The challenges of running a capacity-constrained airport

Interview: André Schneider, CEO Geneva Airport
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Over the past months, you may have noticed how increasingly vocal IATA has become about airports – sounding the alarm about the need for more airport capacity (somewhat disingenuously, it has to be said), yet shaking a fist at the sky, asking “what is to be done about airport charges?”. And in that second strand, they have embarked on a very overt campaign against privatised airports.

IATA sees the privatisation of airports as one of the “worrying trends which are increasing costs” and considers that “we are yet to see an airport privatisation that has in the long run delivered on the promised benefits”. On that basis, IATA is now calling for airport ownership to remain in public hands.

In many ways, I must say that I find their position puzzling, to say the least. That airport privatisation has over time increased costs for users (the airlines) is nothing more than stating the obvious. But that is precisely because privatisation in Europe has normalised the way airport infrastructure is financed – allowing airports to move from a dependence on tax payers’ money, towards a greater reliance on the ‘user pays’ principle.

In the past, public ownership for airports not only came with the ability to get direct support from public financing (an option that is hardly available anymore), but also often came with no shareholders to remunerate – as many governments had no or limited expectations in terms of financial return on their airport investment. With this extended concept of sovereign interest and a belief that infrastructure needed to be part of it, that system of public airport ownership was essentially geared to subsiding airlines. As a result, airlines became accustomed to a level of airport charges that was utterly disconnected from the actual cost of operating and developing airport facilities.

This system prevailed for decades and it was deemed affordable and legitimate, as long as airlines were few and as long as they themselves were in public hands. But from the moment airlines started to go private, things changed. Governments naturally became less prone to continue subsiding airlines they no longer owned through their airports. Aviation growth and tighter public finances simply made that system too costly – also leading many governments to sell their airports to private shareholders, who actually expected a return on their investment.

IATA’s comments are entirely self-serving when they point to airport privatisation failing to deliver on the promised benefits.

One can only assume such promised benefits would have been the continuation of some form of subsidisation from airports to airlines. IATA is even more candid when it calls for airports to remain in public hands, at least as far as Europe is concerned. But with more than 50% of the continent’s airports now having private shareholders – and yet more to come, I am afraid the plane has already left the gate.

Let’s not lose sight of the fact that there is a wealth of evidence to prove that privatised and semi-privatised airports in Europe are extremely competitive and focused on their customers. Just look at the number of them that have won independent praise for passenger service and the quality of their facilities – or indeed, for their success in attracting airlines and developing connectivity in the combative world of route development. Neither of these happens without committed effort, efficiency and investment.

In the end, IATA’s anti-airport privatisation campaign is akin to asking governments to go back to bearing the costs of airport infrastructure, so that privatised airlines can further boost their profits. This year, these profits are expected to rise to $11.5bn for Europe’s airlines (from $9.8bn in 2017). I doubt this would be a politically appealing proposition for governments in Europe – especially at a time when they need to respond to rising populism. In any case, governments should not miss the irony that 30 years ago, airlines were actually the ones calling for airport privatisation – all in the name of improved efficiency.

IATA’s anti-airport privatisation campaign is akin to asking governments to go back to bearing the costs of airport infrastructure, so that privatised airlines can further boost their profits.
Airports in the news

Keflavik Airport

Experienced 15.3% growth in January to 570,000 passengers

A tourist boom has caused traffic at Iceland’s Keflavik Airport to grow more than five-fold over the past nine years, with a predicted 10 million passengers this year. In a bid to accommodate this traffic surge, the airport expects to invest $1 billion over the next 7 to 8 years to make room for new airlines and routes. Surrounded by black, barren lava fields, there’s plenty of room for Keflavik and other operations to grow. Its vision of the future includes an “Aerotropolis” that would potentially stretch all the way to Reykjavik, some 30 kilometres away.

Stansted Airport

Had its busiest-ever January, handling 1.8m passengers (+3.3% on Jan 2017)

Stansted Airport has applied to increase the number of passengers it is allowed to handle each year by 8 million. It has sought permission to raise its annual passenger cap to 43 million, aiming to make better use of its runway capacity as part of a five-year, £600 million construction project to expand passenger facilities. About 26 million people travelled through Stansted last year and the airport is expected to hit the annual 35 million cap in the next four to five years. Chief Executive Ken O’Toole believes that this new plan to tackle the airport’s shrinking capacity would create an extra 5,000 jobs. The application will also seek permission for additional airfield infrastructure within the current airfield boundary, comprising two new links to the runway, six additional stands on the mid airfield and three additional stands at the north eastern end of the airport.

Toulouse-Blagnac Airport

Traffic increased by 8.6% to 680,000 in January, with international traffic up by 16.5% and domestic traffic by 2.7%

Passengers taking off from the runways of Toulouse-Blagnac are sure to notice that the roof of car park P2 is now covered with solar panels. These 3,633 panels will produce the equivalent of the building’s electricity consumption. The construction of the solar power plant is a continuation of older commitments to renewable energies: since 2015, the airport has used electricity from 100% renewable energy supplies. In 2018, the airport will conduct two other major energy transition projects, initiated last year: HyPort, launched by the Occitanie region (development of hydrogen power in the airport zone), and DEMETER, a project from Toulouse Métropole and Airbus to reduce carbon emissions from road congestion and modes of transport used by airport zone employees. The aim is to achieve carbon neutrality by 2020, within the Airport Carbon Accreditation programme.

Aena

Traffic across Aena’s airports grew by 8.7% to 15.5m passengers in January

Aena’s commitment to passenger experience continues. It has revamped its free Wi-Fi service to enable high-speed downloading and HD streaming. The new network, whose bandwidth has not been unveiled, will be deployed across 46 airports in the beginning of 2018. According to Aena, the service will be completely free, with the pay option being cancelled, and will have no advertising. Travellers will be able to use it after they register on the Aena website. The previous service, which has been available for the last two years, had a premium subscription that enabled speeds up to 10Mbps, depending on the airport. The free option delivered no more than 2Mbps, making it impossible to use any video streaming or over-the-top (OTT) services.

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Moscow Domodedovo

Saw passenger numbers increase by 7.6% to 30.7m in 2017

Travel Retail Domodedovo, a joint venture between Gebr Heinemann and its Russian partner Greenway, has won the tender to become the exclusive duty free operator for the new Terminal 2 facility at Moscow Domodedovo. The T2 duty-free plaza will cover a total area of 7,000sqm and will include a 4,000sqm walk-through store located directly behind the security checkpoint. The area is scheduled to open in June 2018 ahead of the FIFA World Cup soccer championships in Russia.

Oslo Airport

Traffic increased by 6.6% to 27.5m passengers in 2017

Oslo Airport saw a huge increase in air cargo in 2017, the biggest volumes of which were exports of fresh Norwegian seafood. According to airport operator, Avinor, the gateway handled 185,000 tonnes of air cargo last year – a whopping 35% increase on 2016. Norway generated just under 230,000 tonnes of seafood as air cargo in 2017. Of this volume, 39% flew directly out of Norway from Oslo Airport. This is good news for the Norwegian seafood industry, which during last year has increased its competitiveness further, thanks to better connectivity and capacity directly out of Norway.

Vilnius Airport

Lithuanian Airports handled a record 5.2m passengers in 2017, across Vilnius, Kaunas and Palanga

The constantly growing passenger traffic forced Vilnius Airport to increase its capacity again. After completing its runway reconstruction last summer, Vilnius Airport is moving inside with the reconstruction of its passenger terminal. The cost of the works is estimated at €60 million. The modernisation of the terminal will consist of several phases: reconstruction of the sterile area, of the apron and taxiway, of the airport’s public traffic infrastructure, and of the departure area. The last phase is scheduled to end in 2021.

Düsseldorf Airport

Last year, traffic rose by about 5% to over 24.5m passengers

Düsseldorf Airport will deploy next generation ECAC Standard 3 explosive detection systems screening technology from Smiths Detection. Awarded by the Procurement Office of the German Ministry of Interior, the contract includes installation of 14 advanced HI-SCAN 10080 XCT scanners. Smiths Detection has also signed an eight-year associated service agreement for the airport. Installation of systems is expected to begin this year and will be launched over the next four years.

Naples Airport

Posted a 27% increase in traffic in 2017, making it Italy’s fastest-growing airport

Naples Airport is the first in Italy to implement a chatbot. This AI-driven technology is embedded in the airport’s Facebook page and enables passengers to receive answers to their questions almost instantly. While chatting with the bot through Facebook Messenger, travellers will be able to receive information on their flight, on the controls, on the safety rules, or discover the services available outside and inside the airport, with information on shops and restaurants, transport and parking. Unlike classic airport chatbots, it is also a real Tourist Assistant. Travellers can continue to engage with the chatbot while discovering the city and the region, thanks to its ability to provide tourist information through search and geo-location. The chatbot is currently only available on Facebook, but might soon be extended to other platforms. Available in Italian for now, the airport is working on adding an English language option, to meet the needs of international travellers.

Munich Airport

Traffic grew by 5.5% to an all-time high of 44.6m in 2017

In keeping with the city’s now well-established annual Munich Security Conference, Munich Airport has launched a new centre to defend it and the aviation industry against cyber-crime. The unit is called the Information Security Hub (ISH) and will house a team of IT specialists who will work together with experts from the European aviation industry to develop strategies in cyber-defence. The new competence centre has four training rooms and IT labs, a control room and an amphitheatre for presentations and briefings. According to the airport, there has been a massive increase in the number of cyber-attacks on its IT systems and those of companies and public authorities in Germany.
“You cannot fully control growth, but you have to manage its consequences”: The challenges of running a capacity-constrained airport

An interview with André Schneider, CEO Geneva Airport. By Ross Falconer

Geneva calls itself “the world’s most international city”. It is a financial hub, a centre of diplomacy, and of course the gateway to the Alps.

The city is home to the European headquarters of the United Nations, the headquarters of the World Trade Organization, 750 pharmaceutical and biotechnology companies, 120 banking firms, the heart of the Swiss watch-making industry, and the EMEA headquarters of 130+ multinationals, including P&G, Nestlé, JTI and SITA.

This list is by no means exhaustive, but serves to highlight the importance of Geneva as a destination. Indeed, Geneva Airport’s traffic is growing – by 5% to 17.3 million in 2017 – and capacity constraints are a significant challenge for the airport and its new CEO.

André Schneider took the helm in September 2016, coming from a background outside the airports industry. Most recently, he was Vice President of Resources and Infrastructure at the Federal Polytechnic School of Lausanne, and before that spent 13 years in various roles at the World Economic Forum (most recently as Managing Director and Chief Operating Officer).

Our interview takes place early on a crisp winter’s morning. Schneider is energetic and enthuses about Switzerland winning its 12th Winter Olympics medal that very day (the country would ultimately win 15 and come 8th in the medal table). Only the day before, he had received gold medal winner Sarah Höfflin (slopestyle skiing) on her return to Geneva.

Beyond the panoramic views of the airfield from Schneider’s office, we can see the Swiss-French border which runs along the airport’s northern perimeter, the vista framed by the snow-topped peaks of the Alps in the distance.

In conversation, he is eloquent and frank about the challenges facing the airport. “One of the big surprises, being in the mobility business, is that you cannot fully control growth, but you have to manage its consequences,” says Schneider. “In early 2017 we experienced some major growing pains, with long queues. I must say that I was a little bit surprised, because we can usually make quite accurate growth forecasts. As a result, we spent the whole of 2017 upgrading as much as possible to be ready for this winter season, which has worked really nicely.”

Discussing the structural changes he has implemented on becoming CEO,
Schneider explains that he very quickly reorganised the top management team, centring on two principal business units (Operations, and Commercial & Development) and five strategic pillars (platform operability, customer satisfaction, economic sustainability, management of human resources and skills, and commitment to responsible values).

“The reason I did this is that I believe airports need good transversal management, covering commercial, operational, sustainability, and IT aspects. When I came here the central leadership was, for me, too limited,” he says. “HR is also a big challenge for us. Switzerland is a small country and the airport business is still very much nationally regulated, so if, for example, I want to hire a new COO familiar with Swiss regulations, there is not a big pool of candidates.”

Meanwhile, another potential challenge looms on the horizon. Following a similar referendum in 2014, and against the backdrop of the much higher profile Brexit negotiations, in January Switzerland moved closer to a referendum on the free movement of EU citizens to Switzerland. This agreement was enshrined in a package of bilateral treaties signed in 1999 and significantly, if one bilateral agreement falls, so too do all of the others, including on aviation.

“Absolutely, there are very comparable issues to the UK,” says Schneider. “The Air Transport Agreement gives us automatic access to all destinations in Europe – if that would fall, Switzerland would have to renegotiate flight rights with each individual country. Even if I don’t think negotiating those is a major problem, it will take time. Hence, we are also concerned about the speed non-EU countries can renegotiate flight rights with the UK, because for Geneva, London is our prime destination with 2.4 million passengers. So, we want naturally to avoid losing those flight rights, even temporarily.”

**New East Wing for intercontinental services**

The airport estimates demand will reach 25 million passengers by 2030, driven by the economic, touristic and diplomatic growth of the dynamic Lake Geneva region. It is investing in infrastructure to accommodate this, with a new CHF480 million (€415m) East Wing currently under construction and scheduled to open by the end of 2020.

“A great outcome of our restructuring is that this year we have been able to revisit our strategic planning internally, rather than outsourcing it, with input from all business and other units,” Schneider comments.

“The next major project will be the replacement of our main terminal which originally opened in 1969. It has been extended year-by-year, but we’re reaching the limit of its expansion now. Replacement will come somewhere between 2022 and 2029, setting the basis for our next 20-30 years of development. Switzerland has a very defined planning process, which we are currently completing with the Federal Government.”

The new East Wing will mainly be dedicated to long-haul traffic, in line with the airport’s strategic objective to expand intercontinental services. Most recently, Ethiopian Airlines announced it will launch services, three times weekly, between Addis Ababa and Geneva on 3 June. Schneider explains that the route was hotly anticipated in the diplomatic world, with Addis Ababa home to several intergovernmental organisations including the African Union and the UN’s Economic Commission for Africa.

But, overall, Geneva’s traffic is predominantly European point-to-point, with only around 5% of passengers connecting. “We want to increase transfer traffic slightly, because we know that on certain potential intercontinental routes, we are just at the edge of their attractiveness for airlines,” Schneider explains. “Given that we have an excellent European network, we believe that by increasing overall connecting flights by 3-5%, we would generate enough passengers for some new intercontinental routes.”

The airport is also studying models such as GatwickConnects, which assists travellers self-connecting between different airlines.

**André Schneider, CEO Geneva Airport:** “In early 2017 we experienced some major growing pains, with long queues. I must say that I was a little bit surprised, because we can usually make quite accurate growth forecasts. As a result, we spent the whole of 2017 upgrading as much as possible to be ready for this winter season, which has worked really nicely.”

**GENEVA AIRPORT**

**Spring 2018**
Schneider is happy with the current airline mix. “easyJet brings us good connectivity in Europe. We still have good legacy carriers, such as SWISS and Lufthansa, which are developing well. We also have developments with Air France-KLM, British Airways, and TAP, so I think it’s the right mix, because many of those legacy carriers also provide good connections to their hubs, so even if it’s going through another major airport, they offer our customers good connectivity.”

Geneva has a proactive route development strategy. In addition to a marketing package, it offers up to an 80% reduction on landing fees for new routes. It has also launched an incentive scheme rewarding airlines for the traffic growth they generate; this involves a refund on the passenger service charge of between 3.5% and 20%.

Addressing sustainability

While expanding, sustainability is high on the agenda. Geneva Airport recently achieved Level 3+ Neutrality of ACI’s Airport Carbon Accreditation, reducing the net emissions under its control to zero. “Sustainability is one of our key strategic endeavours,” says Schneider. “For example, all new buildings are positive in energy – that means they produce more energy than they consume. We are also working on a new project which will introduce 1% of bio-kerosene to all kerosene loaded at Geneva – that will start in December this year. And we are working on increasing the presence of hybrid or electric vehicles at the airport – we will reach 40% by 2020.”

Other key goals include even better waste management. The recycling rate is 42% across all facilities, and 49% in the main terminal. Meanwhile, a sorting system specifically for waste generated by aircraft was implemented in 2015 through a pilot project conducted with easyJet. The experiment was successful and was expanded in September 2016 to include all airlines.

A new mobility plan is being developed that favours the use of public transport. “We have organised our own bus lines to pick-up our own staff, and this is done with our partners here – so we are supporting them in this joint venture. The airport has to show the direction and support all parties here to follow up.” Schneider adds. “38% of passengers currently travel to the airport via public transport, and we aim to raise that. For example, today we offer a free public transport ticket to everyone arriving in Geneva. The airport rail station connects you to the city centre in just 7 minutes.”

Blockchain, chatbots, and start-ups

Geneva Airport is progressive in its application of new and emerging technologies. It recently took part in a data sharing project, known as FlightChain, involving the use of blockchain technology along with SITA Lab, British Airways, Heathrow and Miami International Airport. and has been a trend-setter when it comes to trialling passenger-facing robots (“Robbi” in 2013 and “Leo” in 2016). Indeed, embracing new technologies is a subject close to Schneider’s heart. A sci-fi enthusiast, interspersed among the model aircraft that typically adorn an airport CEO’s office is a collection of memorabilia from Star Wars, Star Trek and Doctor Who.

The FlightChain project was Geneva Airport’s first step into blockchain. “It’s a good initiative to put people together in the airport world. That’s definitely something that we need to do more, and it’s the best way to deliver more innovative use cases,” says Schneider. “Blockchain is obviously very hot at the moment and in Geneva there are several initiatives to develop blockchain projects; there is real belief that it’s going to bring value to the market.”

Meanwhile, an artificial intelligence chatbot, which is currently in beta, will soon be launched on the Facebook Messenger platform. The chatbot will help to bring the right information to passengers when they need it and can help to “bridge the gap between the airline experience and the airport experience” in the future.

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innovation department is focusing on is called “GVA Welcome”. The idea behind this is to “create a better experience between the people who arrive at the airport and the people who are waiting for them at the airport”. Having already created a minimum viable product (MVP) in late-2017, they are now working on integrating it with the Geneva Airport app. The app itself – GVApp – is at the heart of the airport’s digital offer and now has about 200,000 users, who use it to access free Wi-Fi, retail and food & beverage promotions, public transport information, and interactive geolocation maps.

The airport also has a keen interest in the start-up scene and is identifying start-ups that can potentially support its innovation efforts. In fact, following last year’s Recoding Aviation hackathon, Geneva Airport – alongside Copenhagen, Swedavia and Amsterdam Schiphol – has been incubating two start-ups.

This progressive approach is similarly being applied to commercial & retail activities, which currently account for almost 50% of overall revenues. Schneider acknowledges the challenge of competing with online shopping and explains that the airport is looking ahead to define the creative and experiential retail and F&B offers it believes will be most effective in 10-15 years.

“I must say the fun part here is that there is almost nothing that will not change fundamentally over the next 10 years, and we need to start planning for those changes today. This brings me back to the very beginning of our interview – one of my real interests in professional life is the desire to achieve excellent strategic planning, working to understand future trends, and defining the main drivers that will have a big impact on our business moving forward.”

Geneva Airport factbox

- 2017: 17.3 million passengers
- 2017 passenger traffic growth: 5%
- 2018 passenger traffic growth (Jan-Feb): 4%
- Key airline customers: easyJet, SWISS, British Airways, Air France, Lufthansa
- Number of routes: 142
- Top 5 destinations: London, Paris, Amsterdam, Barcelona, Porto

André Schneider, CEO Geneva Airport: “One of my real interests in professional life is the desire to achieve excellent strategic planning, working to understand future trends, and defining the main drivers that will have a big impact on our business moving forward.”
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The number of Unmanned Aerial Vehicles (UAV) commonly known as drones have seen a vast increase over the last 5 years and are expected to increase 10-fold globally from 2015 to almost 68m in 2021. As the pervasiveness of drones continues to gather pace they are being put to a variety of industrial uses in agriculture, transport, media & entertainment and other industries. But what are the implications for airports? Panos Spiliotis reports.

For any city dweller, anyone who has visited a major tourism site or anyone who has attended a significant cultural event or music festival, the presence of drones in the sky has become very much part of the scenery. A recent study by PWC estimates their potential value generated can climb to a staggering $272 billion in the near future – with some of it reflecting current opportunities for airports and aviation itself. So, what does that mean for airports and airport operators? How can we balance the threats and the opportunities presented by such a rapidly-emerging technology?

Modern drone technology has given rise to opportunities and challenges that are as numerous as its many applications. For airports, this development gives rise to two key considerations: firstly, keeping airports safe from unwanted drone activities especially by hobbyists and potentially from terrorist or criminal acts. Secondly, facilitating the use of UAS technology where it adds value to an airport’s operations or commercial activities. Integration of the technology into controlled airspace will be a critical component to reduce the risk that drone operations currently pose to the safety of manned aviation at and around airports, as well as challenges to privacy, and the security of aviation. ACI EUROPE’s early attention went to making sure that authorities were taking sufficient measures to mitigate the safety risk posed by amateur drone pilots. These drones can pose serious risks to manned aviation including the risk of a collision with manned aircraft. Numerous near-misses and some incidents involving the unsafe use of amateur UAVs around airports have occurred at European airports. Collisions with commercial aircraft have so far been avoided in Europe, although Switzerland’s Transportation Safety Investigation Board (SUST) has warned it is only a matter of time until one happens if measures are not taken. That risk is compounded by the fact that current technical knowledge is limited concerning the likelihood and the consequences of such a collision.

Even if we are successful in preventing major accidents and incidents involving amateur drones, even sightings or near-misses prompt closures of busy airport runways such as Dubai Airport’s hour-long closure in October 2016. This kind of disruption will only become more frequent, affecting passenger journeys and entailing substantial financial cost for airports and airlines alike. Many airports will have to decide on the optimal technological and operational measures to guard against such potential disruptions.

Untapped potential

Despite these safety threats, drone technology presents enormous potential for aviation. UASs are not necessarily a hazard. In fact, properly operated in-house drones have a lot to offer airports. Today’s technology boasts levels of performance and reliability that render them a potentially useful tool for several aspects of airport operations. When it comes to a number of tasks inside and around the airport perimeter, the deployment of drone services could help drive process improvements and cost efficiencies, as well as the development of new business opportunities.

Drones applications currently feasible include pavement surface condition or ground lighting inspections, but also obstacle surveys, security-related tasks such as clearing or securing areas and perimeters, construction work surveying and surveillance as well as improved situational awareness during emergencies and emergency exercises, 3D mapping etc. In as soon as 3-5 years’ time, we could see operational tasks like runway and taxiway inspections, aircraft checks by airlines, and the calibration of navigational equipment (ILS, PAPI) done by drones. Several airports already use UASs for ad hoc aerial photography of their aerodrome.

Surveying tasks can typically take 30-40% less time to conduct using drones whereas the current PAPI and ILS calibration costing €100,000 can be cut by up to 50%. For other activities such as roof top or building facade inspections or surveying drones are a much safer alternative to industrial climbers. Several other applications will undoubtedly surface once the technology and rules are in place. In many cases the obstacles to deploying drones are not technological, but regulatory and operational. This is an area where the industry and regulators at the European and national level need to work hand in glove to seize the opportunity and foster the development of global leadership in safe drone operations at airports.

Wider business opportunities from accommodating drone flights will follow once UASs enter the core business of air transport. Several drone and aircraft manufacturers (Singularity, Nautilus, Airbus, Boeing) are currently developing prototypes that seek to establish the right balance of technical features necessary to achieve successful rollout. By laying the ground through preparatory work today, airports and their partners will be in a position to reap the benefits of these new markets in the future. Otherwise airports risk facing the challenge of new entrants to potentially lucrative new and changing markets.

Addressing the need for smart regulation

To benefit from drones airports need to prepare operationally. Concepts that detail how to integrate drones in busy airfields are starting to be developed and will require joint efforts from airports, ANSPs and authorities. Operating drones safely at airports will not be without pitfalls: applying outmoded regulatory thinking in this area could make drone operations impractical and unattractive. Likewise, any operational concept or regulation that cuts off precious capacity from manned aviation...
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There was strong participation by airport operators in the last Connecting Europe Facility (CEF) Transport Call, launched on 6 October, which made €290 million available for co-funding, with a specific focus on accelerating the renewal and updating of European airports’ Air Traffic Control (ATC) infrastructure. What is so remarkable about this? Luc Laveyne reports.

**Airports exploring new EU funding opportunities**

The SESAR Deployment Airport Grouping (SDAG, part of ACI EUROPE) has been working hard to highlight funding opportunities to airports. In recent times, it has noticed that this is having an impact, with an increasing awareness and interest by European airports in obtaining public funding for their Air Traffic Management (ATM)-related investments in the past months. It is very interesting to see the growing number of multi-stakeholder projects presented. For example, one multi-stakeholder’s project proposal “Synchronised stakeholder decision on process optimisation at airport level”, addressing one of the European Commission’s priorities for this call, has been coordinated by Brussels Airport with the support of SDAG. The joint application aims at improving the efficiency of airside operations through real-time information sharing. It sees the involvement of 13 airport operators, 2 ANSPs and 1 Airspace User with an indicative budget of €90m of investment. The proposal currently has the endorsement of the involved Member States and will be submitted for the Innovation and Networks Executive Agency (INEA)’s evaluation at the beginning of April 2018.

In parallel, another project – “Enablers for Airport Surface Movement related to Safety Net” is already being executed. This project is a multi-stakeholder project (12 Airport Operators, 1 ANSP and 1 Airspace User) awarded by INEA for its co-funding through the 2016 CEF Call and coordinated by Groupe ADP with SDAG support. It aims at synchronised deployment of the Advanced-Surface Movement Guidance and Control System (A-SMGCS) throughout Europe – a system that provides guidance and surveillance for the control of aircraft and vehicles in order to maintain airport throughput under all weather conditions, while keeping the required level of safety.

In particular, Stansted Airport, one of the project contributors, has already successfully implemented its part of the project last summer. “This unique partnership has allowed the 4th biggest UK airport, which is now at record passenger numbers and continuing to grow, to introduce vehicle transponders within the airside environment, which are part of a suite of safety-focused Pilot Common Project (PCP) deployments. The objective of the project was to equip airside vehicles that have access to the runway and operate in the manoeuvring area of London Stansted Airport with a vehicle transponder to improve situational awareness, reduce the risk of runway incursions and contribute to the overall airport safety culture. London Stansted Airport will continue to collaborate with European stakeholders to introduce other such technological and operational solutions that will not only facilitate the airport’s growth efficiently and safely, but also effectively play a vital role in a coordinated European Air Traffic Management network. The INEA funding as part of this joint project has expedited the implementation of this and other PCP mandated projects here at Stansted” (Monika Simonaityte, Stansted Airport).

These two experiences are a clear proof that airport operators are currently leading the way in terms of presenting joint applications. What it also shows is that they are supporting the coordinated and synchronised execution of their implementation projects to enhance the ATM modernisation, thus complying with the obligations stemming from the Pilot Common Project Regulation. However, since CEF initiatives do not always fully correspond to different airports’ needs, SDAG’s priority for the next months is to explore other forms of funding (mainly on the basis of the investment plans) in order to foster alignment with the policy plans of the European Commission.

Let SDAG know what your airport’s plans and needs are for the next years (in terms of investments, innovations, etc.) so that SDAG can explore the possibilities of different funding initiatives.

SDAG is open to questions for clarification and potential investigation. You can visit the SDAG website (www.aci-europe.org/sdag.html) and contact SDAG on the following email addresses: barbora.smolikova@airport-grouping.org and luc.laveyne@aci-europe.org.
TEN YEARS OF TERMINAL 5

60,000 people were involved in the making

283 million passengers have travelled through

969 thousand flights departed

140 destinations across 55 countries to fly to

Figures provided include forecasts until the end of March 2018
Encouraging new ideas and fresh thinking is critical for innovation in aviation in order to respond to the growing demand for air travel and to the increasing number of air vehicles taking to the skies, including drones. That is why the SESAR Joint Undertaking supports exploratory research and has created an innovation pipeline in its research programme that transforms innovative ideas into solutions to increase the performance of air traffic management (ATM). This article provides a sample of just some of these innovative projects. By Florian Guillermet

Airports are important nodes in the European ATM system and therefore critical to increasing performance. It is for this reason that many of the SESAR exploratory research projects are addressing aspects of airport operations, from improving information exchange and decision-making, to enhancing air traffic control and meteorological forecasting. Blending academic and industrial know-how from across Europe, the projects aim to take a fresh look at challenges facing ATM and airports, relying on advances in technologies such as augmented and virtual reality, data analytics, automation techniques, economic assessments of changing business models, as well as exploring other disciplines for inspiration.

Keeping an augmented eye on air traffic control

Controllers in airport towers rely on being able to see aircraft taxiing, taking off and landing in order to manage them safely and efficiently. But when bad weather sets in, their visual situational awareness can be impaired, leading to a reduction in throughput. The results from the “Resilient Synthetic Vision for Advanced Control Tower Air Navigation Service Provision” or RETINA project are showing the promise that augmented reality holds for enhancing air traffic control operations, particularly in low-visibility conditions.

Using synthetic vision and augmented reality technologies, RETINA has developed a set of goggles through which controllers can see synthetic information overlaid on the actual “out-of-the-window” view. With these goggles, the controller can have a heads-up view of the airport traffic, call sign and aircraft type, supplemented by additional information, such as wind velocity and direction, airport layout and runway status, even during low-visibility procedures.

A fully immersive airport tower experience

Europe is seeing a growth in the number of remote control tower deployment projects in recent years. With advances in camera, sensor and infrared technology, controllers are given a realistic “out-of-the-window” view of the remotely-located airport allowing remote provision of all tower services. SESAR researchers are now investigating how to make this virtual experience even more immersive by exploiting controllers’ senses in addition to their visual sight.

Partners in the “Embodied reMOrTe Tower” or MOTO project are using various sensory techniques to introduce auditory and vibro-tactile stimuli into the remote towered environment. Partners are measuring the impact of these stimuli on air traffic controllers, in terms of situational awareness, a sense of presence and performance. The aim then is to develop augmented reality solutions that incorporate these stimuli to help controllers become fully immersed in the remote tower environment, enhancing their ability to manage traffic safely and efficiently.

Taking control of airport complexity

Airports are complex places, especially when it comes to managing the movements of aircraft and a myriad of service vehicles. It is not surprising then that SESAR members and partners have invested significant effort to research, develop and deliver a first set of automated tools to support controllers in managing airport surface movements.

Now partners in the “Take Control” or TaCo project are taking a fresh look at the challenge of complex surface operations especially in non-nominal conditions by exploring automation in other disciplines, such as robotics and gaming. Like air traffic control tools, video games such as real-time strategy games, use highly interactive graphics to enable gamers to manage the course of the game.

With these insights, TaCo partners have developed a prototype with highly automated functions for guiding the controllers towards an optimised management of the movements of airport vehicles and aircraft; for example, it supports them in maximising the usage of the runway, minimising the global fuel consumption, or supervising the system. Moreover, it allows controllers to define the behaviour of specific parts of the airport through innovative user-programming techniques.

Seeing the bigger picture

Big data is becoming a big deal for airports, as it is increasingly used to better analyse market demand, optimise security control and customise the passenger experience. The use of big data analytics is now
being put to work to better understand how passenger behaviour can impact air traffic management. Research in these areas has so far been constrained by the limited availability of behavioural data, typically obtained from static demographic and economic datasets, often consisting of very small samples, and usually complemented with assumptions about behaviour.

Thanks to the growth of smart devices and interconnected services, researchers now have large-scale, detailed longitudinal (dynamic) data allowing them to test hypotheses about passenger behaviour. Partners from the BigData4ATM project are investigating how different passenger-centric geo-located data can be analysed and combined with more traditional demographic, economic and air transport data to identify patterns in passenger behaviour, door-to-door travel times, and choices of travel mode. The project is also exploring applications of this data and how it could be used to inform ATM decision-making processes.

An appetite to compete
Europe is a patchwork of markets in ATM service provision. The question is, which market structure is most favourable to increasing the performance of ATM, including at airports? The answer is a complex one that partners in the “Competition for Air Traffic Management” or COMPAIR project are seeking to address. Partners in the project looked at a number of options that could increase competition, including performance regulation with variations in ownership and governance models, tender of licenses for en-route air traffic services, and flight-centric, sector-less operations. The project also analysed the effects of unbundling the terminal control in Sweden, UK, Spain and Germany (at mostly regional airports).

The models applied by the project suggest that introducing competition in the market via outsourcing service provision may lead to a reduction in charges by up to half the current levels. It also showed that open tendering is likely to lead to a defragmentation of the system as companies tend to win more than one tender. The results suggest that with these options a maximum market share of 40% can ensure sufficient competition. The final conclusion of the project is that competition of this nature will determine the uptake of new technologies and enable a high performing ATM system.

Weathering the weather at airports
Adverse weather conditions can play havoc with airport operations, limiting or putting a stop to aircraft movements, runway maintenance, de-icing, tower control and even luggage handling. Having accurate meteorological data and forecasts means that airport operators can prepare for the worst in advance. But weather can change in a matter of hours. That’s why partners in the “Probabilistic Nowcasting of Winter Weather for Airports” or PNOWWA project are turning to nowcasting, very short-term (0-3h) probabilistic winter weather forecasts with a 15-minute-time resolution.

Focusing on snow, the partners extrapolated weather movements based on radar echoes and predictability of changes in snowfall intensity caused by underlying terrain (such as mountains and seas). Within these nowcasts, the projects provided information on the probability of a wide range of events, such as runways freezing over or decreased visibility. Over the course of the winter of 2017, the project partners demonstrated their model in Austria and Finland, allowing them to gather airport feedback on the applicability of the model and its scalability to other airports.

More information about the projects:

RETINA: http://www.retina-atm.eu/
MOTO: http://www.moto-project.eu/
TaCo: http://www.tacoproject.eu/
COMPAIR: http://www.compair-project.eu/
PNOWWA: http://pnowwa.fmi.fi
SESAR: http://www.sesarju.eu/

The SESAR exploratory research projects are funded within the framework of the EU’s Horizon 2020 research and innovation programme.
ACI EUROPE hosts its Annual New Year Reception in the European Parliament

As is customary in the beginning of each year, ACI EUROPE holds its New Year’s Reception in the European Parliament in Brussels. This year’s event on 23 January was kindly hosted by MEPs Gabriele Preuß (Group of the Progressive Alliance of Socialists and Democrats) & Wim van de Camp (Group of the European People’s Party) – both of them members of the Committee on Transport & Tourism of the European Parliament.

In front of over 170 representatives from the EU institutions and the aviation industry, the President of ACI EUROPE and CEO of Munich Airport, Dr. Michael Kerkloh, stressed ACI EUROPE’s support for more Open Skies agreements and more investment in airport capacity. On the impact of Brexit, he called for the most liberal aviation regime between the UK and the EU to safeguard air connectivity. He also underlined that the new market dynamics reflected in the increasing airport competition should be at the core of the European Commission’s evaluation of the Airport Charges Directive.

Dr. Michael Kerkloh, President ACI EUROPE & President and CEO Munich Airport.

Angela Gittens, Director General, ACI World; Jos A. Nijhuis, President & CEO, Royal Schiphol Group; and Filip Cornelis, Acting Director & Head of Unit for Aviation Policy DG MOVE, European Commission.

Wim van de Camp, MEP; Dr. Michael Kerkloh, President, ACI EUROPE and President & CEO Munich Airport; Gabriele Preuß, MEP; and Olivier Jankovec, Director General, ACI EUROPE.

Stephan Widrig, CEO Zurich Airport; Catherine Mayer, Vice-President SITA; and Dr. Stefan Schulte, CEO Fraport AG.

Niall MacCarthy, CEO Cork Airport; Deirdre Clune MEP; and Dalton Philips, CEO daa.
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Turkey’s airports return to spectacular growth

A discussion with DHMI General Manager and Chair, Funda Ocak. Interview by Paul Hogan

Funda Ocak was appointed the DHMI Director General in October 2016, the very first woman to hold the post (although it was noticeable that Ocak did not once refer to gender as an issue during our entire interview). Ocak’s promotion to the top job of the 55-strong state airports group (and controller of 1 million square kilometres of airspace) crowns a 35-year career with DHMI, including service as Deputy DG and a member of the board since 2007. Her complete familiarity with Turkey’s airports industry, and a long career marked by “many different periods and many changes” gave a significant advantage in preparing Ocak for taking command at the time of the greatest uncertainty since Turkey became a major global aviation player.

“Focusing our dreams on a global future”

However, after the multiple shocks of 2016 (commonly referred to as the ‘missing year’), 2017 saw a solid return to stability, the return of tourists, and the return of transfer passengers over Istanbul Atatürk.

The resulting 11% growth in Turkey last year produced 393 million passengers at DHMI airports – a new best-ever year for Turkey (and making it Europe’s 5th biggest air transport country, just behind France). “The new growth is very joyful for us,” says Ocak. “2017 was the year of rehabilitation – the changes of the last two years have been very rapid, but equally DHMI has proved that we are very fast at adjusting and taking action. Now, in 2018, we are predicting that we will maintain these improvements, and traffic will exceed 210 million passengers.”

Ocak, believes the growth trend in aviation is linked to Turkey being a global aviation connecting centre and a transit hub, also the growth in economics is linked with the aviation sector and is acting as the main dynamo, and DHMI is at the core of this sector.

After her appointment to duty, Ocak stated that DHMI management has undergone reconstruction. One of her main objectives is to update the current structure and to adapt to the needs of the day. “We have taken important steps in marketing our experience on the international market,

Turkey’s airports have certainly bounced back, with traffic up 11% in 2017, the “missing year” of 2016 produced overall declines of 4.4%, although that was felt far more at some airports than others – Antalya, once Turkey’s second-biggest airport, was heavily exposed to a Russian boycott, with the result that traffic was halved.

The top Turkish airports in 2017

Istanbul Atatürk up 6% to 63.73m
Istanbul Sabiha Gökçen up 6.1% to 31.39m
Antalya up 38% to 25.93m
Ankara up 22% to 15.85m
Izmir up 7.3% to 12.82m

(Source: DHMI statistics)
customer service, press relations are re- audited. DHMI has a great PPP experience, we have gathered the disorganised struc- ture within this institution.”

In office, Ocak has already overhauled many aspects of DHMIs 2016 adminis- tration: “One of my first main aims was to update the department structures and their day-to-day responsibilities – especially outward-looking departments such as cus- tomer services and press relations. DHMI also has a huge experience of PPP, so we have taken steps to cluster these skills in a new department specialising in privatisation as our PPP path to airport development is likely to be driven further as DHMI airports continue to grow.”

During the most difficult times of 2016 Ocak maintains that, besides taking mea- sures to preserve the stability of its own operations: “As DHMI, we have implemented significant incentives through tariffs to help private partners in the aviation sector. For our future, we focused on our dreams.”

Part of this future is what Ocak describes as “our dreams for globalising – we have previ- ously discussed exporting our talents as a global airports leader, we have a vast capabil- ity and know-how, and we have many areas where we want to work in the international theatre.” While Ocak agrees DHMI would need to achieve a change in its statutes to perform international business outside of Turkey she says: “We have made all the changes neces- sary for the conditions for this to happen.”

Ocak thinks one of the key areas ripe for export is the potential to act as a PPP adviser. “We have all the abilities and considerable commercial expertise in developing 18 Turkish airports under the PPP model which we would be able offer in an advisory role to overseas airports and privatising governments.”

Istanbul New Airport
– a Guinness World Record?

However, this year, DHMI’s attention remains much closer to home. Focused on the opening of Istanbul New Airport on 29 October. “Progress of construction is very pleasing, there have been no interruptions to the day and night building of this 90

million passenger facility, and achieving this in just 42 months is something which will put us in the book of Guinness World Records.”

As the plans continue to emerge as to how the move to the new hub will be achieved in October, Ocak asserts that DHMI is ultimately in charge of the transfer pro- cess and holds chairmanship of the 12 sub committees, including the involvement of 100 stakeholders, that have been formed to organise the switch-over.

“Once Istanbul New Airport starts its ser- vices it will become the intercontinental hub between North and South from the Far East to Europe. With this mega project, Turkey takes a giant step forward towards its goal to become a global brand.”

Meanwhile, besides the new global mega- hub, Ocak continues to lead DHMI with 55 active airports in a widespread airport network system. Istanbul Sabiha Gökçen International Airport, which contrasts with Atatürk through its dominance by low cost carriers and its Anatolian (Asian) catchment area (and has also seen a big resurgence in its appeal to long haul carriers) rocketed forward by 6% in 2017 to reach a total of 31.4 million. A new second runway will open at Sabiha in 2019, although renovation of the existing runway means that it will not fully become a two-parallel runway system until 2021. After the second runway is completed, Ocak says “a second terminal at Sabiha Gökçen will be considered.”

Since the Malaysian Airport operator, the main partner of the company operat- ing the Sabiha Gökçen Airport Terminal, has claimed that some of its own fran- chise rights will soon be sold to the main partner of the company, Ocak agrees that this is very likely to be of interest to TAV Airports after Istanbul Atatürk closes to commercial traffic (TAV originally offered to buy a stake in the airport in 2014).

(Meanwhile, TAV is buying the IC İçtaş 49% stake in ICF Antalya, the joint-venture that manages Antalya Airport, now the third largest in Turkey with just under 26 million passengers last year).

Elsewhere across Turkey DHMI directly operates 49 out of the 55 airports under its ownership. Most of these are vital regional airports serving “all Turkey” – both resorts and regional business centres. Under Ocak DHMI will continue to develop airports across Turkey, including this year’s opening of Çukurova Regional Airport near Adana which Ocak describes as “the other important new Turkish airport.” Ocak goes as far as to call Çukurova “a promising candidate to become the greatest dynamo after the highly devel- oping Istanbul/Izmit Kocaeli region. Indeed, all DHMI airports – whether global or hub, or regional – all combine to serve our global ambitions for the Turkish brand.”

DHMI General Manager and Chair,
Funda Ocak, interviewed by Paul
Hogan at DHMI HQ, Ankara.

Turkish Airlines traffic growth
stuttered in 2016, but rebounded with 9.3% in 2017, much nearer to the double-digits+ that it has historically enjoyed for most of the century with 9.3% in 2017.

2018 already looks better still. In January carryings were up 36% more than the same month of 2017. Not only that, but international-to-international connecting traffic in January was up 25%, a lot higher than the 3.5% growth rate seen in all of 2017 for this sector.

(Source: Turkish Airlines)
“What we have done would have taken 10+ years in any other part of the world”

A discussion with Yusuf Akçayoğlu, CEO of İGA Airports Construction.
Interview by Paul Hogan

It’s really happening – Airport Business has been on site and we have seen for ourselves. The target is unwavering. The €10.3 billion Istanbul New Airport – Istanbul right now the fourth-biggest transfer hub in Europe (after Frankfurt and before Amsterdam) – will begin commercial operations on 29 October this year – Turkish National Day. Upon completion of all phases, Istanbul New Airport is going to be one of the major hubs across a very large geographic area.

A construction task of this magnitude has never been attempted or achieved in the airports world before, says Yusuf Akçayoğlu, CEO İGA Airports Construction: “It’s unprecedented. But since day one this has been a very, very fast-build project. Some of our activities will continue until the last day of construction… and of course will also continue on after that with the next planned phases.” (Phase 1a includes the terminal and two runways and spans 42 months, Phase 1b, including a third runway will be completed at 58 months.)

“The project [as of February] is over 80% complete and, despite some of the problems of land preparation, it is more-or-less on budget.”

The five construction partners are highly skilled in big, even mega, construction projects, including building major airports: Leading İGA partners previously built (and operated) Istanbul’s 31 million-throughput Sabiha Gökçen Airport – where joint venture partners are right now also simultaneously building a second runway opening in 2019. Joint venture partners also lead a significant

Yusuf Akçayoğlu, CEO İGA Airports Construction: “The last 10% takes time, the final 5% is then the snags, and that also takes time, but it will not affect operations. 95% completion is the target – what we have done in 3.5 years would have taken 10-15 years in any other part of the world.”
number of on-going airport construction projects in the Middle East and Africa – including the new $4 billion air terminal in Kuwait.

But while airports are not new to İGA, Akçayoğlu says that some quite different fast-build strategies have needed to be perfected and used for the first time at Istanbul New Airport: “The critical path for the 42km baggage handling system was done first – we didn’t wait for the roof to be topped out – in fact the BHS is very much ahead of schedule, and therefore the terminal completion is very advanced in terms of its most complex systems. Furthermore, the BHS is not just completed, but it will achieve the levels of efficiency which are absolutely essential to this transfer hub: lost luggage will be almost zero.”

In an aside, Akçayoğlu explains that the new BHS will include a Robotic Bag Store for up to 16,000 bags. With this capability İGA’s infrastructure enables very important commercial opportunities which have become central to the transfer proposition over Istanbul, especially for travellers with longer transfer times. For instance, Turkish Airlines’ has a specific “Touristanbul” transit product which offers organised and controlled tours. For instance, Turkish Airlines’ has a specific “Touristanbul” transit product which offers organised and controlled tours.

As the airport’s dominant user, Turkish Airlines has many of its own third party technical and operational construction projects at Istanbul New Airport, including its new HQ. “There are 128 critical buildings other than the terminal, and 6,700 rooms including technical rooms – can you imagine such a hospital?” remarks Akçayoğlu. “Turkish Airlines are our biggest customer, so we are working closely with them to make sure they have what they need for the new hub, we value all their requests very much, while not forgetting that our primary client is DHMI.”

As construction moves on at a frenetic pace up to 36,000 people are working on the site, including 2,300 expatriate workers.

Although this foreign labour content may be much less than on comparable construction projects in Europe or the Middle East, the import of manpower on this scale is a first for Turkey, and marks another big change in an economy that is normally a net exporter of labour. “We have welcomed many new nationalities to the workforce, including Vietnamese, Uzbeks, Pakistanis, Nepalese and Turkmen, it is a radical shift and was never expected,” observes Akçayoğlu.

Indeed, significant labour-intensive efforts were required during ground preparation for which Akçayoğlu says: “We have had to develop enormous resources – large portions of the new airport are built on ‘brown field’ mines dating from the 1940s-60s; we could not easily predict the conditions of these old works, and the ground conditions have been very challenging because of the sheer size. We have had to remove huge amounts of mud, and use just about every known available method of preparation – rockfill, columns, dynamic compaction etc. All the material was loose, we had to remove that to reach the original soil, and then go back yet again before we could start back, all the time filling to get the bearing compacted and reach platform levels – in some places there are 65 metres of backfill – it is an understatement to say that it was more difficult than expected!”

Only after all these monumental efforts could İGA start to place a terminal building onto this platform. Despite the requirement for entirely different skillsets, Akçayoğlu then effortlessly switches from discussing ultra-heavy construction to the finer points of the experiential innovations which are currently being fitted out throughout the terminal. “The operational philosophy of the terminal is ‘maximum comfort at minimum wait time.’ There are 10,000 sensors and beacons, and we are utilising IoT and smart systems across all devices, programs and apps. The belief is that we should enable the traveller to proceed as far as desirable without any human contact during Home-to-Gate processing.”

Great efforts have been made to avoid disruption to this potentially idyllic journey – for instance potential bottlenecks in security are literally being tackled head-on with the “most sophisticated security systems in the world” including constantly-monitored facial recognition. This has been heavily tested in the İGA offices where every arriving construction worker is personally ‘greeted’ by their own scanned image and verified identity.

Now over 80% complete, and with some hard-won achievements behind him, Akçayoğlu knows the final phase is going to throw up new challenges of its own: “The last 10% takes time, the final 5% is then the snags, and that also takes time, but it will not affect operations. 95% completion is the target – what we have done in 3.5 years would have taken 10-15 years in any other part of the world.”

A construction task of this magnitude has never been attempted or achieved in the airports world before, says Yusuf Akçayoğlu, CEO İGA Airports Construction: “It’s unprecedented. But since day one this has been a very, very fast-build project. Some of our activities will continue until the last day of construction... and of course will also continue on after that with the next planned phases.”
TAV buys IC İçtaş shares in Antalya Airport

27 February 2018: TAV Airports has bought IC İçtaş 49% stake in ICF Antalya, the Fraport-involved joint-venture that manages Antalya Airport. The move takes the TAV portfolio to 18 airports serving over 140 million passengers – Antalya Airport handled more than 26 million passengers in 2017, a 38% improvement. Although subject to DHMI approval, the agreement will give TAV co-control of the company and 50% dividend rights. Fraport has been involved in operating Antalya Airport since 1999. In 2007, an expanded Fraport-IC İçtaş partnership won the tender to operate the airport until December 2024.

TAV Airports President and CEO Sani Şener said: “We will be happy to partner with Fraport in Antalya, one of the most prominent tourism destinations in the Mediterranean. As the second largest airport in Turkey in terms of international traffic, Antalya Airport further underlines our commitment to investing in our home country, and to the Turkish aviation market.”

Malaysians to sell Sabiha Gökçen portion?

Meanwhile, Malaysia Airports Holdings continues to offer the prospect that it will soon sell a portion of its wholly-owned concession to operate the 31 million-throughput Istanbul Sabiha Gökçen Airport. This is known to be of great interest to TAV Airports to replace its Istanbul presence when Atatürk closes to commercial traffic after October. TAV originally offered to buy Limak’s stake in Sabiha Gökçen Airport in 2014, although in that instance the Malaysians activated a right-to-buy option.
It was announced last August that the James Richardson Heinemann Joint Venture had been awarded the liquor, tobacco, perfumes & cosmetics, and confectionery (LTPCC) contract at Ben Gurion International Airport’s T1 and T3. Garry Stock, Duty Free Chairman, James Richardson, and Raoul Spanger, Member of the Executive Board, Heinemann, spoke to Ross Falconer.

James Richardson Heinemann Joint Venture creating enhanced shopping experience at Ben Gurion

With 30 years’ experience in Israel, no-one knows the Israeli travelling consumer better than James Richardson Duty Free. Garry Stock, Duty Free Chairman, James Richardson, will share his experiences in this dynamic environment during the 27th ACI EUROPE Airport Commercial & Retail Conference & Exhibition, hosted by Israel Airports Authority in Tel Aviv.

“The past 30 years have seen much more dramatic change in the world economy and in the retail environment than in the first 40 years of the 70-year-old duty free industry. I will be emphasising the rapidly-changing demands on the duty free sector and how it must adapt to flourish,” Stock explains. “The Israeli travelling consumer loves deals, excitement, innovation and exclusivity combined with super-attentive service. So, the retail offer needs to be continually refreshed and the ‘buzz’ of the shopping experience maintained.”

Indeed, the partnership seems a natural fit, with both Heinemann and James Richardson being substantial family-owned businesses in travel retail.

“The fact that Heinemann bid for the LTPCC contract in 2013 showed we had a serious interest in Israel, and believed we could meet the expectations of customers and the airport. This is something that James Richardson valued greatly – they did not take it for granted,” Spanger comments.

From James Richardson’s perspective, it was looking for a skilled and highly-capable partner with the appropriate expertise to make its business even more successful.

Stock explains that Israeli travellers are used to, and expect, surprises. “In the last 12 months, they have been exposed to a new pre-order system, a restructured Loyalty Club, an expanded digital experience, and surprise in-store promotions on different days of the week,” he says.

James Richardson also plans to introduce some surprising retail experiences as part of the refurbishment of its three existing concourse shops and the new shop in Concourse E, and is reviewing opportunities to refurbish significant parts of the ‘Super Shop’ to further streamline the customer experience.

Meanwhile, the James Richardson Heinemann Joint Venture will see an upgraded look and feel to the customer experience, which Spanger describes as “full of inspiration, with personal integrated communication, aiming to reach the customer with personalised offers”.

JR/Duty Free also operates at border crossings in Israel and has been awarded the contract for the new Ramon International Airport, opening later this year. Stock and Spanger explain that, while the Joint Venture is currently focused on the duty free shops in Tel Aviv, it will progressively address other opportunities in Israel. “Only by working closely together can we grow the business available in Israel successfully,” they conclude.
Rituals “creating opportunities for experiential engagement with customers”

The general move towards products that offer an experiential dimension, especially among millennials, is a trend that is increasingly influencing customer expectations of the travel retail offer. Rituals, the home & body cosmetics brand, that turns everyday routines into more meaningful rituals, has recognised the potential of travel retail as a platform for innovation and as a highly effective shop window to fast forward international status and awareness. “We have always set out to create innovative products that deliver a unique and authentic user experience,” comments Neil Ebbutt, Director Global Travel Retail, Rituals Cosmetics. “In our case, that is the promise of a unique experience based on ancient eastern traditions that transform everyday routines into more meaningful rituals. So, in product terms Rituals is ideally positioned to meet that trend.”

Rituals’ ambition is to build a global lifestyle brand and its distribution strategy covers direct retail, wholesale, online and travel retail. In 2017, the brand’s travel retail business grew by over 52% with sales in airport standalone stores contributing significantly to that performance. Currently, Rituals has four standalone stores in Amsterdam Schiphol, as well as stores in Arlanda, Vienna, Eindhoven, Zurich, Luton and Munich airports.

“Individual performances have been excellent,” enthuses Ebbutt. “For example, the Schiphol Schengen store is up 15% year on year, the Zurich landside store is up 20% over 2016 and the Stansted store is up 13% year on year. These like for like increases are well ahead of the percentages of passenger growth or the growth of travel retail generally. There is no doubt that standalone speciality retail stores are exceptional business drivers and really gives us the opportunity to present the brand in the best light with the full assortment and excellent service which the Rituals customers have become accustomed to.”

Indeed, the extra space provided by a standalone airport shop gives Rituals an opportunity not only to offer airport passengers a wider range of products, but it also helps the company bring its core message to life by creating opportunities for experiential engagement with customers, such as spa services in 15 mins and water basins that allow customers to try the products before buying.

In terms of Rituals’ shop in shop units inside the airport retailer’s main duty and tax free stores, the company relies on great merchandising and display design and collaboration in promotional activity with activations such as pop up promotional sites. The company also organises special promotions to attract customers. For instance, the brand recently ran a “podium” secondary site promoting the Rituals limited edition range, Anahata, in Oslo, Terminal 2, Departures East.

Ebbutt adds: “And of course, nothing is more important than well-trained and motivated store staff with a real knowledge and passion for our products and an ability to communicate that passion with enthusiasm and conviction. We added a dedicated TR (travel retail) trainer to the expanding TR team at the start of this year which is greatly appreciated by our partners’ store teams.”

Looking ahead, Rituals is determined to build on its standalone portfolio, which will create more opportunities for innovation and experiential engagement with customers. “Consumers in airport travel retail also have so much more now to distract them from shopping especially the increasingly attractive food & beverage offers and the growing availability of free WiFi for their own digital devices. We can no longer just expect them to drop in to kill time and perhaps buy. They have to believe that there is a richer experience for them in store and that is where we want to work with retailers to deliver more than just great merchandising of great products,” Ebbutt concludes.
WELCOME YOU TO TEL-AVIV
Stephan Uhrenbacher, CEO and founder, FLIO, speaks to Marta Dimitrova ahead of his participation in this year’s ACI EUROPE Airport Commercial & Retail Conference.

A digital marketplace: Using personalised, geo-relevant marketing to drive footfall and revenue

Launched just three years ago, global airport app FLIO now has half a million customers who have installed the app on their phones, and its monthly users are now approaching 100,000 people who use the app about 300,000 times per month. "We believe we are the most used digital product at airports right now and are growing at super-fast pace," enthuses Stephan Uhrenbacher, CEO and founder, FLIO.

Indeed, it is claimed that the FLIO user increases average transaction values by up to 40%. During this year’s ACI EUROPE Airport Commercial & Retail Conference, Uhrenbacher will take part in the ‘Innovation Masterclass’, where he will discuss the measurable results of campaigns with major brands including Estée Lauder, Mondelez, Pernod Ricard, Rituals, Hugo Boss and L’Oréal. "In food & beverage we currently have a full feedback loop as the POS (point of sale) terminals can track the efficiency of FLIO vouchers. Here we had several cases of the average purchase value for F&B partners increasing dramatically above the discounts offered. The travel brands which are consistent advertisers with us are used to getting good rates on their digital ads, driven by their strong brands. As FLIO is exclusively targeting shoppers while they are in an airport situation, our advertisers were surprised to see click rates on FLIO being consistently more than four times, sometimes eight times higher than in their tradition digital media."

He continues: "So the contextual situation of being in an airport and then being served an ad for a product that customers will typically buy at the airport is a strong factor. We are currently working with retail operators to connect to their POS to be able to measure the effect of FLIO ads at the till.”

Today, FLIO works with more than 100 airports in Europe, and its portfolio is growing rapidly, as the app is designed to fit any airport around the world. "We actively work with Amsterdam Schiphol, Athens International, Bremen, Budapest, Cologne Bonn, Hamburg and Vilnius and are currently launching about two new airports per month. Also, Eurotrade at Munich Airport is working with us."

Typically, larger airports have often more than five years’ experience with running their mobile apps and keeping them up-to-date. While these airports often have a loyal following among their local passengers, usage numbers for visiting passengers are low. FLIO has realised the potential to fill this gap and with its app creates a platform for those passengers who are only passing through an airport, but want to receive easy access to free WiFi, arrivals and departure information, insider tips and exclusive offers and discounts with key retailers, food & beverage outlets and passenger service providers. "After all, why would I install an app when I’m transferring at an airport,” says Uhrenbacher. “So, while Schiphol is keeping its own app for transactions, it has embraced FLIO as a means to communicate to arriving passengers. At the same time Schiphol profits from mobile advertising with FLIO. Recently, ABN Amro Bank became a FLIO customer at Schiphol."

FLIO also caters for smaller and regional airports by aiming to offer the best app experience at the lowest cost possible. "Even tasks like integrating booking of parking or selling fast-track within the app, we can now build on within days for regional airports. So, Bremen Airport in Germany with two million passengers is one of the most digital airports in the world today, offering F&B vouchers, mobile booking for parking, and mobile lounge access."

Looking ahead, Uhrenbacher concludes: “A glimpse of the future can be seen in the easyJet app, where FLIO is providing airport information and commercial offers. We will be distributing FLIO content and offers into any partner and channel where passengers need to see it.”
DELIVERING THE EXPERIENCE GUESTS NEED.

We lead the Food & Beverage market by providing innovative digital solutions along with a brand experience that delivers on expectations. Our deep knowledge of guests builds value for our landlords. Worldwide.

31 countries
1,000 locations
4,000 stores
900 M customers
Israel Airports Authority is the host of this year’s ACI EUROPE Airport Commercial & Retail Conference & Exhibition. Eliezer Marum, Chairman of the Board of Directors, and Yoram Shapira, Deputy Director General Department of Commerce and Business Development, Israel Airports Authority, brief Marta Dimitrova on the growth in international traffic since the implementation of the Open Skies policy, as well as the potential of the new Eilat Ilan and Assaf Ramon International Airport to strengthen the economy.

Israel Airports Authority transforming Israel’s international presence

Five years ago, the Open Skies policy opened new horizons for tourism in Israel. The competition between airlines reduced airfares, therefore making Israel an attractive destination for tourists and Israeli passengers. Placed in the centre of three religions – Judaism, Christianity, and Islam – Israel offers a sense of spirituality and diverse culture with main attractions including the holy city of Jerusalem, mineral-rich mud from the Dead Sea, the Galilee, and the beautiful coastline and culinary abundance of Tel Aviv.

Israel Airports Authority (IAA) is an active member of ACI EUROPE and is hosting this year’s ACI EUROPE Airport Commercial & Retail Conference & Exhibition.

“We are excited to host this highly valued conference in Tel Aviv. It will enable us to present the recent developments and the changes implemented to meet the challenges facing our industry,” enthuses Eliezer Marum, Chairman of the Board of Directors, Israel Airports Authority.

18.3% passenger growth in 2017

The Open Skies agreement, indeed, brought a surge of international traffic for Israel’s main airport Ben Gurion International Airport. “The 50% growth over the last five years has been beyond our forecast for international traffic,” says Marum.

2017 was a record-breaking year when the airport marked 18.3% growth on 2016, welcoming over 20 million passengers and 12 new airlines which started operations from the airport, including WOW air, Cobalt, Cyprus Airways, and new routes from Wizz Air, Ryanair, LOT Polish and more. The traffic forecast for 2018 is expected to pass 23 million passengers, flying with over 140 airlines to 200 destinations worldwide.

This rapid growth in passenger numbers has resulted in a major change in the airport’s commercial activity. Yoram Shapira, Deputy Director General Department of Commerce and Business Development, who is speaking in the ACI EUROPE Airport Commercial & Retail Conference, comments: “The commercial activity at Ben Gurion Airport is set according to rising international passenger figures, the change in passenger mix, and other economic variables all influencing customer behaviour, such as regulatory changes (tax decrease, customs boundaries, Ministry of Health restrictions, for instance cigarettes) and changes in the local retail market including e-commerce.”

In order to meet the challenges created by these changing trends, IAA is shifting its focus from more traditional commercial operations to develop new areas of revenue and strengthening its present commercial areas.

“We constantly analyse the new consumer characteristics and provide the proper response to passengers’ needs and expectations. Currently, we are...
developing a new mobile application for pre-order, e-commerce for order from home prior to arrival, food & beverage variety, and also we are looking to respond to the business passengers’ needs.”

Overall, annual commercial revenues across IAA’s airports represent 47-48% of the total income. Marum adds: “Commercial revenues and income are of major importance to IAA, as income from fees and charges is not sufficient to cover all IAA expenses for the operation and development of infrastructure and services at our airports and land border crossings.”

Moreover, Israel, known as the “start-up nation”, provides the perfect platform for innovation and development of the latest state-of-the-art technology. “Ben Gurion Airport has a longstanding reputation in the fields of security, operations and commercial management. We have installed many technologies to maintain a high level of aviation safety, while increasing the airport’s aviation traffic capacity. This enables the airport management to maintain a high level of service for passengers and an improved passenger experience, while providing high level security.”

New Eilat Ilan and Assaf Ramon International Airport “a unique national project”

IAA describes the new Eilat Ilan and Assaf Ramon International Airport, set to open later this year, as “a unique national project” due to it being the first domestic/ international airport in Israel to be planned and constructed from top to bottom. Also known as Ramon Airport, it is expected to spark a 300% increase in tourism to southern Israel with an anticipated 1.4 million domestic passengers and 400,000 on international flights.

Replacing the two existing airports in Eilat, Eilat City and Ovda, Ramon Airport will serve as the new international gateway to southern Israel and the Red Sea. Its terminal building has been designed using materials which reflect the natural beauty of the Timna Valley where the airport is located.

Last year, JR/Duty Free secured a 10-year duty free contract at the new airport, while IAA is also considering the opening of a commercial centre outside the terminal building.

Airlines expected to operate at the new airport include those currently serving Ovda Airport, including Ryanair, Wizz Air, easyJet, Transavia, SAS, Finnair, and Ural Airlines, as well as airlines operating at Eilat City Airport.

Meanwhile, the new Ramon Airport has been built according to the Israeli Standard for Green Building 5281 and it has the ISO 14001:2015 Environmental Management Systems Accreditation. Marum says: “As the airport was built in the desert at the Timna Valley, several actions were taken prior to construction – keeping and preserving the local seeds, flowers and unique small animals. After the construction is completed the seeds and flowers will be planted again in the area to keep the nature environment. In the airport area, a solar farm will be built to provide energy to the airport.”

The past five years have been revolutionary for Israel and 2018 is no exception. For the first time, Israel will operate two international airports after the completion of Eilat Ilan and Assaf Ramon International Airport. Looking ahead, Marum concludes: “According to the master plan and the airport programme, we expect that the new Eilat Ilan and Assaf Ramon International Airport will support local employment in the region, and increase the operation of low-cost carriers for Europe and the Far East, thus resulting in more competition and lower airfares for passengers.”

The new Eilat Ilan and Assaf Ramon International Airport terminal building has been designed using materials which reflect the natural beauty of the Timna Valley where the airport is located.

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Yoram Shapira, Deputy Director General Department of Commerce and Business Development, Israel Airports Authority, will speak in this year’s ACI EUROPE Airport Commercial & Retail Conference, in a session entitled “Commercial influences of the host airport: Israel’s economy is famously split in two: “tech & tourism – and then all the rest.”

Eliezer Marum, Chairman of the Board of Directors, Israel Airports Authority: “According to the master plan and the airport programme, we expect that the new Eilat Ilan and Assaf Ramon International Airport will support local employment in the region, and increase the operation of low-cost carriers for Europe and the Far East, thus resulting in more competition and lower airfares for passengers.”

The new Eilat Ilan and Assaf Ramon International Airport terminal building has been designed using materials which reflect the natural beauty of the Timna Valley where the airport is located.
Embracing digital to offer travelling consumers tailored, efficient F&B experiences

Digital transformation is touching all aspects of the travel experience. New technologies are reshaping the way travelling consumers interact with retail and food & beverage (F&B) brands, both physically and digitally. F&B operator Autogrill, for example, is building partnerships, projects and services to advance the digital evolution of its offering.

“We are committed to providing our guests with services that meet the needs of today’s and tomorrow’s travellers while, at the same time, making an important contribution to the gradual adoption of advanced digital behaviours on the go,” says Ezio Balarini, Chief Marketing Officer, Autogrill.

Indeed, Autogrill recently signed an agreement with PayPal, through which it has introduced a mobile proximity payment system in its directly-operated locations, allowing customers to pay with their smartphones via the MyAutogrill app. The service is currently available in Italy and will be rolled out in other countries.

This is just one step in the digital transformation that is a key strategic priority for the operator. Balarini emphasises the importance of tailoring digital solutions to the particular needs or behaviours of guests in each location. Autogrill recently introduced kiosks for pre-ordering in 26 quick-service restaurants in North America and over 20 in Europe, with the aim of allowing customers to better manage their time at the airport.

“In North America, HMSHost has finalised an exclusive agreement with Kallpod, based on which a new generation interactive service will be made available in 100 restaurants across 33 airports,” Balarini adds.

Kallpod is a communication tool which directly connects guests with restaurant staff for quicker, more efficient service. It works by placing the ‘Kallpods’ – small circular ‘pinging’ devices with three simple buttons – on tables so that guests can request service when they are ready to order, to ask for an additional item, or to request the bill. The Kallpod immediately notifies staff via ‘Kallwatches’ – digital wrist-watches which display the guests’ service needs, as well as updates from kitchen staff.

“The system allows staff to better manage time and provide travellers with more accurate and faster service crucial inside airports,” says Balarini. “The HMSHost-Kallpod partnership represents a step forward for the entire travel dining sector.”

Meanwhile, Autogrill has introduced a tablet ordering system – QIKSERVE – in its Kebaya Asian food outlet at Amsterdam Airport Schiphol. Customers choose from the menu and order using tablets placed at their table. The order is then immediately sent to the kitchen. “This enables us to serve all dishes within 15 minutes, enhancing the F&B experience,” Balarini explains.

Alongside its desire to deliver an “interactive, personalised and memorable” experience, Autogrill remains strongly rooted in each region of operation, offering authentic, regional flavours. “Each location is conceived to transmit authenticity to travellers,” says Balarini. “The needs of customers on the go are always at the centre of the spaces we develop, in order to provide an engaging experience in which each detail is conceived to provide a 360-degree experience.”

Digital innovation is essential across commercial activities, as airports and their partners aim to thrive in an increasingly technology-centric world. Delegates will learn more on tailored digital solutions at this year’s ACI EUROPE Airport Commercial & Retail Conference & Exhibition.
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“From moment to momentum”: Lagardère Travel Retail’s shift towards a frictionless retail experience

Last year, Lagardère Travel Retail began its five-year duty free concession at Geneva Airport, bringing out the true uniqueness of Geneva. Stéphanie Metz-Thevenod, EVP Marketing & Digital Duty Free Global, Lagardère Travel Retail, shared some insights on Lagardère’s commercial and marketing strategies, ahead of her address during this year’s ACI EUROPE Airport Commercial & Retail Conference & Exhibition.

When it comes to customer engagement, developing innovative concepts that cater for the diversity of targets and needs is key. That is why it comes of no surprise that Lagardère Travel Retail, a global leader in content production and distribution, has developed a marketing strategy revolving around innovative and performing retail concepts. “We see omnichannel and digital as major enablers today to reach travellers and develop customer engagement,” explains Stéphanie Metz-Thevenod, EVP Marketing & Digital Duty Free Global, Lagardère Travel Retail.

Developing commercial and marketing strategies to leverage those trends will be a key discussion during this year’s ACI EUROPE Airport Commercial & Retail Conference & Exhibition in which
Metz-Thevenod will take part. “It is a great pleasure to be invited to that discussion at the ACI event in Tel Aviv. I will present our vision about the major trends impacting the way people shop and how we at Lagardère Travel Retail are developing commercial and marketing strategies to leverage those trends. In particular, the shift to mobile and the increasing search for a frictionless experience in retail, the impact of social media. But also, how omnichannel is developing at airports and the need to go from moment to momentum in our stores.”

A “360° Geneva Experience”

Last year, Lagardère Travel Retail began its five-year duty free concession at Geneva Airport, creating a true sense of place. “We are very proud and honoured to have been awarded the Geneva Duty Free concession with our concept Aelia Duty Free ‘The Art of Gifting’, enthuses Metz-Thevenod. “When we answered the tender, we spent a lot of time studying the uniqueness of Geneva and the passenger profiles to make sure the global retail proposition would both benefit from Aelia Duty Free retail and commercial high standards and be unique for the passengers travelling to and from Geneva Airport. For Geneva, we have developed at the heart of the store a 360° Geneva Experience including a bespoke offer around Swiss gastronomy, design and communication showcasing the amazing landscape of Geneva.”

After carefully studying the passenger profiles at the airport, Lagardère has established a diverse mix of brands and products to cater for its passengers needs and their purchase motivations – from accessible products and premium international brands to a strong focus on local brands highlighting the uniqueness of Geneva and the Swiss tradition.

Lagardère also relies heavily on introduction of new brands and new segments, as well as the impact of strong promotional offers. The travel retailer has introduced a personalised Aelia Duty Free concept at the airport, recreating a shop in shop concept. “We have created a unique vision for Geneva Airport: ‘Geneva Pure Inspiration’ to enable millions of passengers to dive into Geneva and French-speaking Switzerland singularity. A fusion between a unique glittering and authentic nature in terms of design and scenography, and Switzerland know-how in terms of service and store execution,” explains Metz-Thevenod.

As the year goes, the travel retailer will develop even more unique experiences that will be showcased at the airport will also be Fragrance Match, using a unique and patented algorithm that helps shoppers select the perfect match in terms of fragrance. “In this category, our ability to bring a curated offer for Geneva passengers will definitely drive customer interest and category performance,” says Metz-Thevenod.

“Partnership creates value”

Looking ahead, Lagardère Travel Retail is fully committed to ensuring a retail proposition that is current and tailored to each individual airport. “With the rise of digital, e-commerce and social media, as major influencers to purchase, I am convinced that partnership creates value. We look at every partnership that is able to connect our retail concepts to the right audience, before, during and after the store,” she concludes.
Coindrum breaking into the world market

Lukas Decker, CEO Coindrum, briefs Marta Dimitrova on the company’s worldwide expansion.

In 2012, Lukas Decker set up Coindrum after developing an innovative system for airports that allows passengers to convert their unwanted coins into airport shopping vouchers. Five years later, Coindrum has already taken over the European market. As well as attracting investors including Declan Ryan, founder of Ryanair; Bobby Healy, co-founder of CarTrawler; and Tom Kennedy, co-founder of Hostelworld, Coindrum has built strong relationships with some of the major airports around Europe.

The Irish start-up is now operating in nine international airports, recently expanding its services at Dublin Airport, as well as with market leader Dufry at Milan Malpensa Airport.

"Most of our scaling comes from our existing partners," explains Decker. "For example, Dufry was one of our first partners and our initial installation with the retailer at Milan has performed so well for the past three years, that we are now delighted to build on this success and offer the Coindrum service to all departing passengers across the different Dufry stores."

Coindrum, however, is eyeing world expansion and what better place to start than with the world’s biggest international airport. Indeed, in a conversation with Airport Business, Decker, revealed the exclusive news that the company has secured a partnership with Dubai Airport.

"We like where things are going and we have broken into that kind of airport now, which is a great step for us and a milestone for our business," he enthuses. "We’ve launched in nine European countries so far and with Dubai Airport we are leaving the continent. This trend is definitely continuing, as we are increasingly targeting major international non-European hubs."

In terms of customer service and commercial optimisation, Coindrum’s model has improved over time. Decker explains: "We think we have found our sweet spot now and we know how it works for all of the different parties – for the airport, the retailer, the customer and ourselves. What we try to do now is to copy/paste this model in airports across the world."

Initially, the product was launched as a free service for customers, allowing them to exchange coins for a voucher of the same amount, providing a very attractive commercial strategy for the retailer. However, later on, in collaboration with Aer Rianta International (ARI), Coindrum came up with the idea to add a further 10% credit to the amount of coins the customer puts in the machines.

"It was actually Jack McGowan, CEO of ARI, who came up with the idea to give people 10% extra on their coins. After the trial, it was so successful that it then became our core part of our proposition to give the customer more to generate more transactions."

He continues: "So, in terms of the model that we have established now and in terms of the technology, which has improved over time, the machines are now flawless. The design is much sleeker, much more attractive in a high-end retail environment."

Deals are already in place to continue Coindrum’s expansion in 2018 and ahead. In addition, the company recently moved into a new logistic centre in Dublin. "From our perspective, every airport can be more profitable and better run with our support and that is what we are trying to do. So, we are just going to continue growing as fast as we can. As a business, we have moved forward as well, so we can cater for bigger demand. This year, alone we will definitely double our footprint in terms of unit count."

Coindrum will showcase its innovation during the ACI EUROPE Airport Commercial & Retail Exhibition, where the company is hoping to continue strengthening its existent relationships and creating new partnerships with airports worldwide.
WHO WILL YOU SHARE WITH?

MY FAMILY TREATS
OFF TO WORK
IT'S A SURPRISE

Toblerone
SWISS MILK CHOCOLATE WITH HONEY & ALMOND NOUGAT & SALTED CARAMELIZED ALMONDS
34 PIECES 272g
Ivo Knuesel, Head of Category Planning, Mondelez World Travel Retail, is participating in this year’s ACI EUROPE Airport Commercial & Retail Conference & Exhibition. He shared a preview of his thoughts on transformational disruptors in the airport commercial space with Ross Falconer.

**Mondelez pioneering digital in the confectionery category**

This year’s ACI EUROPE Airport Commercial & Retail Conference & Exhibition will focus on how airport commercial spaces are being transformed by disruptive technology. It is a topic high on the agenda of Mondelez World Travel Retail (WTR), manufacturer of confectionery brands including Toblerone and Cadbury. The company aims to pioneer digital within the confectionery category to take it to the next level. “The way travellers behave and shop has been changed vastly by technology; our job is to stay on top of this change, and continue to engage the hyperconnected next-generation – or, as we call them, ‘Next Gen’ – travellers,” explains Ivo Knuesel, Head of Category Planning, Mondelez WTR. “Successfully engaging this emerging type of traveller takes a collaborative approach from all travel retail stakeholders. I expect to not only glean insights from some of the most forward-thinking companies at the conference, but to also seek out potential collaborations that can leverage disruptive technology to drive conversion and grow together.”

He will address the industry challenges all stakeholders – airports, retailers, and brands – face and how collaborations, especially those that involve technology providers, can help meet these challenges. “In such collaborations, brands play a particularly important role as they provide creative input, deliver an emotional connection during the interaction, and link the experience to purchase,” Knuesel adds.

**Mobile connectivity, tech-savviness, frequent travel**

Together with the digital boom, new issues and opportunities have arisen, which means that a wholly new approach is needed to re-engage travellers. Next Gen Travellers are characterised by their mobile connectivity, tech-savviness and frequent travel; and also by their desire for bespoke experiences and sharable moments. “The term is much broader than ‘Millennials’ and describes the way travellers behave, rather than referring solely to their demographics,” Knuesel explains. “Mondelez is embracing this – we have developed action plans behind the three pillars in travel retail to connect with them. The pillars include Digital Instore Engagement – triggering conversion and repeated purchases through effective activations at the point of sale; Online Communication – raising travellers’ awareness of duty free shopping and confectionery offers through social media and other online channels so that we can encourage store footfall; and E-Commerce, converting online users into in-store visitors and shoppers, and then converting them into buyers.”

By activating these three digital platforms along the travel journey, the aim is to connect travellers with brands in a modern and meaningful way, strengthening the emotional link and adding a new dimension to the supplier-shopper relationship.

The most recent example of how Mondelez WTR collaborates with airports and retailers was the pre-launch of Toblerone Messages between January and March 2017, in which it exclusively partnered with the Dufry Group.

“As soon as this new product hit the shelves, we started using geo-targeted advertising on Facebook and Instagram, for travellers at the airports where the new product was available, as well as advertising on the airports’ websites,” says Knuesel. “These ads were linked to Dufry’s Reserve & Collect website, where travellers could pre-order Toblerone Messages and pick up their purchase in-store.”

Mondelez WTR also partnered with the ‘Red by Dufry’ loyalty programme to raise awareness of Toblerone Messages among the programme members via personalised emails; and collaborated with FLIO, promoting Toblerone Messages to its users across major European airports within Dufry’s retail universe. “This is not only an example of our collaboration efforts with airports and retailers, but also showcases how digital has become a part of the overall in-store strategy and was successfully applied in travel retail,” Knuesel concludes.

Among the product innovations Mondelez World Travel Retail has planned in 2018 is Toblerone Tiny Crunchy Almonds 272g. Meanwhile, last year it launched the festive-themed Toblerone Happy Holidays, a universal gift that covers a range of holiday celebrations, from Thanksgiving to Chinese New Year.
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Intelligent analytics and algorithms leading to “optimal pricing and improved revenue”

Guy Barnes, Director Strategic Accounts, and Pauline Oliver, Business Development Manager of IDeaS, interviewed by Marta Dimitrova.

Ten years ago, Uber and Airbnb did not exist, yet it is hard to imagine a consumer landscape without them today. The demand for traditional taxis and hotels has not been eliminated, yet internet-based businesses have considerably disrupted the travel industry. Customers are more empowered than ever to shop around and make informed travel and booking decisions. With 40 million riders every month, and a net revenue of more than $1 billion, Uber has successfully educated a global market to book online via its app, pay electronically and accept dynamic pricing, which means higher fares in periods of high demand. During this year’s ACI EUROPE Airport Commercial & Retail Conference, Guy Barnes, Director Strategic Accounts, IDeaS, will discuss strategies to optimise parking revenues in the airport commercial space. “The hospitality industry has worked this way for many years, and now airports around the world are seeing the value in a similar approach to grow non-aeronautical commercial revenues through parking,” he explains.

Non-aeronautical revenue is, indeed, significantly important to an airport’s long-term revenue growth. According to the 2017 ACI Economics Report, non-aeronautical revenue continues to constitute 40% of the €152 billion in global airport revenues. 23% of that revenue comes from parking, making it clear that developing a commercial strategy to drive parking revenue can be a turning point for airports.

As airport margins come under increasing pressure due to changing airline business models and increasing operating costs, non-aeronautical revenues, especially those from parking, bring opportunities through higher margins and direct influence from airport commercial directors. With the expected doubling of global passenger traffic to 14 billion by 2029, the need to continue expanding parking infrastructure is essential. “There are, however, significant challenges to this,” says Pauline Oliver, Business Development Manager, IDeaS.

“We are seeing modal shifts from cars to greener transportation options, with airports and governments supporting and promoting these initiatives. Passenger dwell time is reducing, and thanks to the internet, travellers are more price sensitive and savvy about the travel choices they make.”

The emergence of autonomous vehicles also has the potential to negatively impact on parking revenues, so the industry must work hard to stay competitive.

Many airports see a competitive advantage in using data science and analytics to forecast true demand and use that demand to sell car park spaces at optimal rates determined by consumer price sensitivity. Selling through an online channel is key. “Having a platform to sell parking spaces online is important, but the application of intelligent analytics and algorithms is what leads to optimal pricing and, as a result, improved revenue,” Oliver explains. “Automation in pricing decisions takes this a step further and achieves more for your bottom line. Because IDeaS Car Park Revenue Management System is an automated decision system that takes the many variables of a car parking business into consideration, it can integrate sophisticated analytics into existing selling systems to maximise productivity and profitability.”

At the heart of this approach isn’t just big data, it is the right data and intelligent analytics. Available today in an airport’s technology environment is an ongoing stream of highly valuable data that, with the right models and tools, can inform pricing decisions and revenue strategies.

Making this transformation to a dynamic pricing approach can mean a new way of working, and IDeaS is committed to forming solid partnerships with clients for long-term success and growth. One of the latest airports to implement new revenue technology in airport car parking is Helsinki Airport. With more than 19 million passengers and getting ready to serve over 30 million passengers, the airport has implemented a dynamic pricing model, to ensure it makes the most of its commercial opportunity through parking.

Although revenue management is a relatively new discipline for airport parking, its impact is significant and is transforming the way airports yield their parking inventory. IDeaS is already looking ahead to the future, beyond demand-based, dynamic pricing for each car park or customer segment. “We see the opportunity to personalise price even further with the right technology in place. Providing parking customers with more choice and pricing that best meets their individual preferences is empowering and adds value. This approach ultimately drives increased revenue.” Oliver concludes.
The best shopping destination

Delivering a new type of shopping experience to the world’s most discerning travellers with bespoke stores, immersive digital communications, tailored experiences and the best brands. Endless reasons to become part of the largest travel retail group in the world.
K-Beauty trend comes to ACI EUROPE Airport Commercial & Retail Conference & Exhibition

The worldwide travel retail launch of an exclusive AFTER FLIGHT MASK takes place at this year’s ACI EUROPE Airport Commercial & Retail Conference & Exhibition in Tel Aviv. Indeed, attendees will receive an AFTER FLIGHT MASK in their delegate bags.

Beauty brand DERMAGLAM SEOUL claims there is nothing else like its range of Korean-manufactured skin-care sheet masks available in travel retail.

Designed specifically for the channel, the After Flight premium, superfine fibre sheet mask has been created to treat dehydrated, tired skin that has been exposed to the extreme conditions of air travel. The mask is infused with hydrating, soothing revitalising serum that instantly rejuvenates and wakes up tired skin. Each mask pack is just 20g and can be sold separately or in boxes of five units.

“IT’S a best seller for our existing travel retail partners,” says David Edelstein, co-CEO, DERMAGLAM SEOUL. “There’s really nothing else like it available to the sector. It’s perfect to use after a long flight, or on holiday after exposure to sun, salt water and chlorine.” Within Israel, DERMAGLAM SEOUL has already established listings via JR/Duty Free James Richardson at Tel Aviv’s Ben Gurion Airport (Terminals 1 and 3). Products are also offered inflight on Israir Airlines and Arkia, and will be going onboard El Al from April this year.

Now the company is looking to expand its business globally and sees travel retail as the perfect springboard from which to raise the brand’s profile and awareness. Launching for the first time at the ACI EUROPE Airport Commercial & Retail Conference & Exhibition is a new line – PREMIUM COLLAGEN REPAIR ANTI AGING MASK. This premium Collagen booster treatment is formulated with cutting-edge technologies to give tension, vitality and elasticity to mature skin in just 20 minutes. “We are an exclusive brand, only available online, specialist makeup venues or – currently – through Tel Aviv Airport and onboard selected airlines,” explains Etti Barkin, co-CEO, DERMAGLAM SEOUL.

“We are hoping that exhibiting at the ACI EUROPE Airport Commercial & Retail event in Tel Aviv will introduce DERMAGLAM SEOUL to airport and retail delegates from throughout Europe, of course, but our strategy is to seek distribution worldwide.”

Subway restaurants opened its first shop in an airport location in Birmingham-Shuttlesworth International Airport in 1994. Today, 23 years later the brand boasts over 240 shops in over 170 airports around the world.

“25% of our shops are in non-traditional locations, such as colleges, hospitals, military bases, and convenience stores,” explains Don Fertman, Chief Development Officer, Subway.

“The non-traditional expansion started with the idea of a Franchisee, which is sometimes where the best ideas originate. The concept was to place a restaurant within a convenience store simply to reach more customers. He got it done and proved it could be successful and profitable. Once we saw the potential, it opened a door to new opportunities. Locations in airports or transportation hubs of various countries provide an introduction to the brand as well as the business opportunity in both developed and emerging markets. One feeds off the other, resulting in increased brand exposure and heightened worldwide profile.”

In 2017, the company opened airport shops in Germany, Mexico, Brazil, India, Thailand and Turkey and is in the process of opening additional shops in airports in India, Singapore, Venezuela and Malaysia.

“Even though in today’s market there is a tendency for great local restaurants to establish a sense-of-place, airports are finding that many passengers still long for something familiar,” explains Fertman.

“This is where Subway is a perfect fit for airport locations with its 44,000 shops in 113 countries around the world.”

Subway continues to improve its entire dining experience and recently introduced the Subway Fresh Forward restaurant design to its shops around the globe.

The new design includes a more contemporary design and an investment in leading technology to connect with customers. The brand is using digital options, such as remote ordering through the Subway app and a bot for Facebook Messenger, and quick self-order kiosks, currently available in the US, Canada, and US Territories. The Fresh Fit décor can be found at Baltimore-Washington International, John Wayne, Kelowana, and Salalah International airports, just to name a few.

“Our new app is one of the ways we are repositioning Subway to meet the expectations of today’s consumers,” says Fertman.
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A new disruptor is looking to shake up the market for intercontinental services between Europe and Asia. Start-up Air Belgium has chosen Brussels South Charleroi Airport as its home base, with its inaugural service to Hong Kong scheduled for the end of March. It will initially operate four weekly flights on the route, with plans to increase that to six by the autumn.

Hong Kong is, of course, a key business destination and a major hub to Asia. Surprisingly, it’s never been served directly from the European capital, Brussels, even though it’s a very business-friendly and competitive environment for all kinds of travellers. That’s all set to change by the end of March, with Air Belgium to be competing with Cathay Pacific on the route. Cathay is launching its own service from Brussels Airport to Hong Kong on 25 March.

“We definitely wish to be market disruptors,” says Niky Terzakis, CEO Air Belgium. “We’re looking at a fresh and very competitive offer, not just fare but also service-wise. The Belgian O&D market is pretty significant and the lack of long-haul flights from Belgium to the world’s largest passenger market – Asia – is remarkable to say the least. Our ambition is to serve a selection of Asian destinations with an offering that makes sense to leisure, premium and business travellers. We aim to drop the bling and focus on the essentials. We’ve conducted very extensive market studies and our entire strategy is based on precisely what customers are demanding: simplicity, competitive fares, and high-quality service.”

The airline plans to operate seven routes this year, including Hong Kong and six other destinations on the Chinese mainland as of May 2018. “It is too early to mention the other destinations at this stage,” Terzakis adds. “The reason for that is simple: we want to secure the best slots for our passengers. All we can reveal right now is that we’ll be enabling new direct connections between the heart of Europe and major and medium-sized cities in China.”

Air Belgium has established its Asia Pacific permanent offices in Hong Kong, from which it will develop its Asian network and destinations.
Strategies for attracting and retaining airline customers

THE AIRLINE CONVERSATION

Start-up Air Belgium has chosen Brussels South Charleroi Airport as its home base, with its inaugural service to Hong Kong scheduled for the end of March. Pictured are Niky Terzakis, CEO Air Belgium, and Jean-Jacques Cloquet, CEO Brussels South Charleroi Airport.

Air Belgium and BSCA: “Shared destiny for – at least – the next 10 years”

Terzakis’ previous experience includes 15 years as CEO of cargo airline TNT Airways (now rebranded as ASL Airlines Belgium). “There really isn’t much difference between aircraft and airline economics,” he comments. “My extensive experience with TNT Airways has given me a good feeling for all logistical aspects and technology development. I’m also grateful to have been able to surround myself with a wonderful and very experienced team with many years of experience in demanding passenger operations. Going forward, we’ll make sure to particularly pay attention to new technologies, resulting in continuous developments.”

Key factors in Air Belgium selecting Brussels South Charleroi as its home base were the airport’s accessibility and punctuality, and Terzakis speaks eloquently about the airport and airline’s “shared destiny for – at least – the next 10 years”.

“By working together, the airport will reinforce its international presence and undergo significant changes,” he notes. “It will become an important hub by hosting long-haul carriers that will be connected to other major cities, and by changing its entire infrastructure, including mass transit. The changes also involve the construction of a new Premium Terminal for business and premium passengers, which will allow them to board their plane in less than 20 minutes from the moment they park their car.”

“Being able to welcome a company such as Air Belgium on our apron allows us to switch to a new strategy and further strengthen our international position,” adds Jean-Jacques Cloquet, CEO Brussels South Charleroi Airport. “With the first direct long-distance flights to Asia, the Far East has never been closer.”

The Premium Terminal will be located at the current Terminal Sud (Executive Aviation Terminal), with other facilities to include a full-service Business Lounge. Construction will start at the end of May and take a year to be completed. In the meantime, the airport will be providing temporary solutions for travellers from the first flight.

These infrastructure enhancements will enable the airport to accommodate the Air Belgium fleet, which will comprise four A340-300s, deliveries having begun in mid-February.

In terms of the facilities Air Belgium requires from its airport partners, Terzakis is clear that the biggest emphasis is on the shortest possible processing time for travellers – from the car park to the boarding process. “Premium travellers, in particular, will be offered a unique infrastructure, ensuring no queuing time, the shortest walking distance and a full-service lounge,” he says. “Another USP will be our pronounced focus on service customisation and moving towards a door-to-door service.”

Air Belgium has a phased 10-year plan. The current 3-year phase 1 focuses on starting to serve Asia, and particularly China, with six destinations and four aircraft. It also includes the establishment of a series of interline agreements with Asian and European carriers. “Phase 2 consists of expanding the number of flights to, and destinations in, Asia and complementing the fleet with modern technology aircraft. Phase 3 involves the expansion of our fleet and network, which includes a focus on North and South America,” Terzakis explains.

The market for Europe-Asia services is ripe for disruption, and the launch of Air Belgium is doing just that with a visionary new offer for travellers.

Air Belgium factbox

Base: Brussels South Charleroi Airport

Inaugural route: Hong Kong (end-March 2018)

2018 destinations: 7 (Hong Kong, plus 6 mainland China destinations)

Fleet: 4 A340-300s
1,405 industry experts attend ACI Airport Exchange hosted by Oman Airports Management Company

11th ACI Airport Exchange, staged jointly by ACI EUROPE, ACI Asia-Pacific and ACI World, Muscat, 5-7 December 2017

Oman Airports Management Company (OAMC), which is responsible for the management and operations of the new $1.8 billion (€1.5bn) Muscat International Airport, Salalah Airport, and other regional airports in the Sultanate of Oman, last December hosted the 11th ACI Airport Exchange, staged jointly by ACI EUROPE, ACI Asia-Pacific and ACI World. Inspired by the Oman Airports Management Company five-year transformation strategy ‘Growing gateways to beauty and opportunity’, the theme of the event was ‘Leading airports towards operational excellence, profitability and customer service’. This was reflected in all five conference streams – The Keynote Arena, Security & Crisis Management, Airport Operations, Digital Innovation & Big Data, and Airport Development. These were complemented by a broad exhibition of more than 50 companies showcasing their latest innovations, services and solutions, as well as a fantastic social programme laid on by the host, OAMC.

Following recent successes in Oman, Istanbul, Paris and Doha, ACI Airport Exchange 2018 takes place on 27-29 November, hosted by Avinor Oslo Airport.
Mohamed Yousif Al Binfalah, CEO of Bahrain Airport Company, delivered a keynote address on “Bahrain’s $1 billion Airport Modernisation Programme, and the aim of elevating the airport’s infrastructure and services in line with the highest levels of safety, security, technology and environmental standards”.

Kjeld Binger, CEO Airport International Group, discussed Queen Alia International Airport’s strategic vision to become the airport of choice in the region and to build global connections for Jordan.

P S Nair, CEO – Corporate, GMR Airports Ltd, focused on GMR’s place among the world’s major airport groups.

HE Dr Ahmed bin Mohammed Al Futaisi, Minister of Transport and Communications, together with Sheikh Aimen bin Ahmed Al Hosni, CEO of Oman Airports Management Company; Patti Chau, Regional Director, ACI Asia-Pacific; and Olivier Jankovec, Director General, ACI EUROPE, officially opened the 11th ACI Airport Exchange exhibition, which featured leading suppliers and innovative solution providers from every aspect of the industry.

Sylvain Lefoyer, Deputy Director, Aviation Security and Facilitation, Air Transport Bureau, ICAO, set the scene in the Security & Crisis Management Summit, by providing a global view of security threats and challenges. He also focused on the work being undertaken by ICAO, states and industry relating to strengthening the implementation of standards, audit, oversight and capacity building.

Alison Fitzgerald, COO London City Airport, discussed the airport’s remote tower concept and “why augmented reality is the real game-changer”, during the Airport Operations Conference stream.

The Airport Operations Conference provided a platform for discussion around the ways in which new technologies and facilities can really deliver the efficiencies and capacities airports need to achieve operational excellence. To open the stream, Peter Hinsham, Deputy Executive Director, SESAR Joint Undertaking, focused on remote towers and the digitalisation of Middle Eastern and European ATM infrastructure.

During his keynote presentation in the Digital Innovation & Big Data Conference, Huawei Enterprise Business Group’s Director, Xi Lin, delivered fascinating insights into Chinese airports’ intensive pursuit of digital transformation and the requirement for comprehensive application of new technology as part of the desire to create “smart airports”.

The 11th ACI Airport Exchange exhibition featured leading suppliers and innovative solution providers from every aspect of the industry.

The 11th ACI Airport Exchange exhibition featured leading suppliers and innovative solution providers from every aspect of the industry.
The First Working Session in the Digital Innovation & Big Data Conference examined “Technologies and customer experience: are airports and airlines meeting travellers’ expectations?” Moderated by Neil Pakey, Chair, Regional and Business Airports Group (RABA), the panel also included Xi Lin, Director, Huawei Enterprise Business Group; Carlos Kaduoka, Director Consulting, SITA; Thomas Hoff Andersson, Director of Passenger and Terminal Services, Copenhagen Airport and Rapporteur of the ACI EUROPE Task Force on Border Control; and Jurgen Renner, Project Lead – Level of Service, IATA.

Sheikh Khalid bin Hilal Al Yahmadi, CEO Muscat National Development & Investment Company (ASAAS) and Chairman, SalamAir, delivered the closing keynote presentation. He placed an emphasis on the Omani aviation market and the potential it carries for a low-cost airline focusing on captive demand and transfer passengers.

Oman Airports Management Company hosted two spectacular social events – a Welcome Reception at Azaiba Beach, and a Gala Dinner at the Royal Opera House Muscat.

ACI Airport Exchange included a diverse exhibition of over 50 exhibiting companies specialising in airport services and equipment.

Harj Dhaliwal, Managing Director of Middle East and India, Hyperloop One, delivered the finale at ACI Airport Exchange 2017. In an insightful address, he told attendees: “Hyperloop One is not here to compete with airports, but to augment them.”

David Wilson, COO Oman Airports Management Company, provided an insight into the new $1.8 billion Muscat International Airport, during the First Working Session in the Airport Development Conference.

ACI Airport Exchange
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MAG’s new tech and e-commerce start-up “creating a culture of innovation”

Nolan Hough was appointed Managing Director at MAG-O in 2017. With a clear brief for innovation, Manchester Airports Group (MAG) launched its tech and e-commerce business, MAG-O, to respond to technology-driven changes and to move the airport experience into a new digital era. Interview by Marta Dimitrova.

Airport Business: What have been your initial priorities since taking up the position as Managing Director of MAG-O?

Nolan Hough, Managing Director, MAG-O: We are responding to changes in passenger behaviour and need to move the airport experience into a new digital era.

We’re looking to build a start-up ethos and part of that is being physically separate, not constrained by the big company thought processes. I’m lucky that I’ve been given the go ahead to build a fresh culture from the word go – we have new offices, we’re more flexible, and we’re more collegiate.

AB: What inspired the need for such technology and e-commerce business as MAG-O?

Hough: I’m realistic – by today’s standards I think passengers in airports are often disappointed by the standard of the digital experience. People are used to excellent experiences and reasonable is no longer good enough. That’s what we’re addressing with MAG-O.

Therefore, we are taking much of our inspiration from outside the airport industry and we have already trialled, tested and introduced dozens of new initiatives across MAG’s digital footprint.

AB: How has your previous experience informed your approach to your new role at MAG-O?

Hough: Before doing this job, I headed up the car parking division at Manchester Airports Group (MAG).

Car parking is one of the most sophisticated online data management businesses in the world. Across MAG’s car parks we have 160,000 car parking prices in the market at any one time – 3,600 algorithms all working at once and I want to get us to a place through MAG-O where we’re managing up to 4,000 price changes per day to give customers the best value we can possibly offer.

AB: In what ways will MAG-O improve the end-to-end experience at the Group’s three airports – Manchester, London Stansted and East Midlands?

Hough: It’s all about bringing a higher level of enjoyment to the airport environment, eradicating the pain points that we have all become familiar with and ultimately providing passengers with a much smoother, and stress-free, experience.

AB: MAG-O has already embarked on a programme of trialling and testing new products which will benefit MAG’s passengers, improving the efficiency of its terminal and car parks and offering passengers new online experiences. Can you please provide more details on some of these projects?

Hough: We are still essentially a start-up but already MAG-O has introduced some small changes to the wider MAG operation that have made a seismic difference to passengers, including how they are able to find and book flights, live flight notifications, travel itinerary services and FastTrack Passport Control.

Other projects include building VIP products, travel insurance, concierge services, Apps, Chat Bots and new distributing deals just to name a few.

MAG-O has also undertaken a complete redesign and relaunch of the Group’s airport websites, with each one now delivering significantly faster load speeds and a more intuitive user experience.

AB: In what ways will the new e-commerce shopping experience boost travel retail and generate revenues?

Hough: We are on a journey together and aiming to double our revenue in MAG-O within five years. Ultimately, I want the teams to push themselves, be customer-centric, create a culture of innovation, not be afraid to fail and, perhaps most importantly, be commercial to the core.

AB: Looking ahead, what are your main priorities and plans for development in 2018 and beyond?

Hough: In the future, we are targeting a truly personalised airport experience where as a passenger you will be guided directly to your parking space via mobile web services, have your food ready and waiting for you at the restaurant of your choice and be able to take advantage of personalised discounts in our shops and then finally be guided to the plane at exactly the right time for boarding.

Ultimately, what we’re trying to do is create an excellent digital passenger journey which will make people want to travel from MAG airports.
Vanderlande is the global market leader for value-added logistic process automation at airports. Vanderlande’s baggage handling systems move 3.7 billion pieces of luggage around the world per year, in other words 10.1 million per day. Its systems are active in 600 airports including 13 of the world’s top 20.

Taking passenger experience into consideration, airport operators must find a perfect balance between offering travellers stress-free, relaxing journeys combined with expedient and swift movement through checkpoints. Vanderlande offers advanced passenger checkpoint (APC) solutions – designed to increase security, reduce costs and offer an improved passenger experience.

vanderlande.com
Seamless logistic process automation to optimise travel experience

Alongside its successful Advanced Passenger Checkpoint (APC) projects at Las Vegas and Keflavik airports, Vanderlande is working on the integration of its SCANNOJET tray return systems and eVelocity centralised image processing (CIP) software at Prague Airport. As part of a major redevelopment of Terminal 2, Prague is installing a 12-lane centralised security area that will open this summer. "Prague has invested in eight 18m SCANNOJET systems in combination with eVelocity software. The latter will initially be used to perform localised searches at the checkpoints, and, at a later stage, Prague will use a fully remote screening facility," explains Andrew Manship, Executive Vice President Airports and Board Member, Vanderlande. "Vanderlande’s APC solution is a seamless system that combines a modular, state-of-the-art automated security lane with remote screening agents to share the workload, counter the effects of traffic variation, and significantly improve their operational efficiency."

Flexible and space efficiency are key to future-proofing baggage logistics, and Vanderlande aims to provide both with FLEET – a new logistic solution for baggage handling.

"By utilising intelligent automated vehicle technology, FLEET replaces the need for massive amounts of fixed conveyors and sorting systems," says Manship. "The intelligent software, in combination with advanced, predictive data analytics, enables continuous adaptation to changing customer demands. Furthermore, we’re rethinking the way to deliver this solution to the market, more as a flexible logistic system than a traditional baggage handling system with manual sortation. This results in greater operational efficiencies, quality, and ergonomics."

Meanwhile, Taiwan Taoyuan International Airport (TTIA) recently selected Vanderlande for the baggage handling contract for its Terminal 3 project. It will be an important step in developing Vanderlande’s individual carrier system (ICS) capabilities in the Asia-Pacific region. Vanderlande’s solution will provide a baggage handling system with a maximum capacity of 19,200 bags per hour. The airport’s two existing terminals are currently operated individually without a connection between the two systems. "Once T3 has been constructed, all terminals will be seamlessly connected with Vanderlande’s automated ICS - TUBTRAX," Manship explains. "This will result in a significant improvement to TTIA’s operational efficiency and tracking accuracy, as well as enhancing the experience for passengers."

The baggage handling system in T3 will comprise 206 check-in counters distributed over six islands. Baggage will be transferred from the check-in area via the transport conveyors connected to four tilt tray sorters located at the main baggage hall. Bags will then pass through security screening before transfer to either the designated make-up carousels, early bag store area, or other terminals via TUBTRAX.
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Naples Airport – the fastest growing airport in Italy

Naples International Airport is hosting this year’s ACI EUROPE Regional Airports’ Conference & Exhibition, 14-16 May. Ahead of the event, the airport’s CEO Armando Brunini spoke with Marta Dimitrova.

Last year, Naples Airport processed just under 8.58 million passengers, a 27% rise over 2016, making it the fastest growing airport in Italy. “I believe that Naples Airport, the city and the region it serves are finally seeing the traffic volumes and the touristic flows they deserve,” enthuses Armando Brunini, CEO Naples International Airport. “We had an unexploited potential and we triggered growth with a well thought out and convincing marketing proposition to airlines.”

Connectivity is an obvious powerful stimulus of demand and having, in just four years, doubled direct routes and attracted both easyJet and Ryanair to establish bases at the airport, helps Europeans discover this surprising and authentic city, while Neapolitans are learning that flying direct to many European cities is affordable. Naples Airport is undoubtedly set on a path of success in the forthcoming years. easyJet and Ryanair will be the main drivers of the growth, while the airport has already been presented with clear opportunities from a wide range of airlines, including hub carriers, to increase frequencies and also launch new direct routes.

“Specifically, in terms of hub connectivity, there will be two new important services in 2018: Air Italy (formerly Meridiana, now with Qatar Airways as relevant shareholder) has just announced its new strategy focused on Milan Malpensa as a hub for intercontinental services with two feeding flights from Naples, and Aeroflot will commence a daily service to Moscow starting mid summer.”

Reaching the 100-route target by next summer

Driven by a strong focus on its continuously evolving marketing strategy, the airport has been working hard to improve its seasonality profile, which has seen some positive results. In the current winter season Naples Airport offers 63 scheduled routes, 22 more than the same period last year. This has already resulted in a remarkable +47% growth in passenger numbers in the first three months of the low season.

Overall, the airport is hoping to reach the 100-route target by next summer. Brunini explains: “We will still be focusing on the network of European destinations with six new routes: Belfast, Kefalonia, Grenada, Faro, Sharm el Sheikh and Tenerife, our first service ever to the Canary Islands. Our domestic network will see the addition of Alghero in Sardinia bringing the total to 15 Italian routes. For 2019 and onwards we are targeting one or two strategic intercontinental direct routes where we have passenger data showing a well-established traffic demand.”

“Naples Strategic Plan for Tourism”

As an airport business, Naples Airport is naturally counting on the long-term development of incoming tourism flows, while also playing an important role in enhancing the international connectivity of the region. The airport is, therefore, actively engaging with both the local government and the private sector in order to improve destination marketing and management. “We continuously contribute with strategic input; we had a key role in the preparation of the “Naples Strategic Plan for Tourism” recently adopted by the Municipality and our management is often the author of newspaper articles or is involved in speaking in conference on tourism. At the same time, we understand the importance of showcasing updated best practices for local tourism development and we have delivered specific digital and social marketing campaigns. One is “on air” right now in France, UK, and Germany. We are also a founding partner of Naples Convention Bureau, which aims to promote Naples as a MICE (Meetings, Incentives, Conventions, and Events) destination. Overall, we are considered a credible and respected stakeholder by all parties and
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we will consistently be engaged in this area well aware that the “rewards” of our efforts are in the long term.”

**Ambitious climate action**

Last year, GESAC, operator of Naples Airport, implemented several projects to reduce CO2 emissions and launched environmental awareness campaign aimed at energy consumption reduction, sustainable mobility and waste management. For instance, it is substituting most of the vehicles and equipment operating at the airport with electrical ones, while also encouraging the use of public transport for the airport staff. Brunini adds: “We are also active in the research field and we recently announced a joint programme with the University of Naples to explore new sustainable mobility solutions for passengers and operators.”

Moreover, the airport has embarked on a three-year project to create a power generation plant that will bring it to carbon neutrality. The power generation plant is designed to achieve energetic efficiency using methane gas to produce enough electricity and hot water to serve the passenger terminal, the cargo terminal and other office buildings in close proximity to the airport. “The reduction of CO2 emissions may be estimated at 900 tonnes per year, and this will help us, with other activities, to reach Level 3+ of ACI Airport Carbon Accreditation. We are now in the final stage of development of the project, as all the preliminary activities are completed, and the construction of the plans will start this year.”

**New DHL cargo building, car rental facilities and metro station**

2019 will bring an array of development projects at the airport, including construction of a new cargo building dedicated to DHL, new upgraded car rental facilities and a metro station.

The new cargo building project will develop a new logistic area of about 9,000sqm, with two hangars and a service area for cargo operations. More than half of the new cargo building will be dedicated to DHL, which only began flying to Naples a few years ago, yet its double-digit growth needs new facilities to continue developing the business. “In 2019, when we deliver the new cargo building, DHL will have the appropriate operational environment to make Naples Airport its gateway to Southern Italy.”

The rapid increase in traffic in the last years has also pushed the airport to think creatively in terms of improving the passenger experience. By 2019, the car rental facilities will be relocated from a more remote area to a closer proximity to the terminal building. “We believe that passenger experience will definitely be improved and thus we will give proper attention to those passengers having their first impression of Naples at our airport.”

Another project that is currently underway at the airport is the construction of the metro station, which is expected to be complete in the next three to four years. Brunini says: “Our expectations are high; we will be only one stop from the business district, two from the central railway station and three from the centre of town. We hope to be seeing less traffic on the road system to and from the airport and seamless integration with the high-speed train will surely enhance the enlargement of our catchment area and our overall competitive position.”

While continuing its rapid expansion, Italy’s fastest growing airport is also focusing its efforts on catering for its growth. “We are seeking to create a regional airports system with the airport of Salerno-Amalfi Coast, which is currently underdeveloped, under the management of one company. This would enable us to accommodate the doubling of traffic foreseen for the next two or three decades, sustainably contributing to the development of our region. The strategic issues we need to face in the near future are to avoid a capacity crunch and manage a sustainable growth of our infrastructure keeping the passenger experience easy and exciting.” Brunini concludes.
2017 was a record year for Vienna Airport, featuring new all-time highs for the number of passengers handled in the Group and at Vienna Airport,” enthuses Julian Jäger, joint CEO and COO of Vienna Airport. A record high volume of 24.4 million passengers travelled through the airport, marking 4.5% growth on 2016. Last year’s record-breaking performance is all the more astonishing when you consider that airberlin ceased operations, causing Vienna Airport to lose its second-biggest customer, NIKI. This gap, however, was quickly filled by the success of other carriers, namely Austrian Airlines, Eurowings and easyJet. Long-haul routes also significantly added to this growth.

“The partial consolidation of the European aviation market is the result of high cost and competitive pressure,” Jäger comments. “We lost NIKI within the context of this consolidation process. Even if this gap has been filled and even over-compensated by other airlines, it should be mentioned that our growth would have been even higher with airberlin and NIKI.”

A total of 74 airlines operated at the airport in 2017 with Austrian Airlines, as an established network carrier, accounting for 48% of the total number of passengers and the Lufthansa Group responsible for 64.1%. While low-cost carriers accounted for 16.4% of this volume, Jäger explains that both business models are important for the airport. "Austrian Airlines in its role as a strong home carrier is important, and we have a very good and growth-orientated cooperation with the airline. In addition to Austrian Airlines, Lufthansa subsidiary Eurowings along with easyJet are the main growth drivers at Vienna Airport. Other low-cost carriers such as Wizz Air will also develop this year. These kinds of airlines clearly define themselves on the basis of air fares, and are of immense importance for tourism."
Indeed, this year the airport expects passenger growth of more than 3% with a substantial growth impetus provided by Lufthansa Group, and the low-cost segment from new carriers such as Wizz Air, which will launch services from Vienna with three aircraft and 18 destinations.

“Wizz Air’s decision to establish a base operation in Vienna and launch new routes confirms the attractiveness of our catchment area and stimulates new growth at Vienna Airport,” says Jäger. “Wizz Air is an internationally-successful low-cost carrier and we appreciate its expansion of flight services for leisure passengers and the new flight offerings especially to the Eastern European region, as this fits well with the geographical position of Vienna Airport.”

Moreover, Vienna Airport launched its new incentive programme on 1 January, designed to improve growth perspectives for airlines and safeguard the future of the hub. “The underlying objective is to lure new flight traffic to Vienna on the basis of frequency increases and launching of flight service on new routes, as well as to offer an attractive basis for airlines. In turn, this will promote the airport’s sustainable growth and boost its competitiveness,” Jäger explains.

New business projects and expansion

Vienna Airport is also moving ahead on its growth path in terms of revenue, passengers and air cargo. This year, construction work on the terminal development and the Air Cargo Center will be expanded to include a new logistic centre for temperature-sensitive pharmaceuticals, while the Airport City is also growing.

“Commercial offering – a significant source of revenue”

The airport has also recently been expanding its retail and food & beverage offer with local and international brands. “Shopping and food & beverage are of crucial importance and comprise a significant source of revenue for the airport, generating €49 million in 2017,” states Jäger.

“We are focusing on ensuring an ongoing increase in quality and expansion of our brand diversity, as well as a mix of offerings featuring international and national brands. Recently, we put two restaurants of the internationally-renowned celebrity chef Jamie Oliver into operation at the airport and also opened local brands.”

A strong aviation strategy combined with frequency increases and new airlines such as Wizz Air will quickly fill the gap left behind by airberlin and NIKI. It is poised to join the Group 1 traffic category of airports (>25m pax per annum). Moreover, terminal development projects and further expansion of the airport’s retail and food & beverage will undoubtedly continue to make Vienna Airport one to watch, in the pantheon of medium-sized European hubs that are making strides in all of their activities.
Schiphol and HMSHost pilot Deliveroo F&B delivery service

Schiphol, HMSHost and Deliveroo have teamed up to launch a pilot in which passengers flying from Pier E can order food and drinks via their smartphones and have their order delivered to the departure gate within 15 minutes. The wide range of meal options can also be ordered as room service at the Mercure Hotel, which is located beyond passport control in Departure Lounge 3.

Passengers can order food and drinks via the Deliveroo app or website. The meals are prepared at Kebaya and at The Market, The Grill and The Oven located in the Street Food Market. Orders are delivered by scooter for a charge of €2.50.

Tanja Dik, Director of Consumer Products & Services at Amsterdam Airport Schiphol, said: “Schiphol is always looking for ways to best serve its passengers. This is an extra service that we would like to offer them. Passengers spend a relatively large amount of time at their gate. Although we of course have a diverse range of catering options in our piers, not everything is available. This initiative allows us to broaden the service we provide to our passengers.”

Dik also stated that the initiative has a more practical side, as it can help Schiphol overcome the fact that space for additional catering outlets is limited. “That’s why we come up with innovative concepts like this and keep a close eye on trends in technological and digital developments,” she said. “If we see opportunities, we’ll then implement them in the hope that we can improve the passenger experience even further. We are very eager to hear our passengers’ feedback.”

While Schiphol and HMSHost pilot Deliveroo F&B delivery service is the first airport in Europe to partner with Deliveroo, it is not the first in the world to do so. In November 2017, Dubai International also announced a partnership with the food delivery service.

Munich Airport trials passenger-facing humanoid robot

A 120cm-tall humanoid robot is being trialled at Munich Airport to explore if and how it can help to improve the passenger experience. The robot, called “Josie Pepper”, can be found in Terminal 2 and is on hand to answer passengers’ questions. It is the first humanoid robot equipped with artificial intelligence (AI) technology to be trialled in a German airport.

Josie Pepper, which awaits passengers at the top of the ramp leading to the shuttle connecting the main terminal to the satellite building, speaks English. It can provide a range of information, such as directions to departure gates, and restaurants and shops. The test phase will be used to find out whether the robot is accepted by passengers.

Josie Pepper’s “brain” contains a high-performance processor with WLAN internet access. This creates a connection to a cloud service where speech is processed, interpreted and linked to the airport data. Thanks to the use of AI, over time the system will get gradually better at combining questions with the relevant information to provide more precise replies. IBM Watson Internet of Things (IoT) cloud-based AI technologies power the robot’s capabilities.

An F&B delivery service, a humanoid robot, peer-to-peer car rental and electronic bag tags can now be found in Europe’s airports, as Ryan Ghee reports.
Gatwick Airport partners with peer-to-peer car rental start-up

Gatwick Airport is hosting a new peer-to-peer car rental scheme, which allows people to rent out their vehicles to others while they are away travelling. Following a successful trial period, the airport has partnered with start-up Car & Away to provide a new ‘Rent & Earn’ service for passengers, alongside the other existing long stay parking options at Gatwick.

Upon registering for the service via the Gatwick parking website, the vehicle owner is provided with information about Car & Away’s qualifying criteria and the renting process. Their vehicle will also receive a mini valet service, irrespective of whether it is booked for hire while parked at the airport.

Renters can find Car & Away’s available vehicles via the company’s partner, Rentalcars.com, when searching for rental cars from Gatwick. Once a suitable match has been found, the vehicle is available for collection from dedicated Car & Away parking bays, located in the valet arrivals area of the South Terminal.

Small vehicle owners can expect to earn up to £80 (€90) per week in rental income, while owners of larger cars can expect to earn up to twice that amount. Car & Away also ensures all vehicles are fully insured, cleaned and meet RAC approved vehicle roadworthiness checks before being offered to renters. Octo Telematics systems are also installed to monitor the vehicle driving patterns. Once the renter returns, the vehicle passes through the same checking processes and is waiting for the owner in the dedicated Car & Away parking bays. Gatwick Airport’s Head of Car Parking Gary Wallace said: “We are always searching for ways to provide new, innovative and ground-breaking services so we are pleased to be hosting this exciting new scheme with Car & Away. The new service offers passengers an alternative option when it comes to renting vehicles from the airport and gives them a chance to offset their parking costs.”

Lufthansa Group embraces reusable, electronic bag tags

Lufthansa Group has announced a partnership with BAGTAG, which will allow passengers flying with Lufthansa, SWISS and Austrian Airlines to use electronic bag tags instead of traditional paper tags.

The BAGTAG device, which can be attached to suitcases and bags using fastening screws and a mounting plate, has an e-paper display which shows all of the relevant flight information, just like a paper bag tag. Users can check-in via the airline’s Android app to receive their boarding pass and baggage label. Using a Bluetooth Low Energy (BLE) connection, the bag tag can then be transferred to the BAGTAG device. This allows passengers to proceed directly to bag drop upon arrival at the airport. The data is safely transmitted thanks to the use of unique hardware encryption technology, and all relevant information is also stored on an embedded Radio Frequency Identification (RFID) chip. To ensure the device does not get damaged during the journey, the high-resolution e-paper display is shielded by an impact absorbing lens and the robust and weather resistant enclosure protects the BAGTAG during its journey.

The adoption of the BAGTAG device is the latest example of Lufthansa Group embracing innovation in the baggage space and comes almost two years after Lufthansa made the RIMOWA Electronic Tag available to its passengers.
ZAL TechCenter: A shining example of industry progress and collaboration

In the air transport industry, some organisations pay lip service to “innovation” and “collaboration” but the reality is often quite different. We live in a world in which every new product or service is described as “innovative”, and protecting individual business interests often outweighs the desire to collaborate more closely for the benefit of the wider industry.

When the ZAL TechCenter was officially opened in Hamburg in March 2016, the 26,000sqm facility was lauded as “the world’s most up-to-date civilian aviation research facility”. Roland Gerhards, CEO of the ZAL Center of Applied Aeronautical Research, proclaims: “The ZAL TechCenter provides the umbrella, under which the commercial and academic sectors will work together on the future of aviation.”

So, two years after ZAL opened its doors, is the facility really delivering on these grand promises?

The impressive facility includes laboratories, hangars, a virtual reality zone, an auditorium, trendy meeting rooms, and shared office space. ZAL is not a place for just talking about innovation; it is a place where pioneering ideas are being brought to life.

By its very make-up, ZAL is designed to promote collaboration. The City of Hamburg, Airbus Operations and Lufthansa Technik each own a 20% share, and the other shareholders are ZAL Association for SMEs, Supply Chain and Startups; German Aerospace Centre (DLR); Technical University Hamburg-Harburg; University of Applied Sciences; Helmut-Schmidt University; and University of Hamburg. “The shareholders cover the complete process chain,” Gerhards highlights. At the ZAL TechCenter, the innovation partners, research institutes, technology partners, and OEMs and suppliers all operate under one roof.

Gerhards describes the six Technical Domains that are at the heart of the R&D being undertaken at the ZAL TechCenter. These are: Fuel Cell Lab; Cabin Innovation & Technology; Air & Power Systems; Aerospace Production & Fuselage Engineering; Acoustics & Vibrations; and General Processes & Support Topics.

“There are some cool things coming out of ZAL after nearly two years,” he states. Examples are plentiful and among them is the Galley-Bar-Module, which was created by Diehl Comfort Modules with Lufthansa Technik and was a Crystal Cabin Award finalist in 2017. Also, two of the four IDL – Innovation Award of German Aerospace winners in 2017 were teams from ZAL. One was an Airbus team focusing on printed electrics and the other was start-up Jetlite for its jet lag-reducing LED lighting.

Gerhards also explains how steps are being taken to promote collaboration on a daily basis; after all, simply putting various companies in the same building or the same room does not necessarily guarantee that they will work more closely with one another. On this front, ZAL proactively organises a variety of events.

For instance, “ZAL Meet the Tenant” allows tenants to introduce their research projects to other stakeholders, and the “X Meets Aviation” series brings partners together to explore cross-sector synergies. There is also a focus on promoting networking in a relaxed environment through initiatives such as the “ZAL Lunch Connection” and “ZAL After Work” get-togethers to ensure that people have a chance to meet other innovators from outside of their immediate circle.

“It is all about the spirit of the people. We hope to offer the right environment for them to be innovative and they have the freedom from management to do that. They have to have the freedom to play around and explore new ideas,” Gerhards concludes.
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