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AIRLINE ROUTES & GROUND SERVICES

Warwick Brady
President and chief executive.
Ready for a new challenge leading Swissport

David Neeleman
Founder and CEO, Breeze Airways.
Playing a key role in the resurgent US domestic market

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Editor's NOTES

Mark Pilling
editor@evaint.com

I did a remarkable thing the other day – I searched for flights on an airline website. It was fun, thinking about itineraries, transfers, taxis, hotels, meetings, etc, all the paraphernalia of travel.

Puzzlingly I am also looking forward to the airport security rigmarole. That's weird isn't it.

Some of you will already be travelling. A handful of us never stopped. Many are scanning the event diaries pondering whether a trip to World Routes in Milan in October is possible; should they factor in IATA's Ground Handling Conference in Prague in November; is the Dubai Airshow, also in November, going to be a must-attend?

Is our confidence in travel high enough to get flying again? Will your business policies allow you to travel? Will your country or the country you want to visit let you in?

There are still many questions to be answered before our business rituals return to 2019 norms. And it's likely our new normal will be different. We will question the need for a trip much more deeply than before. We will be more budget conscious. We will demonstrate ROI (return on investment) and ROT (return on time). We will think about the environmental impact of our travel and pay for the carbon we use.

This is all wonderful and rational. But, speaking for myself, and I suspect plenty of us, I am ready to work beyond the digital straitjacket again. In fact, I'm desperate to break free.

So, from myself and my colleagues at EVA International, the publisher of Airline Routes & Ground Services, in addition to Airside International, Executive & VIP Aviation International and Cargo Airports & Airline Services, we look forward to meeting you again. Face to face. We look forward to working with you as aviation rebuilds.

At this point I would like to thank the publisher of EVA International Parveen Raja, for the opportunity to edit ARGS. I have known Parveen for many years, and her entrepreneurial and dynamic spirit made it an easy decision for me to work with her and her team based in the south London suburb of Croydon.

My background is aviation reporting. Parveen and I were there at the launch of Ground Handling International magazine back in the late 1990s. We both worked on airport titles such as Airports International, Airport World and Airport Support. And then I went to FlightGlobal, Airline Business and Flight International.

I have already been talking to many industry contacts in airports, airlines, and handlers for this issue. The results are in the following pages. I've also asked my good friends and industry experts Mike Miller and Shakeel Adam to contribute to this issue. Their thoughts on the US and Gulf markets are right on the money.

I trust you will enjoy their writing and find the thoughts of the industry leaders in this issue stimulating and insightful. I welcome your feedback, input, criticism and/or praise.

Most of all, I look forward to meeting you again.

See you soon.

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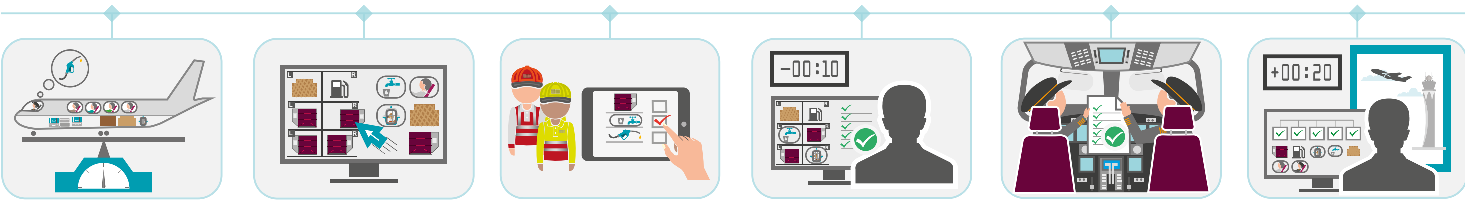

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David Neeleman

The US recovery story

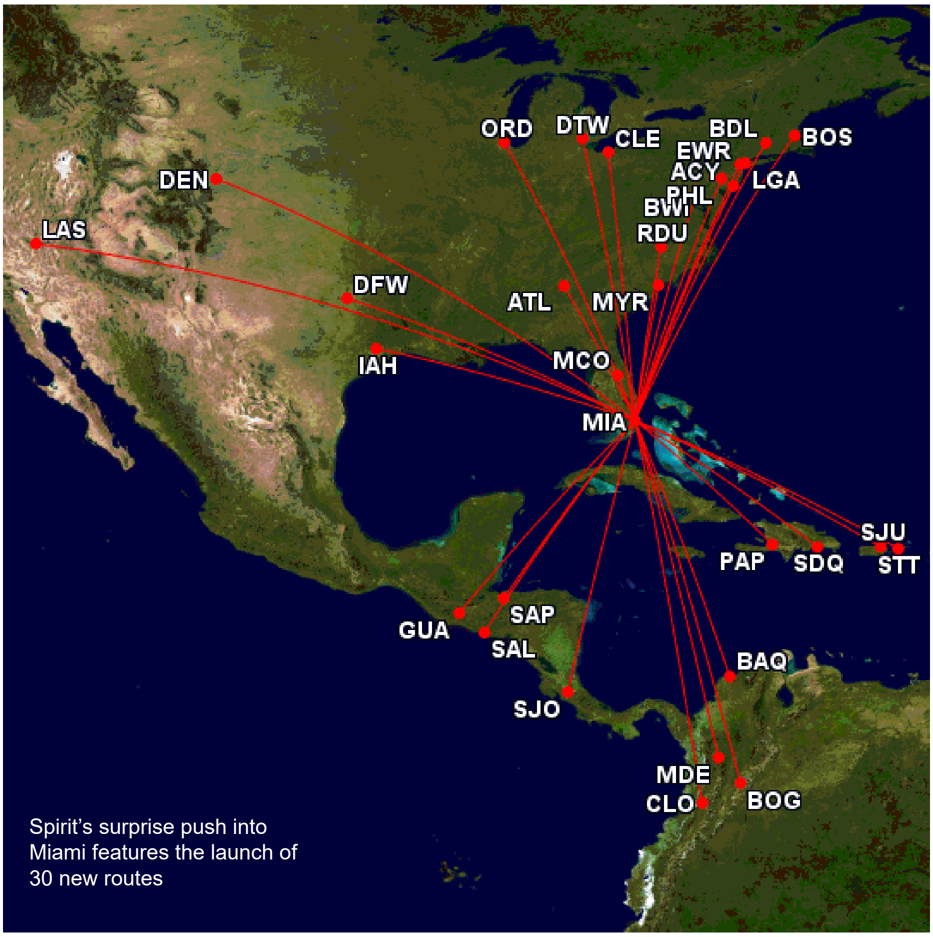
The US airline recovery is uneven, as ultra low-cost carriers attack to gain market share, and is touching airlines and airports differently as chaos in planning and staffing has disrupted millions of passengers during the summer travel season.

By Michael Miller, Orlando

North American airlines pivoted during summer 2021 some more successfully than others from observing a trickle of passenger flying earlier in the year to planning to accommodate the flood of pent-up passengers emerging once pandemic conditions were eased in the US during April and May.

There was an expectation among leading airlines that passenger traffic would return in a gradual fashion during the summer and fall, and possibly reach 2019 levels by the end of 2021. They were mistaken.

The May-June spike in travel caught



Spirit's surprise push into Miami features the launch of 30 new routes

teams and other employee groups now amounted to a need for 5,000.

There was mostly a leisure passenger surge when demand returned starting in May and June, with business travellers still staying home and corporations cautious about sending employees on the road too quickly. The threat of Covid-19's Delta variant disrupting travel during the remainder of 2021 is a very real possibility, say industry analysts.

"I collectively give the (US) airline industry a B+ grade," says longtime travel analyst and Atmosphere Research Group President Henry Harteveldt. "There has been a phased re-opening while we've had mask mandates. It's truly been unprecedented."

Harteveldt gives top marks to United and low marks to Southwest and American Airlines. "Some airlines did a better job than others – United and Delta did well, and American's and Southwest's problems have been well publicized."

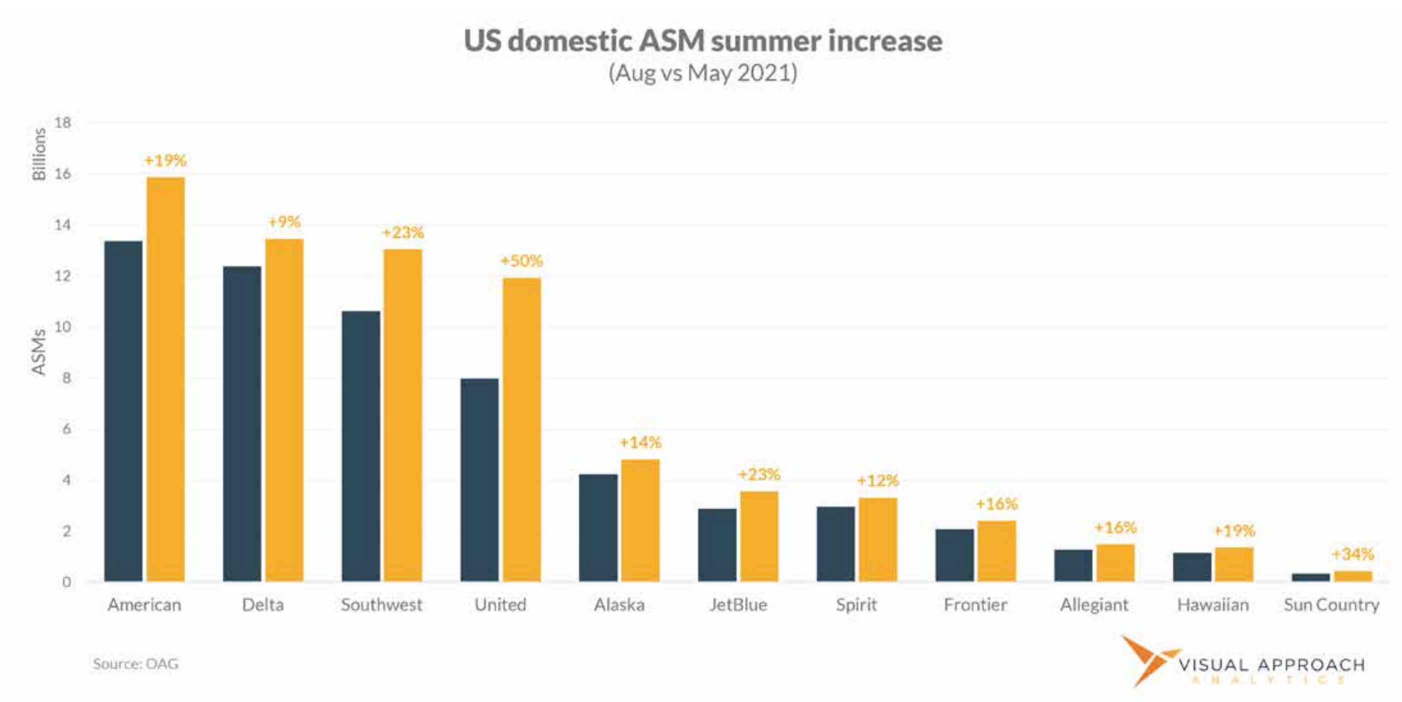
He notes JetBlue, Alaska Airlines, Spirit

many airlines and suppliers unprepared, and airlines, including American and Southwest, were forced to undertake a schedule retrenchment and cancel several hundred flights each when their operations – and US supplier infrastructure – could not hire back fast enough to meet demand.

Southwest in mid-summer had an estimated 700 pilots in a training backlog, while American said in late June it was cancelling more than 900 flights from late June into July due to a shortage of crew, maintenance and supplier staff, including such vital cogs as catering and ground support.

US carriers had endured a year of being battered by a demolition of their route networks and shrinking employee rosters. More than one quarter of American's customer service agents took voluntary leaves or buyouts and hiring back was slower than expected. Delta said it was hiring 1,300 new workers in late June, however by late July the airline said the number of airport staff, call center

Breeze started out with an ambitious network with its fleet of Embraer E190s and E195s



and Frontier have performed well during the recovery, though he criticized Delta for changing catering suppliers at its Atlanta and Detroit hubs in the middle of summer. "No airline should change a major supplier at the start of the summer travel season," he says.

Operational readiness waned. "Not all airlines did their due diligence to ensure their operation would run well," Harteveldt notes.

Like hotel and rental car companies, many aviation vendors struggled to re-hire workers to meet a surge in travel. Vendor issues disrupted thousands of summer flights across the US, from reservations software problems, lack of catering availability, lack of baggage handlers and gate agents. Car rental supplies dwindled and prompted reports of $1,000-per-day rates, travellers renting moving vans during vacation and signaling another travel segment unprepared for families on the move.

During the recovery, a bright spot for the future of North America competition: two new airlines launched in the US. Avelo Airlines began service on 28 April in the West and Breeze Airways launched on 27 May in the East. This added a layer of uncertainty to how airlines were planning until both carriers began with flights on routes where there was virtually no competition. All normal airline planning processes were tossed out of the window and new routes were brought back one week and stopped a few weeks later. "Internally it's been chaos every day for us," said one airline planner in June, on condition of anonymity.

As the US market quickly re-opened domestically, Canada was more cautious. Pressure to allow some trans-border flights culminated in Canada finally opened on the 9 August.

The chaos eases

Predicting where travellers might fly during the pandemic was a little bit like throwing darts on a board. Typically, airlines plan new routes and schedules six- to 24-months in advance. "Recently that dropped to just 6-8 weeks in advance of a flight's departure," notes Kevin Schorr, Vice-President of Washington DC-based aviation consultancy Campbell-Hill Aviation Group. "A reduction in the decision timeframe has been difficult for every airline," he says.

"It's easy to criticize moves in this recovery, but I'd say that every airline has handled this unprecedented situation to the best of their abilities," Schorr believes.

Now, while fall schedules are being adjusted, US airlines finally are considering the winter schedules, four-to six-months away, Schorr says, noting that summer 2022 is still too far away to plan. Campbell-Hill sought to bridge the information gap and scheduled 101 airline-airport webinars during the pandemic to help both sides share data and help both sides plan for recovery.

JetBlue-American alliance grows

A new acronym popped up in 2021 to join aviation's expansive lexicon: Northeast Alliance (NEA). American Airlines surprised many observers by joining with JetBlue Airways to link schedules in the Northeast US. The teaming gives AA a 'just-add-water' instant boost to its domestic and international network, focused on lucrative New York and Boston metropolitan areas.

JetBlue gains not only access to new passengers inside the world's largest airline - AA is five times larger than JetBlue in passengers carried as of 2019 – but also gains insight into international markets just as JetBlue launches its first transatlantic flights from New York to London.

"JetBlue's new low-fare flying – along with the broader growth made possible with American through the benefits of the NEA – is well-timed for us to best meet the needs of more travellers in

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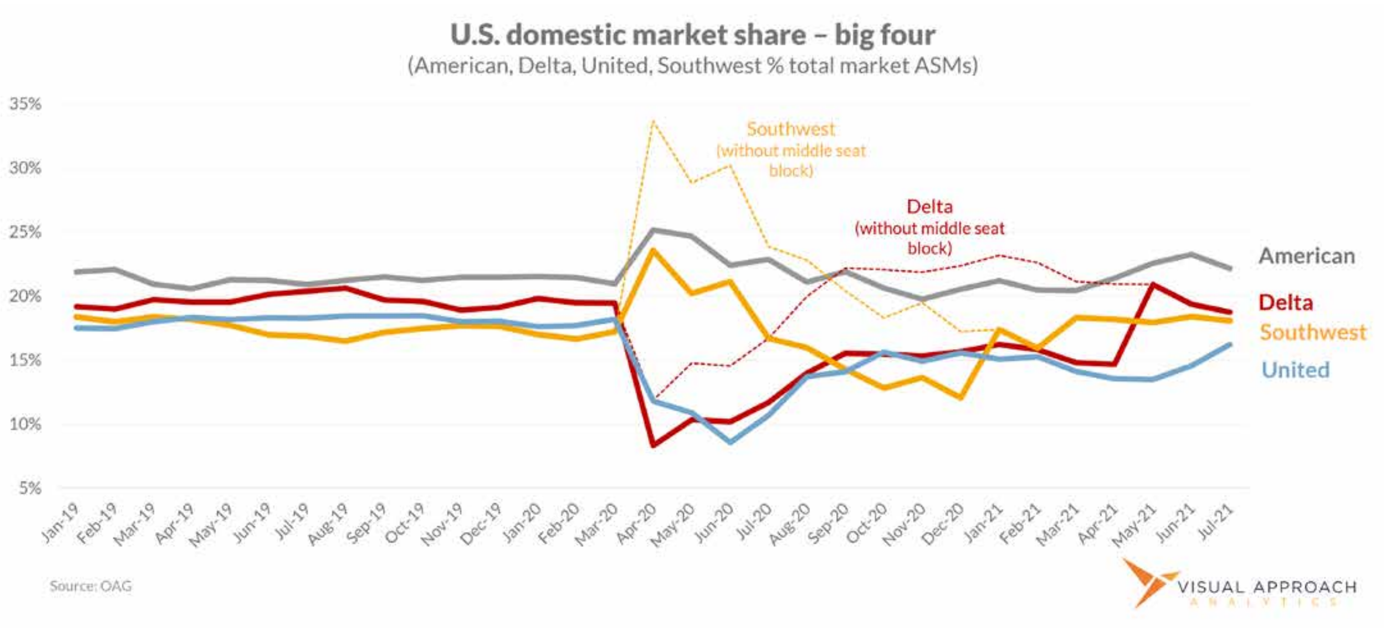


the Northeast and introduce more competition with new flying," says Dave Fintzen, vice-president, Northeast Alliance, JetBlue.

The NEA was enlarged in July to include 700 American and JetBlue flights from New York and Boston alone, making it the largest alliance to 47 international cities around the world. The two carriers are adding lie-flat beds on 11 East-West transcontinental markets, a decade after JetBlue disrupted the transcontinental market with beds and private cabins in its Mint Airbus A321 flights.

The alliance also expands loyalty benefits. AA's Advantage elite and JetBlue Mosaic elite levels receive priority check-in, security and boarding, plus two free checked bags, planting a free-amenity flag squarely against low-cost carriers in the same markets.

Spirit's Miami surprise

Spirit Airlines' surprise announcement in late June that it would enter Miami International Airport despite its large Fort Lauderdale hub 29 miles to the north was equally surprising with its size: Spirit instantly would become MIA's second largest carrier, adding 30 routes starting in October and early November.

"I don't think anyone had Spirit's Miami announcement on their airline pandemic recovery bingo card," Harteveldt says. The chart shows 12 new international and Caribbean destinations for Spirit at Miami, and 28 of 30 markets added are served by American.

"It doesn't look like Spirit is scheduling for connectivity in Miami," Campbell-Hill's Schorr says after reviewing the arrival and departure times of the flights. Fort Lauderdale's structure is different, he says. MIA changed its rate structure prompting renewed interest in the airport, Schorr adds.

Frontier makes its bets

On 20 July 2021, Frontier announced 21 new flights from Dallas-Fort Worth, Atlanta and Las Vegas. Just eight days later the airline announced 20 additional new routes, including 17 new destinations from Orlando, where Frontier will become the largest airline by destinations later this year.

The surge in new Caribbean and Central American additions to its route map included Antigua & Barbuda, Belize City, Liberia (Costa Rica) and Turks & Caicos in addition to new flights to existing Caribbean destinations.

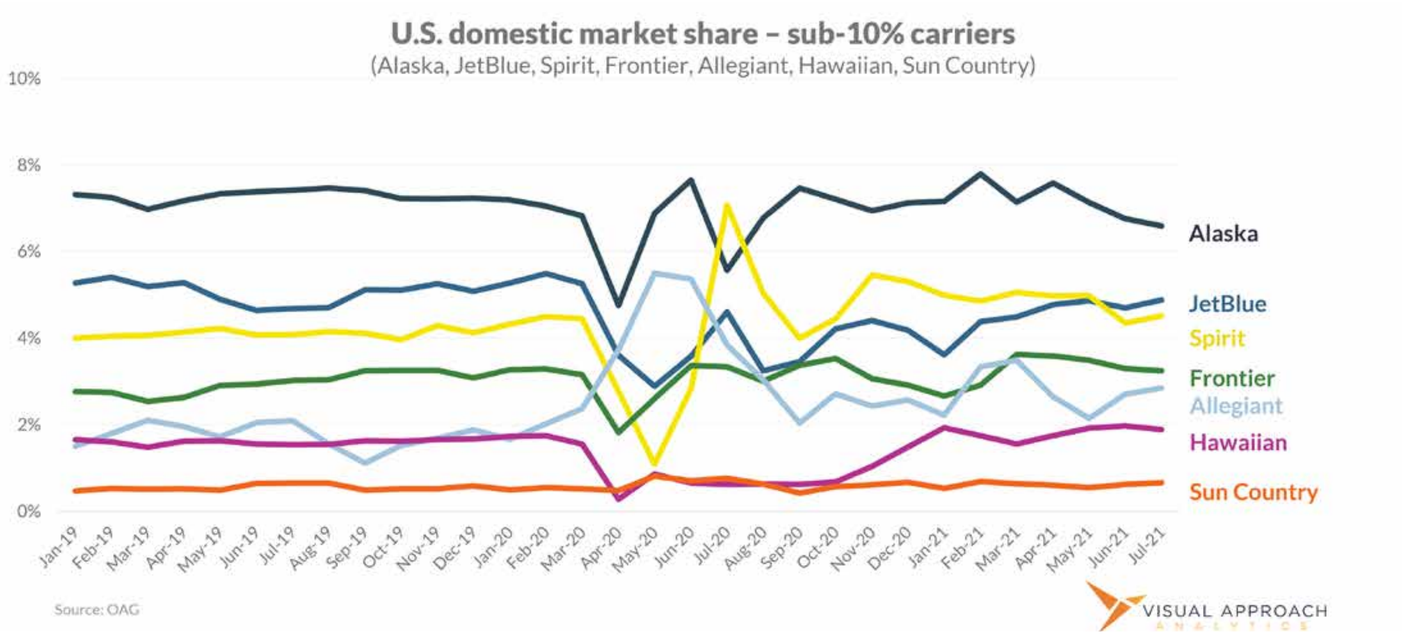
The announcements marked "one of our largest international expansions ever," said Daniel Shurz, Frontier's Senior Vice-President Commercial when debuting their Orlando expansion. "When we look to add new routes to the system, including new destinations, we look for a couple of things. We look for markets that don't have enough service, markets where there is demand and no nonstop service, and we look for situations where fares are very high."

Campbell-Hill's Schorr notes that Frontier's major expansion "is incredibly encouraging", and cited Southwest's move to add airports like Chicago O'Hare, Miami and Houston Intercontinental – on top of nearby hubs in Chicago Midway, Fort Lauderdale and Houston Hobby – as indicators that airlines are throwing out traditional expansion playbooks.

AA builds mini hub in Austin

American Airlines is one of several carriers adding capacity into the Texas capitol. While other airlines added point to point flights, American and its partners in Autumn 2021 will grow to nearly 100 daily flights from Austin, which is widely regarded as one of the hottest business markets in the US.

American is adding more than 17 new domestic and four new international cities from Austin in 2021. "Earlier this year we added more flights from Austin, and customers have spoken: they want more," says Brian Znotins, American's Vice-President Network Planning. Starting 8 September, American begins



flights to Cincinnati, Cleveland, El Paso, Indianapolis, Kansas City, St. Louis, Jacksonville, Oklahoma City, Reno, San Juan and Tulsa, while launching Austin-originating flights to Cancun, Los Cabos and Puerto Vallarta in Mexico, Liberia in Costa Rica, Nassau and Punta Cana, Dominican Republic.

New service also will be fed by passengers from partners Alaska Airlines, British Airways and JetBlue. Austin had never received nonstop flights to either Costa Rica or San Juan.

In addition, Allegiant announced in June it will build a $75 million operations center in Austin and create a small base as well. Starting 18 November Allegiant will add flights to seven new markets. Hawaiian Airlines recently began nonstop Austin-Honolulu flights, marking Austin's first Hawaii nonstop.

American's Austin additions not far from its Dallas-Fort Worth hub is similar to Spirit's two-regions Fort Lauderdale-Miami expansion, says Campbell-Hill's Schorr. "DFW is focused on connectivity while Austin flights are focused on the local market. Both airports will work," he says.

Breeze enters the market

Legendary airline builder David Neeleman's fifth new airline, Breeze Airways, launched 27 May 2021 from Tampa to Charleston, South Carolina and quickly built an Eastern US network with 13 Embraer E190 and E195 aircraft. Breeze said 95% of its initial routes had no existing nonstop air service.

After a spring-loaded growth to 39 routes by July, the airline scaled back on 13 routes in late July. Its first flights use single-class 108-seat E190s and 118-seat E195s, while Breeze will take delivery of 60 new two-class Airbus A220-300s starting from October 2021, continuing one per month for five years.

"So that's 16 planes by end 2021 and at least 28 by end of 2022," says Breeze Founder and CEO Neeleman. The A220s will go into service early in 2022.

Neeleman revealed to ARGS that the 120- to 150-passenger A220s will focus on long-haul flying, with a range of 4,300 nautical miles, or enough range to fly Orlando-Seattle or even Miami-Sao Paulo, Brazil, where his most recent airline, Azul, is based.

"While the Embraer routes are under two hours, the A220s will fly five- to seven-hour routes," he says. "While we won't share city pairs until closer to launch, it will certainly include coast to coast flying and eventually international also."

Uneven Recovery

Leisure and business travel are returning at far different paces. Uncertainty surrounding the highly contagious Delta variant of Covid-19 has led to uncertainty among US travel managers, says Atmosphere's Harteveldt.

"A full 30% of travel managers we survey are unsure their travel spending will ever return to pre-pandemic levels," he says. "A majority, 57%, (of travel managers) don't expect business travel will be back to pre-pandemic levels until 2024."

While leisure travellers took to the skies en masse, business travellers are concerned about being caught outside their country if there is another lockdown or deep restriction in travel. Bellwether tech giant Apple, for example, postponed the return of all employees to its headquarters office.

"Travel managers are almost working on an hour-by-hour basis because of so much uncertainty," Harteveldt says. "This will be a very different type of business travel recovery.

Meanwhile, airlines are climbing all over each other to grab returning leisure passengers. Frontier and Spirit have made large early moves before the pandemic is over. The CEOs of both airlines said separately at Routes Americas in April that both carriers will double in size during the next five years. ■

Warwick Brady, Swissport president and chief executive

New Swissport chief lays out his priorities

In May this year, Warwick Brady officially stepped into the hot seat of president and CEO of globally active ground services provider and cargo handler Swissport. It's been a challenging time in which to settle into the position, but he has big plans and has already made a start on implementing change.

By Mike Bryant, Editor, Airside International

Brady a South African who is a qualified commercial pilot and who has previously served in positions including chief operating officer at UK low-cost carrier easyJet, chief operating officer at Air Deccan/Kingfisher in India and CEO of Mandala Airlines in Indonesia officially took over his new role at Swissport on 1 May.

He spent the next three weeks in London before relocating on a permanent basis to Swissport's headquarters in Zurich – but has travelled a great deal since May, meeting Swissport executives and employees at some of its 270 or so airport stations around the world, as well as large numbers of Swissport partners and customers.

From the start, Brady has been keen to implement his plans. He summarises his priorities under five main headings, the first of which is safety. This encompasses a focus on not damaging – ie injuring – people; on not damaging customers' aircraft; and ensuring that there is an open safety culture within the handler that encourages any mistakes to be reported.

"This is really, really important," Brady says, adding that he expects to see Swissport's accident reporting rate go up as a result of the introduction a more open culture that raises a 'red flag' whenever and wherever there is an unwanted incident from which operational lessons can be learned – not reflecting lower, but actually higher, safety standards amongst its ground and cargo handlers.

An executive has been newly appointed by Brady to have responsibility for the business' increased focus on safety.

The second priority for Brady has been to put in place a leadership team that will support the company's transformation programme. Good strides have been made on this already, with new regional leaders having already been appointed – as of July 2021 – in eight of the nine areas into which Swissport divides the world.

Brady refers to these regional executives as P&L leaders, given that they are responsible for the profit and loss of the business under their wing, as well as all the other usual financial considerations of a private company. However, they manage all other aspects of Swissport business in their regions as well – in fact, in a nutshell they are accountable for delivering on all elements of the corporate business plans agreed for their respective geographical areas.

The third area of focus for the CEO is Swissport's customers, and the relations between them and the handler. Much of Brady's time over the last few months has been spent on meetings and calls with client airlines, and that process is ongoing. As well as carriers, he has also met with numerous airport operators, travelling to these gateways to get their feedback and assess their requirements.

Brady describes the airlines Swissport handles as its customers and the airports at which it operates as partners, and views relations with both as critical to the company's success.

A fourth priority is what Brady describes as "consistency of operations". There remains some inconsistency in the nature and quality of the Swissport offering in stations around the world, he admits, and he wants to see the same high quality provided wherever Swissport supplies ground handling or cargo services.

To this end, Swissport is defining what 'good' looks like for all the stations across its network. As with safety, a senior executive is responsible for delivering on consistency.

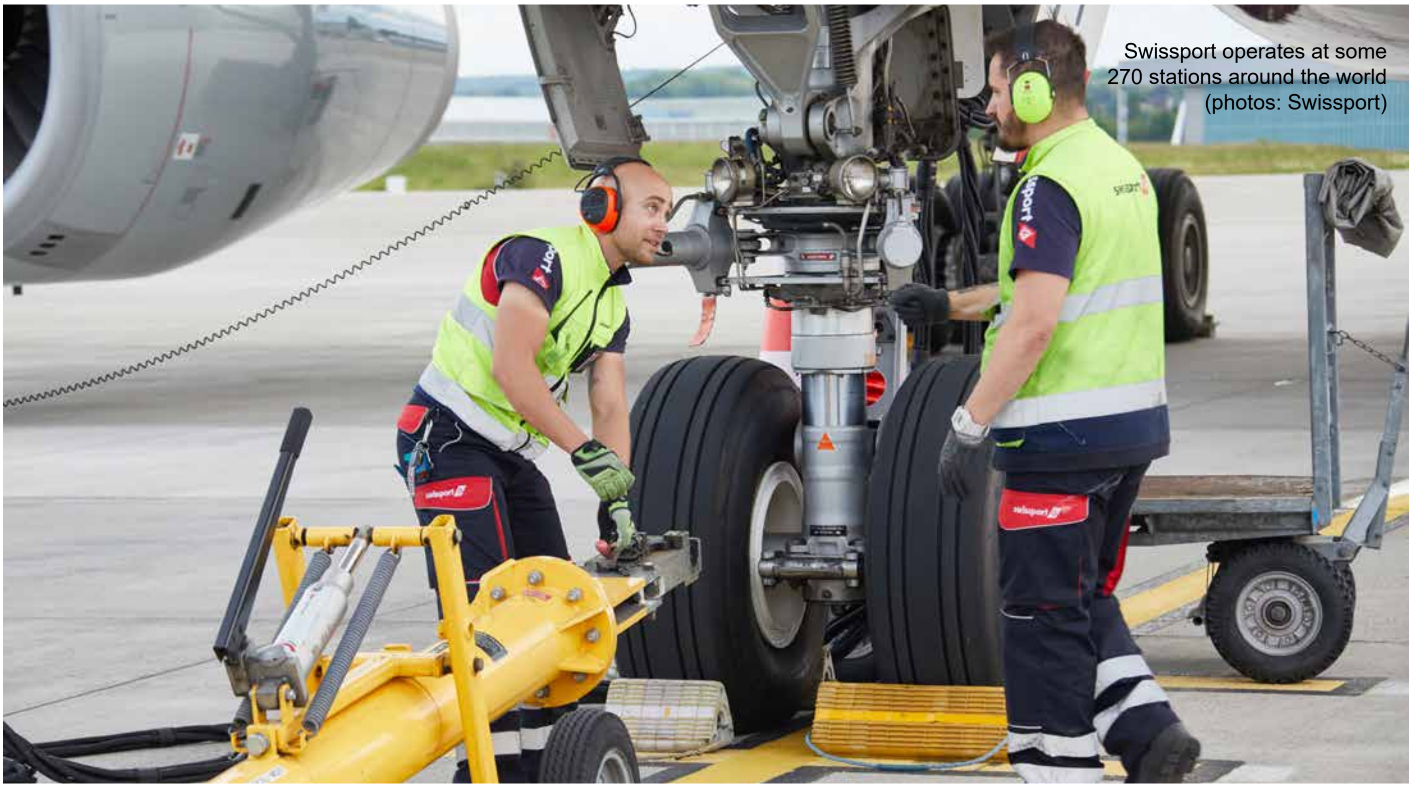
Finally, says Brady, "We are a bit fat around the middle: we need to cut back on our overheads in places and ensure that we have a lean operation." In particular, he is looking at a lean HQ in Zurich that gives a high level of support to the various Swissport handling operations at stations right around the globe.

To execute on this wide-ranging programme, new senior managers are being put in place at the highest level. A relatively new chief technology officer (CTO) is among those who have been appointed by means of either making optimal use of the large talent pool within Swissport or through attracting fresh talent into the business from elsewhere.

Market leader

"The big picture is that we are the market leader," says Brady, so there is certainly no desire to move away from what has made Swissport so successful up to now, even though the Covid-19 pandemic and its impact on the aviation industry has of course hit the company hard.

Swissport is twice the size of other handlers like Menzies, Worldwide Flight Services (WFS) or dnata when measured in terms of global footprint, Brady observes. In 2020, Swissport provided ground services for approximately 82 million travelling



Swissport operates at some 270 stations around the world (photos: Swissport)

passengers and handled roughly 4.1 million tons of air freight.

Air cargo has held up exceptionally well during the pandemic – demand has been as high as ever and the aviation industry has taken steps to provide freight capacity to at least partly compensate for the bellyhold space taken out of the market when passenger aircraft were grounded.

Thus, Swissport's cargo business – and it is second in the worldwide air freight handling business only to WFS – has continued to perform very strongly. However, Swissport could do nothing to prevent the dramatic fall in passenger numbers that the industry has seen over the past 18 months or so. It has made good use of any government schemes such as furloughs wherever they were made available however and, says Brady, "That has helped us a lot."

Its global presence has protected the handler to some extent from the impact of the downturn, some geographical markets having held up better than others, as has the fact that it offers such a breadth of services. As well as cargo and standard ground handling services, Swissport also provides aircraft refuelling, lounge services and even has its own health and security offering under the name of Checkpoint.

Moreover, "We learnt very quickly how to manage our variable costs," Brady continues. Indeed, the challenge going forward is likely to be how to get people back into the business where and when required should passenger numbers recover as quickly as is hoped.

Swissport is predicting that passenger levels might next year be back to between 60 and 80% of pre-pandemic numbers, but Brady is expecting traffic to be very "peaky" – ie, spiking and falling on almost a daily basis as conditions and demand frequently change.

Flexibility, then, is going to be "super important", Brady considers. "We will have to be adaptable."

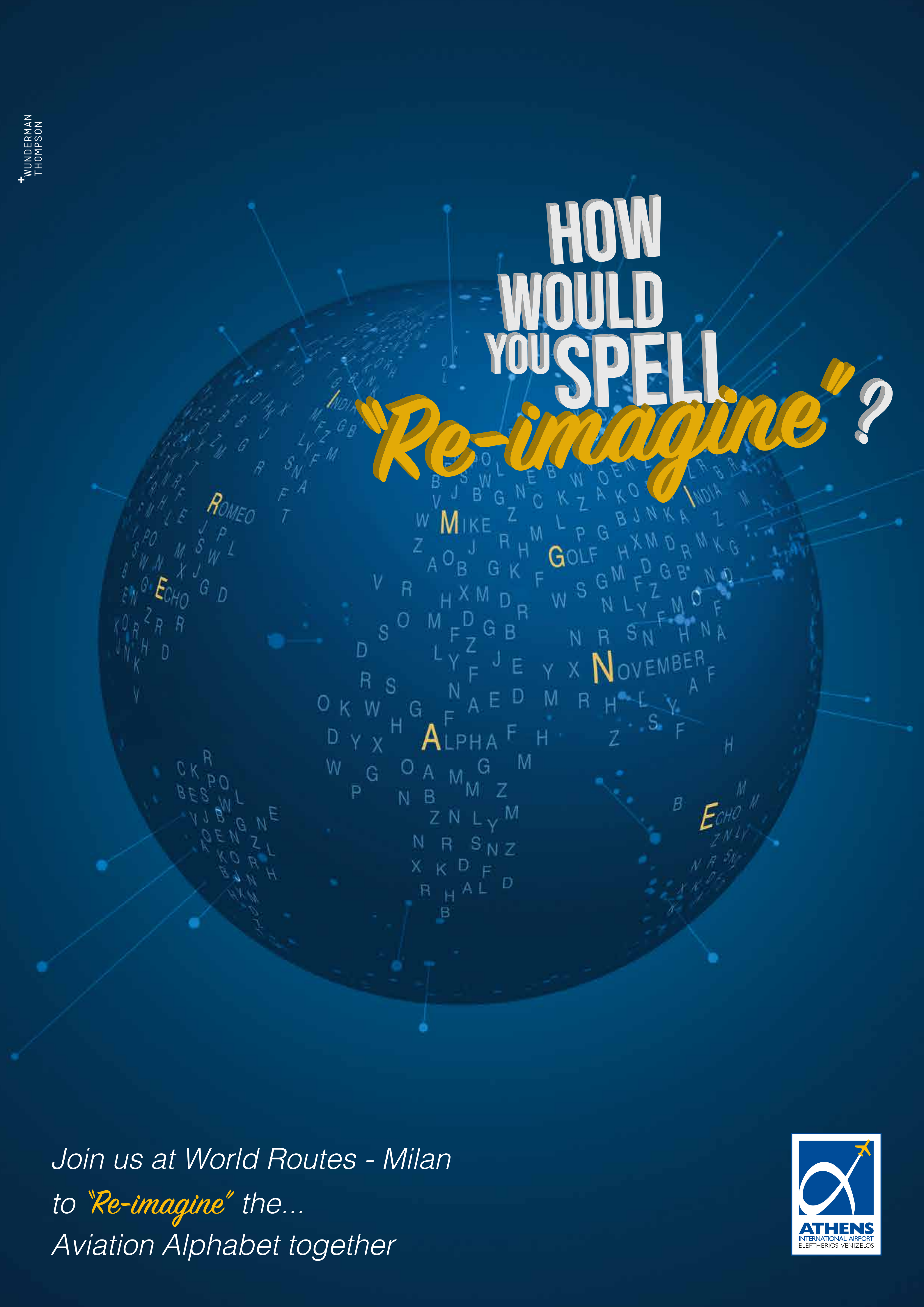
The new order that is likely to reign in the aviation industry will not just be characterised in the near future by a relatively high degree of instability and uncertainty: it will also require different processes for safeguarding health and maintaining confidence in air travel. Investment in digitisation, to which Brady is committed, will help to cut back on some face-to-face contact, perhaps, but passenger handling service provision is likely to change long-term as a result of the pandemic, he says.

The handling business is also likely to see even greater consolidation than it has up to now, Brady believes. Once the various national furlough schemes come to an end, some of the smaller ground service providers may find it tough to survive. Thus acquisitions are another potential component of the Swissport business strategy, he confirms – adding that this is an area in which the company's shareholders (investment funds) are keen to play their role.

Recovery

Right now, of course, "We just want to get back to 2019 volumes [of passengers and so flights handled] as quickly as we can." But beyond that, Brady has a much broader mission as well: he wants to see an upgrade in the importance ascribed to the provision of handling services within the aviation supply chain; after all, he points out, "As a ground handling agent, we unlock the entire supply chain."

Whatever the future holds, Brady has been more than impressed with the quality and dedication of the Swissport employees he has met up to now. He points in particular to their openness when discussing their role and their passion for their jobs, all of which offers plenty of cause for optimism for the future. ■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Bridging the Gulf

The Gulf's big three – Emirates, Etihad and Qatar Airways – all have significant challenges to restore their fortunes. Shakeel Adam, managing director of Aviado Partners, takes a deep dive into their strategies, network and fleets as they plan a return to growth and profitability

In the two decades preceding Covid-19, Emirates, Etihad and Qatar Airways - commonly referred to as the ME3 - dramatically influenced the global long-haul market. As with other leading carriers in the world such as Singapore Airlines, Qantas and Air New Zealand, which all were national champions in their early days, these airlines played an integral part in shaping global travel while transforming their countries supported by exceptional airport infrastructure and setting new standards for service.

By 2020, these carriers were some of the hardest hit by the global pandemic which closed borders because their business models relied most heavily on long haul international travel. Unprecedented was the word of the day for most of 2020 as airlines seemed caught as deer in headlights; frozen and unsure how to deal with an emerging, then stagnant, then expanding global pandemic. The US closed its borders to widespread criticism by much of the global community, only to be copied by the same critics soon thereafter.

Confusion & Uncertainty characterised the start of 2021. Borders opened and closed. Guidance from health experts changed regularly and government policy has been anything but consistent.

By mid-2021, Optimism emerged as the word of the day. Domestic travel within China, the US and Australia is at all-time highs in some parts. The European Union (EU) remained largely constrained except for some regional travel, with restrictions progressively being relaxed starting May 2021. International travel around the world has remained largely constrained. Travel bubbles, such as between Australia and New Zealand, were bound to burst because even with all the apparent restrictions, loopholes allowed business and other exceptional travel to continue.

Gulf region carriers' business models rely largely on connecting the EU and North America to the Gulf, Asia and Australasia. The Gulf Cooperation Council (GCC) group of Arab states in the Gulf does have a regional market. But the blockade of Qatar remained in effect until 5 Jan 2021, thus restricting one of the largest regional flows. Proximity to India, a significant Subcontinent diaspora in the GCC, and Ramadan, all combined to cause rising covid cases in many GCC countries.

Without EU-AU/NZ, EU-South East Asia and North America flows, the Gulf carriers, in particular the ME3, lost their core business. These and others including Oman Air, Gulf Air and Turkish Airlines - a fierce direct competitor of the Gulf carriers - shifted, as did most major carriers, to focusing on cargo operations and sought passenger

flight opportunities where possible.

The path to recovery for the ME3 carriers appears to be vastly different, largely due to differing development and business models prior to the pandemic.

Emirates, clearly the largest of the ME3, committed to providing a consistent large widebody experience. It progressively grew to be one of the preferred airlines in the world, both for business and leisure travellers. And from the much sought-after Germany originating market, Emirates also became a major player in the premium leisure travel market to Asia, the Indian Ocean and Australasia. The original Superconnector, it specialized in connecting passengers from one large aircraft onto perhaps 50 destinations operated by larger aircraft; an optimal strategy so long as large numbers of passengers continue to flow. Shortly before the pandemic it began to closely integrate with flyDubai, the short- and- medium-haul narrowbody operation sharing the same owner, providing another platform for growth leveraging both networks to gain efficiencies and synergies through alignment. And it was ramping up toward Expo 2020 in Dubai; all stars were aligning. Against this backdrop, and with the largest Airbus A380 and Boeing 777 fleets on the planet, combined with no domestic market, border closures eliminating the international market certainly made 2020 and 2021 challenging.

Qatar Airways, the youngest of the ME3, is very different. It had the most typical network carrier model prior to the pandemic with a balanced mix of narrowbody aircraft, small and large widebodies, and a small fleet of A380s. In many ways its premium passenger experience is more luxurious than at Emirates, and on the other end more rational than other airlines in the world in network design. Even in Economy, it sought to be a cut above the norm.

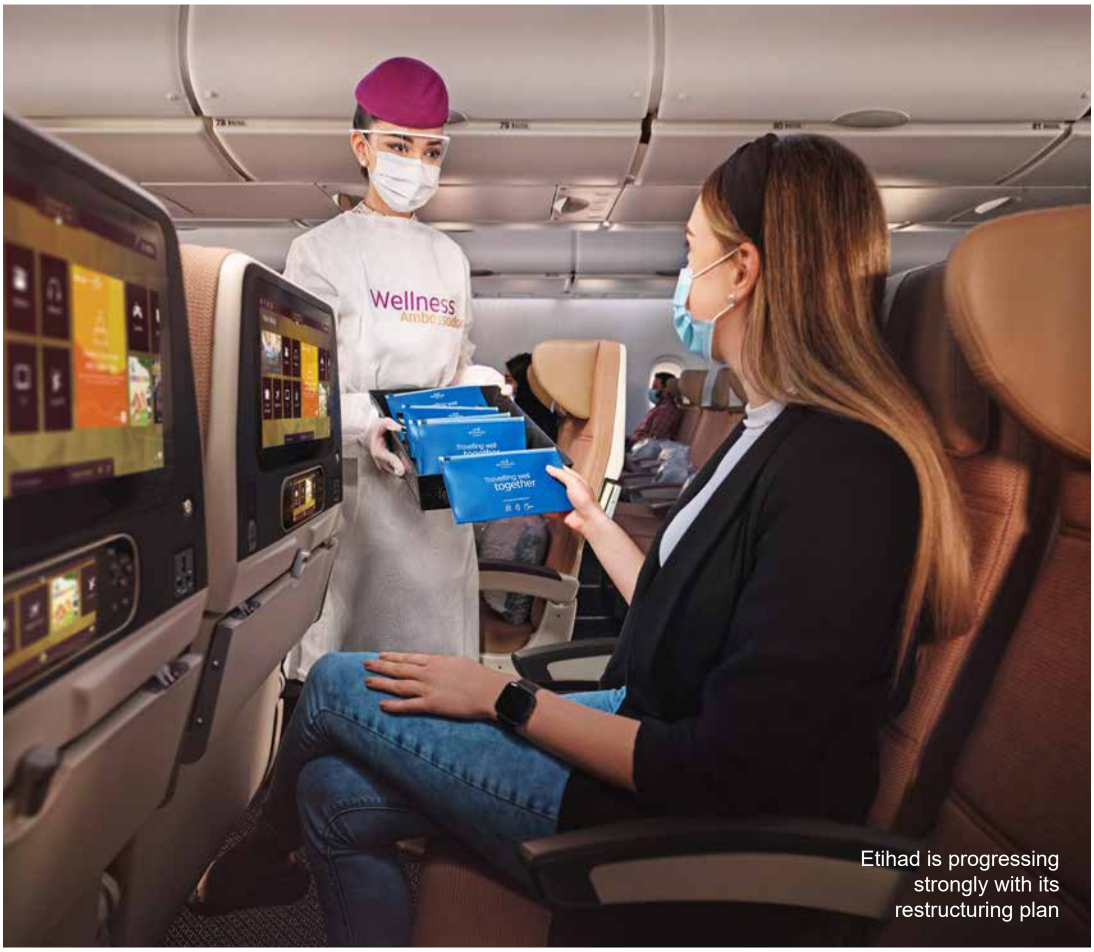
For years, Qatar Airways consistently used the "try us once and fall in love" strategy to win over customers with deep discounts when entering markets, which falsely gave competitors the impression the airline was always a discounter. With vast orders of new aircraft on the books and investments in various airlines, Qatar Airways had its fingers in many pots up to 2019 and seemed poised for further growth, essentially still going up the S Curve.

Etihad Airways is arguably a hybrid of the two. Its top end premium products are as luxurious as Qatar's, and its economy, as reliable as Emirates'. With half of Qatar's fleet and almost a third of Emirates', it was a smaller player pre-pandemic and was further rationalizing. Its narrowbodies, small and large widebodies and small A380 fleet, as with Qatar, provided much flexibility.

Recovery: dancing to different beats

As travel recovers, the first two markets recovering (quite quickly) are domestic and leisure travel. But with regulatory constraints, closed borders, and various restrictions such as expensive testing requirements and conditions for vaccinated travellers, demand continues to be inconsistent. Consistent demand is critical for filling a large aircraft day in and day out.

Since the ME3 airlines are essentially very



Etihad is progressing strongly with its restructuring plan

different, it is not surprising that their recovery paths are also likely to be very different. One will likely recover slowly, one is right-sizing/shrinking fast, and one is using a land and expand FAST (Focus, Accelerate, Strengthen and Tie it all together) strategy to lock in fortunes for the future.

Etihad was already well into a transformative restructuring, which in hindsight, is a tremendous advantage for them, providing them a head start to most airlines in the world. Although travel demand had been softening since 2017, particularly in Europe, most airlines were continuing to grow. However, Etihad was already preparing to rationalize capacity.

Having performed its homework in advance of the pandemic, it was well placed to cut capacity rationally and quickly as the pandemic hit, while most others were caught off guard. With a much smaller fleet than its Gulf rivals, and one centred on smaller widebodies, Etihad is perhaps the closest to being right sized amongst the ME3 for the start of the recovery, providing it with the most flexibility and the lowest risks of carrying excess aircraft.

This means it is the strongest off the gate facing the recovery and with the most positive prospects in the short term. Not much is talked about Etihad of late as Emirates and Qatar Airways dominate headlines, but under the leadership of its now not-so-new CEO and a strong long serving commercial leadership team, the airline is on a path to new strength. It seems less concerned about world domination than on ensuring it becomes a well established, reliable, and profitable airline. Covid may have been the catalyst which gives it the opportunity to emerge stronger before its competitors.

Not ever to be outdone, Qatar Airways seems to always find opportunity in crisis, this time through repatriation flights. The airline immediately launched a campaign to be the rescuer of stranded souls around the world, launching flights on routes long sought after but not previously flown either because regulators didn't permit it or due to excessive competition. One example is Brisbane, where Qatar was locked out based on (flawed) analysis which reportedly suggested it was saturated with capacity from the Middle East. Analysis which ignored the competitive nature of Qatar Airways, the growth the airline had repeatedly demonstrated when entering markets and the fact Gulf carriers connect much more than the Gulf itself.

Suggesting Brisbane should not add Gulf capacity was akin to suggesting no more capacity should be added from any midpoint carrier connecting Europe, the Middle East, Africa, and the North American Eastern Seaboard to Brisbane. Suggesting Qatar would only duplicate Etihad and Emirates ignores that the ME3 do not have identical networks beyond their hubs. But as carriers withdrew capacity due to the pandemic, Qatar capitalized on the opportunity to show travellers, regulators, and the local community its compelling product and service.

Gulf carriers have also been mostly locked out of Canada for years. A long time interline partner of Air Canada and Lufthansa, and more recently a member of oneworld and shareholder of IAG, Qatar has fed traffic to/from Canada across numerous airlines and gateways only because it was limited in its authorization to fly there. The airline capitalized on the closure between Europe and North America to establish a formal partnership with Air Canada, gaining further access to the Canadian market while circumventing the Atlantic Joint Venture (A++) Air Canada has with Lufthansa, Swiss, Austrian, United and Brussels Airlines which includes the highly lucrative Indian market.

Access to Brisbane and circumventing the A++ joint venture previously seemed highly improbable to impossible. Yet, while others navel-gazed, contemplated survival and went on defence, Qatar Airways went on offence. In addition to Brisbane, the airline added Abuja, Accra, Cebu, Luanda and San Francisco in 2020, and Seattle in 2021, cementing its position in key markets.

This capacity growth and recognition-building during the pandemic can be fruitful going forward. According to the Wall Street Journal, by March 2021, just months after starting the Seattle route, Qatar Airways had captured 22.3% of the Seattle-Asia market, ahead of Emirates' 16.7% (which launched Seattle flights nine years earlier).

With tremendous fleet flexibility, plenty of regional aircraft and a large 787 fleet, Qatar Airways also seems to have the right-sized assets to recover quickly. But it does also have 53 A350 and 48 777-300ER large widebody aircraft to fill. This means recovery could be slower than Etihad's. No doubt boosted by the joining of long-time industry veteran Thierry Antinori, previously CCO (chief commercial officer) of Emirates and CCO of Lufthansa Group, Qatar Airways continues to defy critics and innovate. It continues to show it is a young and nimble airline.

In contrast, Emirates seems, at first, to be in a disadvantageous position on long routes where, save for a small number of ultra-long-range 777-200LR units, its smallest aircraft is a 777-300ER. With 119 A380 and 124 777-300ER aircraft in the fleet, Emirates is under tremendous pressure to fill big aircraft consistently at a time when border restrictions prevent travel or create tremendous uncertainty and discourage travel. The Boeing 787 types would be absolutely ideal for Emirates now, but they won't arrive soon. flyDubai 737s do help grow the network on regional and thin medium haul routes.

However, without strong demand to/from Europe and the ability to transport large numbers of passengers to/from Australia, the Emirates network continues to be under pressure. With 243 large widebody aircraft in the fleet, it will obviously take longer for Emirates to recover than its regional competitors. Does that mean Emirates is in trouble? Not at all. When travel returns, it will likely be at a lower base (we expect down 20% overall). But airlines with the best connections, brand recognition, superior products and services, etc have and always will, win.

Emirates only needs more time than the others to recover. It is bigger and has bigger aircraft. That makes it less nimble. When demand recovers and others race to get aircraft, Emirates will have the advantage because it already has the fleet. A further opportunity for Emirates is it can use the downtime of the fleet to accelerate the rollout of its new premium economy seats. With leisure and premium leisure leading the way in the recovery, premium economy will likely be critical to airline recovery.

A question mark for Emirates continues to

be its long running leadership succession. Sir Tim Clark has been the guiding light for two decades and has been a driving force in the industry. Will the new President chart a new course, as is often the case when a new leader takes over, or will the new President stay the course?

The road ahead seems bright for all ME3 carriers. Etihad is poised to lead the recovery. Chief executive Tony Douglas told CNN in January that "[Etihad is] still confident 2023, 2024 will be where we said we were going to be" turning around from a $870 million loss in 2019.

Qatar Airways is growing to lock in its presence on lucrative markets, incurring losses in the short term with a long view and tremendous flexibility in its fleet. "We try to take every single dollar that is on the table," chief executive Akbar Al-Baker told the WSJ. Consistency and reliability are critical to the travel trade and by stepping in to fill voids, Qatar Airways earns tremendous recognition and loyalty which will no doubt pay future dividends. Meanwhile, Emirates is poised to return to industry leadership. Because its capacity is lumpy (with only large aircraft available), it will face a bumpy road in the short term until demand returns. But it will, purely based on inertia and sheer force, emerge as a leader again. It has become like most legacy airlines, slow and inflexible. How it uses the down time to rationalize, to expand, to innovate, to renovate, will determine how well and how fast it recovers.

COVID-19 shook the industry in ways no one predicted, creating opportunities for once ailing airlines. While things are shaking up between the ME3, one should not forget Oman Air which has a small fleet with efficient small capacity aircraft. Nor Gulf Air which has been restructuring. Or Turkish Airlines, based on the eastern edge of Europe and connecting the world much as the ME3 do (stronger in European points and north Asia, unable to compete on oversupplied Australia).

Tremendous uncertainty also surrounds Lufthansa Group's attack on leisure and premium leisure outbound from Germany and Switzerland. The ME3 have dominated the growth of those segments in the decade leading up to the pandemic, while home carriers Lufthansa et al focused on the business customers and frequent fliers redeeming leisure award tickets. With business travel all but dried out, Lufthansa Group, its various leisure subsidiaries and newly launched airlines are aggressively focused on these market segments. This certainly puts pressure on all Gulf carriers and Turkish Airlines on traffic originating in the EU and sets the pace for a challenging road ahead. ■

AVIADO PARTNERS

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ARGS talks to a selection of airports to find out how they intend to "build back better" as traffic recovery begins, and airlines reintroduce routes and increase frequencies

Berlin: opening an airport during a pandemic

Berlin Bradenburg Airport opened just months before the pandemic hit
(Source: © Flughafen Berlin Brandenburg GmbH/ Günter Wicker)

Berlin Brandenburg Airport BER Terminal 1 opened on 31 October 2020 and the operation of the new aviation site for Germany´s capital region was functional from day one. But due to a new Covid-19 lock down right after the inauguration the number of passengers handled could not reach the level planned.

Furthermore, the low passenger numbers led to the fact that Terminal 2, which was also ready for operation, was not opened and Terminal 5 (the former Schönefeld Airport) was temporarily closed this year in February. When traffic volumes increase these additional terminals can be opened step-by-step to guarantee enough capacity to operate all requested flights. The train station underneath the main terminal allows comfortable travel to and from the airport by regional and intercity trains.

When the summer holidays started this year, Covid-19 restrictions were eased, and more passengers got the chance to use the new airport to reach their destination for the first time. Traffic has significantly improved although is still far from the 2019 level. By July around 50,000 passengers daily were using the airport, about 40-45% of the pre-Covid-19 numbers. By the end of 2021 passenger numbers are expected to reach 50% of the previous level.

Currently, the focus is on European routes, where travelling is easier. New airlines including Sky Alps (Bolzano) and PLAY (Reykjavik) have already started to add BER to their network. easyJet, Ryanair and Eurowings are step-by-step bringing back more destinations and increasing their frequencies. Completely new destinations like Southampton, Thira, Tivat or Zakinthos have been or will be added to the destinations from BER.

Apart from Qatar Airways, all long-haul services came to a complete halt. Scoot became the first long-haul carrier to restart services at BER with the resumption of its Singapore route in August. This brings hope for many more to follow and to grow a worldwide long-haul network from Germany's capital airport.

To make flying safer and to bring back traveller confidence BER early on introduced many safety and hygiene measures. From the start, social distancing signage, regular announcements and sanitizers throughout the terminal have been installed. Two testing centres opened in the terminal offering all tests needed, including fast PCR tests.

The relevant information for travellers can be found on the BER website and it keeps passengers informed through regular mailings as well as on social media. In December 2020 BER received two important certificates for strict compliance with hygiene measures during the pandemic. BER was the first German airport to receive the Airport Health Accreditation from Airports Council International (ACI). Shortly before, BER was also the first German airport to be certified by Deutsches Hygienezertifikat.

Airlines have also suffered during the pandemic and BER supports them by offering different packages for new destinations or for long-haul services. In addition, local marketing activities make sure that airlines get the support needed in the region. A close co-operation with the destination marketing companies promotes the region as an incoming destination worldwide.

Despite the difficult times, the economy in the capital region of Germany is not suffering as much as the German average. New investments including the Giga factory by Tesla, which will open shortly, and other major companies like Siemens believe in the Berlin/Brandenburg region and are opening new offices. Regional businesses, especially in the tech and e-commerce sector such as Delivery Hero, Hello Fresh, N26, Zalando and many more, are booming and growing.

While tourism, which is a very important part of the region's economy, has been down, hotels are now opening back up in line with restrictions and slowly the city and region's cultural life is returning, and Berlin will host visitors from all over the world again. Nearly 14 million visitors came to Berlin in 2019, a figure to be reached again very soon making it again the most visited city in Germany and number three in Europe.

Looking ahead BER is ready for passengers to come back offering the modern infrastructure and a product that passenger enjoy. The airport is well positioned to serve the capital region of Germany and offers the services needed by the airlines that operate. ■

Amsterdam's networking effect

Nearly all airlines that were operating to Amsterdam prior to Covid-19 have either continued flying to the airport or have returned. Some airlines did however change their type of operation, for example Air Canada, EVA Air and several others have continued flying to Amsterdam but not as passenger services but cargo-only flights with passenger aircraft.

"In July we can proudly say that 244 passenger destinations are being served from Amsterdam by 65 passenger airlines," says Wilco Sweijen, Airline Partnerships Director at Amsterdam Schiphol Airport. This is good news in a year where expectations of an earlier recovery were dashed as the pandemic continued its global grip.

"Looking back, we had hoped that traffic would have picked up in the first half of 2021," says Sweijen. "Unfortunately, that was not the case. The ever-changing travel restrictions imposed are making things complicated, driving up costs and reducing consumer confidence. The good thing is that in Europe we are seeing the number of people fully vaccinated increasing, and the countries are relaxing the travel restrictions. With this we are seeing traffic within Europe increasing week on week."

In June, 1.7 million passengers flew from, via or to Schiphol. In June 2020, when Schiphol felt major effects of Covid-19, that number was 472,000. For comparison, in June 2019, 6.5 million passengers travelled through Schiphol. The number of flights to and from Schiphol was 19,195 – 56% fewer than in June 2019. The number of cargo flights was 1,841 (-26% compared to 2020, +67% compared to 2019), which contributed to a 28% increase in transported tonnage compared to last year and a 11% increase compared to 2019.

Wilco Sweijen, Airline Partnerships Director at Amsterdam Schiphol Airport

"Our expectations for the remainder of 2021 are that we expect to see continuation of the traffic increasement in comparison to 2020," says Sweijen. "Slowly but steadily, we expect to grow further responsibly and sensibly, and most importantly fitting with all health regulations."

Schiphol has welcomed some new airlines. Romania's Blue Air is operating from Bucharest and Cluj-Napoca; Middle East Airlines is serving Beirut; WestJet's Calgary service started in August; SKY Express has four weekly flights from Greece; AnadoluJet, as a partner of Turkish Airlines, is serving various cities in Turkey; Saudi Arabian Airlines is launching flights from Jeddah (switching later to Riyadh); easyJet has launched new routes including to Palermo, Valencia, Barcelona and Bergamo; KLM has launched new routes to Riyadh, Palma, Verona, Belgrade and Dubrovnik and will launch new destinations from Amsterdam with the start of the winter season, namely to Bridgetown, Cancun, Mombasa, Phuket, Port of Spain, Orlando and Miami.

While passenger traffic has suffered enormously during the pandemic, Schiphol has unsurprisingly seen its cargo performance remaining very strong during the crisis. "Many passenger airlines have quickly reacted by operating passenger aircraft to Amsterdam with only cargo on board; Schiphol has always been a very strong cargo hub in Europe and many airlines have made an effort to tap into the market – with success," says Sweijen.

"The cargo contribution has been enormous and shows how flexible airlines can be in a crisis – cargo is and has been a large contributor for the airlines to at least continue to fly and the introduction of "preighters" – cargo-only on passenger aircraft," adds Sweijen. "Our network has remained in place; however, the number of flights did go down – but this still offers some good connections for passengers. Currently, Amsterdam is the best-connected airport in Europe to China with on average eight flights a week."

The airport has brought in many innovations to support airlines during the pandemic. According to Sweijen, it has performed "activations at the gate to thank the airlines that continued to fly to Amsterdam during the crisis, and 'Welcome back' and '#theonlywayisup' to Amsterdam for those airlines restarting their flights. On our LinkedIn page we celebrated these fine moments – the crew just loved it (and of course also our amazing Stroopwafels)." ■


ICELAND
WELCOMES
YOU BACK
Iceland has been making a big comeback recently. Travellers are eager and excited to come and visit Iceland, and we're already seeing significant results. Traffic has been growing steadily from May and now the airport has recovered to about 50% of 2019 levels in August – with 20 airlines returning to Keflavik International Airport.
We're getting ready for a great winter – and you're welcome to join in.
KEFLAVIK
AIRPORT

CODA's critical connectivity role

City of Derry Airport managing director Steve Frazer

CODA - the rhythmic acronym of City of Derry Airport – is playing a strong role in reviving travel, both leisure and business, in its gateway role for the Northwest of Ireland.

According to Managing Director Steve Frazer: "Our market has been remarkably strong in the Northwest region of Northern Ireland (NI). For example, the London route is already back to 2019 levels for this summer. Liverpool has accelerated to a daily service driven by demand and for the summer will be nine times a week, with Glasgow now performing well at a higher frequency despite a slower start due to slower removal of restrictions."

And Frazer believes this positive trend will continue. "My expectation is for a strong summer of UK and Ireland domestic travel. Across Northern Ireland, from late September, it will become more of a challenge for operators to continue the routes which have been viable due to the UK & I staycation market and NIDAKS scheme (the NI Domestic Aviation Kickstart Scheme, a £4.5 million initiative to support air connectivity between Northern Ireland and Great Britain). The Halloween and winter holiday traffic may keep some continuity on stronger routes before a levelling out by Spring 2022, by which time the emerging size of post-pandemic business traffic should start to become clear."

"At CODA we remain committed to improving international hub access via London, Dublin, Manchester and a mainland European hub," he explains. "We are confident that the government(s) commitments to air connectivity via Dublin will begin to move at pace post summer. Airlines do remain risk averse with many picking off the low hanging fruit often associated with the larger airports nearer the larger populous. However, some are starting to see the changes in attitude with people often preferring to fly local rather than allow an additional two hours each way, often in shared transport, making CODA an interesting prospect, currently uncontested with a 'doorstep' potential of 1.5 million journeys a year."

Amid the carnage reaped on air service by the pandemic, there are some success stories. "Our twice daily London service with Loganair is busier than it has ever been, at one point during the pandemic it was one of only two services from NI in total, reinforcing the need for connectivity from the Northwest region. Loganair have been fantastic partners in their commitment to the Northwest of NI picking up our Liverpool route to a daily frequency and increasing Glasgow services to most days of the week."

According to Frazer: "For the post-pandemic recovery period, our key targets (Dublin, Manchester, Birmingham), along with resumption of an Edinburgh service, are being discussed with airlines as they look to a time when they will widen their networks; certainly, any reductions in UK Air Passenger Duty (APD) will accelerate these opportunities. For next year, we have already agreed at least two summer sun destinations (to be announced soon) and expect to add a European city break destination or two to our offerings."

The airport has adopted a suite of Covid-19 protection measures. “As well as the mandatory masks indoors, social distancing while standing and seated (assisted with many Perspex barriers at interaction points and between seats), we have temperature scanning cameras on entry to the airport and before entering security to pick up on anyone with a fever,” explains Frazer. “At any point in the airport, you should be within sight of a touchless sanitiser dispenser and clearly see floor and seat markings to assist with distancing.”

CODA has clearly played a critical role during the pandemic. “Firstly, our continued connectivity while all others were stopping told a story of many people in the Northwest of NI who have a genuine need to travel, as well as highlighting our bespoke island geography,” says Frazer. “At the point of essential travel only we had doctors, nurses, carers and key construction workers coming from not only the Northwest but much further afield. When we moved from essential only to a need-based guidance, it become abundantly clear just how many people in the Northwest work in Great Britain and rely on air transport to commute and conduct business.”

“As we have moved on, it has been reinforced that NI has three commercial airports and the Northwest needs standalone good air connectivity. In previous years, the needs of our region may not have been fully realised with many assuming that a flight to Belfast ticked the box for everyone in NI, regardless of the additional hours travel time on our limited road and rail network,” he says.

“Our interaction with airlines as they plan post-pandemic recovery has increased with greater interest in our Northwest catchment, who is travelling and why. It may take a little time and patience but I’m sure our connectivity will grow to match our regional ambitions and addressing the current imbalance,” adds Frazer.

“After a year of hunkering down and protecting our future, we aim to return to many of our local community support initiatives including school children visits,” explains Frazer. “On a wider aspect, work has begun on fully offsetting our airports carbon output (Scopes 1 and 2) by 2022, at present we are seeking a local opportunity which is accredited to enable that offsetting to be as close to home as possible, particularly given that a recent report has stated NI has the lowest per capita levels of forestation in the UK.”

“As restrictions ease, we also look forward to renewing our unique relationship with our Donegal neighbours who form a large part of the wider Northwest catchment area we serve,” says Frazer. “And finally, CODA fully intends to be at the heart of a fitting tribute next year to mark the 90th Anniversary of honorary ‘Derry Girl’, Amelia Earhart’s historic solo Atlantic crossing.” ■

Spanish carrier Volotea has re-established its base at Athens (photo: AIA).

Athens pushes hard for strong restart

The year 2020 was, by any standard, the most challenging in the history of aviation. The pandemic is having a profound and lasting industry impact, with structural repercussions of unprecedented magnitude.

Overall, last year ended with traffic at Athens International Airport (AIA) diving to 8.08 million passengers, presenting a decline of 68.4% vs the equivalent levels of 2019, corresponding to a passenger traffic loss of 17.5 million passengers. (In line with the industry-wide observations, domestic passengers were slightly less affected than the international ones, posting a 61.1% decrease compared to 2019, vis-a-vis the 71.6% drop in international traffic).

The devastating impact of the pandemic was also strongly felt through the first half of 2021, with travel bans and restrictions imposed in an uneven and uncoordinated manner across the globe. Overall, during the period January through June 2021, the airport's passenger traffic totalled approximately 2.7 million, a decline of 31.7% compared to 2020 and 76.4% compared to 2019. The volumes of domestic and international passengers decreased by 8.2% and 43.9% compared to 2020 and by 64.9% and 81.5% respectively compared to the same period of 2019.

Light at the end of the tunnel?

The gradual lifting of travel restrictions that commenced on 19 April was almost fully realised by 14 May as per the Hellenic Government's already announced plans for the restart of the Greek tourism.
At the same time, similar actions were gradually introduced by a number of other countries, followed by the implementation of EU Digital COVID Certificate (1 July), instilling some confidence to travellers. Moves that proved to be in the right direction since they affected positively the restart of aviation and tourism, positively affecting in parallel Athens's traffic recovery.

As a result, the Athens airport's traffic, at the beginning of the 2021 summer period, started improving, slowly yet steadily. Despite posting a 58.2% decrease in June as against the respective period in 2019 (domestic traffic was down by 42.8% while international demand was recorded at -64.9% as against pre-pandemic levels), a gradual recovery

was becoming more obvious.
As summer progresses, a proof of this upward trend was also provided by Eurocontrol's weekly traffic reports, indicating strong early July numbers for Athens, with traffic at approximately 77% of 2019 levels and the airport ranking well in the list of Europe's 10 busiest.

For our part, we are always ready to welcome airline partners and visitors to our airport, our City and our country, strictly implementing all hygiene and safety measures, in accordance with the instructions and guidelines of the competent international, European and national authorities, safeguarding, at the same time, the highest level of airport experience for the travelling public.

As far as our expectations for the remainder of 2021 are concerned, demand, is the key word here. This is the factor that drives airlines to plan, reschedule, restart, or select new markets. Taking into account the epidemiological developments and the vaccination rollouts and hoping that we will have only positive developments in this field, we are constantly monitoring air travel statistics, trends and dynamics and already being in close cooperation with our airlines and in discussions with them, regarding their short-and medium -term plans, aiming at contributing to their dynamic development to and from our airport in the post-pandemic era.

Even during this dire period for our industry, the attraction of Athens and actions towards facing the negative pandemic effects, resulted in the addition of new routes, services and airlines to the AIA network. More specifically, three new destinations have been added – Washington DC, Atlanta, and Bacau (Romania) - and we welcomed over 14 new services.

Some of the most significant developments for Athens in 2021 so far include the strongest US network that Athens ever had, with up to nine daily departures for US cities, the expansion to international markets for homebased SKY Express (adding Larnaca, London Heathrow, Paris Charles de Gaulle, Brussels, and Rome Fiumicino in addition to an extended domestic network) and the re-establishment of Volotea's base in Athens. Moreover, LOT returned to Athens during the pandemic, added Katowice to its Greek network and Blue Air introduced the new destination (Bacau), entering, at the same time, the Athens-Bucharest market.

In total, so far in 2021, Athens is directly connected with more than 130 scheduled airport-destinations (157 in 2019), in 48 countries (55 in 2019), operated by a total of 57 carriers (66 in 2019).

Emergency Response Team

In the early stages of the crisis and well before the official declaration of its outbreak in March, AIA started preparing response measures primarily concerning business continuity and ensuring a safe workplace environment for all employees and the collaborating entities. A Management Team, the EReTeCo (Emergency Response Team – Coronavirus) was swiftly established, including distinct disciplines in all areas of the company's activities continuously interacting with AIA Employees, Airport Community Stakeholders, State Authorities, Service and Goods Providers, Local Communities, Tourism Stakeholders etc.

In line with European Commission's Guidelines to help the tourism and transport industries overcome the Covid-19 disruptions released on 13 May 2020, and the respective government announcements, AIA developed a Restart Plan, introducing new operational conditions. These comprised social distancing rules, personal protective equipment (obligatory use of mask), updated markings and signage, procedures upon identifying a suspicious or an infectious case, ventilation rules, cleaning and disinfection, informative material to passengers and staff.

Measures including the installation of polycarbonate partitions (at several offices, desks and areas), floor markings enabling social distancing, reconfiguration of nearly 6,000 seats and installation of hand sanitizers throughout the terminal had been implemented immediately.

Incentives on offer

Several temporary measures were immediately implemented, in an effort to create, as much as possible, a favourable environment for the operating airlines and for the restart of the market.
From March to June 2020 there was a 100% discount on aircraft parking for grounded aircraft (>48hrs) and a 50% discount on parking charges for all other aircraft.

From October 2020 to June 21 there was on offer a 50% discount on aircraft parking for grounded aircraft (>24hrs/home-based carriers) and a 20% discount on parking charges for all other aircraft.

In the July 2021 to October 2021 period a "Restart" Incentive Scheme was introduced on all commercial, international, scheduled, passenger flights, offering 50% discount on landing and parking charges for the number of flights operated above a specific threshold when compared to the monthly number of flights achieved by each airline during the respective months of Summer 2019. The incentive has become widely accepted by the airlines and in many cases supported our carriers to adjust their schedules to benefit from the specific incentive.

Additionally, and in line with Governmental directives, operating airlines occupying office or other spaces at the airport buildings received discounts up to the level of 100% on their rental fees. The measure is in effect as from March 2020.

Furthermore, considering the initial, heavy suspension of the airlines' operations, AIA adjusted its existing incentives' policy by waiving some conditions for discounts to immediately respond to the prevailing market conditions and offer - at the extent possible - support to the airlines that maintained operations during the adverse period of travel restrictions.

Like the rest of the industry, AIA has been heavily impacted by the pandemic. However, being the major gateway of a prime tourist destination, meticulously and diligently we plan our next steps. Within this framework, as we have always done in the past, we remain firmly committed to substantially support our airlines, especially during this extremely difficult period, aiming at creating a favourable environment within which they will be able to maintain and further enhance their network and increase their operations to and from Athens. ■

Iceland tempts traffic back

The number one focus for Grétar Már Garðarsson, Director, Airline Relations & Route Development and his team at Isavia is simple: "Get our airlines back. It doesn't matter about frequency or destinations." Isavia handles the operation and development of all airports in Iceland and manages all flights in the Icelandic air traffic control area.

Midway between Greenland and Norway, the island of Iceland had been enjoying a period of strong traffic growth prior to the pandemic. The country's main international airport at Keflavik, to the west of capital Reykjavik, saw it handle 7.24 million passengers in 2019, but this fell a painful 81% to 1.37 million in 2020.

Things are looking up somewhat for Iceland this summer, starting with a traffic pick-up in May after Delta Air Lines resumed service from the US with non-stop flights to New York JKF airport. Delta also restored service to Minneapolis and added Boston as a new destination, while United Airlines started its Newark service in June and introduced new flights to Chicago at the beginning of July.

The US is a critical tourism market for Iceland, and although the USA is closed for non-US residents, there has been respectable transit traffic over Iceland of US citizens following the Icelandic government opening its borders for vaccinated travellers.

"In addition, Icelandair has been resuming its hub network with some transfer traffic flowing through Keflavik," says Garðarsson, with connections to 10 US destinations. Once the US border is opened the full potential of the hub can be realised once again.

In August, Isavia has been able to report that traffic is just above 50% of the 2019 level per day on average, says Garðarsson. Keflavik has welcomed back SAS, easyJet, Czech Airlines and British Airways among others in recent weeks and now has some 20 airlines back with only a few missing.

Grétar Már Garðarsson (left), Arnar Olafsson (centre) and Stefania Juliusdottir of Isavia welcome easyJet back to Keklavik Airport

There have been some newcomers too. Icelandic start-up Play began Airbus A321neo service to seven destinations in July while Wizz Air has opened new routes to Rome and Naples and resumed Dortmund. "We have high hopes for Play in the years to come," says Garðarsson. There has also been the start of charter flights to Israel with both El Al and Arkia, which is encouraging.

"The winter will be very important for us and Icelandic tourism and our economy and hopefully we will have a good mix of carriers serving the airport," says Garðarsson.

Cargo, which has not played a hugely significant role for Isavia in the past, has come to the fore during the pandemic. "Pre-Covid, our cargo traffic was mainly belly freight but during 2020 scheduled freight grew by 68%. Cargo exports are very valuable for the Icelandic economy with fresh fish the biggest export product," says Garðarsson.

Isavia established an aggressive incentive programme soon after Covid-19 began to keep some flights going, discounting 100% of all airport charges from 13 March to 31 July 2020, says Garðarsson. Since then it has also brought in a new scheme as it seeks to attract more service where it offers discounts on new routes, lasting for three years for European destinations and five years for longer-haul ones.

Isavia is seeking to use the hiatus of the pandemic to develop a space-constrained Keflavik Airport that was creaking at the seams. "We want to use the time well, as a breathing space, to make more contact stands and expand the gate waiting areas in the first phase, which has already started," Garðarsson. "Then in the second phase, expand the walkway between the south and north terminals and create a larger commercial area." ■

Pressure to change

Via a series of interviews with C-suite airport executives across the Americas and Europe global advisory and digital services provider ICF discovered how they intend to position their businesses for success in a post-pandemic landscape.

By Nigel Womersley De Zaldua, Carlos Ozores and Stephen Freibrun


Nigel Womersley De Zaldua, principal, aviation, ICF

On everyone's mind in the aviation industry is how to recover from the dramatic fall-off in traffic and revenue brought on by the COVID-19 pandemic. However, this recovery is largely out of an individual airport's control, and it will only occur once the COVID-19 pandemic is behind us. After that, airport managers will confront different challenges.

So what are senior airport executives most concerned about?
We spoke with more than two dozen airport C-suite executives across the Americas, Europe and the Middle East about their biggest concerns in a post-pandemic world, and what they're doing to position their airports for success in a post-pandemic environment. We introduce these key concerns below and then explore each in detail in our C-suite article series.

Concern 1: Airline & demand recovery
The COVID-19 pandemic has accelerated pre-existing trends within the airline industry and turbo-charged technological adoption in ways likely to affect how and why we travel. Adding to this, post-pandemic passenger recovery will be uneven, largely due to stark differences in vaccination rates observed throughout the world.

From the demand side, international and corporate travel may take longer to return than domestic and leisure travel. From the supply side, airlines will mostly emerge from the pandemic smaller, with a greater focus on costs and an openness to new strategies.

For airports, this means long-standing strategies need to be challenged and, in many instances, modified. Forecasting, always uncertain, will need to incorporate even greater variability, and airports will require a deeper understanding of airline financials and strategies. As one airport executive eloquently summarised: "We're focused on getting frequencies and routes back. We want to be proactive and stand out to ensure traffic returns quickly"

Low-cost carriers will emerge from the pandemic in a much stronger competitive position than before. Their leaner and more variable cost structure, combined with their focus on short-haul and leisure traffic, has allowed them to weather this period of reduced and highly volatile demand better than full-service carriers. While the latter have also been working to cut costs, higher debt loads and obligations from government bailouts will further hamper their ability to compete. In addition, full-service carriers are more dependent on business and international travel, which will take longer to recover.

There is also going to be a major shift in passenger segmentation. It is all but certain the international travel recovery will lag due to differences in vaccination rates and uncertainty over border entry requirements. Some international markets will recover sooner than others, so the impact will be uneven. As for business travel, it would be naïve to think companies will revert to past behaviour given how effective virtual work arrangements have turned out. While it is sensible to expect technology to replace lower-value business trips such as internal company travel, increased telecommuting arrangements, and more dispersed teams may drive more travel. Nevertheless, we expect business travel to take time to recover to pre-pandemic levels.

Airline industry competitiveness is distorted by government bailouts. Aviation remains one of the most fragmented global industries, resulting in low return on capital. In

Carlos Ozores, vice-president & managing director, aviation, ICF

an environment of reduced demand and increased cost pressures, we would expect capacity to rationalize. However, while the pandemic has brought airline downsizing, restructuring and once unthinkable partnerships, the combination of unprecedented government aid and availability of cheap capital and aircraft to fuel start-ups will set back much-needed industry consolidation. This points to an era of heightened competitiveness and reduced profitability as many airlines chase after a shrunken demand pie.

Concern 2: Rebuilding non-aeronautical revenues

With international travel taking longer to recover, and with an uncertain return of business passengers, airports will miss two key demand segments that represent a disproportionately high share of revenues, whether due to the higher aeronautical tariffs (the norm outside of the United States) or spend on duty-free. A prolonged confinement that has altered consumer behaviour will further compound this problem, shifting needs and expectations in ways we cannot yet fully grasp.

Changing consumer behaviour and the adoption of new technologies create an opportunity for airports to reimagine the future of non-aeronautical revenues: one that leverages digital transformation and is less dependent on variances in passenger traffic. Airports need to understand these changes to position their commercial programs to satisfy new customer requirements, all while seeking ways to diversify their revenue sources.

In addition, airports need to adapt to the changing passenger spending patterns transforming traditional retail. The mindset of airports as passive observers of passengers transiting through their facilities needs to be rethought, with a shift toward a customer-centric approach

Stephen Freibrun, principal, airports, Americas sector lead, aviation, ICF

that puts the passenger first in every way. The best practice concept of building a "sense of place" to drive increased traveller spend is not new; however, passengers will increasingly seek a personalized and memorable experience that can be delivered safely and seamlessly.

There are various emerging retail trends airports can leverage, whether on-demand delivery of retail or the use of "shopping walls" that use QR-code technology. These innovative retail ideas are all technology-driven and require airports to create a "digital layer" that complements their existing physical commercial space.

Due to these trends airports are starting to revisit options to generate non-passenger-related revenues. Although airports often aspire to develop revenue sources that are independent of traffic, very few have successfully executed the "airport city" concept (essentially real estate development). The challenge for airports is that few such businesses need to be located on-site, and there are plenty of competitively priced alternatives available to developers.

However, the COVID-19 pandemic should urge airports to identify ways to mitigate future disruptions to their revenue streams. Beyond simply leasing land, airports can also look for creative ways to create new revenue sources, such as third-party partnerships with incubators, which then allows airports to monetize the intellectual property.

Concern 3: Adapting to the passenger experience

The combination of a new focus on biosafety, an accelerated adoption of digital technologies, and changes to consumeney and non-aeronautical revenue growth.

However, the journey to a touchless passenger experience will not be easy. Understanding challenges from the end user's perspective (a customer-first mentality) provides a foundation for a well-conceived implementation roadmap.

The challenges we see start with passenger confusion. The last major overhaul of travel protocols occurred in the aftermath of the terrorist attacks of September 11, 2001 – a process that was anything but seamless. How will the industry manage the introduction of new biosafety protocols?

A closely-related challenge is passenger dwell time. Airports are struggling to understand how new passenger screening processes will impact the passenger journey. Then there are challenges associated with the impending rapid and wide-scale technological adoption, namely cultural change and technological savvy, both from the perspective of airport operators and the passenger.

Airports will need to be sensitive to differing passenger needs and carefully manage this transition to a post-pandemic airport environment.

Concern 4: Embracing Sustainability

The COVID-19 pandemic has accelerated societal focus on sustainability issues, and experts widely regard environmental risk as the next big (and inevitable) challenge to the aviation industry and the broader economy.

Governments, investors, and citizens are increasing the pressure on these topics, and airports need to do their part to address financial, reputational, and operational risks.

Greenhouse gas reduction initiatives targeting airlines are accelerating in Europe (for example, by linking airline aid packages to green initiatives) and coming to America (for example, the Biden administration's climate and environmental justice agenda).

Prior to the COVID-19 pandemic, there was growing societal pressure for climate action—such as the "flight shaming" movement—that is certain to resume as air traffic recovers, and that has already influenced consumers, policymakers, and airlines. Considering this, we increasingly see shareholders and investors incorporating and scrutinizing sustainability metrics into their assessments of business risk.

Sustainability also provides organizations across the aviation value chain with an opportunity to strengthen their social license and community ties by supporting sustainability measures that advocate for the environment and social equality.

Pressure to change

The COVID-19 pandemic is disrupting every industry, and airport operations are no exception. Changing passenger behaviour, a restructuring airline and supplier landscape, accelerating digital transformation, and calls to address sustainability are examples of the external pressures that airports face.

In an uncertain future, one thing remains certain: these pressures will drive major changes to how airport executives run airports in the future. How that changed is managed could be the key to an airport's future growth and success.

About the authors:

The article is based on a report in ICF's Insight series and is co-authored by Nigel Womersley De Zaldua, principal, aviation; Carlos Ozores, vice-president & managing director, aviation; and Stephen Freibrun, principal, airports, Americas sector lead, aviation. www.icf.com ■

Our fictional traveller Aisha flew on Emirates from the UK to Malaysia.

Everything changes

Becca Rowland, partner at leading consultancy MIDAS Aviation, looks at how air travel in a post-Covid 19 world will develop by following a fictional traveller's journey between the UK and Malaysia

Look forward a few years and what will air travel be like?

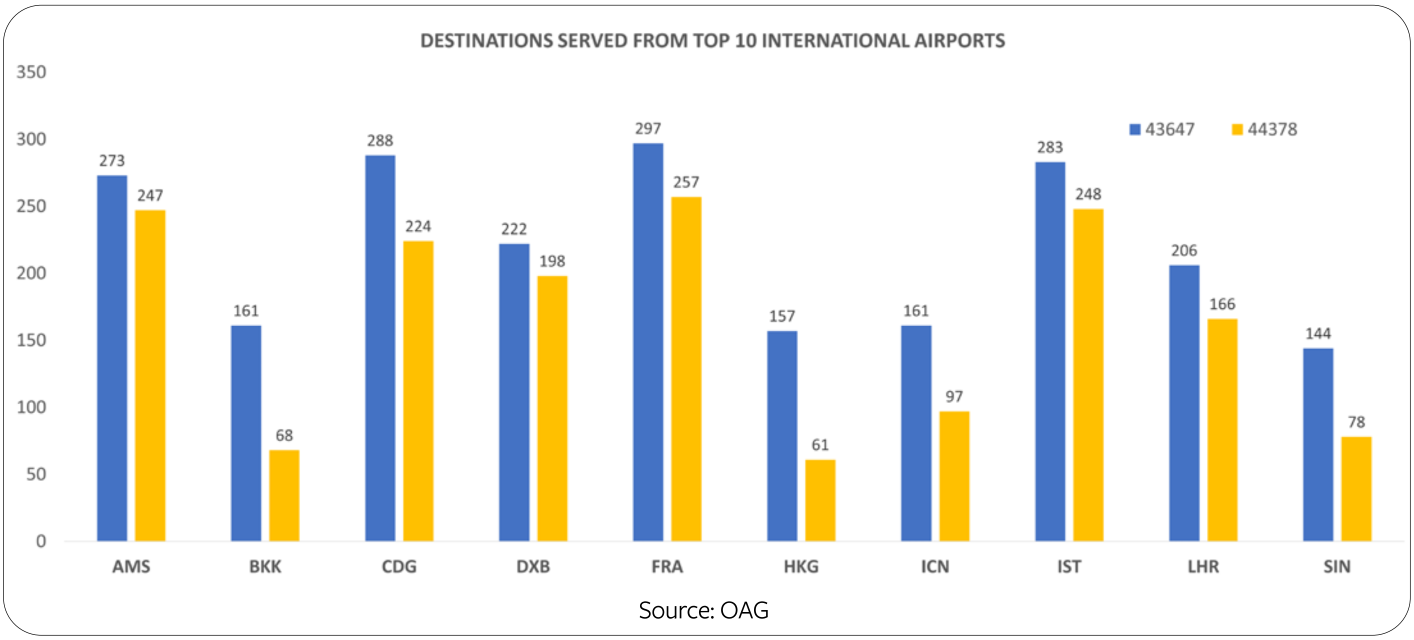
For the passenger much will be familiar in that they'll still be boarding aircraft at airports and flying across continents to reach their destinations, but behind the scenes a revolution will have taken place.

The disruption caused by a tiny, microscopic virus has shaken aviation to its very core. Just as no corner of the world has not succumbed to the impact of Covid-19, so no part of the airline industry will have been left unaffected. The challenges for the industry are immense and not all players will survive.

At the moment projections vary about when air travel will return to the sort of volumes we saw pre-pandemic, but few expect this to be before 2024 and some of the more challenging projections look as far out as 2029 for recovery. Currently, demand for air travel is heavily dampened by government-imposed restrictions, especially – but not only – applying to international travel. But at some point, the majority of these will lift and people will be free to travel where and when they want. What will that be like?

In this article, we follow a hypothetical, traveller – let's call her Aisha – on a hypothetical journey as she makes her way from Newcastle in the UK to Kuala Lumpur in Malaysia at a point in time when the industry has recovered - more or less. What will be her experience? How will it be different and what are the unseen changes that may not be visible to her but affect the delivery of the travel experience she enjoys?

Aisha, having decided she will attend a family wedding in Malaysia, needs to book a ticket. When she first arrived in the UK it was on a Malaysia Airlines service. All her friends flew on the national carrier. Why wouldn't you? But the airline is no more, another business casualty of the pandemic, unable to raise sufficient funds to continue beyond



Source: OAG

a few years of business disruption and unable to ask the government to prioritise the airline over national needs. There are fewer non-stop air services now between the UK and Malaysia as major legacy airlines had to scale back their networks after the pandemic. Routes that made a marginal contribution to profitability were scrapped, and airlines focussed on their core markets.

Instead, Aisha will need to fly on connecting flights but at least there are plenty of apps to help her work out the best combination. This includes being able to easily combine low-cost flights and legacy airline flights that will meet her budget and also handle her baggage at the connecting airports, providing the sort of seamless journey that used to be the preserve of the major legacy airlines.

She settles on an easyJet flight from Newcastle to London Heathrow, connecting to an Emirates flight to Dubai and an onwards connection to Kuala Lumper, also on Emirates. She prefers easyJet to Ryanair as she's a frequent flyer with them and this gives her benefits such as complete flexibility about changing her ticket whenever she needs to. This is despite Ryanair undoubtedly being the dominant airline in Europe now and she could have flown with them, connecting in Southeast Europe before also flying with them to Dubai.

Ryanair, easyJet and Wizz are the main airlines her friends use now if they are flying in Europe and they each have bases further afield which means their networks have been extended, they facilitate connecting journeys and yet they have kept their original single aircraft fleet.

Aisha and her friends have started taking short breaks again, visiting weird and wonderful places, mostly near the coast or in the mountains, where they can be sure of keeping away from crowds which they are still a bit cautious about. The disruption of being told to self-isolate again if someone comes into contact with an infected person is so tedious. Most of these places they'd never have considered travelling to before, and many they'd not heard of, but now they feel no need to spend their weekends in cities.

It is a fact of life that airlines chop and change their routes a lot now, always trying to optimise route profitability, and not everywhere is served daily. This means Aisha and her friends more often take off during the week. They don't feel constrained to travel at weekends only as they can still be technically 'at work' given they work from home most of the time. She loves that she's no longer tied to taking trips at weekends.

The day before her flight Aisha submits her food choices and Covid-test results to the airline as part of her checking-in process. It's all very easy now as the app on her phone connects to her health data.
On the day of her flight, Aisha arrives an hour before the flight. Now that most processes are done before she even gets to the airport, she, and everyone else is encouraged not to arrive too early. That way social distancing can be maintained. She's noticed that a nice side effect of this is that airlines build in a bit more time between flights so there isn't a large crowd waiting while an aircraft is still being cleaned and prepared for the next flight before people can board.

The whole airport experience feels a bit less hassled than it used to be. After passing through the electronic passport control gates and security she has 25 minutes to pre-order some tax-free shopping for when she gets back from her trip which will be ready for her to collect on arrival.

The flight to Heathrow is fine and she's pleased that the airlines have made it straightforward to transfer from one flight to the next. Of course, easyJet never used to fly into Heathrow but the virtual interlining arrangement with Emirates and the fact that Heathrow isn't quite as busy as it used to be, have made this possible.

Connecting between flights still leaves her a little anxious. Once she's sat down on the next leg of her journey to Dubai she relaxes. She's got her tablet out to connect it to the aircraft wifi. It's assumed now that everyone brings their own device. She doesn't mind as she'd have it with her anyway and its more hygienic to use her own. The plane looks new and clean. She knows it's not an Airbus A380 but doesn't know what it is or that it's the newest aircraft in the fleet, considerably more efficient than older planes with all sorts of design elements to reduce aircraft weight and reduce fuel burn such as the weight of her seats being 20% less than most of the airplane seats she's used before.

While she's waiting for the aircraft to start taxiing she notices several aircraft out of the window operated by airlines that she doesn't recognise. These are some of the new entrants that, unencumbered by debt, were able to start up in the few years after the first waves of covid-19, leveraging their ability to negotiate excellent lease rates for power-by-the-hour aircraft, recruit cabin crew and ground staff and access airport slots.

Once in the air, Aisha gets up to walk around the cabin and notices that the usual extensive rows of seats towards the front of the plane, usually occupied by business travellers, travelling alone, sometimes working on the flight, are reduced. Instead, there are more older couples clearly on holiday and enjoying the free champagne.

Is there a new cabin class? She's not sure. It looks like something in between the old business class and a premium economy. There's clearly some sort of business class further towards the front of the plane but the number of business travellers is reduced from what it used to be. Not only are companies using the reduction in business travel to boast about their commitment to the environment but technology around virtual meetings is getting better all the time. Even in Asia she knows the formal requirements about having to conduct meetings face-to-face have been slipping away.

When she gets to Dubai, she has an hour or so to transfer between flights. She notices that the planes moving around the airfield are not predominantly those associated with big international airlines but include a large number of what are clearly regional airlines. Neom, the new Saudi destination is on her destination wish list, so maybe these are part of the booming regional tourism she's heard about?

Recent start-up airlines and announced new entrants

NEW AIRLINE	COUNTRY	START DATE
Avelo	US	April 2021
Breeze	US	May 2021
Canarian Airlines	Spain	Not started yet
EGO Airways	Italy	April 2021
Ecuatoriana	Ecador	Not started yet
ETF Airways	Croatia	Charter carrier
Flybig	India	Dec 2020
Flylili	Romania	
FlyPOP	UK	Not started yet
Flyr	Norway	June 2021
Greater Bay Airlines	Hong Kong	Not started yet
Grecian Air	Greece	Not started yet
Green Africa Airways	Nigeria	Not started yet
ITA	Brazil	June 2021
Northern Airlines	Sweden	Not started yet
Norse Atlantic	Norway	Plan to start Dec 2021
PLAY	Iceland	Not started yet
SkyAlps	Italy	Not started yet
Uep Airways	Spain	Not started yet
Vietravel	Vietnam	Jan 2021
Waltzing Matilda Aviation	US	Charter only – plans scheduled
Wizz Air Dubai	UAE	Jan 2021

While she waits, Aisha gets out her phone to book her taxi for when she arrives at Kuala Lumper. She knows that in a few years' time she'll be able to use the AirAsia app to pre book an air taxi but for the moment she'll have to use a regular taxi. Her family in Malaysia have told her they use the app for everything now, including take-out food, shopping and so on. She used to enjoy exploring southeast Asia thanks to the cheap flights she could take on AirAsia but it seems like there's a whole AirAsia eco-system available to live in now.

The new planes are no faster than the old ones, so Aisha arrives in Kuala Lumper some 18 hours after leaving Newcastle.

While Aisha and her travel experience may be fictional, as is the reference to Malaysia Airlines no longer being around, this scenario provides a sense of where change will happen in the coming years. Many of the changes will seem obvious on paper but the process of bringing them about will require hard work and hard headedness.
One of the surprising aspects about the airline industry over the past 18 months is just how few airlines have failed despite months of massively reduced income. Airlines have slashed costs, shed staff, divested of parts of their businesses, and worked tirelessly to improve liquidity. Many will survive but some familiar names will disappear just as Pan Am and British Caledonian did years ago.

In the meantime, it will be airlines with vision, cash and an eye for an opportunity that will survive. Technology will transform businesses, the passenger experience and even where demand for travel comes from. And then there will be a host of new entrants and disruptors who will continue to point to new and better ways of getting people from A to B.

About MIDAS Aviation

MIDAS Aviation specialises in working with stakeholders across airport, airline, tourism, government, finance and regulatory sectors to understand future demand for air services via data-based market analysis and traffic forecasting. For more information visit: www.midasaviation.com ■


ITALY'S NORTH EAST AIRPORT SYSTEM
With the aim of responding today's logistic needs, Brescia Airport has developed its legacy of a specialized, cargo drive airport. A cargo center equipped with a state-of-the-art equipment for the best management of air and road freight to accomodate any market request.
Brescia Aeroporto
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Customs, available 24/7, provides for speedy clearance.
Quality ground operations: a specialized, skilled and cargo only dedicated team supports the high quality and efficiency of our ground handling operations.
Cargo warehouse sq. over sum 11,000 - Offices sq.m 1,000 - 24 hours operations 7 days a week - Handling capacity: over 150,000 Tons/year (palletized and loose) - Fast and seamless accessibility to the main road network.

ARGS talks to a selection of ground handlers to find out how they intend to "build back better" as traffic recovery begins

Çelebi determined to rise together

Thomas Konietzko's sales team now has another airport station added to its ground handling offering – Dar es Salaam, the largest city in the east African country of Tanzania. "We now have equipment on the ground, a managing director, 25 staff and are talking to several airlines," says the Executive Vice-President Sales & Marketing at Çelebi Aviation Holding.

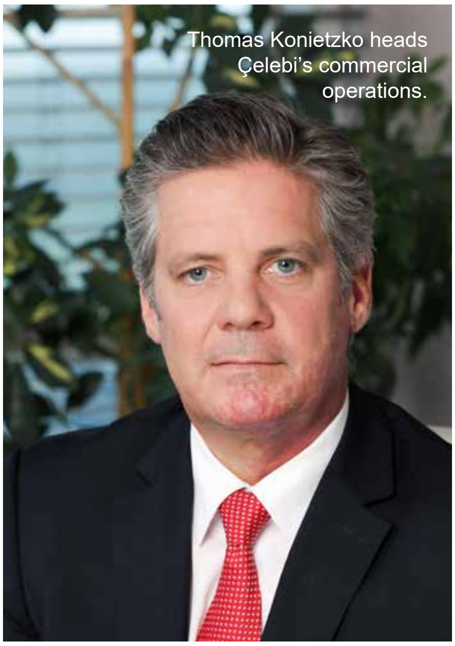
Çelebi's first move into east Africa has gone ahead despite the ravages dealt to aviation by the pandemic and demonstrates the Group's continued appetite of growth into emerging markets.

"We are constantly evaluating new opportunities, but our strategy for growth sees us going east and south," says Konietzko, rather than contesting the congested western market. The addition of Tanzania to Çelebi's footprint adds to its traditional home market in Turkey and operations in Frankfurt, Hungary, and India. In total, it is active at 40 airports and although it lost some staff in India, it has mostly been able to retain its people in Europe thanks to government-subsidised work schemes.

While Çelebi's business development team scans for expansion prospects, Konietzko's focus has firmly been on supporting customers and staff, rebuilding revenue, and managing the recovery under its "Rising Together" motto. While it is an incredibly challenging time for all parties in the aviation supply chain, for ground handlers the pandemic effect compounds acute pricing pressures prior to 2020.

"Prior to Covid-19, the industry was already in a price-war," explains Konietzko, as airlines took advantage of intense handler competition enabling them to negotiate improved terms. "It was leading us to review our strategy, but now airlines are suffering even more, and causing us to further consider reductions of handling rates."

Çelebi reacted quickly after the outbreak of the pandemic to cut and defer fees as



Thomas Konietzko heads Çelebi's commercial operations.

passenger and cargo volumes plummeted. However, for Konietzko the message from Çelebi to airline procurement departments has consistently been not to forgo the quality of service, the need for the highest safety standards, and the importance of on-time performance. "We had to focus on our 60 years of experience and try to deliver a different message," he says.

"The effect of Covid has seen everybody in turmoil in both their private and business lives. I don't think anybody really had a contingency plan for Covid," says Konietzko. Çelebi has focused on risk mitigation, seeking to preserve cashflow and negotiating with airlines about terms as flights have restarted.

This has been difficult because inevitably airlines have resumed operations most often at significantly reduced levels, compared to their pre-Covid-19 schedules, playing havoc with GHA staff level planning, and sending the cost base out of kilter.

Handling rates were agreed based on pre-Covid frequencies and passenger/ cargo volumes that do not apply today. "Where once a carrier had, say, daily flights, we might now be looking at once weekly flight to start with. How can we be expected to charge the same rates for this service and still guarantee an OTP and full staffing levels with significantly higher cost vs. revenue levels?" asks Konietzko. Çelebi's costs have soared by 60% as by example in Budapest, partly due to huge drop in freight volumes and closed borders to passenger operating flights.

This balance of the need to help airlines back into service has made for delicate negotiations between carriers and Çelebi. "You do it station by station, airline by airline. It has been very tough. In the past, the sales and marketing team in ground handling have been working on compromising in all their negotiations with the airline procurement teams," he says, with the competitive market bringing a round of cheaper rates and cost savings to airlines. "Now, we need to have a tougher approach in our discussions, as well as a part of risk mitigation in payment of overdues. We've asked for bank guarantees and at an extreme threaten to put airlines on 'cash to carry' terms."

"Communication is always the key component as there will be a time after this pandemic. Let's still look to provide solutions, not to be too self-focused and ask for favours you would not strive for yourself. People will remember," he says.

Çelebi has increased some handling rates through the addition of Covid fees, actions linked with adjustments in traffic volumes and with the provision of additional services such as spraying, disinfecting and extra cleaning. "Negotiations have not always been successful on rates, but there have been opportunities to deliver early renewals and extend contract agreements early," says Konietzko. "We try to manage 2021, void any increases and look to 2022."

As negotiations continue, Çelebi is, like all others, looking at the opening of borders and the full resumption of international flights to kickstart recovery. That said, in its home market, which still represents a healthy proportion of its annual revenue, this summer has been "decent" with Turkey being open for overseas travellers. "It has been back to very much a normal operation and our key markets of Izmir, Antalya and Bodrum have seen strong charter traffic from the likes of TUI, Condor and Lufthansa and from Russia and Ukraine," says Konietzko.

The theme of aviation sustainability is one Konietzko believes will continue to be a strong focus for the handling industry. It is a major focus at Çelebi. The firm has various strategies of sustainable solutions in place, including the roll-out of the Taxibot, a tractor controlled by the flight crew that transports the aircraft around the apron with its engines turned off, thus saving fuel.

Focusing on service quality and therefore on people and training is another key differentiator, says Konietzko. "We are very proud that the Çelebi Aviation Academy was the first in-house ground handling programme in May 2020 to be awarded IATA Training Validation Program Certification," he says. This program recognizes excellence in training and development, as well as compliance with industry training standards and best practices.

"For us it is important to make sure we follow a sustainable development path in everything we do. It helps make people proud to work for Çelebi and means we don't need to out-source," explains Konietzko.

The need to manage today's problems is paramount, but companies like Çelebi need to look forward at the same time. "Our focus is on digitalisation and automation to allow us to reduce our manpower requirements. Airlines will continue to push for lower rates and the winners in ground handling will be the ones who offer the same quality, and the same operational efficiency, without lowering safety standards, at a lower cost," says Konietzko. ■

Going Far Together

Egypt has taken several safety measures in attempts to control the outbreak of Covid-19 while reducing the hard effects such decisions could take on the economy and the Egyptian people, Mohamed Hanno, executive chairman and chief executive of Cairo-based ground handler ASE Group, explains to ARGS.

"Aviation and tourism are among the most affected sectors with airplanes on the ground, empty or closed hotels and travel restrictions put in place in virtually all countries around the world. We can consider that this is by far the worst result in the historical series of international tourism and aviation for a long time," says Hanno.

"The pandemic had huge consequences on the economy, companies and businesses. The aviation sector suffered from a significant reduction in volume of flights and passengers. The operational disruption and economic instability resulted in a massive reduction in revenue, although currently charter and scheduled flights are increasing gradually. Although that challenge remains ahead and all should be ready with more alternative plans to survive, we are optimistic for the recovery of tourism and travel during the coming period, especially with worldwide vaccinations against the coronavirus, and the easing travel restrictions in some countries," explains Hanno.

A crisis management plan was instigated to address employee wellbeing, brand reputation and financial management. "So far things are going as planned till hopefully all pandemic affects are gone, while charter and schedule flights are increasing back gradually," says Hanno. "The 15th of June 2021 was a day to remember for all the ASE team. Three inaugural flights were started in three destinations served by and within the ASE Group, handled by its teams in Egypt, Morocco and the UAE," he says.

Being able to bring operations back swiftly will be important as airlines seek to restart service, often at short notice. "Some companies globally and locally have chosen to restructure/terminate staff but at ASE we always have a belief and concept that our staff are our real assets and keeping on them is our first priority," says Hanno. "Accordingly, ASE Group was ready once our partners decided to operate to any of our locations at very short notice, and it has been no problem having our staff and resources in place and on standby." ■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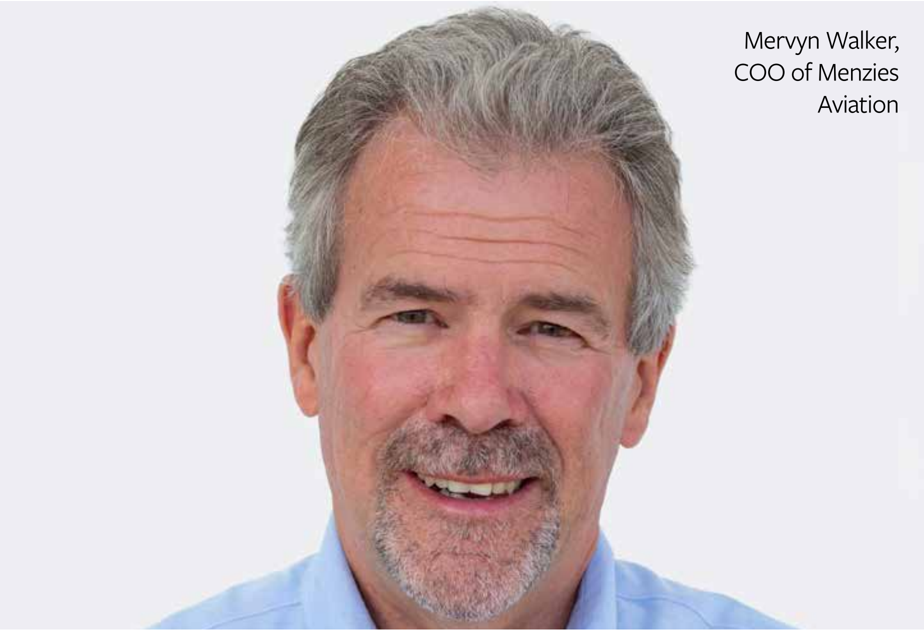

Mervyn Walker, COO of Menzies Aviation

Menzies looks for safe recovery

"We were glad to see the back of 2020," says Mervyn Walker, Chief Operating Officer of Menzies Aviation, the global aviation logistics specialist which provides services at over 200 locations in more than 35 countries.

"This year is about recovery, but it will be the end of 2022 before we see a return to pre-Covid volumes," says Walker. "It is currently a balancing act as the various governments wind down the job keeper and job retention support schemes and volume recovery does not quite keep pace with the cessation of the various schemes. Our regional teams are doing a fantastic job in the way they are responding to new schedules, often on a daily basis against a backdrop of continuous change to green, amber and red routes."

It has been a period where all players have constantly had to juggle their operations in line with the status of the pandemic. "We are looking to balance our portfolio mix across fuels, ground servicing and cargo. Our cargo network has grown considerably over the last year and we now have 53 cargo stations," explains Walker. "During the pandemic our wholesale freight forwarding business, AMI, has seen record growth and we are continually growing its global footprint. In many ways we see AMI as Menzies doing its bit to grow our support for our airline customers."

"As we bring more ground service equipment (GSE) back onto the ramp, after scaling back the size of our fleet to match flight volumes, we are very aware of our goal to be carbon neutral by 2033," states Walker. "One aspect that will help us achieve our net-zero ambition is investing in more electric GSE. Indeed, this year we will spend another $18 million on new GSE."

The introduction of Covid protection measures for customers and staff has become a rigorous routine. "Throughout the pandemic we have carried out and continue to do on average more than 1,100 workplace inspections every week," says Walker. "This is supplemented by more than 100 independent inspections each week. We ensure that we do all we can to stick to the hands, face, space initiatives so that our workplaces are as safe as we can make them. We continually encourage and assist our teams to get vaccinated and now a very high percentage of our front-line teams are fully vaccinated."

While the story for all is mostly one of managing in a crisis, there are patches of growth. "In Australia, the Qantas group have outsourced to Menzies at five ports," says Walker. "We have seen a big swing from a predominantly widebody operation to now a large narrowbody operation for Menzies Australia."

"We see huge potential in emerging markets and have commenced operations at Baghdad International Airport after being awarded an exclusive contract to provide ground handling, cargo and fuelling services," says Walker. "We have also launched operations at nine airports in Pakistan. In the Americas we took over the handling of a large-scale cargo operation for Avianca at Miami International Airport, another new airport for us, where we will handle about 250,000 tonnes annually. We have also opened in five new airports in Western Canada including Abbotsford and Victoria. So, the pandemic has created new opportunities as well as challenges for us."

"For Menzies, safety will always be our number one priority," explains Walker. "Year-on-year and on a like for like basis our number of accidents have reduced by over 50%. In the high-risk area of towing, network-wide we have introduced the 'tow team warning system' to assist our operatives in manoeuvring aircraft in congested aprons more safely. In addition, we have put the 'smart drive system' into 660 heavy pieces of equipment with another 520 pieces of equipment to follow. Smart drive helps us with driver awareness and the overall improvement of driving skills. We want to be the safest ground services provider in the sector." ■

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For Worldwide Flight Services resilience is key

Barry Nassberg, Group Chief Commercial Officer of WFS

"The aviation industry has never before experienced anything like Covid and, of course, it's not only airlines which have been so severely impacted but all of the other key service providers airlines need to support their operations," states Barry Nassberg, Group Chief Commercial Officer, Worldwide Flight Services (WFS). Paris-based WFS is the world's largest air cargo handler and one of the leading providers of ground handling and technical services with annual revenues of over €1.1 billion. Its 22,300 employees serve more than 270 airlines at 170 major airports in 20 countries on five continents.

"Our industry has been through global recessions, SARS and 9/11 but Covid-19 has presented the biggest and most difficult challenge I can ever recall from a lifetime career in industry, and we will take valuable lessons from it," adds Nassberg.

"From a handlers' perspective, we have had to deal with not only the virtual overnight cessation of airline services but also the fact that the response and support for critical industries like our own has been so different and disparate in countries around the world. From the beginning, our priority was to retain our highly trained and experienced workforce, but this has been an enormous pressure, especially in countries where governments were offering no furlough schemes or other initiatives to help businesses which, Covid aside, were extremely sound," says Nassberg.

"Prior to Covid-19, we had a strong business and a very positive growth outlook. We still do but getting through the past 16 or so months has tested all our resilience, expertise, experience and the commitment of our shareholders."

Retaining experience

"Staff retention was not only important to WFS but also to the over 270 airlines we represent. Our customers rely on the expertise of our people to help ensure the safety and security of their operations as well as the service experience of their customers," says Nassberg. "It is not easy and certainly not quick to reemploy, accredit and train a workforce if you've made large numbers of people unemployed because of the global pandemic."

"We all knew Covid-19 would eventually be brought under control and, when it was, our airline customers would need to resume operations as quickly and efficiently as possible. Having qualified teams 'ready to go' at the 170 airports where we have a presence, whilst maintaining the highest safety and security standards, was the only way this was going to happen."

"We not only had to retain as many people as possible, we needed to keep them safe from the risk of Covid in the workplace. For WFS, this meant the rapid global deployment of equipment such as facemasks, hand sanitisers and other protective equipment as well as rolling out a global communications campaign to instil the best Covid prevention safety practices in every station to protect our people," says Nassberg.

"A big lesson from this experience for governments, I hope, is to appreciate the critical role aviation plays and this must include an understanding that 'aviation' does not just mean airlines. It means all the stakeholders in the aviation chain for both passenger services and cargo transportation."

"We obviously hope to never experience this level of disruption ever again but now, as politicians think about how their nations would cope with a future pandemic, support for the entire aviation sector must be paramount, not just in terms of words but economic support when it is genuinely needed. If they put in place new measures to achieve this, their national recoveries – in terms of public health and economically - will accelerate at a far faster pace."

The importance of cargo

"As the world's largest air cargo handler, WFS has been less exposed to the collapse of the passenger market, but we were still severely impacted, nonetheless, by the global reduction in flights. Clearly, a high percentage of cargo is carried onboard passenger services, so Covid restrictions removed a very large amount of capacity from the market," says Nassberg. "However, in its place, we have seen not only an increase in freighter services but also the emergence and astronomical growth of 'preighter' services as passenger airlines have recognised the opportunity to maintain a valuable revenue stream by using their aircraft, and their passenger cabins, to carry cargo."

"Our teams have had to adapt to this

WFS has placed a high value on staff retention throughout the pandemic period (photo: WFS).

new type of handling to satisfy the urgent demand from customers. As IATA pointed out only recently, cargo has kept long-haul services cash positive for many carriers. Whereas, in a typical year, cargo divisions contribute around 10-15% of airline revenues, in 2021 this will be around 30%. I think the experience of the last 16 months will bring about a real sea change in the way cargo is viewed in airline boardrooms around the world. Its importance has never been greater."

"Initially, virtually all this cargo capacity was used to transport PPE as countries around the world raced to source rapidly diminishing supplies of protective equipment," says Nassberg. "The speed and reliability of air cargo helped to save countless lives globally and WFS was at the forefront of supporting this. Liege Airport, for example, asked us for help to handle the significant rise in all-cargo flights. Our Europe, Middle East, Asia and Africa (EMEAA) team were amazing, setting up a handling operation from scratch within 72 hours by taking over a new and unused cargo building in Liege and transferring personnel and equipment from WFS stations in Belgium and the Netherlands. Consequently, we helped to ensure PPE reached hospitals and Covid patients as quickly as possible".

An industry response

"From this response in Liege, we firmly established our partnership credentials and are now making a long-term investment to be part of the airport's growth and to support the leading airlines which now use Liege as an important European hub in their international cargo networks. Only recently, we have signed a 10-year contract in Liege with a major cargo airline, so we are seeing a valuable ROI from stepping up as part of the aviation industry response to Covid."

"I can't speak highly enough of the teamwork I've seen across our business, and I think this is true across the industry as a whole," says Nassberg. "The livelihoods of people and the survival of companies have been threatened by Covid, but I sense the aviation industry still recognised an even bigger responsibility to be part of the solution for victims of the virus and to help the incredible medical teams who were also working round-the-clock to save lives. I think the whole industry should be very proud of its contribution."

"After the rush of PPE shipments, we made preparations for the long-awaited rollout of vaccines and, again, WFS was at the forefront of this thanks to our investments in the previous 2-3 years in dedicated pharma facilities at major airports in EMEAA. We were more than ready to meet the strict handling and temperature requirements of the first vaccines, and we are still doing so."

Protecting strategic investments

"Another priority for us – despite the historic disruption going on in the aviation industry – was to continue pressing ahead with strategic investments which are critical to our business and to our customers," explains Nassberg. "This includes our commitments to major new facilities in Brussels, Atlanta and New York JFK as well as facility upgrades and expansions at other airports across our network. We have also continued to invest in pharma handling facilities and our training, safety, and security programmes. A good example is our new Security Operations Centre (SOC) for our EMEAA region, which provides centralised 24/7 monitoring of WFS cargo handling operations at over 40 airport stations in 12 countries."

"Technology investments are part of our drive to digitalise areas of our business to benefit us and our customers. Some examples include investments in cyber security monitoring, Bluetooth tracking to improve ULD visibility and utilisation, and more self-service kiosks for truck drivers to reduce loading and unloading times and improve productivity for customers," says Nassberg.

Looking forward

"The aviation industry has demonstrated its resilience before and we are confident it will do so again, despite the enormity of the challenges it has faced, and continues to face," believes Nassberg. "The high volumes of cargo we have continued to handle throughout the last 16 months means WFS is especially well-placed to support the industry recovery as it gathers pace. IATA estimates Covid has cost the airline industry two years of growth, but its indicators are encouraging."

"Obviously, different markets will recover at difference paces, but passengers will want to travel again as soon as they are allowed to. The global economy is already back to the pre-Covid levels and industrial production is 2% above 2019, so after such a turbulent 16 months, I am confident the industry will make a strong and sustainable recovery. Based on the impact of previous global events, IATA estimates the 'demand shock' to be between 6-18 months. I sense that once aviation is given back its wings, it will enter a period of strong growth and, from a handling perspective, we are already seeing interesting opportunities beginning to emerge from a fresh new wave of airline thinking," he concludes. ■

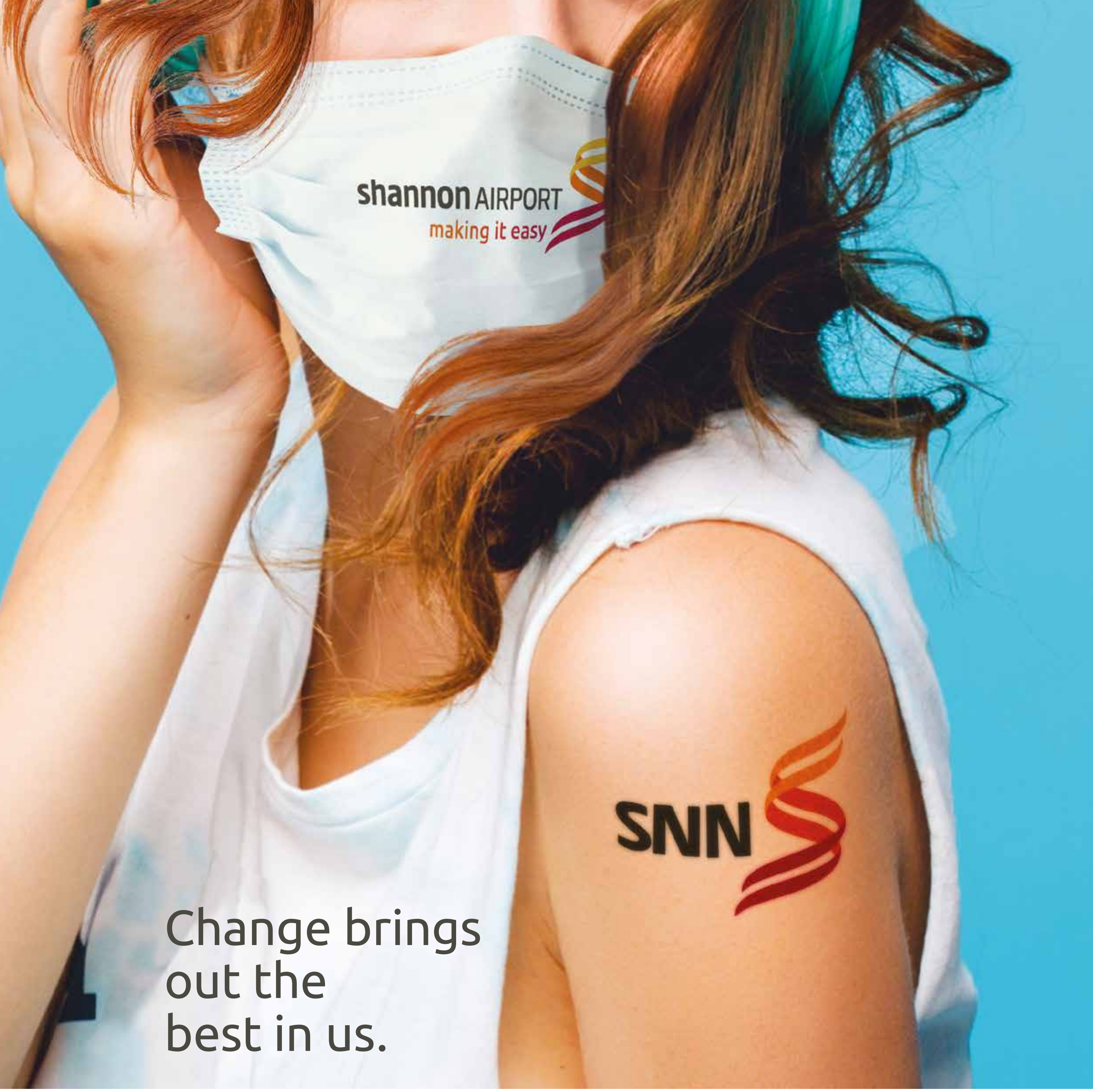
Havaş takes tentative first recovery steps

Mehmet Bozdemir, Operations Deputy General Manager

According to Mehmet Bozdemir, Operations Deputy General Manager at major Turkish ground handler Havaş, a recovery to 2019 business figures should be achieved in 2023. "Regarding the latest situation in Turkey and the countries that have flight routes to Turkey; the vaccine is widely available for the travellers of summer 2021," he says.

"There are enough testing facilities for passengers, relatively good passenger confidence and only some of the travellers are still reluctant to fly. Airlines have started to re-invest and re-hire by demand returns," explains Bozdemir. "Some hauls have been re-launched quicker than others. (eg Qatar, Ukraine, and Poland). Since the beginning of 2020, average flights have remained 40% lower than the traffic figures in 2019. The second half of 2021 is expected to remain 20% lower than the figures in 2019. In 2022 and 2023, the figures are expected to be 10% lower and 90+% higher than the figures in 2019, respectively."

"Although the figures have showed a slight recovery in the market, the remainder of 2021 still remains not so promising for aviation stakeholders, since most of the airlines and service providers still fall far behind the figures



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in 2019; and the challenge regarding the uncertainty due to the travel restrictions, daily changing travel requirements of the countries, etc," he states. "As there is no travelling standard regarding the pandemic in the sector to stimulate more passenger demand, the current recovery is quite fragile."

Havaş, which operates at 28 airports in Turkey as well as at Riga Airport in Latvia, adapted and changed its operations in response to the pandemic-induced crisis. "During the pandemic, we implemented all new regulations for health and safety of our employees as well as our passengers by adapting our operations to new health and safety standards," says Bozdemir. "We have maintained our operations by rigorously implementing all the Covid-19 measures determined by international aviation authorities and official authorities in terms of health and safety. We have been using PPE according to the roles of our employees in different branches of business since the first period of pandemic, as well as implementing social distancing regulations, periodical disinfection processes in our offices, stations and warehouse buildings, equipment disinfections, regulating the air conditioning systems, and fever measurements."

"Moreover, our airline partnerships have engaged in cargo transportation operations (cabin in cargo) in passenger flights due to decreased air traffic and travel restrictions during the pandemic. We have also adapted business to the new conditions in a very short time by developing this type of services for our cargo operations. Our warehouse activities also gained strong momentum. We continue to safely meet the demands of air cargo traffic at high standards, with the strong cargo demand during the pandemic we have also invested in warehouse facilities and equipment," says Bozdemir.

"We were able to use our invested equipment effectively during the pandemic particularly in perishable cargo operations such as vaccines, medicines and foods. We have special freezer units that can cool cargo down to minus 18 degrees in our warehouses. Our facility also includes special areas with capacities of simultaneously working 18 RKN or 9 RKN and 3 RAP containers to be able to store and preserve containers that contain active freezers to transport vaccines. Furthermore, we can preserve the cooling function for the vaccines for longer periods with our external power units. We have carried out our paperless operation project in this period to speed up our operations and support health and safety. The project enables our dispatchers to manage the operational processes from their tablets with a faster data flow. In line with our digital transformation road map, which was initiated before the pandemic and has picked up the pace afterwards, we started using many new applications such as APPron, our in-house communication platforms, IATA's Timatic Mobile app that we use during our operations, and DGAutoCheck system."

Covid protection measures have become part of the routine for all aviation stakeholders. "Besides social distancing requirements, disinfection and PPE use at passenger contact points, the digitalisation pacing up in airport operations provided significant advantage during this period in terms of health and safety," says Bozdemir. "As the airport operations constitute a chain process, it is important that the stakeholders work collectively and put into operation the latest technologies in compliance with the intersecting operational processes. In this regard, we always communicate with our airline partners and operate in a structure to support each other through innovation."

"We increased the use of mobile technologies and online procedures for ground handling operations to become more digitalised, decrease physical contact with passengers; hence, improve the safety of our operations. At Havaş, we developed a digitalisation road map before the pandemic, and during this period, we have accelerated the process together with our stakeholders," says Bozdemir. "As a subsidiary of TAV Group, a member of Groupe ADP, we have the opportunity to carry out an all-purpose assessment in terms of adaptation to the new systems," he explains. "We work in synergy to adapt the new approaches implemented by TAV to offer uninterrupted travel experience at the airports operated worldwide to our processes. Moreover, solutions developed by TAV Technologies, another subsidiary of the group, specific to the aviation sector in line with the latest trends also enable us to adapt new technologies to the handling processes. Thus, we increase our operational efficiency in our processes through digitalisation while also protecting our employees and passengers."

Improving efficiency is always important in any process and has become even more vital. "Airlines are focused on reducing operational costs by optimizing all possible services," says Bozdemir. "For instance, they are looking for ways to outsource and delegate their traditional ticketing services to ground handlers. The increasing demands of the customer airlines have led our ticketing capacity at the airports to grow. We anticipate that low-cost carriers, in particular will prefer the practice more. Outsourcing some local activities by airlines, and new service requirements of the carriers, such as disinfection and cabin loading operations, have been various opportunities brought by the pandemic."

The pandemic has placed incredible strains across the aviation eco-system, but experience still counts. "We have a deep know-how and experience in ground handling operations. Nevertheless, we place utmost significance to contribute to the development of the sector while also transferring new approaches to our services to increase operational efficiency," says Bozdemir.

"With our paperless operation at the apron project, we increased the pace of the operational management of our dispatchers at the site," says Bozdemir. "Moreover, we have investments in training programmes for our employees to get experienced in operation of apron vehicles such as pushback, baggage tractor, and de-icing simulators in a digital environment in the simulation centres we established in our stations at Istanbul and Antalya airports. Our training simulators are the first applications in the ground handling services sector. We transferred the latest technologies in perishable cargo transportation and included reefer trucks to our warehouse fleet." ■

Havaş uses several iPad applications to assist its apron operations

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AVIATION WEEK NETWORK

Get-e takes transfers seriously

Get-e is able to help support airlines, delivering safe and reliable crew transfers. "Crew arriving late to the airport results in delayed take-off, dissatisfied passengers, and financial loss for airlines the longer an aircraft remains on the tarmac," explains Roy Hughes, commercial director at Get-e, the Amsterdam-based firm that provides ground transportation in 110 countries and to over 900 destinations in a single system.

"This is something to be avoided at all costs and as a result, will need a vetted and trustworthy third-party service to manage this element for them," he says.

"Despite current uncertainties, pent-up demand for air travel is growing, and many in the industry believe the continued rollout of vaccines around the world will put the worst of the crisis behind us and set the stage for a return to international travel in the second half of 2021. In particular, we expect to see demand from intra-European travel accelerating once the EU digital passport is fully rolled out," says Hughes. "This year Get-e introduced an intelligent disruption management solution to the market, a fully automated offering that is intended to revolutionise the way airlines resolve the complexities involved when an unexpected diversion or delay displaces passengers," says Hughes. "Flight operations teams are able to quickly and efficiently source and book alternative transport and accommodation for passengers. As airlines vie for customers, the way disruptions are managed will be under stern scrutiny. Avoiding the organisational difficulties of such circumstances will mean staff can focus on activities that drive growth of the airline as opposed to crisis management and administration-based tasks."

More recently, Get-e has expanded into hotel and accommodation sourcing for airline crew. The new service offers a fully integrated crew transport and accommodation solution. Get-e's platform allows one user to manage the booking process and can alleviate the workload for multiple airline staff, further allowing them to address their core roles and grow the business.

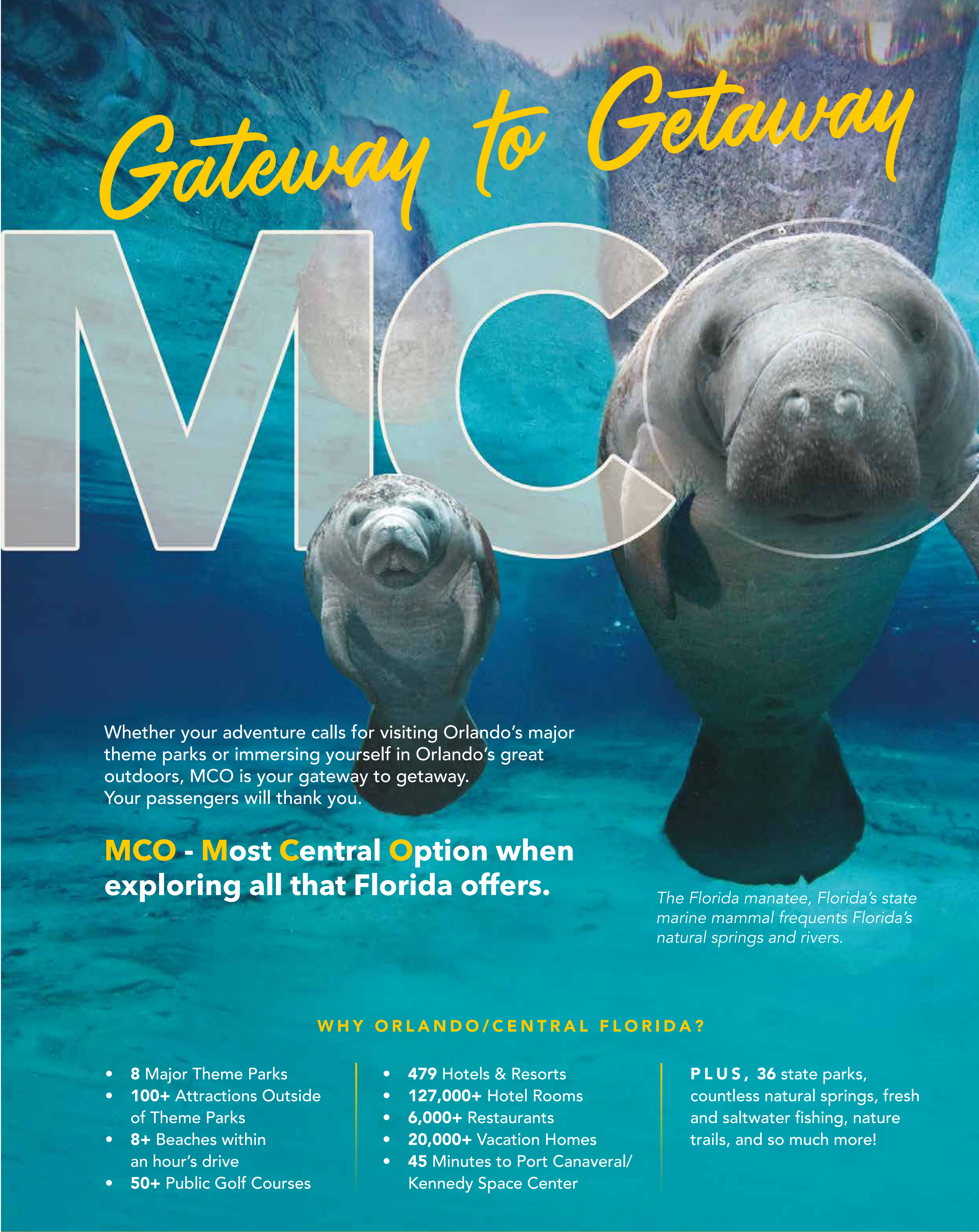
Get-e has implemented 'safe travel' protocols in conjunction with our transport partners and as a result, acquiring the WTTC #SafeTravels stamp of approval. Our transport partners have adopted standards that have included installation of passenger dividers, thoroughly cleaning their vehicles between passengers, with full cleaning after the end of each driver shift with antibacterials.

"The areas of crew airport transfers and flight disruption management have been largely overlooked in the past, and the ability to use technology to manage these processes will be particularly helpful as airlines deal with reduced resources and staff levels," says Hughes.

"One of the airline sectors that has been thriving is cargo. We have noticed that there has been an increasing recognition from cargo carriers that out-sourcing and automation resolves the issues presented by the logistical management of extra flights and crew transfers. As a general trend, the downturn in activity and an even more laser-like focus on costs, has resulted in airlines increasingly prioritising digitalisation as the solution to doing more with less."

Get-e's recently developed, integrated hotel and accommodation service allows airlines to book crew accommodation along with their transport as an all-in-one solution. The online platform sources the best crew accommodation options for airlines, fitting specific requirements along with preferred rates and terms. Get-e also negotiates, onboards, and manages the contract as well as ensuring comprehensive airline health and safety standards are met.

Also launched this year, Get-e's disruption management solution offers a single, intelligent system that manages the process of arranging and managing transportation for displaced passengers in the event of a flight diversion. With this being an increasingly likely scenario as airlines continue to battle with closed borders, being able to swiftly action alternative travel arrangements and regularly communicate these to passengers could be the difference between passenger satisfaction and a relationship lost. ■



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