

Proposed Draft Note- Marketing of International airport

A. Background

AAI has been participating in the World Routes Forum and other conferences/exhibitions held at various places all over the world and in India for exploring business opportunities in the current aviation scenario and showcase its infrastructure to attract prospective airline customers. AAI on its part is also addressing the participants in the conference through well directed marketing strategy to connect new destinations, create long term business association with stake holders.

2. With creation of world class infrastructure by Airports Authority of India, there is a need to market them to prospective airline, create new routes, and create an opening for new airlines to venture into Indian airports. Filling the airports with passengers is the only way to convert the passive airport into business centers heralding aviation growth. New routes not only enhance aeronautical revenue but bring in non-aeronautical revenue by way of increased space utilization by commercial players.

3. Unlike most international airports, which make 60% of their revenue from non-aeronautical business, Indian airports remain heavily dependent upon flight related activities for earning revenue. This is due to reason that many international flights depart from India at night or in early morning leaving relatively few passengers in the airport during day time.

4. Further, airlines have to make decision based on the anticipated profitability and are not insulated for the short term losses that may occur until developing its own market share. The airlines look towards the aviation industry to provide right inputs. They also look for better yields and lowering operating cost. Airport operator on the other hand require airline to operate into their airport, meet the operating capacity, treat all airlines operating on the same platform and provide ground support for smooth operations of their flight.

5. International airports being the gateway to any country face lot of competition due to their proximity, services provided, providing lower operating cost, better transport connectivity to city, availability of facilities such as Convention Centres, Hotels nearby airport, tourist packages provided by tourist operator and government support.

B. Market Plans

Following is the proposal for marketing of AAI managed airports to international airlines, within existing bilateral frame work.

Existing Policy

At present, there is no policy in AAI for extending any incentive / discount to international airlines operating from AAI managed airports.

Bilateral agreement

The international airlines are operating at international airports in India under bilateral agreement between the govt. of two countries i.e. the Govt. of the country to which the airline belongs and the Govt. of India. As per the said agreement, the airlines are allotted traffic rights with specific no. of flights and seats per week on a specific route between the two countries. Sometimes some of the seats granted under traffic rights which remain unutilized on that route can be operated at other airports provided there is an agreement at the diplomatic level, which is within the framework of bilateral agreement. In order to attract such airlines, AAI needs to market its international airports by giving incentives to these airlines for optimum utilization of the available infrastructure.

(a) At present AAI is managing following 19 international & customs airports-

- i. Chennai
- ii. Kolkata
- iii. Ahmedabad
- iv. Jaipur
- v. Varanasi
- vi. Gaya
- vii. Amritsar
- viii. Goa
- ix. Lucknow
- x. Coimbatore
- xi. Trichy
- xii. Trivandrum
- xiii. Mangalore
- xiv. Guwahati
- xv. Patna
- xvi. Srinagar
- xvii. Pune
- xviii. Calicut
- xix. Port Blair

In Route Development Conference at Vancouver in Sept., 2010, AAI marketed airports from Sl. No. (i) to (xiii) mentioned above and airports at Aurangabad, Udaipur and Bhubaneshwar. The main strategy to market these airports were to showcase the modernization and expansion plans at Chennai & Kolkata airport and to promote the remaining airports as mentioned below -

Lucknow & Varanasi airport - These airports attract a large number of Haj pilgrims during Haj season. Lucknow airport has shown 64.2% growth and Varanasi airport has shown 8.7% growth in international traffic in the year 2009-10 in comparison to year 2008-09. Also, Lucknow & Varanasi airport has shown 40.2% & 21.4% growth respectively in domestic traffic in the year 2009-10 in comparison to year 2008-09.

Varanasi & Gaya airport – It attracts Buddhists pilgrims from Indonesia, Japan, China, Korea, Myanmar, Srilanka, Thailand etc. It is important to develop these airports by providing comprehensive tour packages in coordination with Tourism Department and prospective airlines and willing tour operator from these airports.

Amritsar airport – It is a gateway to the Golden Temple. Also, people from Punjab have lot of relatives who are settled in U.K., USA & Canada who frequently visit their near & dear ones in Punjab. This airport can also serve as an alternate to Delhi airport. It has shown 13.8% growth in international traffic and 51.8% growth in domestic traffic in the year 2009-10 in comparison to year 2008-09.

Aurangabad airport – It can serve as a lead airport for experiencing the world famous Ajanta & Elora caves. It has shown 15.8% growth in domestic traffic in the year 2009-10 in comparison to year 2008-09.

Udaipur airport shows the way to white city – city of palace. It is one of the major tourist attraction places. Udaipur airport has shown 39.7% growth in domestic traffic in the year 2009-10 in comparison to year 2008-09.

Bhubaneshwar airport – The city is known as land of Sun Temple and nearby place like Puri is famous for its beaches. It has shown 22.9% growth in domestic traffic in the year 2009-10 in comparison to year 2008-09.

Trivandrum airport – It can be promoted as hub in this region. We can develop package with appropriate deals so that one of the airlines would be interested to operate as hub & spoke schedule just as Brussels has done to the western gateway. This airport has shown 15.1% growth in international traffic and 32.6% growth in domestic traffic in the year 2009-10 in comparison to year 2008-09.

Coimbatore airport – Coimbatore city is known as textile city of South and has very high potential for low cost carriers and cargo operations. It has shown 5.6% growth in international traffic and 10.1% growth in domestic traffic in the year 2009-10 in comparison to year 2008-09.

Trichy airport – This airport is catering immigrant population from Malaysia, Singapore and other south east asian countries. It has shown 57.3% growth in international traffic and 11.5% growth in domestic traffic in the year 2009-10 in comparison to year 2008-09.

(c) Proposal

It is proposed to promote airports mentioned in Annexure-A to prospective international airlines by providing following concessions to them.

- i) If an existing airline operating at a particular airport, plan to make a second landing at a second airport (subject to bilateral) they may not be charged any landing & parking charges for this particular flight at least for two years.
- ii) Discount on landing and parking charges to the tune of 75% on the existing rate as an incentive for first year of schedule operations and thereafter upto 50% and 25% in 2nd & 3rd year respectively. This discount will be for airlines operating on new routes connecting non-metro, international and customs airports. Further, any airline which wants to park their aircraft for overnight at any of the airports mentioned in Annexure-A, may be allowed to do so free of cost subject to availability of parking stands and watch hours.
- iii) AAI may provide special lounges at major airports on demand of respective airlines on chargeable basis.
- iv) Facilitation at AAI terminals in coordination with India Tourism for airports like Jaipur, Srinagar, Varanasi etc. on chargeable basis.
- v) AAI may provide necessary infrastructure for operation of new airline so that they don't have to incur capital expenditure.

In respect of Para-c(i) above, it is proposed that only non-profitable airports are to be considered where the airports are not able to cover fix cost. Further, there should be minimum of atleast three weekly flights to be operated by prospective international airlines.

Encl : As above

Annexure-'A'

Sl. No.	Name of Airport	Aircraft Operating	No. of Parking Stands	Watch Hours (IST)
1.	Ahmedabad	B 747	4 (Code A Type) 5 (B747-34) 8 (ATR) 7 (A320 & B737-9) <u>Int'l Apron</u> 2 (A321) 3 (B747) 1 (A380)	24 hrs.
2.	Amritsar	B 747	1 (767-4) 8 (A340-5) & B744 3 (AB321/B737-9) 2 (B-757-4)	24 hrs.
3.	Coimbatore	A320	2 (B737-8/A320) 4 (B737-9/A321) 1 (ATR)	24 hrs.
4.	Gaya	A320	2 (A320)	1300-1700 (Mon) 1200-1600 (Tue) 0930-1600 (Wed/Thu/Fri/Sat) 0930-0730(Sun)
5.	Guwahati	A300	2 (B737-9 / A321) 3 (A320) 2 (B737-2)	0600-2000 (Daily)
6.	Jaipur	A300 / B757-200	1 (B737-2) 5 (A320) 4 (B767-4) 3 (B737-9/A321) 1 (A300) 3 (B747-4) 3 (ATR)	24 hrs.
7.	Lucknow	A300	5 (A320) 1 (B767-4)	24 hrs.
8.	Mangalore	A310	8 (A321) 1 (ATR) 1 (Dornier)	0600-2200
9.	Srinagar	A300	7 (A320) (2 aerobridges)	0900-1500
10.	Trichy	A320	6 (B737 -8/ A320)	0700-1420 2200-0145 (1,2,3,5,7) 0700-1710 2200-0200(4,6)
11.	Trivandrum	B747	6 (B737-8 / A320) 1 (B747-4) 4 (B767-3)	24 hrs.
12.	Varanasi	A320	6 (A320)	0930 – 1730

