Plane Talk

psi advertising

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Media Owners

eye™

§The results of **JCDecaux Airport's Eye-tracking Survey** research into their digital screen inventory, conducted at Heathrow T5 in December 08, are to be released shortly. Early indications are that passengers view the digital screens an average of 30 times during a typical 80-minute stay in the terminal building. More to follow on this when the full results are out… … .

§Following a similar exercise at Singapore Changi, **EyeCorp** are shortly to conduct some more Eyetracker research of their own, this time at Manchester Airport. We will be involved in this process which will enable us to validate the fieldwork on the spot.

§Also, on the subject of digital developments, **JCDecaux** have issued a Request for Information (RFI) to most of the world's leading digital signage vendors to "see what the market has to offer". This has come about because JCD have identified the need to "consolidate their expanding digital footprint into one management system". This step is the first of several required in order to harmonise what is, even within this one contractor, a disparate set of media propositions, with significant differences between one market and the next.

JCDecaux

§One of the best new digital developments **JCDecaux** have just launched is in **Shanghai Pudong Airport**. There are now 3 new networks, all of which feature what has become known as "consecutive visual impact" i.e. the potential to capitalise on image flow based on the close connection between panels.

§**JCDecaux** have created a new division called **JCDecaux OneWorld,** which is essentially an updated version of their **OneStopShop**, enhanced by some additional centralised marketing effort. This venture is in its infancy so we will reserve judgement as to the value it may or may not add to the mix. (The irony of using the name "OneWorld" - see Airlines Section below - has apparently escaped the notice of the powers that be!)

JCDecaux OneWorld

§In Hong Kong International Airport **JCDecaux** have a set of new inventory to complement the airport's own reputation for upscale retail outlets. Consisting of giant lightboxes mounted between pillars in Arrivals, and a network of 12 digital panels in Departures, this investment will be augmented by more sites in the Departures concourse later this year.

§Advertising rights in Sao Paulo, Brazil, which have been reported on previously, are still a matter of some debate. To recap, the incumbent concessionaires have to re-tender for each site as it becomes due. One of the concessionaires, **Meta 29,** who has been successful in bidding for new sites, has over-promised on their minimum guarantees to the Airport Authority. With the market in its current state, rate expectations and package selling adopted by them has failed, predictably and they are now apparently asking for help from the other concessionaires in the market, who they originally supplanted! Welcome to our world… … … …

Airlines

§The smallest of the airline alliances, **one**world, is facing a tense month in its 10th Anniversary year, as two major agreements hang tentatively in the balance. Both could affect the status and ultimate survival of the group. The merger between **Iberia** and **BA** is yet to be finalised and Iberia's Chairman, Fernando Conte stated 'If we were to move from **one**world probably they would be in a worse position than we would be in, so it's pretty important for **one**world to keep its main core partners'. A stark warning for the group that includes **Qantas** and **Cathay Pacific** amongst others, and shows that **BA** is in a far weaker position than they would like.

§Separately an even more pressing issue is the fact that anti-trust immunity for a **BA-AA** tie-up has yet to be granted. The relevant members of both **Star Alliance** & **SkyTeam** have both secured their North Atlantic route immunity, whilst **one**world are left to sweat it out pending the authorities' decisions. The future of the **one**world alliance largely depends on the outcome.

§Low cost travel continues to be the stabilising force for passenger figures in European airports. Whilst looking at France, as a case study, **Lyon** and **Paris Beauvais** have both benefited from the growth of low cost carriers. At Lyon, **easyJet** was the main stimulus for an 8.2% increase between 2007 – 2008 and at Beauvais, Ryanair's increased services upped throughput significantly, by 15.3%.

§**Ryanair** itself is facing the credit crunch head-on, and, despite their overall success compared to other airlines, have cut costs wherever possible. They have decided to close all their airport check-in desks by the end of 2009 and use online check-in only. 'All we (will) have is a bag drop where passengers can drop off their luggage, otherwise everything will be done online,' Michael O'Leary explained last week. This should not upset many passengers, as most already book online.

§**Ryanair** are looking to cut costs still further by charging a pound to spend a penny, literally; a 'coin slot' would be fitted to the bathroom facilities on their aircraft in order to increase "incremental discretionary revenues". Critics have pondered the reasonability of imposing this charge on passengers, in addition to charging for baggage, food and, most annoyingly, for some plain old water. Some passengers may feel that using bathroom facilities in an environment where the individual has no choice but to pay, is beyond the pale.

§At the same time, **Ryanair** are in talks with both **Boeing** and **Airbus** about an order for up to 200 new aircraft, for delivery in 2013. Unsurprisingly, Michael O'Leary has said that he will wait to finalise any plans until 'the order book collapses' and competition becomes even more heated between the two manufacturers. He is looking to buy at a price discounted by up to 50%, and has also said that he will not buy from Boeing just because of their history with Ryanair. He is looking simply for a better deal. At a time when airlines cancelled more planes from Airbus and Boeing than they ordered in January, it is – after all - a buyer's market.

§Premium air travel is down globally, with the biggest losses coming from Asia, where there was a 25% year on year decrease in this category for December 2008. Singapore Airlines has responded by cutting capacity by 11% in April. Transatlantic year on year figures are hardly better, (-8.8%), and are expected to decline further as the economic downturn grips ever more tightly in 2009.

§However, premium travel within the Middle East grew overall with a 9.4% increase year on year. This is mirrored by both major national carriers from the region, namely **Emirates** and **Etihad** increasing capacity for 2009. **Emirates** have planned a 14% capacity increase for 2009, adding seven A380s to their fleet. They will begin A380 routes to both Seoul and Singapore by November 2009 with CEO Shaikh bin Saeed Al-Makhtoum stating 'we see (2009) as a time of opportunity'. **Etihad** also reported that their business class 'is holding strong'.

Airports & The Aviation Industry

§Some good news for **London City** amidst the current gloom. The airport broke the 3 million passengers barrier comfortably for 2008, and has jumped from 415th to 261st in the UK's Business Superbrands listings. Richard Gooding, CEO of LCY, explained 'our focus on serving the business community has allowed us to grow our business and reputation, to be the finest airport in the UK'. London City is further upgrading its facilities with a £50 million investment to improve its Departures Lounge and an extension to the outbound luggage facility.

§**Geneva** and **Zurich** Airports have both defied the current prevailing downturn in passenger figures with increases of 2.3% for Zurich and steady numbers at Geneva. Switzerland is the only country to escape January's traffic slumps, as even political bases such as Brussels experienced sharp decreases (-15.1%), in line with current economic woes. Unsurprisingly, Iceland's traffic fell significantly last year, by a staggering 27.7% year on year.

§There is good news for some major players. **Atlanta Hartsfield,** the busiest airport in the world, reported an increase in traffic of over half a percent, while **Miami** showed 4.4% up and **Rome Fiumicino** (with the all new Alitalia routes opened), showed an increase of 4%.

§March 2008 saw the opening of Heathrow Terminal 5. Now, a year down the line, work is well underway on another major European transport infrastructure project with a similar capacity to T5. **Berlin Brandenburg International Airport** will open for business on October 30th 2011 with facilities for between 22 and 25 million passengers annually, and the potential for up to 40 million eventually. It is anticipated that half the passengers flying from **BBI** will get there by train. As is the case at Frankfurt and Heathrow, integration with the rail network is a fundamental requirement. Crucially, BBI will be built with a 6-track railway station providing 3 platforms directly beneath the terminal, linking passengers to rail destinations locally, regionally, throughout the rest of Germany and the Continent.

§The next issue of **Plane Talk** will include a review of Heathrow Terminal 5 and its first year of operation.