **bmi**.

bmi

§Oil prices finally fell over the last month, so that **BA** and **Virgin** were able to reduce their surcharges. Predictably **Ryanair** had more than a little something to say on the subject, calling for further cuts and adding that **BA** was 'still ripping off passengers with its unjustified fuel surcharges'.

§As if to prove that it's an ill wind etc etc, bookmaker **Paddy Power** has been taking bets on the next airline to collapse, with the shortest odds being offered on **Alitalia**.

virgin atlantic



§With fuel costs as high as they have been, **Boeing** and **Rolls Royce** are co-operating to investigate the viability of alternative fuels. Suppliers have been invited to offer alternatives to be tested on a Rolls Royce RB211 from a BA 747. The results are expected to come by March 2009 and may be a real chance for the aviation industry to endear itself to environmentalists, and save costs.

Airports

§It is impossible to ignore the decline in global passenger figures for September. International traffic is down by 3.5% year on year. The areas of particular decline are, arguably, the most important ones; i.e. Europe, the Far East & the US. Russia continued to increase and Vnukovo, was up 10.8%. The worst hit airport was, ironically, George W Bush Houston, with a drop of 19.2% in overall PAX.

§Closer to home, BAA has reported a total decrease of 5% year on year for September. There may be a silver lining with BAA in that historically, passenger figures suffer a short sharp shock following a disaster of any kind such as SARS or 9/11. But, with the financial crisis looking to take hold for a lot longer than first predicted, the short sharp shock may be more painful yet.

§Discretionary travel is affected most. Fewer business meetings and other leisure reductions equate to lower ticket sales. This has already affected the numbers which IATA chose to describe only as appearing 'very depressed'.

§Some Asian airport retailers are developing their offering. **Hong Kong** has just announced the names of 37 luxury brands which are opening stores in their exclusive East Hall Boulevard. The shopping facility is described as the best in the world for luxury shoppers, with the most prestigious fashion brands vying for space. Jimmy Choo and Armani are just some of the big names to open their first airport-based boutiques. This is a major coup for airport shopping worldwide and demonstrates



HKIA East Hall Boulevard

that airports are now considered as prestigious as the most upscale malls or city avenues. The increase in retail facilities in airports in Asia is not limited to HKIA; Kansai in Japan will begin its massive 2,000 square metre expansion in 2009, which will open in 2010.



Airports Cont.



Dubai's Emirates Terminal 3 finally opened on the 14th October and is the last word in airport luxury. Passengers can relax in a spa, enjoy an entire floor of Duty Free or sleep in a 5 (or 4) star hotel. It is described by Tim Clark, the president of Emirates as 'truly a destination in itself' with its state of the art 'wing' design and unparalleled services.

§Can airlines really run airports? Following BA's LHR Terminal 5 and Dubai Terminal 3, it now looks possible in theory for an airline to buy an *entire* airport. It is a definite possibility that both **Stansted** and **Gatwick** may be bought by an airline or a consortium of airlines..

Ryanair has been named as a potential buyer for **Stansted**, which has just been given permission for a 10% increase in aircraft movements. This will take the maximum number of passengers permitted from 25million per year, to 35 million.

If Ryanair were to buy Stansted and some cheap aircraft, made available through other airline failures, they could be flying transatlantic routes in two years' time.

§In an important related development, following the merger of **Air France** and **KLM**, the two national carriers' national hubs have mirrored this move and are now also partnering up. **Paris CDG** and **Amsterdam Schiphol** made the unprecedented decision to take an 8% stake in each other. The new 'dual-hub' will be a real competitor to London Heathrow, with international traffic perhaps choosing to route through either of these immense players instead.



§Looking further ahead to the 2012 Olympics, **London City** has just been granted an extra 40,000 air movements per annum in anticipation of this landmark event. The airport is located just 4km from the Olympic Village and will be a centre point for visitors to The Games. The event should secure a bright future for the airport with more routes and higher passenger figures than ever.

§With air travel dipping, there are predictions that high speed trains could take over a large proportion of the European market. At the same time as we hear that Government support for a 3rd runway at Heathrow is shaky, the Conservatives have outlined an election plan for **Heathrow** to cut 66,000 flights per year on domestic routes to **Manchester** and **Leeds**. However, BAA comments that this is impossible as these routes only account for 13,356 of the flights per annum. The Conservatives want to reinvest in high speed train travel, however, with a rail system inferior to that of our Continental cousins, this looks unlikely, for now at least. **Paris** and **Frankfurt** have integrated their systems already, yet still both these airports expand.

§The Boeing strike has continued to have an impact on delivery of aircraft. Many airlines will be seeking compensation which will offset decreased revenues from ticket sales. The picture does not look much better for Airbus, whose owner EADS is a year behind on the production of military planes and helicopters, as well as the A380 programme.

§Last but by no means least, according to a recent survey conducted by Aegis-owned Synovate, only 4% of air passengers look forward to their meals. More surprisingly, 3% said the best thing about flying was good-looking cabin crew.

