BALTIC BIRD Project

Work Package 5.1 - Elaboration of an Airport Marketing Toolbox

Output Report - Task C – The Airport Marketing Toolbox

12th November, 2013

Structure

1. Introduce process – discuss decision to run with online portal
2. Talk about initiatives to date, Task b and what that entailed, summary of various things done
3. Introduce challenges, no silver bullet
4. Introduce analysis of customer groups – who are they
5. Discuss how to market to each customer – but each airport has different priorities

Annexes:
1. presentation from TLL
2. Tool box examples
   a. airline marketing
   b. passenger marketing
   c. other marketing
3. Media reports on state of market

Task C – The Airport Marketing Toolbox

Section 1 - Introduction

In January, 2013 IC Aviation was commission by Norrkoping Airport to design and create an Airport Marketing Toolbox. This was designated as Work Package 5.1 of the BALTIC BIRD Project, which is an inter-regional project, co-financed by the European Union under the _____. IC Aviation is now pleased to announce the publication of *The Airport Marketing Toolbox.* This means that all of the substantive work associated with Work Package 5.1 is fully complete – the exception being the ongoing work associated with the Pilot Project. The details of the Pilot Project and its conclusion will be explained in a separate report.

The airports being represented in WP 5.1 come from four different countries, Finland, Poland, Latvia and Sweden. The involved airports are:

Seinäjoki (FI)
Represented by the Regional Council of Osthorbothnia

Savonlinna (FI)
Represented by Business Services Savonlinna

Tampere (FI)
Represented by the Baltic Institute of Finland

Bzdgoszcz (PL)
Represented by the management of the Airport

Liepaja (LV)
Represented by the management of the Airport

Norrkoping (SE)
Represented by the management of the Airport

Karlstad (SE)
Represented by the management of the Airport

The 7 Partners Involved in Work Package 5.1

The partner airports therefore come from a very diverse range of markets and indeed each of their respective situations is quite unique by reference to stages of development and maturity in their markets. For example, in some cases the airports involved were well developed with strong airline and passenger profiles whilst in other cases, the airports had very little or no commercial passenger traffic at all. There is also varying ownership structures at each of the airports, with some of the partners not owning or having any control over the airport yet they still take an active role in the marketing of the airport.

Section 2 - Objectives of Work Package 5.1

The overall objectives of WP5.1 can be summarised by the following text from the Terms of Reference for this work package, dated 29th August, 2012:

The main objective of work package 5 of the BALTIC BIRD project is to develop a strategy toolbox providing suitable instruments for partners to stimulate the inauguration of routes to/from the Baltic Sea Region (BSR) with medium or low passenger potentials. Therefore the work package 5.1 aims at providing regions and their airports with a toolbox of marketing strategies. Their implementation shall attract airlines to set up new flight routes. The development and application of marketing tools shall offer better skills and knowledge for the involved partners to improve the regional accessibility to an utmost extend. (emphasis added)

The objectives therefore are clear on a cursory reading. However, trying to implement these seemingly straightforward objectives quickly became more of a challenge that was first envisaged when the Terms of Reference was written. In particular, as a result of Task B (Data Collection) it began to emerge that it would be quite difficult to implement one marketing strategy or "toolbox" that would deliver new flight routes, attract airlines and improving regional accessibility. It is important at this point to outline some of the challenges currently facing the European aviation market at this time, as this will help to understand why the successful completion of WP5.1 was quite difficult to achieve.

The European aviation market in general is incredibly competitive at the moment. The 2012 was particularly challenging for almost all of the players in the market. Consider for example the staggering statistic that 9 European airlines went bankrupt in 2012 alone. It is also important to understand the footloose nature of all European carriers, in particular low cost carriers. The term footloose refers to the phenomenon of airlines simply moving their operations around to wherever the find the best deal. Due to the increased competition in the market, airlines cannot afford to maintain loyalty to a particular region or airport, so they must move their operations to locations that make sense from a commercial perspective – or quite simply more and more airlines will end up going bankrupt.

Airline Bankruptcies in Europe, 2012

It is also important to highlight the challenges in the aviation market from a global context and the effects that these developments have on the European market. For example, the increasing trend of non-European aviation development is directly impacting growth potential in the European market - and this trend is set to continue into the future. Consider that from 2008 – 2012, the non-European passenger market grew by some 38% while within Europe, in the same period, it grew by a mere 2.5%. This explosion of development in places like the Middle East, Asia and South America is taking business directly away from Europe. This means that there is now competition not only within the European market but also from global forces, acting outside of Europe.

Passenger Development in Europe versus non-European Development

Source: ACI Europe

These examples of competitive forces and challenges within the European market are very important to understand as we consider how we should create a marketing toolbox that will improve the marketability of airports towards airlines. Put quite simply, traditional means of marketing airports will no longer work. In order to improve the marketability or airports towards airlines, in order to attract more flight connections, there needs to be a completely different and new approach.

But what is this is new approach? It is hard to define in simple terms, however, as aviation consultants working the market each day, we start to understand what airlines are actually looking for - this is the first step. And our experience can therefore guide us as to what we think is best for airports to do in a particular situation, as we do with our clients on a daily basis.

The detailed results from Task B can be found in IC Aviation's Output Report dated 23rd June, 2013. There were two key findings that emerged from Task B and which ultimately helped to set the framework for the entire *Airport Marketing Toolbox*. These two key findings related to:

➢ **Identifying the Airport's Customer**

and when this has been achieved

➢ **Identifying whether or not the Partners are marketing towards their customers effectively**

Section 3 – Identifying the Airport's Customer

The definition of an Airport's customer needs to be very broad, the traditional notion of a purchaser buying goods or services from another person or business is not sufficient. Airport's interact with so many different customers each and every day. Some of these groups are obviously more important than the other

The Complex Network of the Airport's Customer
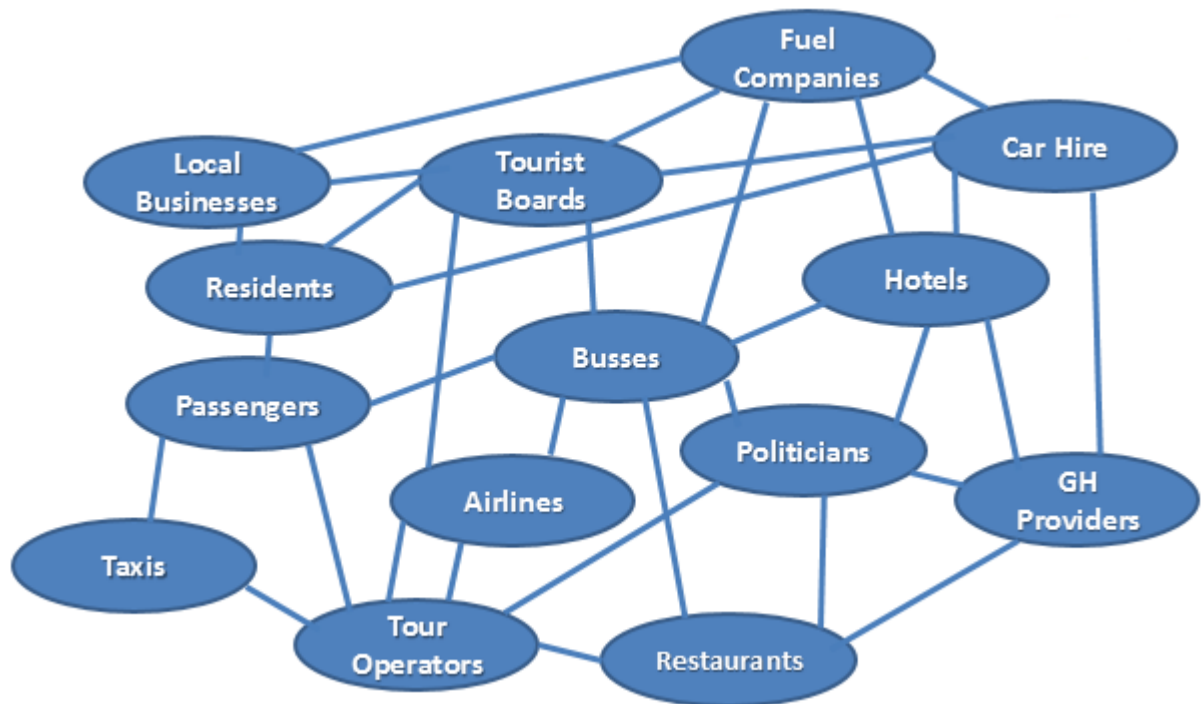
The above diagram gives an overview of just some of the "customers" that airports' must consider. However, we are not suggesting that as part of WP5.1 each and every one of the above listed groups should be individually targeted by airports. We must remind ourselves again what the key objective of WP5.1 one is, and that is attracting airlines to set up new flight routes to the partner airports so as to improve accessibility within the Baltic Sea region.

With these objectives in mind, it becomes a little bit easier to start to narrow down