



Work Package 5.1

Elaboration of an Airport Marketing Toolbox



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BALTIC BIRD Project

Work Package 5.1 - Elaboration of an Airport Marketing Toolbox (Output Report)

by:



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1 Introduction

1.1 Objectives of the Study

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.

At the beginning of works in WP 5.1 there will be a pilot project where the project partners Karlstad Airport/Norrköping Airport will together with their regions and the airport and region of Berlin/Brandenburg and the corresponding regional marketing partners approach airlines to develop a new route in close cooperation between airports, travel agencies, tour-operators, companies and local authorities at both ends of the route. Findings from this pilot project work will flow into elaboration of airport marketing toolbox.

The airport marketing strategy development is embedded in work package 5 of the BALTIC BIRD project. The overall work package 5 comprises three sub packages, representing a set of possible tools to improve the regions' accessibility, such as airport marketing strategy and implementation, analysing and imposing PSO and tourism destination development. Those instruments shall be jointly assessed, studied (partially as a pilot project) and implemented at the partners' airports and regions. In comparison to work package 3, these instruments under the umbrella of work package 5 are required, when regular market analysis and data are not sufficiently encouraging for an airline to start a new flight connection.

The sub-work package "**airport marketing strategy toolbox**" starts with a pilot project between Karlstad Airport and Norrköping Airport. Findings will flow into elaborateon of airport marketing strategy toolbox and first results will be submitted in the framework of a transnational airport marketing seminar. During this seminar the relevant partners will also jointly identify objectives, procedures and strategies for marketing toolbox but also integrate different partners' know how and experiences. The aimed at airport marketing strategy toolbox will connect practical experiences and learning from pilot project as well as partners' experiences from daily work. Therefore the elaborated results will be evaluated and flow into a final seminar on results of marketing concept elaboration. The pilot project results and toolbox elaboration will be analyzed and measured by developing success criteria: quality check, revision of success/outcome of pilot-implementation of marketing concepts by partners Karlstad/Norrköping. The measurement of pilot project results itself will flow into an evaluation report prepared by the tenderer in cooperation with the project partners being part of the overall study report on marketing strategy toolbox.

2 Pilot-Project “Two Airports as one Destination”

2.1 Background

Many airports perform their route development in a traditional way. They visit airlines, sometimes with local tourism authorities and state their case. Often it is just the obvious things described, such as, runway length, inflight instruments and so on. At the end of the meeting the take-off fee and pax-fee will be presented, sometimes with an incentive scheme and/or a marketing plan.

The idea of the Pilot Project was to build a Business Case that is performed in a different way and that is involving everyone that is in favour of a new route at an airport. This case will be conceptualised so that it can be used by the airports in the Baltic Bird project.

Karlstad Airport and Norrköping Airport want to try, within the framework of the Baltic Bird project, a new approach to route development. It is an Interreg approach where the two airports/regions on both ends of a route approach the airline with a case where most seats will be already sold to travel-agencies, tour-operators, companies and/or local authorities. As Karlstad and Norrköping airports have a wish for a route to Germany for outbound and inbound tourism, the new Berlin Airport was considered to be a perfect key partner.

The choice of Karlstad/Norrköping and Berlin/Brandenburg is based on the production performed by the airline Flysmåland in Växjö Småland Airport, which successfully operated VXO-BER-VXO. Without any marketing in Germany the load factor on the planes are 50 % Swedes and 50 % Germans. The use of two different, not competing Swedish airports is to offer a combined production for airlines. A route can, in the short term, be accepted as seasonal but should, on long term basis, be a yearly production in order to attract leisure travellers and business travellers.



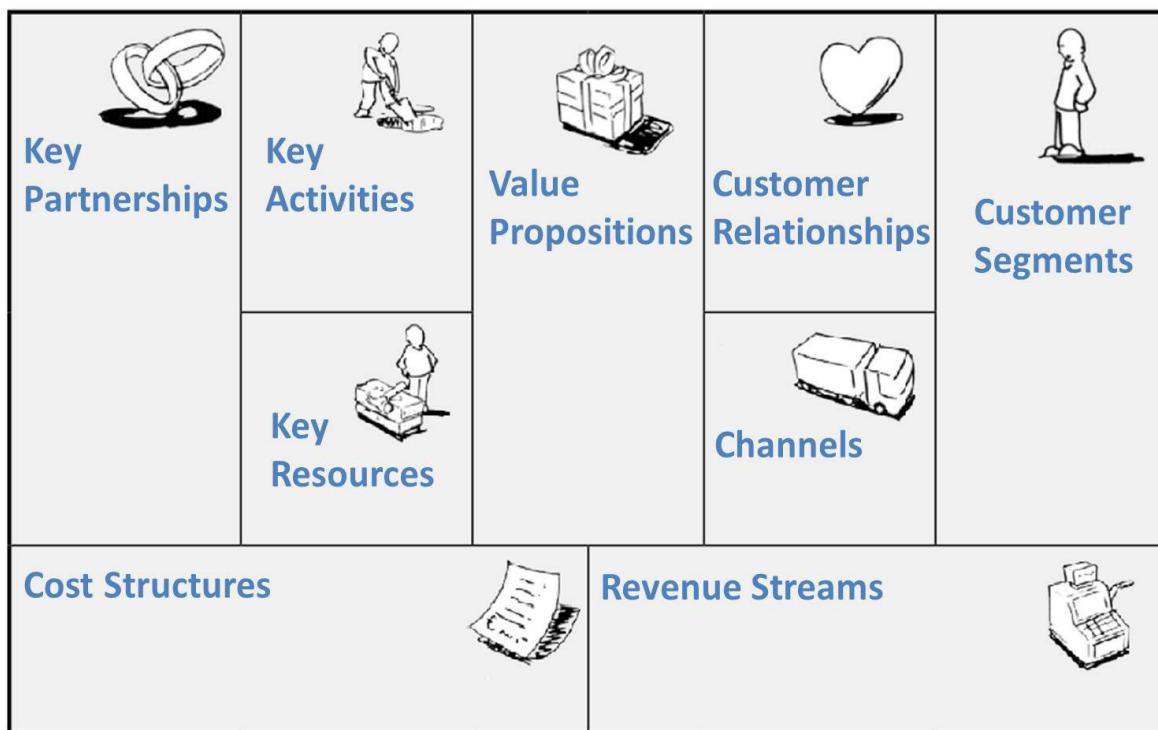
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The findings in the Pilot Project shall be a vital input in the development of the Airport Marketing Toolbox in the WP 5.1 part of the Baltic Bird project.

2.2 Methodological Approach

In order to conceptualize the project it was decided to use the “Business Model Canvas”, that is a strategic management and entrepreneurial tool. It allows you to describe, design, challenge, invent, and pivot your business model and encourages you to systematically understand, design and differentiate your business model. The model was invented by Alexander Osterwalder.



Osterwalder's work and thesis propose a single reference model based on the similarities of a wide range of business model conceptualizations. With this business model design template, an airport can easily describe its business model. Crucially, different airports and regions are not expected to give the same answers for each answer and that's why it is a very good tool for getting airport managers and other involved persons to think a little bit more outside the box.

1. Customer Segments

For example, part of building an effective business model, means an airport must identify which passengers it tries to serve. Various sets of customers can be segmented based on the different needs and attributes to ensure appropriate implementation of the airport's strategy meets the characteristics of the selected group of airlines.

2. Value Proposition

This is a collection of products and services an airport offers to meet the needs of its customers. An airports value proposition is what distinguishes itself from its competitors. The value proposition provides value through various elements such as newness, performance, customization, price, cost reduction, risk reduction, accessibility and convenience/usability.

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3. Channels

An airport can deliver its value proposition to its targeted customers through different channels. Effective channels will distribute an airports value proposition in ways that are fast, efficient and cost effective. An airport can reach its clients either through its own channels, partner channels, or a combination of both.

4. Customer Relationship

To ensure the survival and success of any businesses, airports must identify the type of relationship they want to create with their customer segments.

5. Revenue Streams

The way an airport makes income from each customer segment.

6. Key Resources

The resources that are necessary to create value for the airline. They are considered an asset to an airport and are needed in order to sustain and support the business. These resources could be human, financial, physical and intellectual.

7. Key Activities

The most important activities required to execute an airport's value proposition.

8. Key Partners

In order to optimize operations and reduce risks of a business model, airports usually cultivate buyer-supplier relationships so they can focus on their core activity. Complementary business alliances should also be considered through joint ventures, strategic alliances between competitors or non-competitors.

9. Cost Structure

This describes the most important monetary consequences while operating under different business models.

2.3 Categorizing

The use of the Business Model Canvas contributed to have a different approach in the Pilot Project. The usual airports vs. airline approach was scrutinized and was found to be unpractical in today's competitive aviation market and therefore we decided to create a new model.

1. *Customer Segments*

Instead of thinking about airlines as customers, the passengers became the customers. As a German route was the foundation for the route development we wanted to achieve, the following segments were identified:

- Outgoing business men

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- Outgoing leisure City Breaks
- Incoming business men
- Incoming tourism as in “Nature Breaks” and “Inga Lindström” visitors (Inga Lindström is a popular “TV soap” in Germany and it is recorded in the surroundings of Norrköping Airport).

Fulfilling the needs of at least one of the above segments was set as a goal for the project.

2. Value Proposition

The value proposition is directed to the customers (the passengers) and was therefore expressed as: “To give our regions a gateway for outgoing business flights and short city breaks as well as air born new tourists. With the airport as an active player, that will generate new revenues to the region”

3. Channels

The following airlines (channels) were decided to be targeted:

- Air Berlin
- Lufthansa
- Ryanair
- Norwegian
- Regional carriers

4. Customer Relationship

Norrköping and Karlstad Airports are active in marketing their airports in their catchment area in different kinds of media with ads, social media, Google Adwords, events, etc. However, they are, to a certain extent, suffering of a passenger leakage to Oslo (OSL) and Stockholm (ARN). But clearly, the better offer the airport can give to the passengers, the more loyal they will be.

5. Revenue Streams

The proposal directed to airlines will generate a positive revenue stream after year two.

6. Key Resources

- The passenger potential analysis from MK Metrics
- EUROSstat statistics
- National statistics
- Regional surveys
- Infrastructure - as in the actual airports
- Marketing skills at the airports

7. Key Activities

The defined key activities were:

- Making personal visits to each airline at their office
- Participating at the Routes Europe event in Budapest
- Workshops for travel agencies and tour-operators

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8. Key Partners

The following key partners were identified:

- Berlin Brandenburg Airport
- Export companies in the catchment area of Norrköping and Karlstad
- Regional tourism authorities in Norrköping and Karlstad and Visit Sweden
- German tour-operators

9. Cost Structure

It was decided that Karlstad and Norrköping Airports were to present a common proposal to the airlines. It should contain:

- A three year, flat, passenger fee all inclusive (incl. take-off fee, passenger fee, ramp handling and passenger handling but excluding the state security fee).
- A three year marketing support package
- Pre-sold seats from travel agents and tour operators

2.4 Project Status As Per 2012-06-07

Route Development is a dynamic process and rapid changes in the European aviation business is something to always expect. Using the Business Model Canvas is therefore helpful. In the below we describe the different factors that have occurred since the start of the Pilot Project and changes taken to cope with them.

1. Customer Segments

Customer segments has not changed since the start and will be the same as below.

- Outgoing business men
- Outgoing leisure City Breaks
- Incoming business men
- Incoming tourism as in “Nature Breaks” and “Inga Lindström” visitors (Inga Lindström is a popular “TV soap” in Germany and it is recorded in the surroundings of Norrköping Airport).

Fulfilling the needs of at least one of the above segments is still a goal for the project.

2. Value Proposition

The value-proposition that is directed to the customers (the passengers) is still the same: “To give our regions a gateway for outgoing business-flights and short city-breaks as well as airborne new tourists. With the airport as an active player, that will generate new revenues to the region”

3. Channels

The following airlines (channels) have been targeted and below is a description of actions taken:

- Air Berlin

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Air Berlin was initially contacted but did not respond to calls or emails. This can be understood as they, at the time, were having hard cutbacks to save their financial situation. A meeting with them took place in Budapest at the Routes Europe Event that also was unfruitful. However, a new opening came in early June as Norrköping and Karlstad Airports have a chance to get in to a plan for an Air Berlin expansion in Sweden. New negotiations is planned to take place during June 2013.

➤ Lufthansa

Representatives from Norrköping and Karlstad airports visited the Lufthansa head office in Frankfurt 29th of January 2013. The meeting was considered being productive from all involved parties and discussions continued at the Routes Europe event in Budapest. At this moment it seems that Lufthansa has a bigger interest in flying to Karlstad which can seem odd as Norrköping has a better catchment area and a better potential of passengers. A strong factor for Lufthansa looking at Karlstad is a much stronger commitment from the export-companies in Karlstad. A definitive answer from Lufthansa will come in early July.

➤ Ryanair

Normally Ryanair is considered being a strong brand with an ability to create new passenger flows. However, at this present Ryanair is not having any new planes coming in and therefore they are less willing to take any risks on new routes. Representatives from Norrköping and Karlstad have had several meeting with Ryanair during the project but there has been no success in persuading Ryanair to think about adding any routes from Germany to Karlstad and/or Norrköping.

➤ Norwegian

With 222 new planes on order and Europe at its feet, Norwegian is an option for growth at Swedish airports. Representatives from Karlstad and Norrköping airports have been meeting Norwegian in Oslo as well as at the Routes Europe event. As Norwegian do not have any bases in Germany yet, they can't really offer the preferred production to Karlstad and Norrköping. However, there are good chances that Norwegian will open up bases in Germany and the relations with the airline and the airports are good and future options might well appear.

➤ Regional carriers

During the time of the pilot-project a new virtual airline was started in Sweden. Air Sweden with its website flyswedish.se, started to launch flights from Karlstad to London Stansted and from Norrköping to Copenhagen, Skellefteå and Thessaloniki. The flights were supposed to be a “wet-lease” production from Estonian Regional and should have been flown with an Embraer 70 jet. Next destination to follow from Karlstad and Norrköping was to be Frankfurt. However, the company only had one flight from Karlstad before it decided to cancel their entire programme over the summer of 2013 to restart it again at later date. At this present a meeting is planned with the airline in early June to discuss any future plans.

4. Customer Relationship

Norrköping and Karlstad Airports are continuing to be active in marketing their airports in their catchment area in different kinds of media with ads, social media, Google Adwords, events etc. Both airports are having their success in the charter (outgoing) segment.

5. Revenue Streams

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The proposal directed to airlines will generate a positive revenue stream after year two.

6. Key Resources

In the pilot-project the Key Resources are the same but they have been complemented with Letters of Intent from export-companies in the Karlstad area, guaranteeing to buy seats from a new carrier.

- The passenger potential analysis from MK Metrics
- EUROSstat statistics
- National statistics
- Regional surveys
- Infrastructure as in the actual airports
- Marketing skills at the airports

7. Key Activities

The defined key activities continue to be:

- Making personal visits to each airline at their office.
- Workshops for travel-agents and tour-operators.

8. Key Partners

The following key partners were identified and below is the status regarding them:

- Berlin Brandenburg Airport

Due to well-known problems with the inauguration of the new airport in Berlin, the airport didn't really become the partner that it was supposed to be. It is easy to understand that BER had other things on their mind and still do.

- Export companies in the catchment area of Norrköping and Karlstad

Karlstad has been really successful with the engagement of export-companies in their region which has been proven a good way to get airlines interested. As the situation in Norrköping is that their biggest passenger potential is among civil servants in governmental institutions, they have not been able to have the same kind of engagement. Governmental institutions are not allowed to sign such Letters of Intent.

- Regional tourism authorities in Norrköping and Karlstad/Visit Sweden/German tour-operators

Plans have been taken to prepare for workshops with travel agents and tour operators on both ends of any route. They can start rather fast as soon as any negotiations with airlines are finalized.

9. Cost Structure

The joint proposal to the airlines is still the same:

- A three year, flat, passenger fee all inclusive (incl. take-off fee, passenger fee, ramp-handling and passenger handling but excluding security fee).

- A three year marketing support package.
- Pre-sold tickets from travel-agents and tour-operators.

2.5 Summary

Persuading airlines to set up new routes to small remote airports in Scandinavia is a tough and continuous process. Different factors out of control for the airport can change the scenario at any moment. Norrköping and Karlstad Airports have had good discussions with several airlines. These airlines are not prepared to take any risks setting up a new route. Therefore, the less risk that is presented to the airline, the bigger the chance to have a new route. Minimizing risk can mean getting real engagement from the companies that are using the route most and it must be complimented with an engagement from the airport presenting a tempting Business Case as well.

The chance to succeed with new routes to Norrköping and Karlstad within the framework of the Pilot Project is still fairly good but the timeline is most certainly to be pushed forward.

Note. Exact details about the joint proposal to airlines can't be revealed as it is considered being confidential information between business-partners.

3 Airport Marketing Toolbox – Data Collection

IC Aviation is pleased to report that the Data Collection phase of Work Package (WP) 5.1 has been completed. A large amount of data has been collected from each of the partner airports involved. From the information we have received IC Aviation has been able to identify some excellent marketing tools that are being used currently. However, it is also obvious that there are certain aspects of the airport marketing function that could be improved. The results of the Data Collection phase will be discussed at the end of Section 3.

3.1 Objectives of Task B

The purpose of the data collection phase was set out in the Terms of Reference for the Elaboration of an Airport Marketing Toolbox dated 29th August, 2012. The following objectives were listed:

1. Survey of airports' marketing goals and objectives, including target plans depending on the competitive position of the airport (as is situation) and the aimed at future market position.
2. Definition of the airports' customer groups, which are requiring individual composition and design of marketing tools:
 - Airlines differentiated into full service network carrier, low-cost carrier, charter / leisure carrier, regional carrier, cargo carrier
 - Passengers differentiated in terms of travel motivation (business travel, holiday travel) and stopover (originate and transit)
 - Commercial customers, e.g. retailers and service provider (concessionaires, tenants)
 - Other customers, e.g., people taking or picking up someone at the airport, airport employees, business people with appointments / meetings at airport facilities, visitors, residents
3. Identification of existing marketing tools at each airport.

3.2 Methodological Approach

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

- Seinäjoki (FI)
- Savonlinna (FI)
- Tampere (FI)
- Bzdgoscz (PL)
- Liepaja (LV)
- Norrkoping (SE)
- Karlstad (SE)

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7 Partners Involved in WP 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.

Questionnaire & Business Model Canvas:

Two of the methods for collecting the data from the partner airports, was to ask some basic questions about the airport and the ambitions for the airport in a questionnaire format. These are some of the questions that IC Aviation asked of the project partners:

1. Please explain about the evolution of airline development over the last 3 years, for example, has there been an increase in low cost and a decrease in legacy?
2. Please list the destinations currently served from the Airport.
3. Please give some indication of the catchment area of the Airport, for example, do people generally drive for 1+/- hour to get to the Airport.
4. Please explain about the ambitions for the next 3-5 years for the airport, for example, plans to increase low cost, legacy, routes, markets, etc.

IC Aviation also used what is known as the Business Model Canvas to collect as much information as possible about ongoing marketing activities at the airport as well as other more general information that may be relevant to the elaboration of the Toolbox. As we observed during the Pilot Project, the Business Model Canvas is a system which is most commonly used as a strategic management template for developing new or documenting existing business models. It is a visual chart with

elements describing a firm's value proposition, infrastructure, customers, and finances and was originally created by the Swiss author and entrepreneur Alexander Osterwalder. We were able to see, quite clearly, the benefits of using such a system during the Pilot Project phase and therefore we were hopeful that it would lead to good results during the Data Collection phase also. As with most businesses, it is impossible to consider one aspect of the airport's business without also considering the impact that this may have on every aspect of the business. Airport marketing is a small - albeit very important - aspect of the entire business.

Site Visits and Interviews:

Another important element of the methodology employed to complete Task B was visiting the partner sites. From IC Aviation's extensive experience, the best way to understand a particular region, city or airport is to go and pay a visit. Certain information can always be gathered electronically or remotely but in terms of understanding the real potential or indeed the challenges facing airports in today's market, it is necessary to visit the location and speak to the people involved. This aspect of the methodology has provided some very important insights into both some of the opportunities but also the challenges that some of the airports involved in WP5.1 are facing.

Focus Group:

IC Aviation also took the opportunity to carry out some focus group research at the BALTIC BIRD meeting in Norrkoping in April 2013. Attending the meeting were not only the 7 airports involved in Work Project 5.1 but also a wider group of people involved the BALTIC BIRD project generally. In total, we created 5 different focus groups which were randomly selected and each group was asked to respond to three questions:

1. What do you want the Toolbox to achieve?
2. What have we missed so far?
3. Any questions - is anything not clear?

These questions were only suggested as a guide to get people talking within their groups. The main objective was to get as many people involved as possible into this process so they could add their suggestions about what they wanted the Toolbox to achieve. IC Aviation was very pleased with the level of responses from all of the groups involved in the focus group research and ultimately this process will add a significant level of information and detail into the Toolbox. The Minutes from Focus Group research are attached as **Appendix A** to this Report.

There will follow in the next sections an analysis of the status quo of the involved partners, as well as a review of their existing marketing and the examples of marketing that IC Aviation believes should be focused on to ensure route development potential.

3.3 Liepaja Airport

3.3.1 Status Quo and Future Aims of Market Position

Liepaja Airport is a small airport in the western part of Latvia, which is owned and operated by the Liepaja Municipal Council. The airport is situated just 7km from Liepaja town centre and around

210km from Riga. There are currently no scheduled commercial aircraft flying to Liepaja airport. The only carriers using the airport at present are pilot training aircraft.

The airfield at Liepaja will however undergo major construction work in 2014 with a view to attracting first scheduled services in the Spring of 2015. The future strategy of the airport is to attract scheduled and charter services which would help to boost the local economy.

3.3.2 Customer Groups

At present, the customer groups are somewhat limited due to the fact that there is no scheduled commercial air traffic at the airport. However, the pilot school is clearly a key customer at this point in time.

3.3.3 Identification of Existing Marketing Tools

The airfield construction is a key priority for the airport management at the current time. Therefore, there has been no systematic attempts to market the airport or generate more traffic.

3.3.4 Recommendation

3.3.4.1 Marketing Strategies

Clearly, the upgrading of the airfield at Liepaja Airport is an important first step in preparing for future development. It would also be reasonable that marketing towards passengers at this early stage (given that scheduled flights are unlikely to start before 2015) would not be carried out. However, there is work that could be done towards other potential customers and key partners.

3.3.4.2 Marketing Tools

First, IC Aviation would recommend to hold an Airport Workshop within the next few months. Especially, given that local elections are taking place in Liepaja in June 2013. It would be a good opportunity for the airport to invite local and national politicians, tourist boards, private businesses, hoteliers, bus companies, etc. Show them all of the benefits that the airport can deliver to the economy but also educating them on the challenges and costs associated with operating an international airport.

Secondly, it would also be advisable to start which carriers and which destinations specifically the airport management would like to target for 2015. Many airlines will already be planning their schedules for 2014 and 2015 at this stage. Liepaja airport is therefore in a very good position to start building a Business Case for airlines, by doing as much research as possible about its catchment and learning the strategies of some European carriers.

3.4 Bydgoszcz Airport

3.4.1 Status Quo and Future Aims of Market Position

Bydgoszcz Airport is a regional airport situated in central Poland. It is majority owned by regional and local governmental bodies. The city of Bydgoszcz has a population of around 360,000 people but the

wider catchment of the airport is around 2m. The airport has seen a considerable increase in low cost traffic in recent years and there are 6 scheduled destinations served from the airport currently, including domestic services to Warsaw. There are also a number of charter / leisure type destinations served also.

The airport would welcome more growth to certain destinations with low cost carriers, but is also seeking to get a connection to a large European hub. The airport continues to have discussions with various airlines to increase traffic and routes to the airport.

3.4.2 Customer Groups

The airport has quite a diverse range of carriers, so clearly the legacy, low cost and charter carriers (along of course with the passengers they carry) are all very important customers. The airport would also have a number of bus, taxi and travel companies that use the airport that would be considered as important customers. The ownership structure of the airport is also an important factor to consider, with local, regional and national shareholders as well as some private shareholders who are involved with the airport.

3.4.3 Identification of Existing Marketing Tools

The most distinguishing feature of Bydgoszcz Airport's existing marketing tools, is the strong emphasis that is placed on marketing the airport in the local area, therefore targeting customer groups that are associated with the direct locality of the airport. These groups will mainly consist of politicians, local interest groups as well as new and potential passengers. There are many different activities being carried by Bydgoszcz Airport, for example:

- distributing information leaflets about the airport in local areas, including shopping centres, local towns,
- leaflet drops are also sometimes coordinated with some of the airlines
- advertising key information about the airport in local and national newspapers
- email advertising to a database of 39,000 subscribers
- advertising in the Gold Hundred Polish companies magazine
- issuing extensive press releases about destinations and carriers serving the airport
- advertising on local busses and taxies
- placing advertising loyalty / discount cards for local amenities (for example the local taxi company)
- organising press events at the airport for new routes launches / announcements as well as passenger milestone celebrations
- advertising on billboards and light displays at for example, bus stops in local towns
- merchandise branding
- giving tour operators leaflets and information about the routes from the airport
- advertising at local events, for example tourism fairs, school events, air fares, etc.
- organising free flight giveaways with airlines
- sending regular mail advertising to a range local entities, like schools, businesses, sports clubs, etc. and also to Polish communities in destination markets, like the UK
- advertising campaigns on satellite television channels

- organising conferences with interesting host speakers
- meeting with sales representatives in local companies to discuss the airport

3.4.4 Recommendation

3.4.4.1 Marketing Strategies

There is an abundance of local marketing being carried out, which is obviously very important for creating a positive awareness of the airport in the local area. However, in order to develop new routes, which the airport clearly wish to do, the process of marketing the airport towards potential new airlines is not as strong as it should be. From the information gathered during Data Collection phase, IC Aviation can observe that business cases put forward by the airport to airlines in some cases are exactly the same, irrespective of the airline being targeted. This does not represent a clever or unique way of marketing the airport towards airlines.

3.4.4.2 Marketing Tools

The key marketing tool that Bydgoszcz Airport should be seeking to implement, is creating stronger business cases for airlines. For example, there should be a different approach being taken towards each airline and are the airlines that are being targeted the right ones to offer the routes that Bydgoszcz Airport is seeking as part of their future strategy?

3.5 Savonlinna Airport

3.5.1 Status Quo and Future Aims of Market Position

Savonlinna Airport is located in the south west of Finland. It is a small regional airport fully owned and operated by the Finavia group, which are a government owned monopoly company that own the majority of Finland's airports. The representatives from Savonlinna Airport which are involved in the Baltic Bird project do not therefore exercise any direct control over the airport, from a marketing or any other perspective.

Savonlinna Airport has very little airline traffic currently, with a route to Helsinki operated by Flybe the only route that operates on a scheduled basis. There are also some charter services and private jets from Russia. The city administration has ambitions to increase the number of flights from Russia in particular but would welcome any flight services that have the potential to increase incoming tourists to the city.

3.5.2 Customer Groups

Due to the fact that Finavia own the airport, the customer group from the City's perspective, would include:

- Finavia
- Taxi Companies
- Airpro (ground handling company)
- Flybe
- Russian tourists (and private jets)
- Savonlinna Opera Festival

3.5.3 Identification of Existing Marketing Tools

Currently the representatives involved in the Baltic Bird project are not directly involved in any marketing activities. However, Flybe, the operator of the only scheduled service to the airport obviously markets its own service. Additionally, Savonlinna Travel Ltd. and Savonlinna Opera festival also market the Flybe service and a company called the Savonlinna Business Services Ltd. also tries to influence local companies to use the Flybe flights.

The disjointed relationship between the representatives involved in the Baltic Bird project and the owners / operators of the airport can sometimes make it difficult to develop and implement comprehensive marketing plans.

3.5.4 Recommendation

3.5.4.1 Marketing Strategies

There is currently a vacuum of information in Finland in relation to the many regional airports that Finavia / the government currently controls. The only guidance given so far by Finavia is that maintaining the existing network of some 25 airports is not sustainable. Due to the fact that

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Savonlinna Airport ranks among the smallest of the regional airports in the Finavia network in addition to the intense competition from other surrounding airports, it risks being closed or sold. For that reason, IC Aviation would suggest that the interested parties in Savonlinna Airport should be trying to improve their market position by introducing new carriers and destinations and alerting local and national politicians / decision makers as to the importance of the airport to the local area.

3.5.4.2 Marketing Tools

More direct dialogue with airlines is hugely important at this time for Savonlinna Airport. The representatives of the airport need to start meeting with and presenting proposals to airlines to gauge the level of interest that prospective airlines may have in the airport generally - keeping in mind that the relatively small catchment and competition from other airports is a real challenge. The Savonlinna Airport representatives should also consider hosting an information day about the airport, inviting local and national politicians / decision makers as well as media personnel so that the full value, but also the opportunities, of the airport can be outlined in great detail. It would appear to be imprudent at this stage to consider other types of marketing, for example towards passengers, until a more long term strategy for the airport can be decided upon and put in place.

3.6 Tampere Airport

3.6.1 Status Quo and Future Aims of Market Position

Tampere Airport is a reasonably well developed regional airport in central Finland, circa 120km north of Helsinki. It is fully owned and controlled by the Finavia group. A distinguishing feature of Tampere Airport is that it offers both a full service and low cost airport terminals. This has meant that in recent years that airport has experienced significant low cost carrier growth. The airport processed circa 570,000 passengers in 2012.

The Baltic Institute (who represent Tampere Airport in the Baltic Bird project) have some big ambitions for the future of the airport. This will include a large renovation project of the low cost terminal, which should allow for more traffic development in that segment. Charter traffic is also high up on their list of future growth plans as well as a connection with Russia. There are also plans to try to increase the catchment of the airport by attracting people from other cities and regions that are not too far away from Tampere.

3.6.2 Customer Groups

Given the reasonably high level of low cost traffic at Tampere Airport, this group and their passengers are clearly a very important customer base for the airport. However, there are some other key customers:

- Finavia
- City of Tampere
- Regional Council
- Development and Tourism Agency
- Chamber of Commerce

3.6.3 Identification of Existing Marketing Tools

Cleary, as the Baltic Institute does not own or operate the airport, the influence that they have in officially marketing the airport towards airlines, passengers and other customer groups is somewhat limited. Nevertheless, there is some good work being done. In particular, there has been a lot of research carried out about the catchment of Tampere City and the region. This includes information about the amount of businesses operating in the area and which regions in Europe that they have significant export business with. There has also been some passenger surveys carried out to try to identify where potential passengers want to fly to. This information can all be very valuable for building business cases for airlines.

The representatives from the Baltic Institute also maintain contact with the airlines flying to Tampere but obviously, they don't have a mandate to negotiate airport agreements with them. There are also plans for the Baltic Institute to start issuing information leaflets about the airport, which would obviously improve marketing towards passengers and other stakeholders in the local area.

3.6.4 Recommendation

3.6.4.1 Marketing Strategies

There is clearly big potential in this lucrative market for further aviation development. However, the fact that Finavia own and control the airport really limits the ability of third parties to properly market the airport. However, notwithstanding this limitation, the good work that is already being done should be extended so that more effective marketing of the airport can be carried out towards airlines and passengers.

3.6.4.2 Marketing Tools

In terms of marketing towards airlines, the surveys and catchment data that has already been prepared by the Baltic Institute should be fed into comprehensive business cases that can be presented to airlines. Whilst certain information is already being presented to airlines, there is probably more that could be done to demonstrate the strong potential that clearly exists in this market. One key airline customer group that should be targeted specifically, is the charter market given that Tampere has a relatively low proliferation of this airline segment. In relation to passenger marketing, the planned information leaflets about the airport should certainly proceed. The funding for such an initiative would appear to be coming entirely from the Baltic Institute, however, Finavia should be more involved in this process. The plans to increase the catchment of Tampere Airport should be accompanied by a strategic marketing tool, like for example, a Google Adwords campaign that could be targeted at specific cities and regions.

3.7 Seinäjoki Airport

3.7.1 Status Quo and Future Aims of Market Position

Seinäjoki Airport is a small regional airport in the mid-west of Finland. It is quite unique in Finland as one of only 2 privately operated airports in the entire country. However, intense competition from other airports as well as a very efficient train connection to Helsinki has put pressure on the airport in recent years. There are currently no scheduled flights to the airport with the last flight finishing earlier this year, which was a connection to Helsinki. There are charter flights from Seinäjoki but these don't generally number more than 15-20 flight per year.

The airport management in cooperation with the City administration, are obviously very keen to encourage more scheduled traffic to the airport in terms of international destinations. They are keen to attract the services of a low cost carrier as they believe that this sort of business model could work well to Seinäjoki, however, they are willing to consider all options.

3.7.2 Customer Groups

Along with the obvious charter airlines and their passengers, other customers of the airport would be local and city administration, travel agencies and tour operators (due to the fact that charter airlines are the only flights currently operating to the airport). Private companies would also form an important customer group, in particular due to the fact their employees would have used the previous connection to Helsinki but will most likely form an important part of the customer base in the future.

3.7.3 Identification of Existing Marketing Tools

The management at the airport as well as the city administration have been quite active in advertising the airport. There has traditionally been a large focus on marketing with the catchment or regional area, which makes sense given that there is competition from other airports in the vicinity. This means that the advertising is focused primarily on targeting new passengers to use the airport. Some of the marketing tools that are being used or have been used in the recent past are:

- An airport magazine, informing people in the local area about what's happening at the airport
- Advertising in local / regional magazines like Ykkoset and Ilkka
- Advertising the airport on LED screens in the downtown area of Seinäjoki
- Extensive use of social media, in particular facebook to promote the airport
- Issuing press releases about airport news and events

There has also been considerable efforts in recent months to make contact with and present proposals to some European carriers. The airport has attended Routes conferences in order to get meetings with as many airlines as possible.

3.7.4 Recommendation

3.7.4.1 Marketing Strategies

Running an airport on the basis of only a handful of charter operations each year is not sustainable. The recent loss of the scheduled service to Helsinki is therefore a significant development for the airport. It also means that attracting new scheduled airlines to the airport is now much more important than any other type of marketing that the representatives of Seinäjoki Airport should be engaged in.

3.7.4.2 Marketing Tools

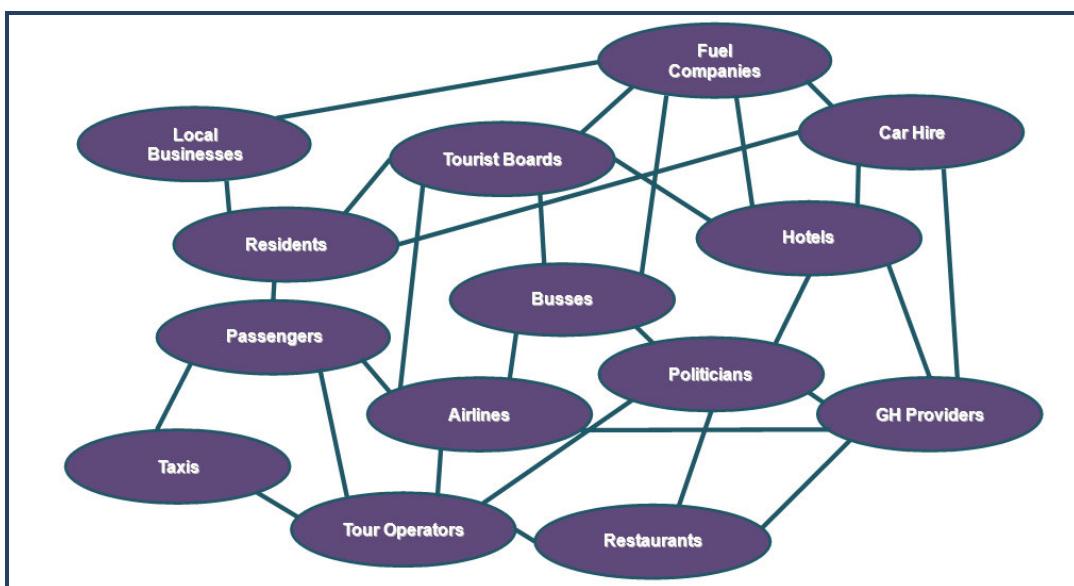
On the basis of the above, it is imperative that Seinäjoki Airport starts to create some very strong business cases to put before airlines in order to convince them to fly there. It is important to realise the challenges that Seinäjoki Airport faces in terms of competition from other airports and the train service to Helsinki. However, it is just as important to realise that Seinäjoki is very unique in Finland due to the fact that it is a privately operated airport and does not therefore need to rely on decisions from the Finavia group. In theory therefore Seinäjoki Airport can be very creative in preparing Business Cases for airlines and should be able to come up with a strategy that sets them apart from the other Finavia owned airports in their catchment or indeed in other parts of Finland.

3.8 Results of Task B

As mentioned in the introduction to this section, there is no doubt that some of the involved partners are engaged in very extensive and novel marketing campaigns, aimed at various customer groups. However, there is one very clear area that requires improvement, from almost all of the involved partners. This is the area of airport marketing towards airlines.

One of the most interesting findings from Task B, related to how each partner identified its customer segments. This was one of the questions asked as part of the Business Model Canvas methodology. IC Aviation believed it was very important for the partners to be able to identify who they think they should be marketing themselves towards in order to improve their chances of attracting airlines to fly set up new flight routes to their airport. There were a lot of different answers given and this highlighted yet another interesting point - airports find it difficult to identify who their customers actually are. Without being able to identify this crucial piece of information, then how can effective marketing strategies be elaborated? It is however understandable that airports would find it difficult to identify their customers, because airports have a wide and diverse range of people, groups and companies that can be classified as "customers". Take the below diagram as an example of the many different categories that can be classified as an airport's customer.

The Complex Web of the Airport Customer



Therefore, it is clear that 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. Airports interact with so many different customers each and every day. Some of these groups are obviously more important than the other but they all still interact in some way with each other over time. It is also important to highlight, that the above diagram gives an overview of just some of the "customers" that airports' must consider. However, IC Aviation does not suggest 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 of the key objective of WP5.1, which 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 who the most important customers should be, when it comes to route development. The three key customer groups therefore are:

1. Passengers

This is an obvious group and many airports all over Europe continue to focus their marketing efforts on attracting more passengers to their airport or alerting passengers as to what is on offer at the airport in question. This was also a strong feature of many of the airports involved with WP 5.1, as can clearly be seen during Task B – Data Collection phase, passenger related marketing was a prominent feature.

Indeed, passenger marketing is very important, of course you need to make potential and existing passengers aware of what is on offer at your airport – an airport without passengers is not very valuable. However, is it only one part of the picture – just as you can't really have an airport without passengers, you can't really have passengers without airlines!

2. Airline Marketing

We touched on this briefly above, but marketing towards airlines is an area of airport marketing that requires significant improvement. It should also be noted that this is a phenomenon that repeats itself all over Europe – primarily at regional airports – even though these are the very category of airports that should be doing everything possible to attract more airlines to their airports. Therefore, the general pattern amongst the partner airports in WP 5.1, is not unique to this group, but is part of a wider symptom that repeats itself in many places across Europe.

The reason for the lack of focus in this area of marketing, is due to historical reasons. This is to say, that in the history of European aviation, there has always been a generally accepted theory that once an airport physically exists, then airlines will fly there. And this has been true for quite some time – especially during the boom years of aviation after the liberation of the European air space and enlarged European Union. However, commercial aviation is at a very different phase now than it was 10 or 15 years ago. Many airlines are still not growing at all or are consolidating and those that are growing, are doing so very slowly and strategically. Most of Europe's airlines have gone through a devastatingly difficult trading period, losing, in some cases, billions of Euro. It will take some time for confidence to return to the market to the same levels we witnessed in the early 2000's.

That said, it is not all doom and gloom and opportunities do exist out there. Airports just need to recognize what and where the right opportunities are and structure proposals to airlines accordingly (much more on this later).

3. Marketing Towards Other Key Customers

This final group of customers, is much harder to define than the first 2, but this makes them no less important. The general definition something like: people who are involved with, benefit from or who have influence over running of the airport, but don't actually work at or directly control the airport. This may sound complicated, but let's take some examples. Politicians is a very good example! Everyone knows that airports are politically very important to regional and national governments – but what the politicians do to assist with the development of the airport? In some cases, there is very

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positive engagement between policy makers / politicians and airports – but in other cases there is not. These people should be involved – airports have the potential to create such a huge economic benefit to local economies that politicians should do everything in their power to assist with the development of the airport. Tour operators and tourism authorities are two other key groups. They both benefit immeasurably from the airports existence – but are they willing to get involved in marketing the airport? Will they allocate marketing support, guarantee to block book seats, etc.? The big challenge is how to market the airport towards this diverse and hard to reach customer group – IC Aviation has the answers and more will be revealed below.

Summary of Results

We have already been given a sneak preview of the results in the above sections, but the best way to summarise the performance of the involved partners in respect of the marketing towards passengers, airlines and “other” customers is as follows:



It therefore became quite clear about what customer groups we needed to focus on and which group required more attention than the others. The major focus needed to be on how to improve the ways in which they can interact with airlines in order to convince the airlines to operate more flight routes to their airport. However, there also needed to be a strong focus on how to reach the “other” customer group as well as ensuring that airports are using effective means to target additional passengers. With all of this information and instructions in mind, the Toolbox needed to be created and put into action!

4 The Airport Marketing Toolbox

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 than was first envisaged when the Terms of Reference was written. As a result of Task B (Data Collection), outlined above, we knew which customer groups we needed to focus on, but it became clear 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 in more detail some of the challenges currently facing the European aviation market.

The European aviation market in general is incredibly competitive at the current time. 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 that year 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 they 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



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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.

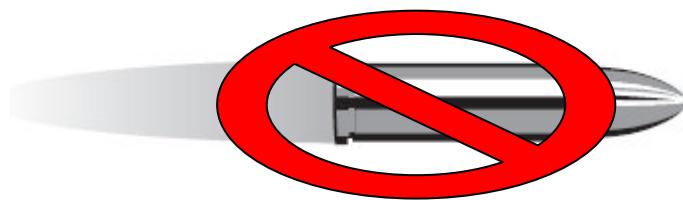
Passenger Development in Europe versus non-European Development



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. They are important to understand because they demonstrate that it is not easy in this highly competitive market to attract airlines to increase or start flights to an airport, in particular when the airport is a small regional airport.

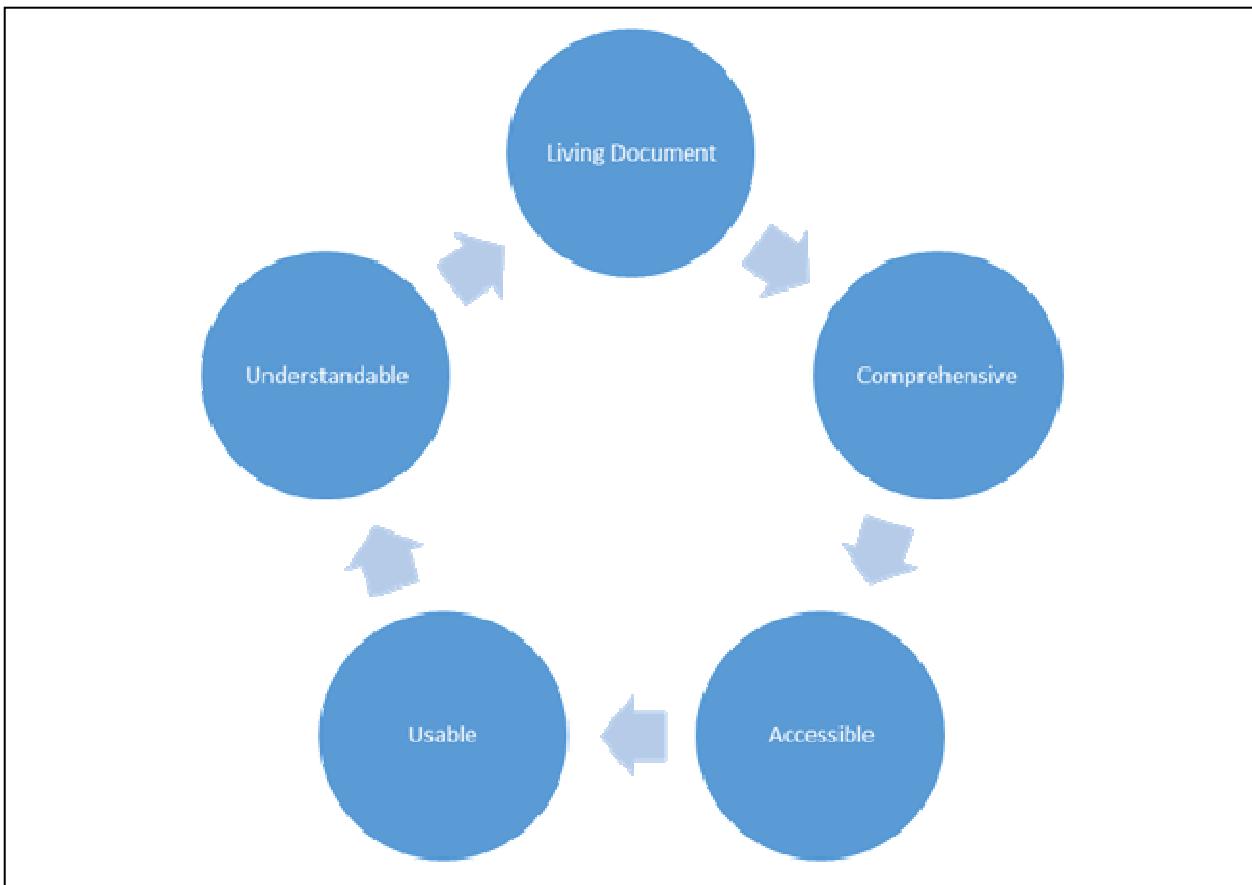
However, there is also an added challenge that became obvious during this process and that relates to the variety, in every sense of the 7 partners involved in WP5.1. We have already observed in section 3 of this report that the 7 partners come from 4 different countries and obviously differing regions within each of those countries. Therein lies the second major challenge that IC Aviation encountered while creating this Toolbox. How is it possible to create a one stop, fix all solution for route development that will apply just the same at each of the 7 airports? The answer is, that that it is impossible to do so – there is no silver bullet!



With these challenges in mind, it will be easier to understand how and why IC Aviation decided to proceed in the way that we did, in terms of the design of the Toolbox. The approach that we took, that will be better detailed in the following section, ultimately ended up with the creation of a highly unique and highly user-friendly Toolbox.

4.1 Design of the Airport Marketing Toolbox

We can see from the above sections of this report that there are some challenges associated with creating one document that contains fix-all solutions. The design of the Toolbox therefore needs to be broad enough to cover as many eventualities as possible but also being specific enough so that it can actually be used by each of the involved partners. IC Aviation therefore observed that there are 5 basic components that the Toolbox needs to contain in order to be successful. These can be best described in the following image:



Let's take each of the components in turn:

1. Living Document

What we mean by this, is that the aviation industry is not static. Things change so rapidly within the industry that what may be normal now, could easily change tomorrow. IC Aviation is constantly witnessing the manic pace of aviation. So, creating a paper document or manual for the involved partners would not be giving them the best tools to work with. In aviation, airports must be able to react to changing conditions and a static document does not allow them to do that. So, the Airport Marketing Toolbox must also be able to change as things change in the industry.

2. Comprehensive

The objective of getting airlines to fly to an airport or to increase operations to somewhere they are already flying, requires a huge amount of negotiations, information, analysis, discussion, planning, etc., etc. There is no easy way to convince an airline to fly and even if you can convince them, they often need to perform their own checks about operational or regulatory issues. For that reason, the

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Airport Marketing Toolbox must contain a large volume of information covering a wide range of topics.

3. Accessible

The Toolbox must be accessible to users. We all know that in this busy environment we work in, having paper files lying around everywhere can be difficult to manage. If you want to retrieve some quick information about airport marketing from the Toolbox, you don't want to have to look through all your files and try to remember where you put it. You want to be able to get access to it easily and quickly, and therefore the Airport Marketing Toolbox must be easily accessible to those who use it, or else it simply won't get used.

4. User Friendly

Linked to the accessibility point above, if users are going to get the most of out of this Toolbox, it needs to be easy to use. We've all been in the position where we try to use a system or follow guidelines and if we can't figure out what is happening in a matter of a few seconds, we get bored and move on. The Airport Marketing Toolbox therefore needs to be easy to use, people need to be able to navigate the various sections easily and know where they need to go to get the relevant information.

5. Understandable

Even if you have a Toolbox that is accessible and user friendly, you need to ensure that people can understand what they are reading and seeing. There is nothing more annoying than trying to understand complicated diagrams of convoluted language. This frustrates users and they will not devote any time to something they don't understand straight away. Therefore, the Airport Marketing Toolbox needs to be presented in a clearly understandable format for users.

IC Aviation therefore concluded that the only realist way to achieve each of these 5 objectives or components was to create a web based portal, an online forum whereby all of the information will be displayed and information can be updated as and when required. If we look back at the 5 components, it is clear that this sort of system is one of the few ways, if not the only way, in which each of them can be achieved. Let us know look in more detail at the structure of the online Airport Marketing Toolbox.

4.1.1 Basic Structure of the Airport Marketing Toolbox

The Airport Marketing Toolbox can be accessed via the IC Aviation website, at www.ic-aviation.com. This will bring users to the homepage of the Toolbox. This page will contain a log in area – each of the involved partners shall receive a unique log in name and password that will allow them to move beyond the home / log in page. Please find below a screen grab of the log in page of the Airport Marketing Toolbox:

Elaboration of an Airport Marketing Toolbox (Output Report)



Once the user has successfully logged into the portal, they will be given a number of different options, identified in the red box below:

Clearly the key aspect of this Toolbox is the marketing strategies that IC Aviation offer for each of the key customer groups. In section 4.2 of this report, there will be extensive examples given about the marketing strategies that IC Aviation proposes for each customer group. However, in relation to the online portal, the 3 separate sections dealing with Airline, Passenger and Other Customers will be available in the "Marketing" section of the Toolbox, as identified in the red box below:

Elaboration of an Airport Marketing Toolbox (Output Report)



http://78.47.53.62/

The Airport Marketing Tool... X

IC Aviation Developing Airports Powering Economies

HOME MARKETING MEDIA PAGE PILOT PROJECT OUTPUT REPORTS LOGOUT ADMIN

Airlines

Passengers

Other Customers

Welcome The Airport Marketing Toolbox

CHANGE PASSWORD

Current Password *

New Password *

Welcome to IC Aviation's Airport Marketing Toolbox

This marketing tool is truly unique in the industry. Please log in to enter Europe's only website that gives a comprehensive, step by step marketing guide on how to market airports towards their various customer groups. Review detailed suggestions from IC Aviation's team of highly experienced consultants about:

EN 16:49 27/11/2013

In addition to the all important marketing strategies, there will also be some other very useful information and guidance provided.

1. Media Page

There will be a media page devoted to helping users find relevant industry news sources so that they can keep up to date with the industry and keep researching about potential new airlines to target! There will be links to some of the sites that IC Aviations finds most useful. Please see an example of the Media Page in the below screen grab:

http://78.47.53.62/media

Media

IC Aviation Developing Airports Powering Economies

HOME MARKETING MEDIA PAGE PILOT PROJECT OUTPUT REPORTS LOGOUT ADMIN

Media

NEWS

Latest news

Economic Plan

anna.aero

airline network news and analysis

AIRwise

- Free news source, quite focused on passengers
- Lots of information about flights arrivals and airports
- They also have quite a good news feed about aviation industry news

EN 16:55 27/11/2013

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2. Pilot Project

There will be a webpage devoted to the pilot project, so that we can keep the involved partners up to date about the developments with that project. Please find below an example of this page:

The screenshot shows a web browser window with the URL <http://78.47.53.62/pilot>. The page title is "Pilot Project". The header includes the IC Aviation logo, the Baltic Bird logo, and a European Union flag. The main content features a large photograph of an airport terminal with several planes on the tarmac. Below the photo, the text "Pilot Project" and "The Airport Marketing Toolbox" is displayed. The bottom of the page has a toolbar with various icons and a status bar showing "EN", "16:57", and "27/11/2013".

3. Output Reports

There will also be a dedicated webpage supplying links to PDF copies of all of the output reports issued throughout the WP 5.1 process, including this report. An example of this webpage, is as follows:

The screenshot shows a web browser window with the URL <http://78.47.53.62/reports/>. The page title is "Output Reports". The header includes the IC Aviation logo, the Baltic Bird logo, and a European Union flag. The main content features a large photograph of an airport terminal with several planes on the tarmac. Below the photo, the text "Output Reports" and "The Airport Marketing Toolbox" is displayed. The bottom of the page has a toolbar with various icons and a status bar showing "EN", "16:57", and "27/11/2013".

4.2 The Three Most Important Marketing Tools for Route Development

4.2.1 Airline Marketing – Build a Business Case for Airlines

4.2.1.1 Introduction and General Information about the Marketing Tool

The purpose of this proposed marketing strategy is to focus airport managers' attention on the important things that airlines are looking for. IC Aviation often comes across examples of airports that do not focus on the important things that will catch an airlines' attention. As part of Task B of Work Package 5.1, it was also clear that some of the airports are not doing as much as they should to make themselves attractive to prospective airlines.

IC Aviation calls this strategy the Build a Business Case approach. We know from our vast experience in the industry, but also from work done on the Pilot Project, that airlines will listen to something if it makes sense. But they too often get bombarded by information and proposals that are of no use to them. IC Aviation will present advice for preparing Business Cases for four different categories of airlines. Although there will always be some overlapping factors to consider no matter which airline you approach, every Business Case should be different, depending on the airline you approach. And the one thing that all of our Business Case approaches have in common, is that the airports must carry out thorough research in order to better understand the overall market and their target airline. Set out below in the following sections, will be two examples of how to start the process of building a business case for a Flag Carrier / Traditional airlines and Low Cost Airlines. There will also be some practical examples of what businesses cases for these types of airlines could look like.

4.2.1.2 Implementation Steps of the Marketing Tool

Targeting Flag Carrier Airlines

Step 1 - Research your Catchment

Understanding your catchment is an important first step in creating a Business Case for airlines. From understanding more of the detail about your catchment, you will probably be able to identify more accurately which carriers and more particularly, which destinations you should be focusing your Business Case towards. Take the following as a guide to build up a better picture of your catchment:

1. How many people live in your catchment and what are their travel patterns?

Obviously, the bigger the catchment the more opportunity that exists for the carrier to attract people onto its flights. However, Flag Carrier airlines are also very interested in traffic flows from a particular city or region. Try to identify where people want to go or where they are going already. There are various ways to do this, many airports carry out surveys in the local area for example. Or speak to some of the businesses operating in your area and ask them where they need their employees to travel to most often. There are also companies like MK Metrics that can carry out passenger demand analyses for particular destinations.

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(Output Report)



2. What is the economic situation of your catchment, high GDP, low unemployment?

Clearly, higher economic indicators can be very encouraging for a potential airline. This can have a particular interest for the potential of a business travel market for example. Gather as much information together as you can, you might not use it all in one Business Case, but it is always useful to have it to hand.

3. How many businesses are operating in your catchment and in what industries?

This can also be a very important factor in the establishment of business type routes. Try to identify to the greatest extent possible how many businesses, especially export type companies, are operating in your catchment. And try to pick out some major industry sectors that might be interesting for an airline in a particular country.

4. Do the businesses have links with the home country of a certain airline?

Linked to the above question, try to establish whether or not the businesses in the area are linked in any way with a particular country. For example, if there are companies who have headquarters or other strong links with Germany, then obviously a German carrier would be a more sensible option to target than a French one. This type of information, although potentially highly valuable for an airline, is not always readily available. So, try to speak to the chamber of commerce for your region to get as much information as possible.

5. Are there special tourism related activities that should be highlighted?

Contact local tourist boards and get them more involved with what is happening at the airport. Ask them to highlight areas of interest, historic links between other countries and any other attractions in the area that could be useful when marketing the airport towards potential new airlines.

Step 2 - Target a Carrier

As you start to build a better picture of the market surrounding your airport, you should also be able to start identifying new markets that could be served from your airport. When you have destinations in mind, then it is easier to start narrowing down the airlines that can operate such routes. When you have identified certain carrier(s), then you need to start researching their businesses also. Start with these questions:

1. What countries are they flying to / from?

Flag Carrier airlines usually have one country in which they maintain a large presence. But try to identify what other countries they are present in. Are there any markets that they have stated publicly that they wish to increase their presence in, research this on the media page. If they are not operating at all in your market, they may be reluctant to start unless you can identify some really strong reasons why they should.

2. What sort of aircraft do they use and can those aircraft operate to your airport?

Flag Carrier airlines in particular tend to operate many different types of aircraft, from small regional aircraft to much larger long haul types. You should have some idea what sort of aircraft would be suitable for serving a particular route to your airport and ensure that those type(s) of aircraft can physically land there. There will be more on this in the Build the Case section.

3. Are they in a period of growth or consolidation?

Many Flag Carrier airlines in Europe are emerging from a period of intense consolidation and cost cutting. Be sure that you fully understand what phase your target airline is in. Whilst most Flag Carrier airlines are now starting to look again at growth options - research carefully what sort of growth opportunities they are actually looking for. For example, are they looking for regional airports to feed one of their hubs? Or are they looking to increase connections between city destinations? Or are they focusing on a long haul strategy only?

4. Are they already flying to your airport?

In the case of smaller regional airports, Flag Carrier airlines usually only operate one or two routes to feed into one of their larger hubs. If they already have a route to your airport, are they likely to want to fly more? Think about which other of their destinations they might want to link with your airport? Or is there an opportunity to increase capacity on existing services as opposed to introducing new routes?

5. Are they flying to other airports near your airport?

If they are, then consider what new opportunities there might be for them at your airport. Or can they duplicate a service to your airport? Consider also, what your competitors are doing to attract the airline and could you be doing it too, or even offering something better?

Step 3 - Build the Case

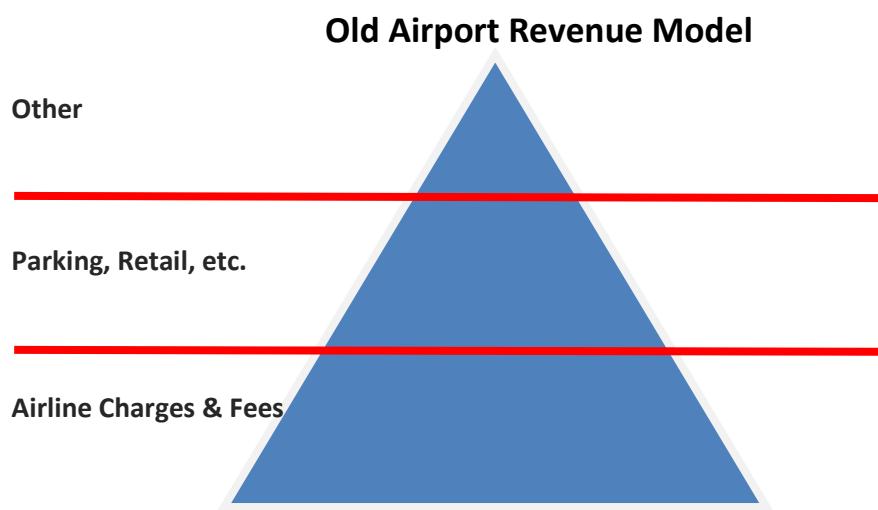
Now you know which routes and which airlines you want to target, so it's time to consider how to build a Business Case that the airline cannot refuse. Start by following these simple steps:

1. Published Charges

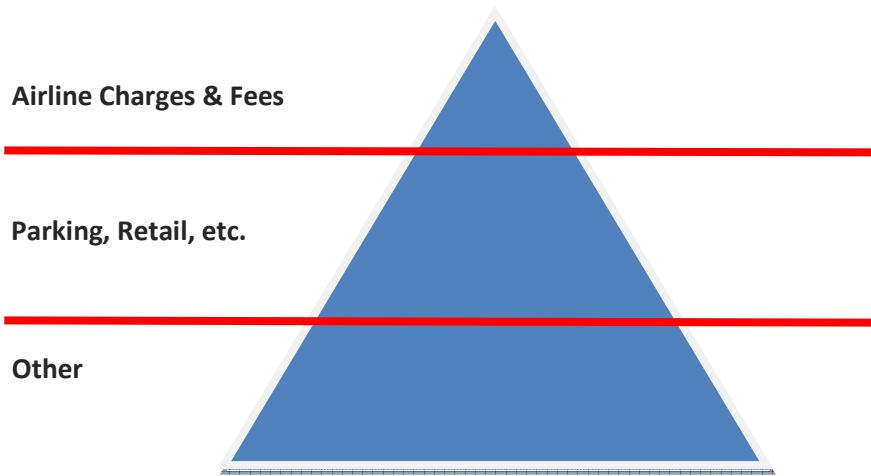
Published charges should be reviewed and the following amendments made, where possible:

1. Are the charges themselves competitive with respect to other airports of a similar size whom you could be competing with? Airlines of all types are focusing more and more on costs these days and they may well simply choose a cheaper alternative if there is one available. If you end up reducing your airport charges to make them more competitive, advertise this fact by issuing press releases, or posting adverts via well-known industry channels. Let people know you are in the market and that you are competitive on costs.

2. Simplify the charging structure. Traditionally airports maintain highly complex charging systems, with separate fees for landing, handling, passenger, security, CUTE, baggage, air bridges, etc. Airport fees don't need to be this complicated and airlines will be very relieved to receive a much more simplified (and preferably all inclusive) cost that they can understand straight away without having to get a team of financial analysts to figure them out.
3. For cities and regions involved in Work Package 5.1 that do not have direct influence over the fees and charges at the airport they represent, then every effort should be made to lobby the people who do control the fees. Meet with them, present to them the issues, the challenges and make them understand that airports need to be competitive or they will continue to struggle to grow traffic.
4. If you are a small regional airport with little or no traffic, then you should be looking at every possible way to incentivise airlines to fly to your airport. Look at innovative ways of lowering charges for new routes and passengers. And keep in mind that the traditional model of airport revenues is changing. Look at these examples:



New Airport Revenue Model



These diagrams show that historically, airports relied upon receiving revenues from airlines as the main source of their income. However, airlines are becoming much more cost conscious and even Flag Carrier airlines who traditionally didn't use to attach such importance to low airport costs, are seeking out the best airport deals. The new revenue model is the way of the future, especially for smaller regional airports. So when you are considering your published charges and introducing new incentives to attract airlines, remember that airports need to consider other methods of generating revenues than simply relying on the airline. Some examples could be as follows:

- Undertake a complete review of all non-aeronautical activity at the airport. Assess whether certain areas can be improved - for example can you increase car parking charges?
- Visit other airports and look around at what they are doing, take inspiration.
- Seek out new areas for which you can charge people to advertise at your airport.
- Think about using the airport for other reasons than just transporting passengers, for example charge people to host birthday parties or other events at the airport.
- Employ third party experts to guide you through a process of improving your non-aeronautical offering.

2. Third Parties

1. In relation to Flag Carrier airlines, one potentially very important step in the Business Case process, is to get local companies to guarantee that their employees will use the airline in question for all of the business flights that they need to take. Get an

estimate as to how many seats per year that would amount to and then get Letters of Intent signed by each company that you can incorporate into your Business Case.

2. Contact the local tourism authorities and ask them to contribute towards a marketing fund that can be used to enhance the business case for the target airline. Don't forget that tourism companies are one of the biggest benefactors of airport and airline activity. Consider asking them to join your meetings with the airline so that they can present the attractions that may exist in the vicinity of the airport - and let them see how hard it can be to attract new traffic to an airport.
3. Contact local tour operator companies and ask them if they can guarantee to book a certain amount of seats per annum. Their ability to do this will obviously depend a little bit on the destination in question but meet with as many tour operator companies as possible and encourage them get on board in some way.

3. Strategic Alliances

We saw in the Pilot Project, that two airports can actually work together to make a business case more attractive:



This sort of production requires that only light capacity would be offered as the airline flies from one large airport and splits the service between two airports in the destination market. In order for this to fit neatly into an airlines' scheduling system, keep in mind that the two airports on the B side, should be a similar flight distance away from the big airport.

The two key advantages of this strategy are that it reduces the carriers' risk, because it won't have to worry about oversupplying only one market. And secondly, two airports or regions can collectively make a better offer to the airline in terms of marketing support packages etc. The challenge with this strategy is that it is focused almost exclusively on the tourism market. The light frequency and split production would not suit business travellers. This potentially limits the amount of airlines that would go for it. However, as the Pilot

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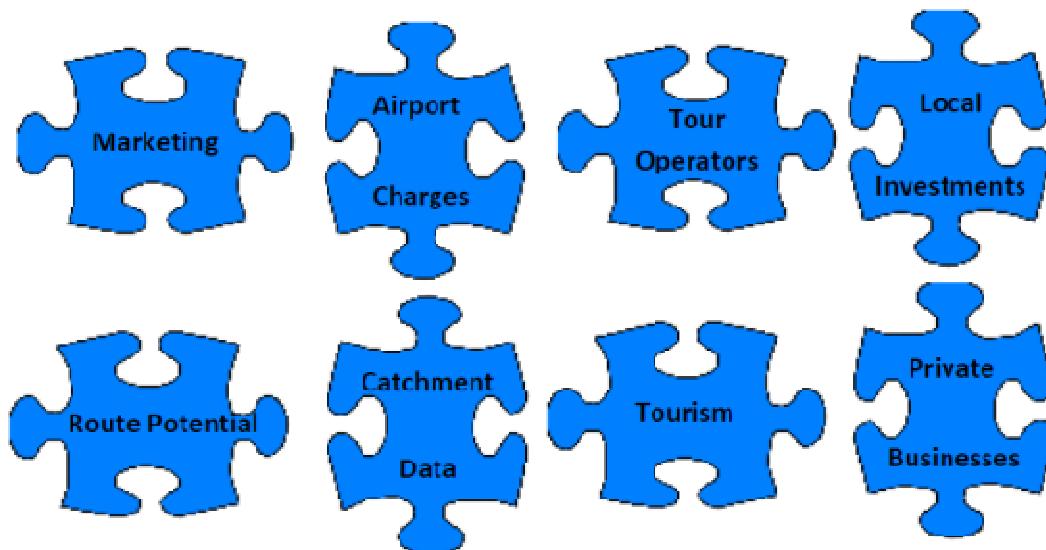


Project has shown, some Flag Carrier airlines are interested in doing this, so it is worth considering even for them.

4. What should the Business Case look like?

So you have researched a lot and looked different ways to create a Business case, but how do you put it all together? Treat all the components of the Business Case like pieces of a puzzle. There are various different - but related - components that all must fit together neatly to create a clear and concise plan for the airline. It is also important to note at this stage, that no two Business Cases will ever (or should ever) be the same. Each market, carrier, destination and airport will all have their own unique set of circumstances that will dictate what sort of Business Case should be presented. Situations also change so rapidly in the aviation industry that even a Business Case that works for an airline this year, won't automatically work next year.

Pieces of the Business Case Puzzle



Below is a fictitious example of a Business Case that could work for a large German Flag Carrier airline. The airport is a small regional airport in Finland called Kaiatsu looking for a connection to Frankfurt Main airport in Germany.

1. The Catchment

We have a large catchment of 1.5m people living within 1 hour of the airport. We also have several high tech export companies operating in our market, employing overall 4,500 people. Approximately, 15 of these companies have subsidiaries and/or headquarters in the region around Frankfurt.

2. Tourism Opportunities

In our region there is a long history of German holiday makers visiting the lakes and forests, the historic links date back to the 1800's when German copper mining

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(Output Report)



companies used to explore the region. Last year over 25,000 German tourists visited our area, mostly travelling with other airlines, taking 2 or more flights to get here.

3. Route Potential Analysis

We recently employed the services of RoutePro to carry out route potential analysis of a route from Frankfurt to Kaiatsu. The results show that there are at least 50,000 travellers from our region going to Frankfurt each year, mostly connecting through other European hubs using 2 or more flights to get there.

4. Private Businesses Involvement

We attach to our proposal 20 Signed letters of intent guaranteeing that the private businesses in our airport will book 35,000 thousand tickets each year on your airline.

5. Local Investments

There has recently been a major investment in a technology park in Kaiatsu that will act as a centre of excellence for European research in nano-technologies. The institute will employ 4,000 researchers and will be sponsored by 250 private European technology businesses.

6. Competitive Charges

The airport charge, shall be €11 per departing passenger, fixed for three years, it will be all inclusive of all charges (landing / take-off, PSC, ramp and passenger handling and security).

7. Marketing

A marketing fund has been offered by the local tourism authority of €150,000 per annum guaranteed for three years. An extensive marketing plan on both ends of the route has also been agreed and will be implemented as soon as the route is announced.

8. Tour Operators

We also attach a Letter of Intent from local travel agencies who will sell City Breaks to Frankfurt all year round, and which they estimate could use up to 12,000 seats per annum.

Step 4 - Deliver and Communicate

So when you have created a strong Business Case, what do you do next? Making contact with airlines can sometimes be quite a daunting task, Flag Carrier airlines in particular are often very large companies with thousands of staff, so where do you start? There are some general principles to follow when approaching airlines whether that is by phone, by letter or in a direct face to face meeting:

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1. Keep the message clear and concise - busy people don't want to be wasting their time listening to lot of superfluous information. Stick to the facts that you have gathered while creating your business case and avoid unnecessary information.
2. As mentioned in the Target a Carrier section, you need to understand the airline you are contacting by doing as much research as possible about them. There is nothing worse than airport managers who ask an airline to perform an operation that they clearly cannot do. This may be because the carrier does not have a base at the other end of the route, or its aircraft may be unsuitable, or it may have said publicly that they are not focusing on that market - there could be many reasons. But understanding about the airlines' business model and strategy will make you stand out.
3. If you can speak and write in the local language of the airline, then obviously use it. But if you are not familiar with the language, get assistance with translations so that you can present something that looks good and can be clearly understood.
4. Remember the IATA schedule periods for summer operations (April - October) and winter (November - March) respectively. If the route you are targeting will clearly only be a summer production, then make sure the airline has enough time to plan for that.
5. Have patience! If you send a letter or a leave a phone message, don't start to bombard them until you get a response - they will not appreciate this. Give them time and send gentle non-invasive reminders every so often.

But if you don't have any contacts at the airline you want to target, what should you do? There are various industry events that take place all over the world. Many of these either have official meetings with airlines that you pay for or informal networking events. Consider attending and make contact with as many airlines as possible. There are also a few other tricks worth considering, as set out below:

1. The Routes Company organises international and regional aviation events, whereby airline delegates can pay to attend meetings with airlines. There are also informal networking events. These events can be expensive, but an excellent forum for meeting airlines.
2. French Connect in France is a smaller version of the Routes events and quite focused on the French market - but a good forum if this region is on your radar for route development.
3. IATA runs regular slot conferences and these are always attended by the main airline representatives. So if the slot coordinator from your airport is attending, why not tag along and you never know who you might get to meet.
4. For more informal networking opportunities, look at some specific events taking places in various countries like:

- The Internationale Tourismus-Börse (ITB) in Berlin
 - The World Travel Market, London
 - Borsa Internazionale Del Turismo (BIT) in Milan
 - International Tourism Trade Fair (FITUR) in Madrid
5. Writing unsolicited letters to airlines can sometimes seem like a pointless task. And if you write a letter that begins with "Dear Airline...." you can probably forget about making any progress. Try to find out the name of a key person within the company and then DO NOT send pages and pages of waffle. This could be your one chance to make an impression - again this all comes back to presenting a solid Business Case so they cannot ignore your offer.
 6. There are many aviation specialists and consultants who have a network of contacts at different airlines, consider using one of them to get some ideas about who is best to contact.
 7. Contact colleagues at other airport to get a name and contact details for the airline you wish to approach.

Targeting Low Cost Airlines

Step 1 - Research your Catchment

Understanding your catchment is an important first step in creating a Business Case for airlines. From understanding more of the detail about your catchment, you will probably be able to identify more accurately which carriers and more particularly, which destinations you should be focusing your Business Case towards. Take the following as a guide to build up a better picture of your catchment:

1. How many people live in your catchment?

Generally speaking, Low Cost Carriers (LCC), will seek a large catchment that they can draw people from to go on their flights. However, it's important to note that the "low fare" phenomenon in Europe means that people generally travel longer distances to an airport to avail of the cheaper fares. So don't think of just your catchment as the 1/2 hours around the airport - indeed there are many documented cases in Europe of people driving for up to 500km to reach an airport that has low fare flights. This can be a very important point in relation to passenger marketing and identifying where to market your airport.

2. What is the demographic of your catchment?

This is very important. What type of people live in your catchment area? LCC attract a wide cross section of travellers, from sun seekers, to migrant worker and their families and even some business travellers. So think about where the people in your catchment are most likely to want to go. Is there is high unemployment with local workers seeking opportunities elsewhere? Or conversely, is there a strong need for workers from other countries to fill vacant positions? Or is there strong demand for flights to leisure

destinations? Think about all of the possible opportunities and carry out as much research as possible so you can identify some strong reasons for a LCC carrier to fly to your market.

3. Are there special tourism related activities that should be highlighted?

LCC are prolific generators of tourism traffic. Their low fares mean people can travel more often and will fly to places that they probably never would have considered, because they can afford to do so. Identifying tourism opportunities can therefore have a very positive impact on a Business Case for a LCC.

4. How well connected is your airport by public transport?

What is the infrastructure like around your airport, is there a good bus or rail connection to a local city for example? LCC passengers may be more likely to opt for public transport options, so it's important to let the LCC know what is available. If you are a regional or secondary airport, is there an efficient and cheap way to travel to a larger city, if there is not something available, think about partnering with a local bus or rail company to provide and advertise the service.

Step 2 - Target a Carrier

As you start to build a better picture of the market surrounding your airport, you should also be able to start identifying new markets that could be served from your airport. When you have destinations in mind, then it is easier to start narrowing down the LCC airlines that can operate such routes. When you have identified certain carrier(s), then you need to start researching their businesses also. Start with these questions:

1. What countries are they flying to / from?

LCC will often have extensive operations in several different markets. They operate a base system, whereby they base aircraft in one location and fly out from there to other non-based airports. Look at where these bases are and try to ascertain if they could connect to your airport from one of those bases? Try to understand a bit more about what their plans are for new markets by researching on the Media Page.

2. What sort of aircraft do they use and can those aircraft operate to your airport?

Flag Carrier airlines tend to operate just one type of aircraft, in many cases large mid-range jets. These aircraft will not be compatible with all small regional airports, so you should have some idea whether or not those aircraft can physically land at your airport. There will be more on this in the Build the Case section.

3. Where is their growth likely to be focused?

LCC are one of the few airline groups that have maintained a steady growth profile, even when many other carriers were contacting or even going out of business entirely. With some of the largest LCC recently placing big aircraft orders that will materialise in the next 2-3 years, it looks like LCC will continue to lead the way in terms of strong growth. But, LCC

are businesses just like any other company and they want to make money. So they will only grow in markets where there is a good opportunity. Research what the LCC have been saying recently in the Media about where they want to grow. And look to see where they have recently been opening new routes, airports and bases to give you an indication which direction they are growing in.

4. Are they already flying to your airport?

In the case of smaller regional airports, it is important to understand whether or not the market can handle big increases in capacity that LCC tend to bring, because of their larger aircraft type. Examine in as much detail as possible how well the existing flights are performing. Check load factor information and try to look online to build up a picture of the fares that the carrier is offering.

5. Are they flying to other airports near your airport?

If they are, then consider what new opportunities there might be for them at your airport. LCC are considered to be more promiscuous and less loyal than other airline types. So consider what your competitors are doing to attract the airline and could you be doing it too, or even offering something better? LCC are always excited by the opportunity to reduce their costs so they can pass these savings on to passengers in the form of lower fares.

6. Operational Requirements

LCC don't generally require very complicated infrastructure. For example, they often like to avoid using air bridges so they can facilitate short turnaround times. This may sound simple, but can your airport actually provide for such operations? Try going to another airport to watch how a LCC operates, follow the turnaround process and see if your airport provide the same level of service. The absence of an efficient operation can sometimes make or break a deal with a LCC.

Step 3 - Build the Case

Now you know which routes and which airlines you want to target, so it's time to consider how to build a Business Case that the airline cannot refuse. In relation to LCC, as their name suggests, it is important to remember that cost is the driving factor in almost all of their decisions. So this section will focus a lot on creating a competitive cost offer for the airline.

1. Published Charges

Published charges should be reviewed and the following amendments made, where possible:

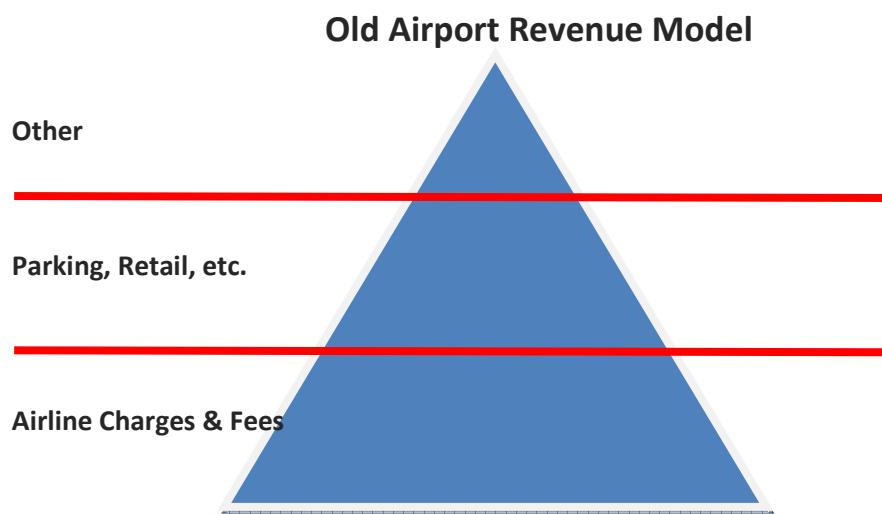
1. Are the charges themselves competitive with respect to other airports of a similar size whom you could be competing with? LCC are always seeking out the most competitive airport deals. LCC can and do choose cheaper alternatives if there is

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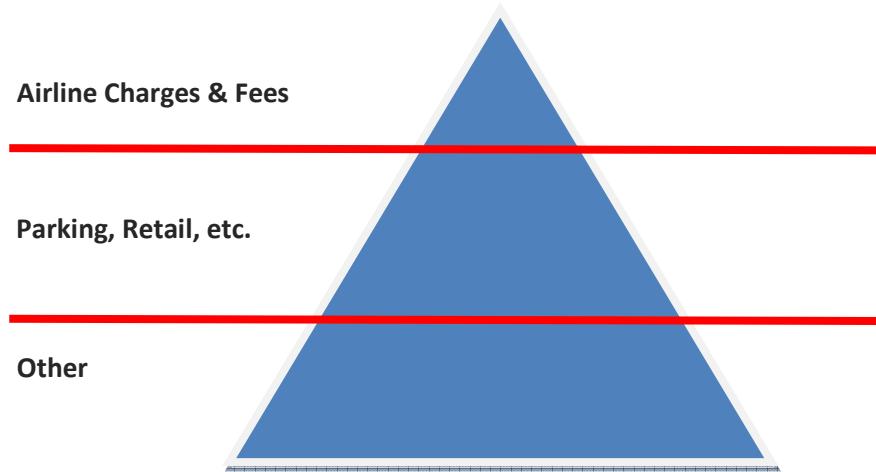


one available. Make the charges as low as you possibly can, keeping in mind legal applicable requirements.

2. Simplify the charging structure. This is very important for LCC who like to make everything as simple as possible. Traditionally airports maintain highly complex charging systems, with separate fees for landing, handling, passenger, security, CUTE, baggage, air bridges, etc. Airport fees don't need to be this complicated and LCC will be very relieved to receive a much more simplified (and preferably all inclusive) cost that they can understand straight away without having to get a team of financial analysts to figure them out.
3. For cities and regions involved in Work Package 5.1 that do not have direct influence over the fees and charges at the airport they represent, then every effort should be made to lobby the people who do control the fees. Without competitive airport charges, LCC will not even consider your airport - we will define what competitive can mean in the final section of this strategy document.
4. If you are a small regional airport with little or no traffic, then you in particular should be looking at every possible way to incentivise airlines to fly to your airport. Look at innovative ways of not only lowering charges for new routes and passengers but offering additional marketing, growth or other incentives. And keep in mind that the traditional model of airport revenues is changing. Look at these examples:



New Airport Revenue Model



These diagrams show that historically, airports relied upon receiving revenues from airlines as the main source of their income. However, LCC airlines have a lot of flexibility about where they will deliver traffic and they won't fly to expensive airports - that is clear. The new airport revenue model is the way of the future, especially for smaller regional airports. So when you are considering your published charges and introducing new incentives to attract airlines, remember that airports need to consider other methods of generating revenues than simply relying on the airline. Some examples could be as follows:

- Undertake a complete review of all non-aeronautical activity at the airport. Assess whether certain areas can be improved - for example can you increase car parking charges?
- Visit other airports and look around at what they are doing, take inspiration.
- Seek out new areas for which you can charge people to advertise at your airport.
- Think about using the airport for other reasons than just transporting passengers, for example charge people to host birthday parties or other events at the airport.
- Employ third party experts to guide you through a process of improving your non-aeronautical offering.

2. Third Parties

1. LCC have the potential to deliver large volumes of tourists to a local area by virtue of their large aircraft and high volume business models. Local tourism authorities should therefore be fully involved in the discussions with the potential airline. Ask them to contribute towards a marketing fund that can be used to enhance the

Business Case for the target airline. Consider asking them to join your meetings with the airline so that they can present the attractions that may exist in the vicinity of the airport - and let them see how hard it can be to attract new traffic to an airport.

2. Tour operators who can offer a guarantee to book seats with the carrier can be a good option for LCC, but it is important to note that not all LCC accommodate tour operator bookings. In addition, their ability to book seats will depend a little bit on the destination in question, but meet with as many tour operator companies as possible and encourage them get on board in some way.

3. Strategic Alliances

We saw in the Pilot Project, that two airports can actually work together to make a business case more attractive:



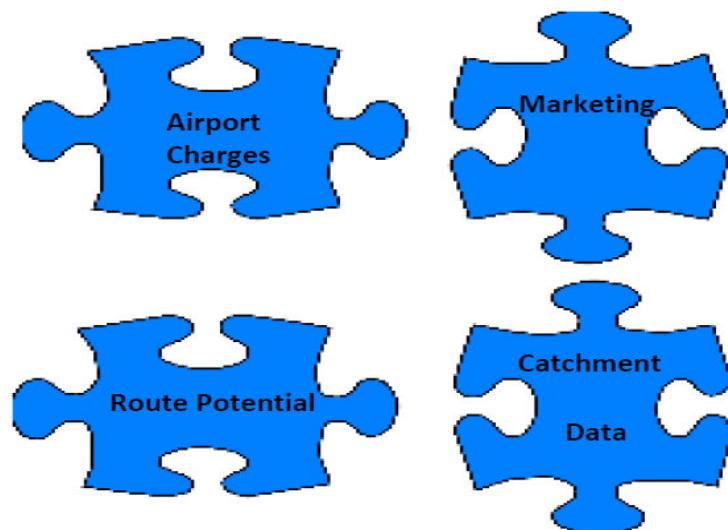
This sort of production requires that only light capacity would be offered as the airline flies from one large airport and splits the service between two airports in the destination market. In order for this to fit neatly into an airlines' scheduling system, keep in mind that the two airports on the B side, should be a similar flight distance away from the big airport. For LCC, this point is particularly important, as they tend to utilise their aircraft to the maximum extent, without letting them sit unused at any period during the day.

The two key advantages of the two airport strategy is that it reduces the carriers' risk, because it won't have to worry about oversupplying only one market. And secondly, two airports or regions can collectively make a better offer to the airline in terms of marketing support packages etc. It is also a strategy that is focused almost exclusively on the tourism market, which for LCC is not necessarily a problem. Many charter operators are operating under this sort of model and there is no real reason why some LCC would not go for a similar production.

4. What should the Business Case look like?

So you have researched a lot and looked different ways to create a Business case, but how do you put it all together? Treat all the components of the Business Case like pieces of a puzzle. There are various different - but related - components that all must fit together neatly to create a clear and concise plan for the airline. It is also important to note at this stage, that no two Business Cases will ever (or should ever) be the same. Each market, carrier, destination and airport will all have their own unique set of circumstances that will dictate what sort of Business Case should be presented. Situations also change so rapidly in the aviation industry that even a Business Case that works for an airline this year, won't automatically work next year.

Pieces of the Business Case Puzzle



Below is a fictitious example of a Business Case that could work for a large European Low Cost Carrier. The airport is a regional airport in Sweden called Senäp and they are looking for a summer only connection to Barcelona airport in Spain.

1. Airport Charges

The airport will offer a 3 year, zero airport and handling cost incentive to any airline that can transport a minimum of 50,000 passengers to and from any new destination in Spain. In addition, from year 4 onwards, for a further 3 years, the all-inclusive airport fee shall be €5 per departing passenger. There will also be a passenger volume incentive that will reduce the airlines' costs as follows:

Year	Total Pax Volume p.a.	All incl. Cost Per Dpt. Pax
4	150,000	€5
5	200,000	€3

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6	250,000	€0
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2. Catchment

There are 750,000 people living within a 1 hour drive of the airport but within just 3-4 hours, there are almost 2m people. The Airport is very well connected by motorway and there is a train station right at the airport.

3. Marketing Support

The tourism authority has agreed to contribute towards a joint marketing fund of €250,000 per annum for 3 years. It has also been agreed that a comprehensive marketing plan will take place on both sides of the route, to ensure that there is as much inbound traffic from Spain on the route as possible, giving the route a better chance of success for the airline.

4. Route Potential

We already have several charter and scheduled flights to the Canary Islands, Malaga and Alicante. During the summer months all of these flights are booked with an average load factor of 85% and the averages fares are usually around €250 per round trip.

Step 4 - Deliver and Communicate

So when you have created a strong Business Case, what do you do next? Making contact with airlines can sometimes be quite a daunting task, LCC airlines tend to be a bit more visible and approachable in the market, but it can still be a challenge to know where to start. There are some general principles to follow when approaching airlines whether that is by phone, by letter or in a direct face to face meeting:

1. Keep the message clear and concise - busy people don't want to be wasting their time listening to lot of superfluous information. Stick to the facts that you have gathered while creating your Business Case and avoid unnecessary information.
2. As mentioned in the Target a Carrier section, you need to understand the airline you are contacting by doing as much research as possible about them. There is nothing worse than airport managers who ask an airline to perform an operation that they clearly cannot do. This may be because the carrier does not have a base at the other end of the route, or its aircraft may be unsuitable, or it may have said publicly that they are not focusing on that market - there could be many reasons. But understanding about the airlines' business model and strategy will make you stand out.
3. If you can speak and write in the local language of the airline, then obviously use it. But if you are not familiar with the language, get assistance with translations so that you can present something that looks good and can be clearly understood.

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(Output Report)



4. Remember the IATA schedule periods for summer operations (April - October) and winter (November - March) respectively. If the route you are targeting will clearly only be a summer production, then make sure the airline has enough time to plan for that.
5. Have patience! If you send a letter or leave a phone message, don't start to bombard them until you get a response - they will not appreciate this. Give them time and send gentle non-invasive reminders every so often.

But if you don't have any contacts at the airline you want to target, what should you do? There are various industry events that take place all over the world. Many of these either have official meetings with airlines that you pay for or informal networking events. Consider attending and make contact with as many airlines as possible. There are also a few other tricks worth considering, as set out below:

1. There is a World Low Cost Conference that takes place each year, which as well as having interesting speakers, will also have many low cost airline representatives present.
<http://www.terrapinn.com/conference/world-low-cost-airlines/index.stm>
2. The Routes Company organises international and regional aviation events, whereby airline delegates can pay to attend meetings with airlines. There are also informal networking events. These events can be expensive, but an excellent forum for meeting airlines.
3. French Connect in France is a smaller version of the Routes events and quite focused on the French market - but a good forum if this region is on your radar for route development.
4. IATA runs regular slot conferences and these are always attended by the main airline representatives. So if the slot coordinator from your airport is attending, why not tag along and you never know who you might get to meet.
5. For more informal networking opportunities, look at some specific events taking place in various countries like:
 - The Internationale Tourismus-Börse (ITB) in Berlin
 - The World Travel Market, London
 - Borsa Internazionale Del Turismo (BIT) in Milan
 - International Tourism Trade Fair (FITUR) in Madrid
6. Writing unsolicited letters to airlines can sometimes seem like a pointless task. And if you write a letter that begins with "Dear Airline.....", you can probably forget about making any progress. Try to find out the name of a key person within the company and then DO NOT send them pages and pages of waffle. This could be your one chance to make an impression - again this all comes back to presenting a solid Business Case so they cannot ignore your offer.

7. There are many aviation specialists and consultants who have a network of contacts at different airlines, consider using one of them to get some ideas about who is best to contact.
8. Contact colleagues at other airport to get a name and contact details for the airline you wish to approach.

4.2.2 Passenger Marketing - Google Adwords Campaign

4.2.2.1 Introduction and General Information about the Marketing Tool

The proliferation of passengers booking their flight tickets on the internet means that digital marketing or marketing involving the internet is becoming an increasingly powerful tool with which airports can market themselves towards their potential passengers. IC Aviation has observed some good practices at some of airports involved in WP 5.1 in relation to digital marketing, but still more could be done. We will review below a very clever example of a Google Adwords campaign that was carried out by Karlstad airport in Sweden. However, let's first begin by reviewing what Google Adwords, how it works and why it can be such a potent marketing tool for an airport.

Google AdWords is Google's main advertising product and main source of revenue. In very basic terms, the Adword programme allows you to get as much visibility for your airport as possible on Google search results. For example, customers who already know about your airport, will likely search for your airport by name, for example "Heathrow Airport". Therefore, the website for Heathrow specifically will most likely show up in the natural search results. However, potential customers who don't know about your airport might search something like "airports in London", in which case the specific Heathrow website might not show up at all. So while your website or airport might already appear in some Google search results, with Adwords you make sure that your airport will be visible when other keyword searches are performed. This will most certainly help to increase your website's visibility and ultimately get more traffic to the site which will lead to more people understanding about your airport and what it has to offer.

4.2.2.2 Implementation Steps of the Marketing Tool

Step 1 – Register for Google Adwords

Registering to start advertising with Google is a very simple process, made even easier if you already have an Adwords or Gmail account. Simply follow the steps outlined here <https://adwords.google.com/um/StartNewAccount> and even if you don't have an existing account with Google, registration is very quick and easy.

Step 2 – Create a Google Adwords Campaign

Choose the type of advertisement:

Another benefit of using Google Adwords is that they have a number of different advertisements you can use. From small text ads that appear at the top or at the side of

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search results to full colour images and videos. However, from an airport's perspective, visual imagery or video is not necessarily as important in terms of attracting potential passenger, so textual adverts are probably sufficient.

Choose the right key words:

The most important aspect for airports to focus on is choosing the right keywords to bid on. Use these helpful tips when deciding which keywords to purchase:

(1) Think about what your potential passengers are looking for

Your keywords should be the words or phrases your potential customers would use when searching for your airport. For example, think about what routes you have at the airport, are there new routes, use the route names as well as using other words like airline names, cheap flights, etc.

(2) Keep it Relevant

Generic keywords or terms may get more searches overall, but the people searching for them won't necessarily be interested in you specifically have to offer at your airport. As described in point 1, try to think about search words and terms that are more specific to your airport.

(3) Google's Keyword Tool

If you are struggling to find the right words to use, try using Google's very helpful Keyword Tool for inspiration at: <https://adwords.google.com/o/KeywordTool>

(4) Monitor Results

Another useful feature of the AdWords programme is that you can find out which keywords are getting a good Quality Score, which is effectively a way of monitoring how relevant your keywords and website are to the people who see your ads. When you can see some results, then try adding other similar keywords or delete words with a poor score.

Choose the geographic target area:

Google's AdWords can be used as a medium to advertise all over the world, such is the global phenomenon of the internet. However, from an airport's perspective, you are most likely only going to be interested in targeting a certain area in and around the catchment of the airport. Google Adwords has a very clever geo-targeting programme that an airport can use to show your advertisements in a particular area, whether it's a city, region, country or you can set a pre-determined distance from your airport. We will see in the following sections a good example of one airport involved in WP 5.1 that actually used Google's Adwords to attract new passengers from a different country.

Step 3 – Monitor the Google Adwords Campaign

Cost Monitoring:

The cost for using Google Adwords varies considerably depending on which search terms or words you want to buy. All charges are calculated on a cost-per-click basis and you can set a daily limit that Google won't exceed, so you don't get hit with a big bill at the end of the month. Google sets the cost-per-click prices using an automated auction system. As an advertiser, you get to specify the maximum amount you are willing to pay for each prospective customer that visits your website by clicking on your advertisement. The amount you bid determines how high up on the search results page your airport or website appears.

Google Analytics:



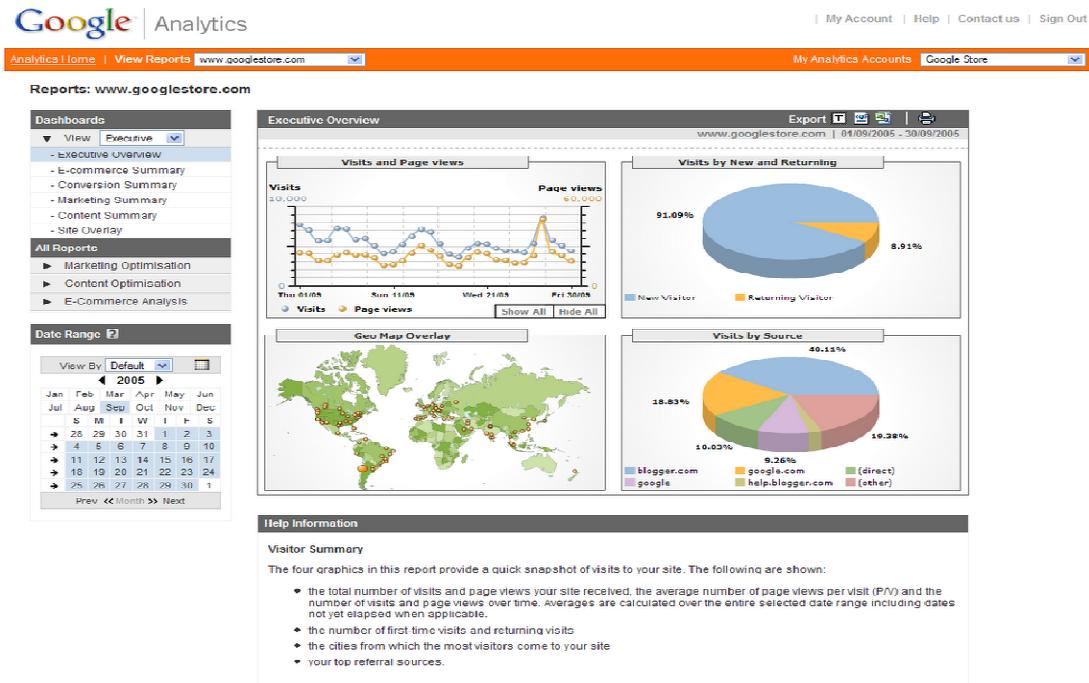
Another Google programme that IC Aviation strongly advises airports to use, in conjunction with the Adwords programme, is the highly complex yet relatively user friendly Google Analytics system. It is also completely free to use provided your website does not record more than 10m hits per month. This allows the user to analyse everything that's happening with your website, in terms of traffic flows. So this can be useful for an airport for many reasons. In particular, you can track which countries, cities or regions the people visiting your website are coming from. This can provide excellent data about which areas an airport should be targeting to get more customer. Some of the other information that the Google Analytics provides is for example:

1. How many daily visits your site receives.
2. The origin of the traffic (for example, has it fed in from another site, email referral, direct referral, etc.)
3. How many people are online at any given moment in time?
4. Average time people visited the site for.
5. You can check how many people get to your site from social media platforms, very helpful if you have set up a social media campaign.

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Example of Google Analytics



Best Practice Example – Google Adwords Campaign of Karlstad Airport

Karlstad is a small regional airport located in the south western part of Sweden, not far from the Norwegian border. The airport processed xxx passengers in 2012 and is on track to increase this by more than xxx percent in 2013 as a result of new airlines and routes being developed at the airport. The city of Karlstad has around 62,000 inhabitants with a further xxx people living within 1 or 2 hours of the airport. Oslo lies only 220km to the west of Karlstad, so there is potential to attract from this market also.

In December 2010 it was announced that Karlstad Airport had successfully managed to negotiate a route to Barcelona with a leading low cost European airline. The route would commence operation in April 2011. Among the many other marketing activities that were planned, a very specific Google Adwords campaign was initiated. A part of that campaign would be pointed at the geographical areas of Østfold and Akershus in Norway, seen as blue in the picture below.

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The screenshot shows a Google Adwords interface for campaign management. A map of Northern Europe is displayed, with several location pins placed across the region. A sidebar on the left lists various campaign filters and settings. On the right, there are two main sections: 'Inrikta platser' (Target locations) and 'Uteslutta platser' (Exclude locations). The 'Inrikta platser' section shows 'Norge - land' with a radius of 540 km. The 'Uteslutta platser' section lists 'Oslo, Norge - kommun' with a radius of 1810 km, 'Oppland fylke, Norge - kommun' with a radius of 97 km, and 'Ruskvenn fylke, Norge - kommun' with a radius of 166 km. Buttons for 'Klar' (Done) and 'Avbryt' (Cancel) are visible at the bottom.

The campaign commenced in February 2011 and ended on the 30th of October of the same year. During the period of the campaign, an advertisement with the following text was shown: "Barcelona cheap flights. Low cost flights from Karlstad. Simple and easy airport. www.ksdarpt.se". The ad was connected to 90 search-words such as, "Barcelona", "Cheap flights", etc. The ad was shown 6,796,284 times and had 3,766 clicks. According to a survey performed by Karlstad Airport, the route to Barcelona had approximately 20% departing Norwegian passengers as a result of the Google Adwords campaign.

This campaign carried out by Karlstad airport, therefore clearly demonstrates that Google Adwords can add tangible value to your airport. Expanding the catchment of an airport and reaching new potential customers is crucial in terms of long term survival and development. Karlstad Airport cleverly designed a very specific Adwords campaign to attract passengers from another country - there is no reason why other airports involved in WP5.1 could not start to create similar campaigns.

4.2.3 “Other” Customer Groups – Airport Workshop for Key Customers

4.2.3.1 Introduction and General Information about the Marketing Tool

An airport's customer list is made up of a highly diverse set of individuals or groups. It is quite obvious to identify passengers and airlines as being important customers of the airport, but what about all of the other people who should be considered customers as well?

This category of customers is harder to define but should be considered no less important. Let's take some examples of who else should be considered as an airport customer and then we will outline a clever and rather novel marketing strategy for this diverse group:

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Local Residents: whether or not they use the airport, they can loosely be defined as a customer group. They might work at the airport, they might use shops or restaurants at the airport. And equally (as is often the case) they may be vehemently opposed to the very idea of an airport operating in their neighbourhood.

Politicians: in IC Aviation's vast experience, we have yet to meet a politician who does not have some level of interest in airports that are located in their constituency. Opinion is usually much divided however, with some politicians being very opposed to and others being very in favour of airport development. But the biggest issue we find, is that politicians rarely do enough to promote or help the development of airports.

Local Businesses: a significant customer (and benefactor) of the airport. If you take the case of an export company who needs to have staff flying out all around the world selling their products. They use the airport continually and indeed airports can often be vital to their very survival.

Tourist Boards: this is an indirect category of customer, in that the tourist board themselves don't necessarily use the airport. However, the tourists that the tourist boards are targeting, most certainly do. Thankfully, in many cases local and national tourist boards join forces with airport companies, something observed in the Data Collection phase of WP5.1 but airports should constantly remind the tourist board customer group as to how important a thriving airport is to their business.

IC Aviation therefore proposes that airports should host Airport Workshops for these customer groups. Public Workshops like these can serve many functions:

1. They market the airport to the local area in a positive way
2. They can help to dispel any negative sentiment about the airport
3. They can highlight to local politicians and decision makers how important the airport is
4. They can encourage tourist boards and other regional authorities to become more involved in the airport

4.2.3.2 Implementation Steps of the Marketing Tool

Step 1 - Preparation and Organization of the Workshop

- Invite local journalists to come along and join in for the day
- Recruit the services of a professional moderator who has expertise in the European aviation market
- Ask the moderator prepare a detailed (but interesting!) presentation about European aviation generally but specifically about the benefits that airports can deliver to local economies.

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There is some very useful data and diagrams that can be presented that show clearly how important an airport can be to its local area.

For example - WHAT IS AN AIRPORT?



copyright IC Aviation 2013

Or look at some of these statistics prepared by ACI Europe on the economic benefits of airports:



Airport Contributions

Frankfurt Airport	1st employment site in Germany
Paris-CDG	90k direct jobs, 270k indirect
Moscow	29k direct jobs
Athens	2.14% of Greek GDP
Birmingham	130 companies established
Brussels Charleroi	-60% unemployment

Step 2 – Execution of the Workshop

- Start the work shop by giving the group an overview of the airport:
 - The destinations served
 - The airlines that operate there
 - How the airport works from a technical perspective
 - How many people are employed there
 - The challenges facing a regional airport in today's competitive market.

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- After some enlightening presentations, split the attendees into smaller randomly selected groups of 5 or 6 people. Set some questions for them to consider in their groups and give them plenty of time to discuss. Ask the moderator to go around and discuss with each group so he/she can add to their discussions and answer any preliminary questions they might have. Some questions to set for the group could be:
 - How important is the airport to you or your business?
 - What do you expect from airport in terms of routes and airlines?
 - What do you not like about the airport?
 - Any other questions that may be specific to your region or airport's circumstances.

Step 3 – Following up the Workshop

Finally, issue some press releases after the event outlining how successful it has been and what the plans are now to improve the airport based on the information provided during the workshops. Get the local politicians to speak to the media, give interviews and encourage some positive feedback about the Workshop but more importantly about the airport and its future as an important part of the community.