

# Airport Marketing Strategies to Cope with the New Millennium Environment

David Jarach provides an in-depth analysis of current airport management practices. This book reveals an interesting new management vision on airport marketing in the post-September 11th environment. This new perspective on airport business introduces the 'Commercial Airport' -philosophy in which airports evolve from conservative, traditional airside core business providers to 'multipoint service-provider firms'.

Book review by Eduard Koekkoek

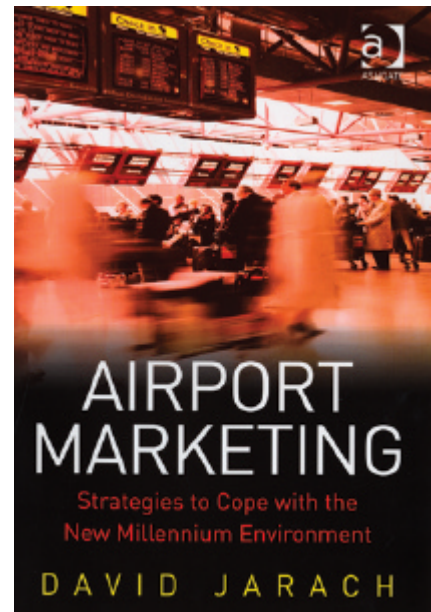
A definition of marketing is described by Philip Kotler, a well-known author in the field of marketing, as: "All activities which are aimed at the satisfaction of buyers' needs and wishes by means of trading processes". Airport marketing is a niche from this perspective. The traditional airport concept offers core trading products, namely transfer of passengers and goods. Today, airports have become commercial enterprises with value propositions, specifically designed to target specific market segments.

As in any enterprise the ultimate goal is long-term profit generation that can both sustain independent development and reward stakeholders. To illustrate the evolution of aerodromes into the current mission of airport enterprises the author describes five pillars of action:

- \* The Economic impact on countries and regions;
- \* The Logistical and Infrastructural Dimension;
- \* The Hub Dimension;
- \* The Marketing Dimension in the Air Transport Value Chain and
- \* The Political Value of Airport Enterprises.

The political value of airport enterprises is underlined by the current international issue of airport privatisation. This issue is addressed by the author by showing the highly fragmented ownership of airports today, and the rise on the current trend.

Before entering the main theme the second chapter is dedicated to the air transport value chain. Among other elements: the number of actors, the rules fixed by governing bodies, and changing market circumstances add to the complexity of this value chain. The author explains important issues as well as recent developments (the upsurge in Asia-pacific low-cost carriers



for instance) in the current marketing paradigm.

The airport enterprise can be segmented in two main business areas: aviation-related activities (e.g. landing fees) and non aviation-related activities (e.g. rents from terminal space). The aviation related strategic 'business unit' is further explored in the third chapter. This part of the airport enterprise represents the traditional core activities with a prominent focus on macro-political and economic targets rather than the achievement of a sound return on investment. It is interesting to read how this part of the airport enterprise is gradually adjusting to the new codes of conduct for commercial aviation, and how general marketing principles are applied. This is illustrated by a table of nineteen different airport positioning criteria!

The main theme of this book, 'new age' airport marketing, is addressed by the author by proposing a number of interesting ideas, explanatory reviews of recent market developments, and theo-

retical marketing themes. Aviation-related topics include: revenue management application, airport alliances, low-cost airports, and even helicopter-service as a feeder of hub airports. Applying revenue management is the next challenge in the airport environment. Some airports face mayor fluctuations in traffic flow depending on the time of year, like most airports around the Mediterranean Sea. Airport lounges, -ground handling, and -parking are areas of development. Especially airports with ground handling monopolies face cutthroat competition from non-airport handlers.

According to Dr. Jarach, fundamental shifts in the business environment are rapidly changing the 'rules of the game' and dramatically impacting on the industry's traditional success formulas, making the traditional strategy frameworks almost obsolete (i.e. only as a logistics medium). Airports of the future will not be able to survive solely on income generated from aviation. He introduces the diversification of the airport value proposition analyses of the path towards diversification, and challenges airports face in differentiating themselves.

In his book he describes the British Airports Authority business-case as a best in-class airport enterprise. However, the airport city concept at Amsterdam Airport Schiphol is an example of the new management style combining market-vision, and innovative branding. There the time that only basic elements occupied the airport perimeter is long gone. A wide variety of services are not only offered to the primary customer group (i.e. the airline by mapping customer satisfaction), but also to companies whom could enjoy the benefit of an airport nearby. Think of conference-, logistics-, and property management serv-

ices.

Continuing down this road we see evidence of sustainability of the 'commercial airport' concept. This airport introduces loyalty schemes to achieve a strong customer portfolio. Different tiers go with different awards, but most customers will be attracted by saving time on queuing (preferential treatment). It would be nice to see this topic more researched, because the book offers limited room for implication of the Airport Loyalty Scheme. Do these schemes really provide a sound resource of revenue?

How to construct an airport marketing plan is on one hand suitable for students of economy in developing skills in constructing marketing plans, and on the other hand interesting for pro-



fessionals in airport management who want to brush up their analytical techniques. It contains analyses on different levels, redefining management vision, calculating strategies for successful conduct of business, implementation, and auditing of

financial results. London City airport is used as an excellent example of positioning itself in the marketplace with passenger figures passing the 2 Million per annum mark.

The last chapters deal with the changed trends in aviation after the September 11th terrorist attacks and statistical review of the industry. Perhaps most observable in the industry is the increased security measures, and he requests a supranational cooperative strategy that involves intergovernmental coordination and not solely industry practices within the air transport value chain. Hopefully, ICAO's Aviation Security Plan provides satisfactory bases for this.