Summary

The liberalization of the airline industry in the eighties of the previous century has increased competition between airports in the same catchment area. The European air transport business changed after Ryanair introduced its first flight connection between Dublin and London Luton. Since then, more so-called low cost carriers (LCCs) entered the air transport market, which resulted in a strong price competition between all LCCs and full service carriers (FSCs). The effects of this liberalization have been more radical for airports than for FSCs [Barrett, S.D. 2004]. The airports have to fulfill a number of requirements to satisfy the LCCs, while the FSCs continued its business but with increased competition.

The business model of LCCs is successful in two ways. First of all, many passengers prefer LCCs above FSCs for its cheaper tickets, despite the often longer travel distance to secondary airports. Secondly, (secondary) airports prefer LCCs above FSCs, as LCCs generate more additional non-aeronautical revenues. According to Warnock-Smith and Potter [Warnock-Smith, D. and Potter, A. 2005] the choice of airport for the LCC is a crucial factor for its success. The most important factors for success are high demand for LCC services, fast and efficient turnaround facilities, convenient slot times, and high aeronautical discounts. The table below shows the results of various airports for the airport choice factors.

Airports / Factor	Schiphol Pier H	Charleroi Airport	London Stansted	London Gatwick	London Luton	Airport Weeze
High demand for LCC services	+	++	+	±	+	++
Quick and efficient turnaround facilities	+	++	+	+	+	++
Convenient slot times	-	++	±	-	+	++
Good aeronautical discounts	±	+	±	-	+	++

Table 1: Airport choice factors for compared airports [Warnock-Smith, D. and Potter, A. 2005]

- Not a main focus. ± Neutral. + Important. ++ Very important.

Charleroi Airport and Airport Weeze (both secondary or regional airports) score high on the choice factors and most flights from these airports are of LCCs. A smaller part of LCC flights depart from main airports (hubs) such as Amsterdam Airport Schiphol. LCCs departing from hubs carry mainly business passengers [Gillen, D. and Lall, A. 2004]. Easyjet for example, operating from Schiphol, carries relatively more business passengers than Ryanair, operating from mainly secondary airports. According to De Neufville, LCCs prefer secondary airports for mainly two reasons: First the low charges and secondly the relatively low ground and air traffic control delays due to low traffic [De Neufville, R. 2008].

Generally, LCCs prefer secondary airports above main airport hubs. LCCs are specifically seeking for low airport landing fees and fast turnaround times which these airports can offer. Due to cost consciousness of secondary airports, services level is generally lower than at main hubs. Secondary airports can increase non-aeronautical revenues as passengers spend relatively more in bars and

restaurants. Secondary airports can mainly guarantee fast turnaround times due to fast boarding operations and lower congestion levels.

Currently, landing fees at major hub airports are too expensive for most LCCs. In order to lower cost levels of its airport to fulfil the primary requirement of LCCs, Amsterdam Airport Schiphol has invested in a new low cost terminal. The new low cost H-pier has a significant lower service level than other piers of Schiphol, with fewer shops and without air bridges to board passengers. This is a clear example of a major hub decreasing its landing fees and increasing its efficiency.
Low cost levels are realised by simple designs of the airport, shared boarding gates between airlines and relatively little space per passenger.

The LCC model has been successful to both consumers and shareholders, and is expected to grow further. On the other hand, FSCs have faced increased competition from LCCs and have reacted to this development by decreasing their cost levels, which will allow them to survive [Tretheway, M.W. 2004].