

July 2014

Submission by Aberdeen International Airport to the Airports Commission

Discussion Paper 06

Headlines:

- It is essential to ensure that the regions who rely currently on hub access continue to enjoy the same levels of service.
- Protection of routes and a single UK hub is the only practical model for the future of aviation in this country.

Context

Aberdeen International Airport (AIA) is Scotland's third busiest airport with 3.5 million passengers in 2013 – making the last year the busiest in airports history. Make no mistake, Aberdeen felt some effects from the recession however thanks to the buoyant local economy and the energy sector it has continued to buck trends and remained broadly sheltered from the worst of the economic downturn. 2013 figures show that the airport has recovered from an event improved on pre-recession levels. The airport also has the UK's 5th busiest runway in the UK, with the mix of helicopter movements and fixed wing flights helping support the wider region. *In short – Aberdeen is the exception to many rules about regional airports in the current economic climate.*

The airport is served by 20 airlines, including a mix of lower cost (Aer Lingus, easyJet, flybe), charter (Thomas Cook, Thomson, First Choice) and full service scheduled airlines (Eastern Airways, Virgin, BA, KLM, Air France, SAS, Lufthansa).

AIA serves currently serves 49 UK and international destinations. Of these, 22 are UK destinations, principally regional airports such as Newcastle, Leeds Bradford, Birmingham, Manchester, Bristol and Cardiff and the Scottish Highlands and Islands. However, Aberdeen is also well connected to London, with flights to Luton, Gatwick, Heathrow and London City.

The airport also provides links to a range of destinations that relate to Aberdeen's position as Europe's oil capital, including Scatsta, Oslo, Bergen, Kristiansund and Stavanger. This role as the energy gateway also makes

Aberdeen Europe's busiest commercial heliport and results in the airport having a higher proportion of business passengers (almost 60%) than most other UK airports.

Introduction

As a peripheral regional airport, Aberdeen International Airport relies heavily on the traditional hub and spoke airport operating model.

However, given our relatively small population base (Aberdeen city and shire has a population of around 468,000) and our distance from many of the most popular leisure and business destinations, we rely more than most airports on our ability to connect to hub airports, here in the UK and in Europe.

For relatively remote regions such as the north east of Scotland, hub airports provide access to vital markets, both for point to point and connecting business travellers, and provide a means for leisure passengers to visit friends and family, and explore new destinations. Realistically, a regional airport such as Aberdeen could never provide the range of point to point services available from much larger airports such as Manchester or Gatwick; access to hub airports is therefore of critical importance for the region, particularly in terms of accessing new and emerging markets, such as those in South America, the Indian sub continent and South East Asia.

London Heathrow is the principal UK hub for AIA, with two airlines – Virgin and BA – operating daily flights, followed by Gatwick, served by BA. Amsterdam, Paris CDG, Frankfurt, Copenhagen and Dublin are also popular hubs.

However, as the table below shows, the Heathrow route accounts for more passengers than the other hubs combined.

Table 1. Hub passenger numbers

Airport	2013 pax nos.
Heathrow	710716
Amsterdam	291570
Paris CDG	106937
Frankfurt	146270
Copenhagen	46102
Dublin	41568

Access to London for the market served by Aberdeen is not exclusive to passengers wishing to get into the capital. It is the split of transfer passengers and point to point which makes the Aberdeen – LHR route so strong. In a response to this discussion paper prepared by NESTRANS, they state that

“given the forecasts for increased international business and the regions attempts to embed a world centre for supply chain activity and subsea engineering into our area it is expected that interlining through the hub airport will also grow.”

Point to point: the challenges for regional airports

For regional airports such as Aberdeen, point to point routes are particularly attractive, albeit more difficult to sustain. Our ambition is to increase the number of direct international destinations available from the region. In doing so, we can provide more choice and convenience for our

However, there are a number of economic barriers to securing more direct flights from the regions, including an insufficient population base and the impact of APD.

These challenges and the true travelling patterns of our customer base show that having the correct balance of direct routes and hub services is a very important factor in the success of regional airports.

Surface access alternatives are simply not an option for business in the North-east of Scotland. With road and rail connections to Edinburgh taking around 2 hours and Glasgow around 3 it makes alternatives more unrealistic for our customers.

Structure and operation of the UK aviation sector

AIA believes that regional airports play an important role in supporting larger hub airports by providing a continuous stream of connecting passengers, without which certain marginal routes may not prove commercial viable. In return, those hub airports provide regional airports with access to key business and leisure markets, and support inbound tourism and inward investment.

Aberdeen has the largest concentration of energy businesses in Europe. These businesses are crucially dependent on the global connectivity AIA provides, both in terms of point to point travel and hub access. If the city is to remain Europe’s energy capital, it must continue to support a wide network of UK, European and ultimately long haul services.

Aberdeen’s status as an energy gateway means that it is relatively well connected given its population size – certainly in comparison with other regions of the UK such as the Scottish Highlands, Devon and Cornwall, Wales and the Channel Isles – and results in AIA having a significantly larger proportion of business travellers than the UK norm.

Heathrow remains the airport of choice for our passengers and is our single most popular route. We would be concerned if access between the regions and Heathrow diminished further as a result of capacity constraints.

Public Service obligations in their format of region to region would do little to support the Aberdeen economy. Business is uncomfortable with the possibility of changes to connections upon which their operating model is based. As such, the ability for airlines to change and cancel services across the globe will have a negative effect ultimately on UK plc. Protection of existing routes on an airport to airport basis would provide the certainty required by our customers and is much more effective in securing the long-term viability of services.

Conclusion

As a regional airport on the periphery of Europe, Aberdeen International Airport relies heavily on air travel as a means of connecting people and businesses. The airport sustains a growing and diverse network of UK and international, scheduled and leisure, air services and has a high proportion of business travellers as a result of Aberdeen's status as an energy gateway. With such a high concentration of energy businesses in the region, it is vital that AIA enjoys access to a range of UK and European hubs to ensure the region remains well connected. Although the airport has been successful in growing its network of point to point services, and is committed to growing this network further, access to hubs such as Heathrow – by far the most popular destination from Aberdeen – is vital if the region is to flourish. The traditional hub and spoke model has served the airport and region well. However, capacity constraints at the UK's hub airport have effectively forced regional airports to look elsewhere – to Europe and the Gulf – for hub access.