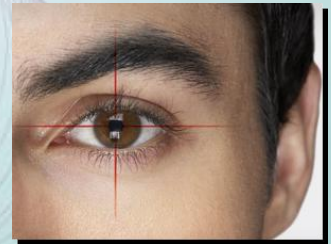




Media Owners

• By coincidence, JCDecaux Airport and Eye Corp have both gone public with the results of their respective tracking research projects, within a few days of each other. Different parameters and methodologies have been used in each case but the general aim – i.e. to provide us with qualitative, substantive data with which to support our recommendations to clients for particular formats, or areas, within an airport, is one to be applauded. Comparisons and synergies between the various findings will be worked up and a combined summary made available shortly.



JCDecaux Airport



• The dust is still settling after the news that BAA and JCDecaux Airport are terminating their agreement. During the current post-announcement period and as part of a consultation process, PSI met with both BAA and subsidiary Heathrow Express to discuss how their media estate might be handled in future. Time will tell how things will change between now and this time next year. At the same time as BAA are de-branding Gatwick, they are re-branding Heathrow, as part of the need to discontinue use of BAA as a consumer brand. This is an immediate change that will take effect from this week and will be seen in a campaign across several media formats including airport sites.



• In the meantime, JCDecaux have announced a range of new networks each incorporating selected media formats across London and the South East. The impetus behind this is to increase access to the London audience in the approach to 2012. Amongst the nine networks are four that will include sites at Heathrow, and one that will include sites at Luton, Gatwick and Stansted too.



• In a move likely to upset any outdoor media owner, local government authorities in some Chinese cities are seeking to take control of outdoor advertising and grab a share of media owner revenues. In 6 cities – including Guangzhou and Chengdu - authorities are attempting to change the structure of the out-of-home advertising sector by levying vendors up to 40% of their profits. The argument for doing so is that the rights to a municipality's "visual space" are owned by the city authorities. In some locations, local governments have even dismantled previously-authorized advertising sites where agreement has not been achieved.

Airlines

- Following interference from Ryanair, fellow Irish carrier Aer Lingus is now without strong leadership and may not survive until 2010. At present, it is offering severely discounted rates to European destinations from more convenient airports such as Gatwick. However its lack of a clear marketing strategy may mean defectors to the ailing airline are fewer than hoped for.



- Ryanair itself is continuing its dominance as the only major profit-making airline of the last twelve months. However, sceptics are predicting that CEO Michael O'Leary could choose to bail out whilst the going's good and cash in as early as the end of 2010. The airline's ability to flourish in a downturn can be attributed to passengers' thirst for cheap travel which may wane once the economy picks up.

- According to a recent survey by KDS, 71% of companies are cutting back on business air travel, despite research suggesting face-to-face meetings are still crucial for 73% of business passengers. However, the drop in demand is really seen in those non-crucial meetings such as training trips and conferences. Sales and commercial relations trips are still being approved.



- Virgin Atlantic celebrated their 25th anniversary in true style with Kate Moss on photocall duty for Sir Richard Branson to swing around. The anniversary could scarcely have come at a better time for the airline which has just announced pre-tax profits of £68.4 million, up 100% year on year. The airline has seen a rise in premium class travel for which its reputation as one of the best in the business continues to grow. Shrewdly it also hedged prices on aviation fuel, which prevented it being at the mercy of fluctuating oil costs over the past year, shooting up to \$140 per barrel and then plunging to \$38.

- In sadder news, signals from the black box of the doomed Air France flight that crashed on June 1st have been detected by a mini-submarine. The plane went down without sending a mayday signal and the cause of the crash has been at the centre of much conjecture over the past few weeks. All 228 people were killed on the Rio to Paris flight and, at the time of going to press, 50 of those bodies had been recovered. It is still unknown whether the crash was caused by a technical fault, freak weather or foul play.

- Going, going, gone. After a 10 year courtship with BMI, Lufthansa have completed their acquisition and will this week, in a deal that alters the competitive landscape of the UK airline industry, become the second-largest carrier at Heathrow, after BA.





Airports & The Aviation Industry



§ The brand new terminal at Barcelona has opened this month to much acclaim. Designed by Ricardo Bofill, the terminal continues the new surge in airport architecture. It will be an important hub for all flights to the south of Europe from Eastern Europe, Asia and the Middle East. It is expected to handle 30 million passengers per annum, increasing the potential capacity for the airport to 55 million passengers annually. This will bring Barcelona's size to within striking distance of other major European airports including Paris CDG, Frankfurt, Amsterdam, London Heathrow, and also its own neighbour, Madrid.

- Cairo Airport has also unveiled its brand new Terminal 3 with the first flight being EgyptAir's daily Cairo - New York service. The terminal is exclusively for the use of Star Alliance members and provides an improved offering for passengers in its design and shopping facilities.



- According to a Mondial Assistance research project published this month, 2/3 of Europeans who travel by air will visit the big 4 destinations (France, UK, Spain and Italy). Despite the crisis, European air passengers will maintain their holiday habits and return to the same destinations that they visited in 2008. In a survey of over 361,000 travel insurance policies for flights between July 1st and August 31st of this year, the insurance broker found that Germans and the British still prefer Spain, the French still prefer France and the Spanish are also patriotic in their choice, choosing Spain as their holiday destination. This will bolster European Airports that have been suffering, with the hope that they will at least benefit from this year's summer exodus.



- Passenger figures for the first quarter of 2009 have been released and show a worldwide decline overall of 8.7% (Europe -12%, North America - 11%, Asia Pacific -3.5%). International passengers are down worldwide by 9.9% (-12% in Europe, -8.5% in North America, and - 9.5% in Asia Pacific). By contrast the Middle East grew by 1.5%. In analysing these figures, it is possible to conclude that they represent the bottom of the current downturn. As well as the effects of the global recession, February had no extra leap year day and Easter was in the 2nd quarter, as opposed to the 1st quarter in 2008, both of which impact severely on passenger throughput.

- The Chinese market has seen growth of 13.5% in the period, driven primarily by domestic travel. Out of the top 10 airports reporting the biggest year-on-year growth in Q1, 7 are in China. Out of the top 20 airports worldwide, international traffic grew in only one market, namely Dubai.

- However, preliminary results for April point to a softening of the general decline and in May, 40% of European airports are set to report traffic growth.