



## Media Owners

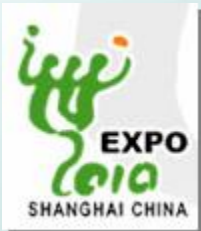
JCDecaux Airport  
Innovate

§In a predictable land-grab attempt for ancillary revenues, **JCDecaux Airport** has announced the establishment of their new Innovate division. This enterprise – based on the existing roadside model - is tasked with using new production methods across all standard and non-standard formats to “enhance” airport campaigns. New printing techniques, 3-D special builds, touch-sensitive displays dispensing fragrances or samples and projections, are all being offered not only in the UK, but in France, Asia, and the USA. In theory anything is possible but in practice, the words “subject to airport approval” were never more likely to be heard!

§On the personnel front, **Paula Oliver** has left JCDecaux Airport after 17 years with the company, in its various incarnations. Exact details surrounding her departure are unclear but its haste is certainly somewhat unexpected.



§Further afield, the result of the tender for the advertising concession for all Saudi Arabia's airports is due to be announced at the end of this month. The 2 airports of most interest to international clients are **Riyadh** and **Jeddah**. Elsewhere in the Middle East, **Abu Dhabi's** new and much awaited terminal (3) is to open shortly. Anyone who travels to this market will welcome this long-overdue development.



§In anticipation of World Expo 2010, the authorities in **Shanghai** are shortly to commence a programme of site removals for large format Out-of-home displays similar to that undertaken in Beijing prior to the Olympics. This should not affect the already tightly-regulated Airport inventory however.

§A new order is slowly emerging throughout **Brazil's** airports with regards to the new arrangements for advertising concessions. The authorities are adopting a policy of awarding rights for advertising to different concessionaires on an area by area basis. For example in **Sao Paulo**, sites in T1 check-in are to be sold by Concessionaire A, while in T2 check-in will be the province of Concessionaire B, and so on throughout the airport. Not ideal, but far from unusual in this part of the world.



§Low cost budget airlines have been enjoying further success, with more passengers coming from corporates leading to a period of unprecedented significance within the airline industry. **Ryanair** in particular have been flexing their muscles with a second takeover bid of the Irish carrier **Aer Lingus**. Their first attempt failed on the grounds of competition rules and the outcome of this one is difficult to call.



§**Ryanair** have also registered serious interest in purchasing a minority stake in **Frankfurt Hahn Airport**, mirroring an approach popular in the USA, and resulting in additional clout in the sector. The airline recently had a hand in preventing increased surcharges which were to be imposed at Hahn, by threatening to decrease flights to the airport. A clear illustration of its power.

§Recently **Ryanair** have been in talks with **Niagara Falls Airport** on the subject of a new transatlantic service from Dublin. Superficially this may seem odd as the airport would appear to be relevant only to a specific kind of tourist. However on closer inspection of the map, providing flights to this airport would mean passengers could travel to New York City, Buffalo or Toronto with relative ease and provide a boost to Niagara's tourism.

§**Air Berlin**, Germany's low cost carrier, has been doing so well it has even begun to gain ground on **Lufthansa**. Both are grappling for dominance at **Dusseldorf Airport**, Germany's third busiest and one of only a few to continue its growth in passengers in 2008, especially in long haul traffic (which was up by 16.7%). It is no longer being overlooked by the airlines and this may well be instrumental to elevating its position in terms of overall capacity.



§**Alitalia** remains shrouded in controversy despite **Air France-KLM's** stabilising 25% stake. The Italian flag carrier has not only dropped 6 important EU capitals from its schedule (Zurich, Copenhagen, Lisbon, Vienna, Helsinki and Berlin), but a Christmas strike meant 1000's of its remaining customers were left stranded at **Rome Fiumicino** during the festivities. One gentleman commented that he would never take another Alitalia flight *'not even if they give me a free ticket'*.

§In better news, an airline which was grounded in the third quarter of 2008, due to high fuel prices, may live to see another day. **Zoom**, the low cost transatlantic service, may resurrect itself through **Globe Span** who deem the brand 'worth bringing back'. With services to Canada and New York on its schedule, Zoom was a recent pioneer of low cost long haul travel. As oil prices have reduced considerably it may be the right time for a return.



§Finally, **Qantas** has extended its range of A380 routes by adding London – Sydney via Singapore. The airline already uses its A380 fleet on routes from Melbourne and Sydney to Los Angeles and Sydney to Singapore. The A380 is currently only available on certain routes provided by its 3 first customers, namely Singapore Airlines, Qantas and Emirates.



## Airports & The Aviation Industry

§By way of contrast with the City of London's "Square Mile" and its current troubles, the financial district's local airport **LCY** has escaped unscathed entirely, increasing its throughput by 10% in December. Its first transatlantic, business-only service, to be provided by **BA**, is also set to begin in autumn of this year. The London – New York flight will be twice daily for the business man on a tight deadline and looks set further to raise **LCY's** already enviable reputation. CEO Richard Gooding stated *2008 has proved to be the most successful ever*.

§The biggest news of January by far is the UK Government's decision to approve the third runway at **London Heathrow**. Despite bitter, celebrity-fuelled and, often, apolitical debate, Geoff Hoon announced the go-ahead for both the runway and the sixth terminal at the world's busiest international airport. In response to criticism from environmental groups, he said *'BAA do not wake up in the morning and think "we need a bigger airport", and airlines do not say "we need to put on more flights" unless there is demand for it'*. He went on to explain that much of Britain's economic power is derived from having the "gateway to the world" and that a decision to block the expansion would only mean a loss of business to other more well equipped competitors, such as Amsterdam or Paris. His most barbed criticism was for film stars who are against the development, prompting him to say 'the last time I looked, the only way to get from LA to Britain is from Heathrow.' This debate looks set to go right to the wire. Expect more in the coming months/years.



§**Frankfurt Airport** has also been granted a fourth runway, thus signalling that rather than a cutback in airport facilities for the near future, governments are still investing in the air industry. The 'gateway' status of airports to countries is highly valued.



§The poker game masquerading as the sale of **London Gatwick** is hotting up, with 6 prospective buyers – including **Manchester Airport Group** - already bidding on the UK's second largest airport. The winning bidder must display methods of improving efficiency whilst also grappling with falling passenger figures and increased running costs. Many names are being thrown around as to who will win out, so stay tuned for more developments in this exciting race.

§December and early January saw the climate retaliate and force the closure of several European airports, with some of the heaviest snow since records began shutting **Madrid, Marseille & Milan Malpensa**. These summer hotspots became winter wonderlands with stranded passengers fuming.

§**Iberia** passengers had even more reason for distress when their airline suffered industrial action after these closures. It is now being investigated over their treatment of passengers who, after being stranded by snow were left sleeping on the ground as they waited. Minister of Public Works Magdalena Alvarez commented 'we've had reports of conduct (by Iberia) towards its passengers that is unacceptable'. The investigation continues.



§Next month we should have most of the initial passenger figures for the full year 2008. Early indications are not favourable and this trend looks set to continue for the 1<sup>st</sup> quarter at least. We expect also to hear more on the sale of Gatwick Airport, and the Competition Commission's Final Report on the future of BAA which is due by the end of February.