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Airport marketing

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When it comes to the two main customers of an airport – airlines and passengers – marketing is typically associated with finding ways to profitably attract, grow and retain them. Airports were traditionally viewed as natural monopolies with little incentive to influence airlines or passengers through marketing. That view is still held by some (e.g. see Wiltshire, 2018). However, it is increasingly challenged by others (e.g. see Bush and Starkie, 2014; Thelle and la Cour Sonne, 2018), and several books have been published that demonstrate the extent to which airports market themselves (e.g. Halpern and Graham, 2013; Jarach, 2005).

Airport marketing has been encouraged by several factors (Halpern and Graham, 2013). Growing demand for air travel has provided opportunities to compete for new routes and to grow existing ones; the liberalisation of air transport markets has allowed greater freedoms to airlines and a growing expectation for airports to compete for their traffic; travellers have become more experienced and better able to search and book trips online, meaning they have greater access to information and a wider range of airports and destinations to choose from; and in many countries, airports have become more focused on market-driven management practices as a result of growing commercialisation and privatisation. The coronavirus pandemic has almost brought air travel to a standstill. However, marketing, along with any health measures that are introduced, is expected to play a key role in its recovery.

Tools, commonly known as the marketing mix, that are used by airports to market themselves to airlines and passengers are summarised in Figure 1.

The core product of an airport is to offer airlines the ability to land and take off, and to offer passengers the ability to board and disembark an aircraft. For airlines, airports also offer infrastructure and services that are needed to handle an aircraft and its payload (i.e. passengers and cargo). These go some way towards determining which markets an airport can target. For instance, runway length (along with other factors such as altitude) affect the types of aircraft and therefore airline that can be targeted. Airports with smaller runways will need to target airlines operating thin routes (where demand is less strong) with smaller aircraft. Despite this, infrastructure and services such as runways, terminals, and ground handling services are a basic requirement for airlines and do not provide much of a competitive advantage to airports offering similar features. In such circumstances, airports should compete by offering additional benefits such as superior service level agreements (SLAs), which stipulate the levels of service an airline will receive from the airport.

Airports that target multiple types of airline (e.g. full-service, low-cost or leisure), might need to consider segmenting their product by offering separate terminal facilities that are tailored to different types of airline. Kuala Lumpur International Airport did this when opening a new terminal in 2014 called klia2 that is optimised for low-cost airlines.

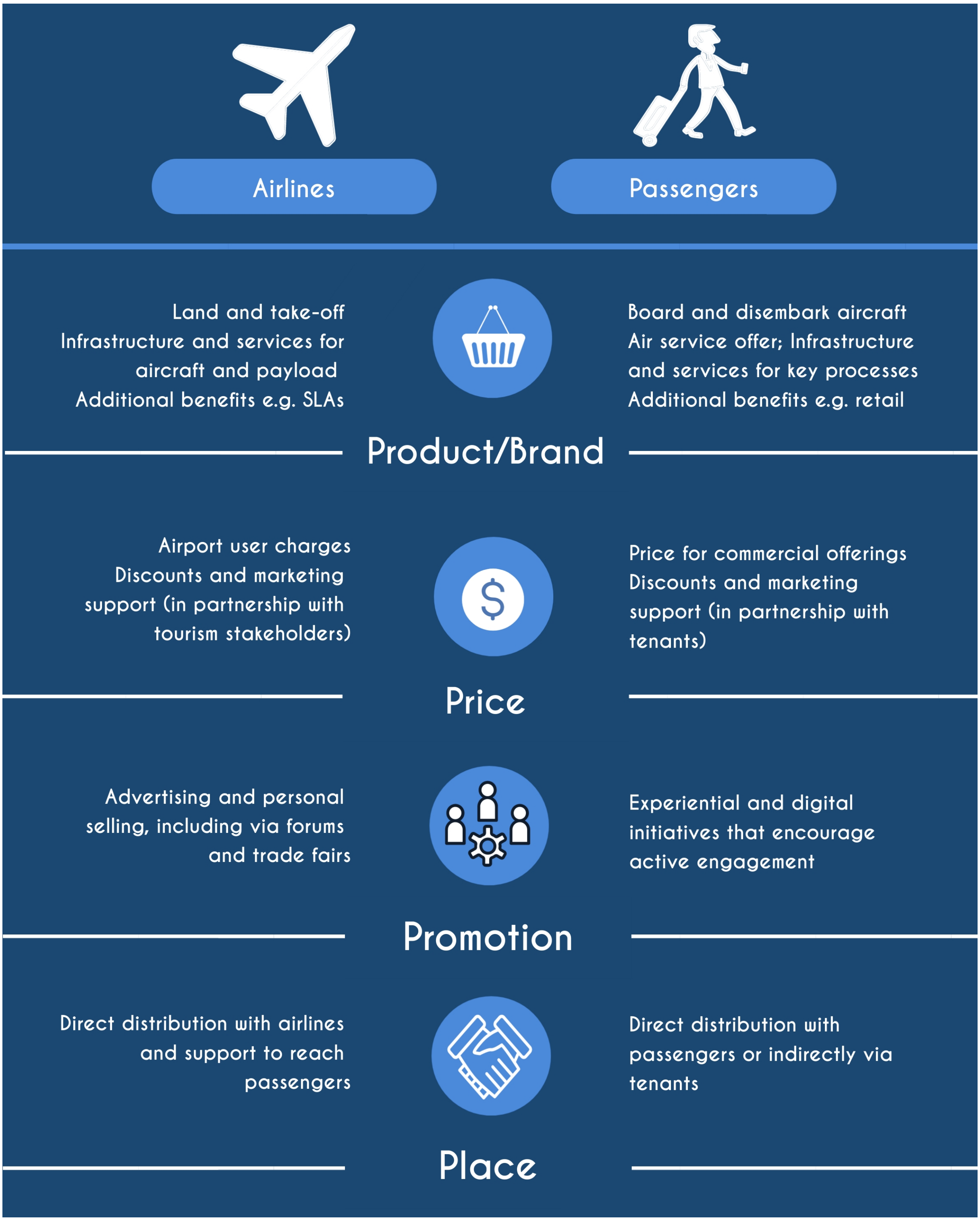

Figure 1. Tools used by airports to market themselves to airlines and passengers.

For passengers, basic infrastructure and services support key processes such as check-in, baggage handling, security, customs and passport control. There is scope for competition here, for instance, by offering digital solutions that improve the passenger journey such as self-service check-in and bag drop facilities, readers that allow travellers to use a digital boarding pass, and biometric options for passport control. There is also scope for competition by offering additional benefits, especially commercial facilities such as car parking, shopping, food and drink, fast track security and airport lounge access. Of course, air services available at the airport are arguably the most important product feature (e.g. airline, timing and frequency of flights, and destinations served).

Branding is often associated with the airport product and has been widely used by airports to create distinctiveness and add tangible cues to what is essentially an intangible product. Branding can also help airports to promote recognition, preference and loyalty among target markets (Halpern and Regmi, 2011). McCarren International Airport serves Las Vegas that is well-known as a destination for gambling. In support of this, slots machines are located throughout the airport, and gaming-themed merchandise is available. However, branding can have negative effects by being too distinctive. Rovaniemi Airport was branded as Santa Claus Airport in 1984 in support of the development of Santa-based tourism in Finnish Lapland. The airport has become a major tourism gateway to the region, but traffic is concentrated in the winter months and at certain times of the day and week, leading to seasonal and inefficient airport operations, and challenges associated with developing demand for year-round services.

In terms of promotion (the media and messages used for marketing communications), airports can use advertising to create awareness and communicate messages to target markets. However, advertising, especially when conducted in offline spaces such as via television, printed media and outdoor displays, tends to communicate general messages to a general audience, and can be costly. When dealing with airlines, personal selling via scheduled meetings and at route development forums and tourism trade fairs is a better and more targeted approach because it allows airports to communicate directly with key decision makers such as airline network planners and the travel trade. For instance, the Spanish airport operator Aena regularly attends Routes, Fitur Madrid, WTM London, ITB Berlin and MITT Moscow to promote its airports.

With passengers, the traditional focus has been on communicating to them but changing consumer trends and new technologies have encouraged airports to focus more on actively engaging with them, for instance via experiential (mainly offline) approaches such as street marketing, and events and micro-events, or via digital (mainly online) approaches such as online advertising, email marketing, mobile marketing, and social media marketing. For instance, Hong Kong International Airport created a mini baggage reclaim hall at a bus shelter in Tsim Sha Tsui in 2018 to showcase the airports new mobile application and smart luggage tag functions, while Kosice Airport recruited influencers in 2017 to livestream trips to destinations served by the airport, where viewers could engage with them (e.g. on social media) to ask questions and suggest activities or excursions for them to do. These types of engagement allow airports to develop more personal, meaningful and long-term relationships with passengers.

Airports using marketing communications to promote themselves as a gateway to a tourism destination are likely to benefit from partnering with local stakeholders such as tourism and regional development agencies in order to pool resources (e.g. to fund advertising and promotional campaigns), develop an integrated approach to regional tourism development, and provide airlines and passengers with a wider overview of the destination and its potential (Halpern, 2019). Similarly, airports will need to partner with their tenants such as retailers when seeking to promote commercial opportunities at the airport such as shopping.

Airports charge airlines to use their services and often offer price incentives such as discounted user charges for new routes, and on a scale that diminishes over time. This is to share the risk of a new route until it becomes more established and commercially viable for the airline. Airports also offer price incentives for airlines to grow existing services or to base their aircraft at the airport. The latter encourages airlines to invest more resources at the airport such as the use of local staff, office space, aircraft hangars and maintenance facilities, and therefore encourages a greater commitment to the airport.

Another way to offer price incentives to airlines is through the provision of marketing support. This recognises that airports are a derived demand and that instead of conducting their own advertising and promotional campaigns, it may be more effective for airports to support campaigns of airlines who have a greater level of brand recognition among travellers and are able to penetrate markets more effectively than airports. Airports use similar approaches to pricing (e.g. discounts and marketing support) for their commercial facilities. In January 2021, Singapore Changi Airport, along with its retail partners, ran a 2xGST (Goods and Services Tax) campaign that offered travellers savings of 2x7% when shopping at the airport.

Regarding place/distribution, airports sell direct to airlines for rights to use the airport. They then rely on intermediaries such as airlines, tour operators, travel agents or travel planning portals to reach potential passengers. However, airports can also support intermediaries by providing online travel planning support to passengers themselves, for instance, via a range of digital channels including the airport website, e-newsletters and social media. This can include links to airline websites, flight or holiday search tools, and information on destinations served by the airport. They can do the same for commercial offerings at the airport by supporting the distribution of products and services of airport tenants, for instance, Oslo Airport offers a click and collect service via its website where passengers can pre-order tax-free shopping, food and drink, electronics and coronavirus related health products such as face masks and sanitizers from a range of airport tenants.

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