

ASIA-PACIFIC & MIDDLE EAST AIRPORTS

THE OFFICIAL MAGAZINE OF ACI ASIA-PACIFIC & MIDDLE EAST



IN THE SPOTLIGHT: INVESTING IN AIRPORTS

Issue 3, 2023

- Airport profile: Oman's airport system
- Special Report: Singapore Changi's Terminal 2
- Plus: New era for ACI Asia-Pacific & Middle East



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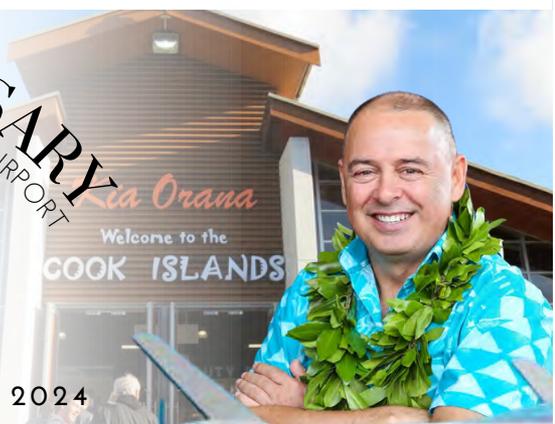
Cook Islands

TE MANA TAURANGA KUKI AIRANI

"Where Journeys begin, and the World comes home."



JAN 29TH 1974 - JAN 29TH 2024



Kia Orana

The Airport Authority Cook Islands (AACI) is proud to be hosting the "Airport Day for Pacific Island Airports" in partnership with the Airport Council International (ACI) Asia Pacific & Middle East, right here in paradise, Rarotonga Cook Islands on the 2-3rd November 2023.

Rarotonga International Airport was officially opened on the 29th of January 1974 by Queen Elizabeth II, where the Cook Islands opened its gates to the world, which is where "journeys began, and the world came home" for all Cook Islanders. To be 'the gateway to the world' for all Cook Islands residents, Rarotonga International Airport administered by the Airport Authority Cook Islands, remains to be one of our nation's greatest achievements.

Our aim is to provide a safe and efficient airport environment that is both welcoming to travellers and commercially attractive for our airline and business partners. AACI is focused on growing revenue, with the number of flights increasing to/from the Cook Islands direct from New Zealand, Tahiti, Hawaii and Australia and has contributed significantly to the recovery of our economy. Emerging out of Covid-19, we look confidently towards a positive future welcoming new airline connectivity both regionally and internationally. By doing so we aim to continue to contribute to the growth and development of our nation.

Therefore, in harmony with this goal, in early 2023 AACI welcomed in their new vision:

"E kaveinga tumanava no te Pacifika ki roto ite tuanga tau-manureva,"
"Leading the Pacific Way in Airports."

This captures the authenticity of our friendly welcome when visitors take their first step out of the aircraft and onto the airport runway, feeling the warm air as they smoothly transition through to collect their luggage, to then being greeted with a fragrant flower garland "ei" and a big 'Kia Orana' smile. As Cook Islanders, we are very proud of our unique airport experience which embraces our genuine Cook Islands hospitality. At the very heart of our organisation are our core values: Faith, Family, Safety, Growth, and the Cook Islands Way. Therefore, Turou, Oromai, we look forward to welcoming you through our friendly Rarotonga International Airport real soon.

Kia Orana e Kia Manuia.



Proud to host and sponsor this years ACI Asia Pacific ~ Middle East Conference 2023

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ACI Asia-Pacific & Middle East (ACI APAC & MID) serves as the voice of 132 airport members, operating 623 airports across 47 countries/territories in Asia-Pacific and Middle East. ACI Asia-Pacific & Middle East is head-quartered in Hong Kong and has a Middle East office in Riyadh (Kingdom of Saudi Arabia). ACI

Asia-Pacific & Middle East represents the collective interests of airport members to promote professional excellence in airport management and operations. ACI Asia-Pacific & Middle East's mission is to advocate for policies and provide services that strengthen its members' ability to serve their passengers, employees and stakeholders.

ACI Asia-Pacific & Middle East key facts:



132
AIRPORT MEMBERS



5
AFFILIATE AIRPORT MEMBERS



623
OPERATED AIRPORTS



9
ASSOCIATE MEMBERS



47
COUNTRIES/ AREAS



102
BUSINESS PARTNERS

In 2022, Asia-Pacific and Middle East airports handled 2.09 billion passengers and 49 million tonnes of cargo.



49
MILLION TONNES OF CARGO



2.09
BILLION PASSENGERS

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CONFERENCE & EXHIBITION

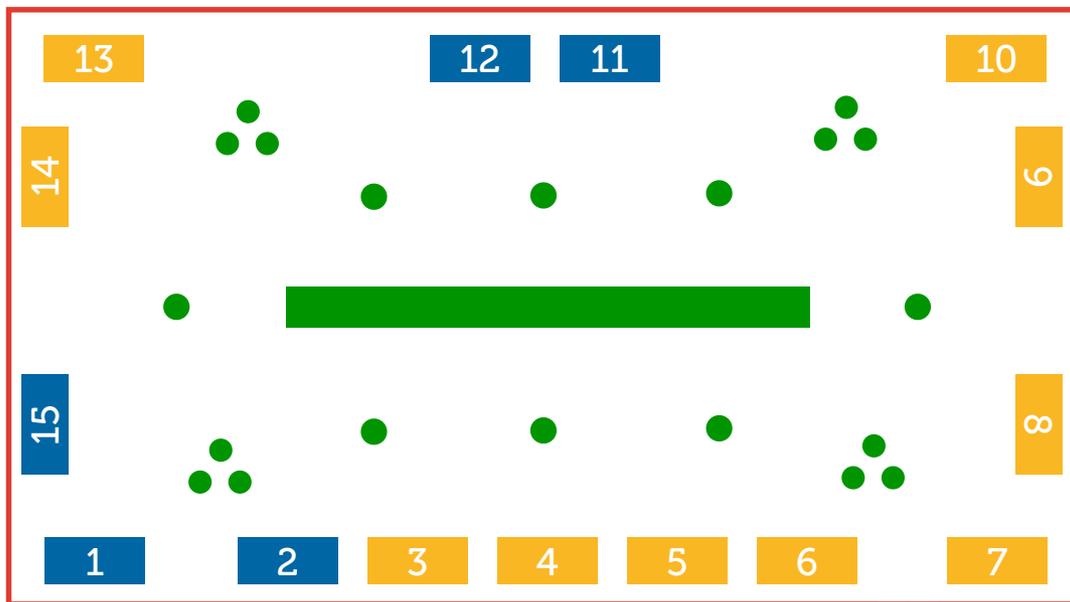
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1

11-12

15



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VIEW FROM THE TOP

ACI Asia-Pacific & Middle East director general, Stefano Baronci, reflects on the rebranding of the region, the latest connectivity, traffic and economic trends, and looks forward to future events.

The last quarter was indeed historic for us as ACI Asia-Pacific has expanded its reach and influence, officially becoming ACI Asia-Pacific & Middle East (ACI APAC & MID).

This development aligns seamlessly with the recent inauguration of the Middle East office in Riyadh, demonstrating our commitment to inclusivity and elevating the role of the Middle East within the global aviation ecosystem.

Our new identity is guided by an ambitious vision: “Putting Asia-Pacific and Middle East Airports at the forefront of global aviation.” The vision is complemented by our new value proposition, “A journey of a thousand miles begins with thousands of airport smiles.”

This reaffirms our position that everything we do and every decision we make boils down to one fundamental goal: ensuring a happy passenger experience at airports.

The change reflects our readiness and steadfast commitment to expanding our reach and engaging with airports across the Asia-Pacific and Middle East regions.

By including the Middle East in the title, we will be better positioned to help our members access the latest industry developments and best practices and provide them with the necessary resources to make their airports more competitive and sustainable.

Additionally, this new name will help create a stronger and more unified identity for our association. The Middle East is a global hub for aviation, yet the region has its own challenges. Our expanded mandate and newly inaugurated Riyadh office are our pledge to address these issues and to provide the Middle East with the recognition and prominence it deserves.

We took the opportunity of the opening of Riyadh office to announce the findings of our new *Airport Connectivity Report* (See Page 40 for a more in-depth report).

The report paints a bright picture for the Middle East, with air connectivity surging by +26%, in stark contrast to the 38% decline observed in the Asia-Pacific. Remarkable progress can be seen at airports like Dubai (DXB) and Doha (DOH), with Hamad International Airport making a spectacular leap from 14th to 2nd place since 2019.



CONNECTIVITY TRENDS IN 2023

The number of domestic routes shows strong growth (+16%) in South Asia, and full recovery in Developed and Emerging East Asia. The Middle East and Oceania remain somewhat below the 2019 levels (at 88% and 94%, respectively), while South East Asia appears to have stabilised at around 73% of its 2019 domestic route connectivity.

This is mainly due to consolidation in the Indonesian market, where the 2023 number of domestic routes served is 59% of the 2019 levels. Internationally, route connectivity is recovering strongly in 2023, reaching 86% of 2019 levels compared with 56% in 2022. Most notable is the Emerging East Asia (China) recovery from just 4% in 2022 to 56% in 2023.

TRAFFIC RECOVERY & FORECAST

Looking ahead, by the close of 2023 we anticipate the Asia-Pacific region reaching 2.9 billion passengers, representing 87.3% of the 2019 level. With the uncertainty from both upside and downside factors, the region is expected to reach approximately 3.4 billion passengers, or 99.5% of the 2019 level, in 2024.

The Middle East region was the fastest-recovering market in 2022. This year, the region is predicted to continue its recovery and reach 394 million passengers, or 96.8% of the 2019 level. In 2024, the passenger number is projected to be 429 million, or 105.4% 2019's traffic levels. This forecast may be impacted by the economic circumstances of neighbouring markets.

ECONOMIC PERFORMANCE

In terms of economic performance, the heartening news is that with rapid traffic recovery in H1 2023, airports in the Asia-Pacific region have returned to profitability for the first

time since Q1 2020. EBITDA profit margins have rebounded impressively from -11% in Q4 2022 to +28% in Q2 2023, while net profit margins have recovered from -14% in Q4 2022 to +18% in Q2 2023.

AIRPORT DAY

We are excited about the opportunity to meet our members and industry stakeholders from the Pacific Islands at an upcoming new event called Airport Day.

The two-day event, set to take place in the Cook Islands on November 2-3, 2023, is designed to help airports in the Pacific Islands with capacity building in the areas of air route development, aviation security and facilitation, and environmental sustainability.

We are extremely grateful to our host, the Airport Authority of the Cook Islands, for providing us all with support in putting this event together.

AIRPORTS INNOVATE

As the magazine went to press, we were about a month away from the launch of our newest event, Airports Innovate, which will take place in Muscat, Oman, on November 20-22 and showcase some of the latest pioneering innovations within the aviation industry.

We are absolutely thrilled about the event, which we know will prove a huge success as we have curated a dynamic programme, brimming with influential speakers who are experts in their respective fields.

They will bring a wealth of knowledge and different perspectives with them, making it a must attend event. Airports Innovate is your gateway to the forefront of aviation innovation. I look forward to seeing you in Muscat!

INDUSTRY NEWS

We provide a snapshot of some of the latest news stories from across Asia-Pacific and the Middle East.



ABU DHABI'S NEW TERMINAL TO OPEN IN NOVEMBER

As *Asia-Pacific and Middle East Airports* magazine went to press, the final operational readiness trials were taking place in Abu Dhabi International Airport's new state-of-the-art Terminal A ahead of its November 1 opening.

More than 6,000 locals have taken part in the trials for the new terminal, which is expected to transform travel to the UAE gateway and boost Abu Dhabi's position as a global hub for trade and business.

Covering a total area of 742,000sqm, Terminal A will be among the largest airport terminals in the world and will significantly increase Abu Dhabi International Airport's passenger and cargo capacity.

For, once operational, the new terminal will be capable of accommodating up to 45 million passengers per year. It will also be able to process 11,000 travellers per hour and allow the airport to simultaneously handle nearly 80 aircraft aircraft at any given time.

According to the airport, the design of Terminal A blends modern, lightweight aesthetics with "functional brilliance". In line with the UAE's sustainability aspirations and targets, the

building features energy-efficient lighting, advanced Heating, Ventilation and Air-Conditioning (HVAC) systems and has incorporated sustainable materials in its construction.

A fully integrated solar photovoltaic system has been installed on the roof of Terminal A's car park, which currently powers a three-megawatt (MW) plant that is saving nearly 5,300 tons of CO2 annually.

Terminal A's facilities will include a relaxation zone and 163 retail and food and beverage outlet designed to cater to all tastes and pockets.

His Excellency, Sheikh Mohammed bin Hamad bin Tahnoon Al Nahyan, chairman of Abu Dhabi Airports, said: "As Abu Dhabi's new gateway to the world, Terminal A is an embodiment of Abu Dhabi Airports' commitment to support the emirate's sustainable economic development.

"The opening of the facility, which is on a par with the largest and grandest terminals on our planet, turns over a new page in Abu Dhabi's 55-year aviation history. A beacon of modernity and sophistication, it will be a pivotal driver for our emirate's growth by spurring tourism and trade."

KUALA LUMPUR AND INCHEON CEMENT MEGAHUB STATUS

Kuala Lumpur is the most connected airport in the Asia-Pacific region and the fourth most connected in the world, according to OAG's newly released Megahubs 2023 data.

Tokyo Haneda (5th) and Incheon (8th) are the only other ACI Asia-Pacific and Middle East gateways to make the global Top 10, although the region is better represented in the 11-20 rankings with Bangkok Suvarnabhumi (11th), Singapore Changi (13th), Manila-Ninoy Aquino (15th), Dubai International (16th) and Jakarta Soekarno-Hatta (19th) making the cut.

DXB's ranking ensures that it maintained its status as the best-connected airport in the Middle East and Africa.

The Top 20 Global Megahubs show an even spread of connectivity, with six located in the Europe, Middle East and Africa region, six in North America, and seven in Asia-Pacific.

"OAG Megahubs demonstrates the enduring vitality of international connectivity," said John Grant, chief analyst of OAG.

"From London Heathrow's resurgence to the impressive ascent of Asian hubs like Kuala Lumpur, these findings underscore the resilience and adaptability of airports worldwide."



PERTH UNVEILS PLANS TO GROW REGIONAL TRAFFIC

Perth Airport has started work on three key projects in the Airport Central precinct that will help cater for Western Australia's growing regional aviation sector.

These works come off the back of almost 550,000 intrastate travellers passing through Perth Airport in August – the highest single month regional passenger number on record.

The projects include expanding the current Terminal 2 apron, building a new maintenance hangar for VARA – Virgin Australia Group's regional and charter flying operation – and the development of a new Aviation Support Precinct to provide additional aviation support facilities for airport operators.

Acting CEO of Perth Airport, Kate Holsgrove, enthused: "Perth Airport's continuous and efficient operations are crucial

for the viability of the A\$83 billion WA resource sector. Following the last resources boom, the opening of Terminal 2 (T2) in 2013 made a significant impact on how efficiently the airport operated, creating more capacity and a greatly improved customer experience.

"Since opening more than 10 years ago, the terminal has experienced a 54% increase in passenger numbers. The apron has now reached capacity with aircraft parking on taxiways overnight to be ready for the early morning peak departures.

"Based on the demand of our airline partners, we will deliver an additional six remote parking positions by early next year and we are also looking at delivering an additional 11 positions, providing 55 parking positions for T2 in the future – providing a 45% increase in capacity."

SAUDIA ARABIA'S NEW RED SEA AIRPORT HANDLES FIRST FLIGHTS

On September 21, a Saudia flight from Riyadh became the first aircraft to operate to Saudi Arabia's new Red Sea International Airport (RSI), which is being developed by Red Sea Global (RSG) as part of the creation of a new luxury tourism destination.

The airline recently signed an agreement to serve RSI and will now operate twice-weekly services to the new gateway from Riyadh's King Khalid International Airport.

The agreement with Saudia also provides a framework for RSG, RSI operator, daa International, and the airline to undertake joint research on the use of Lower Carbon Aviation Fuel (LCAF) and Sustainable Aviation Fuel

(SAF) at the airport. According to RSG, the use of electric vertical take-off and landing jets (eVTOL) to reduce emissions from air travel to the Red Sea will also be evaluated.

"We promised to make the Red Sea a place where people from all around the world would come to experience the best of Saudi culture, hospitality, and nature," enthused RSG's group CEO, John Pagano.

"Now, with the first flight touching down at Red Sea International Airport, and our first resorts receiving bookings, Saudi Arabia's position on the global tourism map is all but secured."

REGIONAL UPDATE

Manager for communications and brand marketing, Yuman Lau, rounds-up the latest news and developments for ACI Asia-Pacific & Middle East.

NEW RIYADH OFFICE AND REBRANDING AS ACI ASIA-PACIFIC & MIDDLE EAST



What an incredible quarter it has been, marked by a significant milestone. We launched our new Middle East office in Riyadh, the Kingdom of Saudi Arabia. In line with the launch, we have rebranded our association as ACI Asia-Pacific & Middle East (ACI APAC & MID).

The launch event was graced by the Minister for Transport for the Kingdom of Saudi Arabia, and key airport members from the Middle East, who together opened the doors to the new ACI APAC & MID Office.

Furthermore, we had the privilege of announcing the findings of the *Airport Connectivity Report*, followed by a discussion on what Middle East airports can do to address climate change.

The decision to open an office in the Middle East and rebrand as ACI APAC & MID was taken as it was felt that both initiatives were necessary to truly reflect the regions that the association serves and allow us to better

cater to the needs of our Middle Eastern and Asian members by customising our programmes. The Middle East office will work closely with ACI APAC & MID's headquarters in Hong Kong.

Guided by a new vision 'Putting Asia-Pacific and Middle East Airports at the forefront of global aviation', ACI APAC & MID will aim to better position itself in the rapidly evolving aviation market and advocate for the region's interests on the global stage.

The aviation industry in the Middle East has been one of the fastest-growing and most dynamic in the world over the past two decades, driven by factors such as favourable geographic location, government support, and investments in modern infrastructure and technology.

The rebranding aims to recognise the importance of the region and our airports within the integrated structure of the association.



Suleiman AL Bassam, Board Advisor to ACI APAC & MID & president's advisor for governance and executive projects for the General Authority of Civil Aviation (GACA) Saudi Arabia, delivered a warm welcome at the opening ceremony for the Riyadh office.





In essence, the new name aims at more accurately representing the diversity of the airports and aviation markets within our membership, which is important for effective advocacy and representation.

It will also help raise awareness and visibility of the organisation among key stakeholders, including government agencies, industry partners, and the general public.

Commenting on the strategic decision to rebrand the association, Stefano Baronci, director general of ACI APAC and MID, said: “The COVID-19 pandemic pushed us to re-invent ourself and create a new framework to meet the changing environment.

“This way we will enhance our service through a balancing act between leveraging the value of an international network and tailoring our services to the local needs.”

He noted that the initiatives will allow the association to strengthen its ties with small airports along with successful hubs, adding that ACI APAC and MID is taking a bold step forward to better serve our members in the Middle East.

The DG also revealed the association’s new value proposition, “A journey of thousand miles begins with thousands of airport smiles”, reiterating the fact that everything ACI APAC and MID does and every decision it makes boils down to one fundamental goal – ensuring a happy passenger experience at airports.

H.E Saleh bin Nasser Al-Jasser, Ministry of Transport and Logistic Services, Kingdom of Saudi Arabia, delivered the key note at the opening of the new office in Riyadh.



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Sarah Samuel
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* WGB member
**Regional Advisor on WGB



The launch was followed by an informative discussion on Climate Change and how Middle East Airports are addressing the challenge.

In one session, moderated by Dr Panagiotis Karamanos, a senior advisor for ACI's Airport Carbon Accreditation (ACA) programme, the speakers shared their knowledge and experience on the measures being adopted to tackle the global issue.

Sheikh Aimen Al Hosni, CEO of Oman Airports; Mohammed Yusif Al-Binfalah, CEO of Bahrain Airport; and Alpros Mohammad Hamzouq, quality, safety and risk management director for Airport International Group (AIG), shared perspectives on some of the key environmental challenges ahead airports across the Middle East and wider world.

ACI APAC & MID also seized the opportunity to announce the launch of its *Airport Connectivity Report*.

Developed in partnership with PwC, the report measures passengers' ability to access the global air transport network, capturing both direct and indirect routes, and also factoring in the quality of service of each

connection, such as destination choice, service frequency, onward connectivity and price, contributing to the passenger experience.

It covers a sample of 100 airports that account for almost 60% of the combined passenger traffic in Asia-Pacific & Middle East in 2019.

As you would expect after such a milestone event, a few thank yous are in order. We would first like to express our gratitude to all those who joined us in Riyadh for the launch of our Middle East office.

A special thank you is also owed to MATARAT for their exceptional efforts towards the success of the opening ceremony.

And, finally, ACI APAC & MID would like to show our appreciation to Riyadh Airports for supporting us by providing human resources through secondeed arrangements.

As we begin this new chapter here in Riyadh, we are filled with excitement at the opportunity to serve our members. Thank you all for being part of this transformative journey!

CUSTOMER EXPERIENCE GLOBAL SUMMIT IN INCHEON



Director general, Stefano Baronci, had the honour of delivering some opening remarks at the ACI World Customer Experience Summit in Incheon, Republic of Korea, in early September.

In his presentation, he highlighted the pressing need for airports and the aviation industry in general to offer a world-class airport experience as air travel returns to pre-pandemic levels, indicating a brighter outlook.

The DG emphasised that success in the aviation industry is not only defined by efficiency, but rather by the smiles and satisfaction of our passengers. Therefore, it is imperative to embed a customer-centric culture into the heart of airport operations.

He also took a moment to applaud Incheon International Airport Corporation for its remarkable feat of achieving ACI Customer Accreditation Level 5 – the top tier of the programme.

Let's continue to work together to ensure that the airport experience is seamless and memorable for all.

Move Towards to Your Dreams We are Ready to Take You Higher

As one of the best aviation training centers in Northeast Asia, Incheon Airport Aviation Academy (IAAA) has offered comprehensive training programs for over 9,400 aviation professionals from 150 countries since 2008.

> Join us and take your aviation career to the next level.



Incheon Airport Aviation Academy



2022
1st ICAO-ACI dual recognition
IATA Regional Training Partner



2019
IATA Training Center



2011 & 2014
ICAO TRAINAIR PLUS full member &
Regional Training Centre of Excellence



2007
ACI Global Training Hub

EMPHASISE ON GROWING IMPORTANCE OF INNOVATION AND TECHNOLOGY IN AIRPORT SECURITY OPERATIONS

ACI Asia-Pacific & Middle East plays an important and active role in representing and promoting airports' interests through ICAO in the area of aviation security.

Most recently we presented a working paper to emphasise the growing importance of leveraging innovation and technology to ensure the long-term sustainability of airport security operations.



STRENGTHENING ADVOCACY IN AVIATION SUSTAINABILITY

As part of the proactive aviation decarbonisation efforts, Ken Lau, our senior manager for the environment and airport information technology, virtually participated in the EU-SEA CCCA CORSIA Workshop in Jakarta, Indonesia, on Sustainable Aviation Fuel (SAF) development and Green Airport.

Speaking about the 'Provision of SAF at Airport', Lau reiterated the efforts of airports in decarbonisation, the importance of SAF at airports and how SAF could be implemented at airports. The aim is to create awareness to industry stakeholders on enhancing the awareness of SAF uptake and infrastructure so as to facilitate SAF.

AIRPORT DAY

We are excited to introduce Airport Day, a two-day event, designed exclusively for Pacific Island Airports. Join us for engaging discussions and workshops focused on key areas that are paramount to the success of your airport. The new initiative is tailored to the needs of Pacific Island Airports.

Hosted by the Airport Authority of the Cook Islands in Rarotonga on November 2-3, the Airport Day aims to assist Pacific Island Airport members enhance their capacity on various topics of interest to them. We believe it will serve as a valuable tool for airports seeking to expand their knowledge on airport-related matters, foster better communication with national and local governments, and engage with the communities in their respective areas of influence.

Visit <https://aci-asiapac.glueup.com/event/airport-day-for-pacific-island-airports-85415/> for more details.

CHINA AIRPORT SERVICE CONFERENCE IN BEIJING

SL Wong, our director for technical and administrative affairs, spoke on behalf of ACI Asia-Pacific & Middle East at The 8th China Airports Service Conferences in Beijing, and shared insights about some of the best practices being adopted by the region's airports as they bid to meet the evolving expectations of travellers in the post-pandemic era.

With traffic bouncing back to pre-pandemic levels, the need for airports to up their game and enhance the customer experience across their facilities grows even more pressing.

In this regards, ACI's Customer Experience Accreditation programme continues to provide benchmarking and exchange of best practices.

China's aviation market is expected to contribute 21% to the additional growth in global passenger traffic over the next two decades. This underlines the importance of sharing best practices in the aviation industry.



SAVE THE DATE – 2024 ACI WORLD ANNUAL GENERAL ASSEMBLY



We've entered into a joint MoU with Riyadh Airports and ACI World for the 2024 ACI World Annual General Assembly.

Stefano Baronci, DG of ACI Asia-Pacific & Middle East, Luis Felipe de Oliveira, DG of ACI World, and Musad Aldaood, CEO of Riyadh Airports, signed the MoU in Riyadh. This is a significant step that lays the groundwork for the ACI WAGA, an important global gathering of airport leaders.

Hosted by Riyadh Airports, WAGA 2024 will take place from May 21-24, 2024, in Riyadh, Kingdom of Saudi Arabia. We look forward to welcoming aviation leaders from all over the world to what will be a memorable experience for all.

AIRPORTS INNOVATE

Brought to you by ACI Asia-Pacific & Middle East, ACI EUROPE and ACI World, Airports Innovate will take place in Muscat, Oman on November 20-22, 2023. The event is hosted by Oman Airports.



Key Panels:

- eVTOL – a new way to fly
- Airport Innovation Hub
- Artificial intelligence
- Aviation in metaverse
- Brand Strategy and Innovation
- Innovation on digital transformation

Meet the tech giants from:

- Amazon Web Services
- Google
- IDEMIA

Speaker line-up:

- Design of Future Airports from Massimiliano Fuksas, founder of Studio Fuksas
- Symbiosis of Human and Nature in an Airport Space from Charu Kokate, senior partner at Safdie Architects

This is just a glimpse of the thought-provoking discussions you can expect at Airports Innovate 2023. [Click here](#) to see more.

Don't miss out on this exceptional opportunity to gain insights from prominent leaders in airport business, design, technology, and innovation. Register now at <https://bit.ly/3OwoMrc>

EVERYONE'S A WINNER!



ACI World director general, Luis Felipe de Oliveira; Incheon Airport CEO, Hag-jae Lee; and ACI World chair and CEO of Oman Airports, Sheikh Aimen Al Hosni, at September's ACI Customer Experience Global Summit.

The theme of the event was 'Empowering the airport community for a customer-centric culture, which comprised two days of lively debate and discussion and the always spectacular Airport Service Quality (ASQ) Awards ceremony.

This year 144 ASQ Awards were won by 75 airports, many of which are located in Asia-Pacific and the Middle East.

YOUNG EXECUTIVE AWARD 2024 NOW OPEN FOR ENTRIES



We are delighted to announce that the ACI Asia-Pacific & Middle East Young Executive Award 2024 is now open for application.

The topic for the 2024 award programme is 'The Collaboration of Airport Stakeholders on Promoting Cyber-Security Culture'.

The Young Executive Award is an opportunity to transform your knowledge into actionable solutions for addressing challenges faced by the aviation sector in our region. If you are passionate to share your thoughts on collaboration of airport stakeholders on promoting cyber security culture, we invite you to submit your papers before the December 22, 2023, deadline for submissions.



SPOTLIGHT ON OMAN

Sheikh Aimen Al Hosni, CEO of Oman Airports, talks to Joe Bates about the evolution and development of his country’s airport system.

CAN YOU TELL US A LITTLE MORE ABOUT OMAN’S AIRPORT SYSTEM?

We operate four commercial airports, Muscat (MCT), Salalah (SLL), Duqm (DQM) and Sohar (OHS), and separately operate and manage a number of Petroleum Development Oman (PDO) airports to support the oil and gas industry’s transportation needs.

Each of our airports in Oman plays a distinct role within the country’s airport system. Muscat Airport is arguably the jewel in the crown of our airports as it is the biggest airport in Oman and our main international gateway, facilitating international travel and connecting the Sultanate of Oman to the world through national carriers, Oman Air and SalamAir.

Salalah plays a pivotal role as the main tourist airport catering to the growing tourism sector and welcoming visitors to Oman’s southern region. Duqm and Sohar primarily serve as smaller domestic and regional markets supporting local and regional connectivity needs.

Oman’s PDO airports are part of the Petroleum Development Oman network. Oman Airports plays a crucial role in managing and operating these airports ensuring their efficient and safe operation.

Our involvement includes overseeing various aspects such as infrastructure maintenance, air traffic management, and airport services to facilitate their operations. Our target is to expand our footprint and expand our airport portfolio network and creating synergies and economy of scales.

HOW IMPORTANT IS OMAN’S AIRPORT SYSTEM TO THE ECONOMIC GROWTH AND DEVELOPMENT OF THE COUNTRY?

I’m sure that my words would be echoed by airport leaders across the world when I say that all airports are important to the regions and countries they serve in terms of their connectivity and economic and social impact, and our airports are no exception.

Oman’s airport system is a key contributor to the country’s economic growth and development. Our primary mandate at Oman Airports is to enable the tourism and logistics sectors in Oman, which are fundamental economic drivers that will help diversify the national economy in Oman. We have made significant strides in this regard by growing the number of airlines that serve our airports and expanding the route network from Muscat and Salalah, in particular, which have improved the connectivity of Oman to the world.



As you might expect, Oman Airports plays a crucial role as a job generator in the Omani job market, and we are committed to developing our human capital to become a future aviation leader. I am proud to say that we are one of the leading companies in Oman when it comes to investing in the training and development of our staff and enhancing the quality of the Omani labour market. Indeed, we strive to be the employer of choice in Oman, which will help us to attract and retain the best talent.

WHERE ARE OMAN'S AIRPORTS IN TERMS OF THEIR RECOVERY FROM THE GLOBAL PANDEMIC?

We are getting there! I would describe the recovery as robust as passenger traffic across our airport system is now back to 75% of pre-COVID levels and Salalah Airport has achieved a complete recovery. Muscat Airport is making significant strides along its path to recovery, and I expect its passenger numbers to be back to 2019's level in the coming years.

To put this in perspective, our airports were closed for six months during the height of the COVID pandemic. The closure proved a significant challenge, but we managed to maintain our workforce. In fact, as a company we made a deliberate effort to ensure that our workforce remained employed and available for the eventual recovery phase. This commitment to our employees has been a key factor in our successful resumption of international flights without major staff issues.

HOW MANY PASSENGERS DID YOU HANDLE AT MUSCAT AIRPORT IN 2022 AND WHAT IS THE FORECAST FOR THIS YEAR?

We handled 8.6 million passengers at Muscat Airport in 2022, which was more than double the 3.7 million that passed through the airport in 2021. If you remember, MCT welcomed an all-time high of 16 million passengers in 2019, which dipped to 4.0 million in 2020 and the low of 3.7 million the following year. This year we are on target to accommodate around 12 million passengers in Muscat.

HOW BIG A DIFFERENCE HAS MUSCAT'S NEW TERMINAL MADE TO THE AIRPORT'S OPERATIONAL EFFICIENCY AND THE PASSENGER EXPERIENCE?

The 2018 opening of Muscat International Airport's new terminal transformed the airport and opened new growth horizons. The new 580,000sqm terminal has initially raised MCT's capacity to 20 million passengers per annum, in the process, significantly improved the airport's operational efficiency, taking the passenger experience to another level. The facility has modernised and expanded our capacity allowing us to better accommodate the growing number of passengers while providing a more comfortable and efficient journey for all passengers.

WHO ARE THE BIGGEST AIRLINES IN TERMS OF MARKET SHARE AT MCT TODAY?

After the national carriers Oman Air and Salam Air, flydubai is a key player as it has continued to grow in MCT, aided by its vast network and support of code-share carrier, Emirates.



High demand for travel to the Indian subcontinent also means that Air India, Air India Express, Indigo, and Pakistan International Airlines (PIA) are among the biggest operators in Oman.

The Oman News Agency recently reported that Oman Air and SalamAir had signed a memorandum of understanding (MOU) “to enhance various aspects of co-operation and develop and implement a joint commercial strategy in the field of air transport”. The article said that the rival carriers had agreed to explore ways to co-ordinate their networks to create greater operational efficiency and to work on areas such as destination planning, schedules, fleet and inventory management, and managing revenue and sales.

HOW IMPORTANT IS OMAN AIR TO THE SUCCESS OF MCT AND OMAN’S OTHER AIRPORTS?

Oman Air is currently responsible for around 50% of our total traffic volumes. The total highlights its importance to us and the significant role it plays in our daily operations and overall success.

HOW SERIOUSLY DO YOU TAKE GOOD CUSTOMER SERVICE?

Anybody that knows me, and indeed the Omani people, will know that the delivery of good customer service is a never-ending mission for us. For this reason, we continually prioritise enhancing the passenger experience. Possibly the most standout initiative for us in terms of customer service innovation is the launch of single token travel through embracing new, cutting-edge technology for automated passenger processing. Everything we do is influenced by the desire to make the passenger journey smoother and more convenient.

I should probably make it clear that we have heavily invested in enhancing the quality of services for our passengers, and our efforts have gained international recognition. These include MCT being named the Best Airport in the 15 to 25 million passengers per annum category for the Middle East in ACI’s Airport Service Quality (ASQ) Awards for 2022. Salalah Airport also triumphed in the ASQ Awards, being named as the Best Airport in the Middle East handling less than two million passengers per annum as well as for having the ‘Most Dedicated Staff’ and for offering the ‘Easiest Airport Journey’ in the Middle East. These achievements further underscore our unwavering commitment to delivering outstanding services across all our airports.

IS OMAN AIRPORTS’ COMMITTED TO THE SUSTAINABLE DEVELOPMENT OF ITS AIRPORTS?

We may not be a pioneer in this area, but we are fully committed to the sustainable development of our airport system and are committed to achieving net zero emissions by 2050.

We are currently establishing the baseline for our new long-term environmental, social, and governance (ESG) roadmap. Our efforts include significant initiatives in energy optimisation and the proactive exploration of solar energy.

On an individual airport basis, Salalah has achieved Level 3 ‘Optimisation’ and Muscat and Duqm Level 1 ‘Mapping’ status respectively in ACI’s Airport Carbon Accreditation programme. These achievements are proof of our commitment to reducing our carbon footprint



and promoting the sustainable development of the aviation industry. We would like to thank the teams at each airport and across the company for making the recent ACA successes possible.

WHAT IS YOUR ROUTE DEVELOPMENT STRATEGY AND DOES THIS DIFFER BY AIRPORT?

We want to expand the route networks of all our airports and have different strategies for each because, as previously stated, all serve very different markets.

Salalah is a well-known leisure and tourism destination for all GCC citizens and residents during the Khareef season, while the beautiful white sands, relaxing resorts, and preserved nature are a unique attraction for the European winter getaway. This unique appeal recently persuaded flynas to launch flights to Dammam, Jeddah and Riyadh in the Kingdom of Saudi Arabia.

For MCT, we managed to attract a new airline (AirSial) this year and have a few more in the pipeline as our teams are working tirelessly to increase the number of international destinations served from the capital. We will continue to attract additional business regardless of the challenges that many airlines are facing in terms of aircraft deliveries, engine issues, and the shortage of pilots.

HOW IMPORTANT ARE SENSE OF PLACE FACILITIES AND RETAIL/F&B OFFERINGS TO OMAN AIRPORTS?

Sense of place facilities and retail/F&B offerings are key contributors when it comes to enhancing our passenger experience and also promoting the local culture, so will always be a consideration for us when upgrading or expanding our facilities.

ARE YOU STRIVING TO DEVELOP THE CARGO SIDE OF THE BUSINESS?

Cargo development is a priority for us, even with such strong competition as Dubai International Airport (DXB) on our doorstep. MCT's CEIV Pharma and CEIV Fresh status has played a significant role in supporting our cargo capabilities and attracting businesses looking for reliable and specialised cargo handling.

WHAT COMES NEXT FOR OMAN'S AIRPORTS IN TERMS OF YOUR VISION 2040?

Our next steps involve continued infrastructure investments to align with Vision 2040 goals, along with airport land development for diversification and competitiveness. Notably, we completed Phase 1 of Logistic Gate last year and plan to finish the remaining phase next year. This will help us position Oman Airports as a key enabler of economic growth in the state.

Logistics Gate, launched with DHL Express, is one of a number of strategic initiatives we are introducing to stimulate economic growth. We believe that the move is a major milestone that will pave the way for us to tap into the logistics market, and we have exciting plans to develop real estate around MCT and Salalah Airport to further expand our business activities and transform Oman Airports into an eco-friendly airport operator.

Moreover, in collaboration with our shareholder, we are actively exploring potential investments in growth markets outside Oman, aligning with our commitment to fostering economic development and expansion.



AMBITION SPEAKS VOLUMES

Incheon International Airport is to ramp up its efforts to enhance its logistics operations in a bid to become the leading logistics hub in Northeast Asia, writes Joe Bates.

New CEO, Hag-jae Lee, has wasted no time in outlining plans to take logistics services at Incheon International Airport (ICN) to new heights, with the ultimate goal being the creation of “a smart logistics cluster” at and around the gateway.

The new focus on logistics is seen as an essential move towards the creation of a fully integrated megahub.

The initiative will prioritise several key areas, such as the development of a smart cargo terminal, a Joint Distribution Centre for Small and Medium-sized Enterprises (SMEs), expansion of the global network, and the attraction of air cargo and logistics specialists, including e-commerce and 3PL companies.

It is hoped that the move will help the airport craft new strategies to boost customer satisfaction and encourage collaborative growth with business partners that include logistics companies and the airlines.

The ever evolving landscape of the logistics sector, characterised by an increase in the value of logistics services, the integration of advanced technologies and growth of borderless e-commerce, are said to be some of the key reasons behind the new strategy.

According to operator, Incheon International Airport Corporation (IIAC), Lee’s leadership “promises to infuse fresh vitality into the airport’s logistics operations” that will fulfil his vision of establishing Incheon as a global logistics hub.”

PAVING THE WAY FOR THE SMART CARGO TERMINAL PROJECT

Incheon International Airport states that it is steadfast in its commitment to the development of a smart cargo terminal based on future-forward technology, aiming to boost its competitive stance in air cargo and logistics.

Through Business Process Reengineering (BPR), the airport is partnering with experts from Korean Air and Asiana Airlines to formulate future operating processes for the smart cargo terminal.

These new procedures, it says, will integrate Fourth Industrial Revolution technologies, such as unmanned robots, artificial intelligence, big data, and autonomous driving.

A pilot project set to be operational by 2027 will assess the suitability of IT technology for cargo terminal operations and steer the development of a smart cargo terminal.

ENHANCING CUSTOMER CONVENIENCE THROUGH DIVERSE INFRASTRUCTURE

The Incheon International Airport Free Trade Zone encompasses an airport logistics complex and cargo terminal area that ensure a competitive environment for tenants through efficient customs procedures, duty-free benefits, and a range of incentives.

Companies situated in this zone enjoy the freedom to conduct manufacturing, logistics, and trade activities without hindrance, alongside perks such as reduced rental fees and deferred customs duties.



“As a vital component of the airport’s ongoing ‘Air Cargo Incentive Program’ aimed at increasing air cargo volumes, this initiative successfully attracted around 150 representatives from 61 Vietnamese forwarding and logistics firms,” noted IIAC.

Looking ahead, ICN plans to hold joint information sessions with FedEx later this year and initiate online marketing campaigns in collaboration with China Airlines and UPS.

Through these “continuous discussions”, the airport plans to broaden its collaborative marketing efforts with an increasing number of clients in the near future.

STIMULATING GROWTH IN NEW CARGO SECTORS

As part of its mission to increase cargo volumes, the airport says that it will “focus on extending substantial support to emerging growth sectors in the cargo industry”.

Recently, ICN achieved a world-first by obtaining CEIV certification in three key growth areas: perishable goods, pharmaceuticals, and lithium batteries. The achievement recognises the airport’s commitment to engaging with companies in these fields, understanding their customer requirements and offering tailored support.

In the perishable goods sector, for example, the airport is actively collaborating with organisations such as the Korea Agro-Fisheries & Food Trade Corporation (aT) and the Korea Trade-Investment Promotion Agency (KOTRA). Likewise, in the pharmaceutical sector, it is in discussions with leading companies such as Celltrion and Samsung Biologics to optimise logistics and transportation processes.

Plans are also said to be in the works to initiate a collaboration with the Korea Biomedicine Industry Association (KoBIA).

COLLABORATING WITH LEADING GLOBAL LOGISTICS COMPANIES

To foster mutual growth with its clients, Incheon International Airport is enhancing its infrastructure in collaboration with prominent global logistics firms.

For instance, the airport has established a partnership with FedEx to further develop the air cargo logistics sector. In addition, the airport is intensifying its business relationship with DHL, following the recent expansion of its cargo terminal.

Opened in October 2022, the FedEx terminal emerged as a landmark project constructed using the Build-to-Suit (BTS) model and subsequently leased.

The existing freight terminal houses eight cargo buildings, three air freight warehouses, four specialised processing facilities, and two customs bonded areas, establishing a solid foundation for a logistics hub.

ICN is said to be advancing towards the development of future-oriented cargo terminals and is pioneering autonomous cargo towing technology to enhance its operational efficiency and sophistication. The latter initiative is expected to significantly upgrade the logistics services available to customers.

The airport is also looking at expanding the current transport options available to staff, such as laying on additional bus services, to ensure easier access to and from its existing logistics complex.

EXPANDING COLLABORATIVE MARKETING WITH CLIENTS

Incheon International Airport notes that it is also investing considerable efforts on amplifying the marketing activities of its client companies. Recently, the airport partnered with Jeju Air to host a ‘Joint Information Session to Boost Air Cargo Volume in the Vietnam Region’. The two-day event, held in Hanoi and Ho Chi Minh City, Vietnam, targeted logistics stakeholders in the region.



DHL’S GREEN AND EFFICIENT NEW COMPLEX

DHL Express has commenced full operations from its Incheon Gateway facility following the completion of a €131 million (KRW 175 billion) expansion project.

The investment is DHL Express’s largest in South Korea to date, making Incheon its largest Gateway complex in the Asia-Pacific region.

The enhanced Incheon Gateway now boasts a gross floor area of 59,248 square metres – three times the size of the previous Gateway at 19,946 square metres – and, as a result, its handling capacity has more than trebled to reach 28,400 pieces per hour.

In terms of facilities, the complex houses a 5.5 kilometre-long conveyor belt and 19 automated X-ray inspection machines to ensure shipment contents are safe and compliant.

To minimise greenhouse gas emissions, the facility is partly powered by solar energy. A one-megawatt solar power generator, spanning the entire rooftop area (5,700 square metres) of the complex, can produce enough power to meet 30% of the facility’s energy needs, potentially reducing its carbon emissions by 650 tons annually. DHL notes that it is the first cargo terminal at Incheon International Airport to use solar energy.

Sean Wall, DHL’s executive vice president of network operations and aviation for Asia Pacific, said: “The opening of the expanded Incheon Gateway arrives at the right time as it plays an important role in facilitating regional and intra-Asia trade, particularly for the Northeast Asian region, including Dalian, Qingdao, Wuxi, Ulaanbaatar, and Guam. We are handling more cargo in South Korea in recent years, and we expect the demand to continue on its upward trajectory.”

This significant collaborative project involved investments of 53.5 billion KRW from Incheon International Airport and 40.5 billion KRW from FedEx. This approach entails the construction of the cargo terminal by Incheon International Airport, with operations overseen by the user.

DHL has operated a cargo terminal at Incheon International Airport since 2007 and recently trebled the size of its facility (see box story) from 19,900sqm to 59,000sqm, boosting its handling capacity from 8,100 to nearly 30,000 items per hour.

Lee said: “Incheon International Airport will continue its collaborations with international logistics companies to enhance their infrastructure at the airport, laying a strong foundation for growth and becoming the leading logistics hub in Northeast Asia.”

LOCATION AND KEY CARGO ASSETS

Incheon’s strategic location and route network connecting to most major cities across China, Japan

and Southeast Asia, is considered to be one of its key advantages when it comes to attracting cargo operators and logistics companies.

INC’s cargo-only routes connect 107 cities in 43 countries through 25 airlines. The destinations include 20 in China, six in Japan, 10 in Southeast Asia, 27 in North America, five in Central and South America, and 18 in Europe.

The airport’s Free Trade Zone boasts a newly built \$28 million Global Distribution Center (GDC) that is predominantly used by e-commerce businesses. It provides storage for global shippers’ products and manages their classification, repackaging, and shipping as per individual order requirements.

“By continuously investing in the development of logistics infrastructure and networks, Incheon International Airport aims to adapt to evolving air cargo market conditions and establish itself as the world’s leading air cargo hub,” enthused Lee.



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BUYING INTO AIRPORTS

Asia-Pacific’s airports continue to appeal to investors interested in privatisation deals and upgrading infrastructure, writes Modalis Infrastructure Partners’ partner, president and CEO, Curtis Grad.

Despite being very slow to remove COVID restrictions, Asia-Pacific remains a key region for airport investment and development as traffic flows are predicted to see some of the biggest rises in the coming years, especially for domestic travel in China and India, based on [Boeing’s outlook](#) to 2042.

Largely, this has been driven by demographic shifts in terms of population growth as well as wealth creation which has taken more people into the middle-class segment, who then have the means – and inclination – to travel.

According to [data](#) sourced by Statista, Asia-Pacific’s already large middle class population – 1.38 billion in 2015 versus Europe’s 724 million – is set to explode to 3.49 billion by 2030. Meanwhile numbers in the developed regions of North America and Europe will be stagnant. Even other developing regions like Central and South America; the Middle East and North Africa; and Sub-Saharan Africa is not expected to show anything like the growth of Asia-Pacific in the coming decade.

Airports in the region are expected to benefit hugely from this growth, which is why governments and private operators are planning ahead to ensure that their respective facilities are equipped to meet the future high

demand for air travel. India provides a great example of this as the most populous country in the world has been on a privatisation path for over 15 years.

Indeed, state-owned Airports Authority of India has handed over control of several assets, mainly through public-private partnership (PPP) contracts, to local players such as GMR and GVK, initially, with the latter divesting its airport holdings, including Mumbai (BOM) and the planned Navi Mumbai, to Adani in mid-2020.

As highlighted in the airportIR [Deal Pipeline](#), this process is still ongoing with a second phase of airport privatisations that will see 25 more airports put out to bid based on the mood music from India’s aviation ministry. Most of these 25 are regional brownfield gateways with a total passenger throughput of 13 million, and the contract length is expected to be 50 years.

While India is perhaps the most active market in Asia-Pacific for PPP activity, other major ‘live’ projects are scattered across the region, from Pakistan in the west of the region, to Indonesia and the Philippines, and Australia in the east.

At the end of last year, local media reported that there was a green light for Pakistan’s Aviation Ministry to begin



outsourcing the operations of Jinnah International Karachi Airport (KHI), Islamabad International Airport (ISB), and Allama Iqbal International Airport (LHE) under a PPP model. In June however, the government announced that it would restrict the outsourcing initiative to ISB only for the time being, opting for a more cautious step-by-step approach.

The Ministry tweeted on X (formerly Twitter) that the outsourcing would “pave the way for foreign direct investment”, which could help improve standards and services at the airports under contract(s) that would run for 20 to 25 years.

In the Philippines, several airports are in a privatisation queue, but the big one is Manila’s Ninoy Aquino International Airport (MNL), which handled almost 48 million passengers in 2019.

Unsolicited bids were made in recent years with the latest, according to a local report [in June](#), coming from the Manila International Airport Consortium. Its proposal is \$4.7 billion (Ps267 billion) for a 25-year concession rather than 15 years.

The consortium – composed of Aboitiz InfraCapital, AC Infrastructure Holdings Corp, Asia’s Emerging Dragon Corp, Alliance Global-Infracorp Development, Filinvest Development Corp, JG Summit Infrastructure Holdings Corp and Global Infrastructure Partners – said a shorter concession would lead to higher passenger charges and lower investment.

The MNL project is structured in two phases – improvements and enlargement of the existing terminals,

and expanding capacity to 65mppa within a four-year period. By September, at least [five companies](#) had secured bid documents for the PPP deal.

The potential bidders include three major groups – San Miguel Corp, GMR, and Manila International Airport Consortium (MIAC), plus Spark 888 Management Inc and Asian Airport Consortium, and others are expected to enter the fray in the coming months.

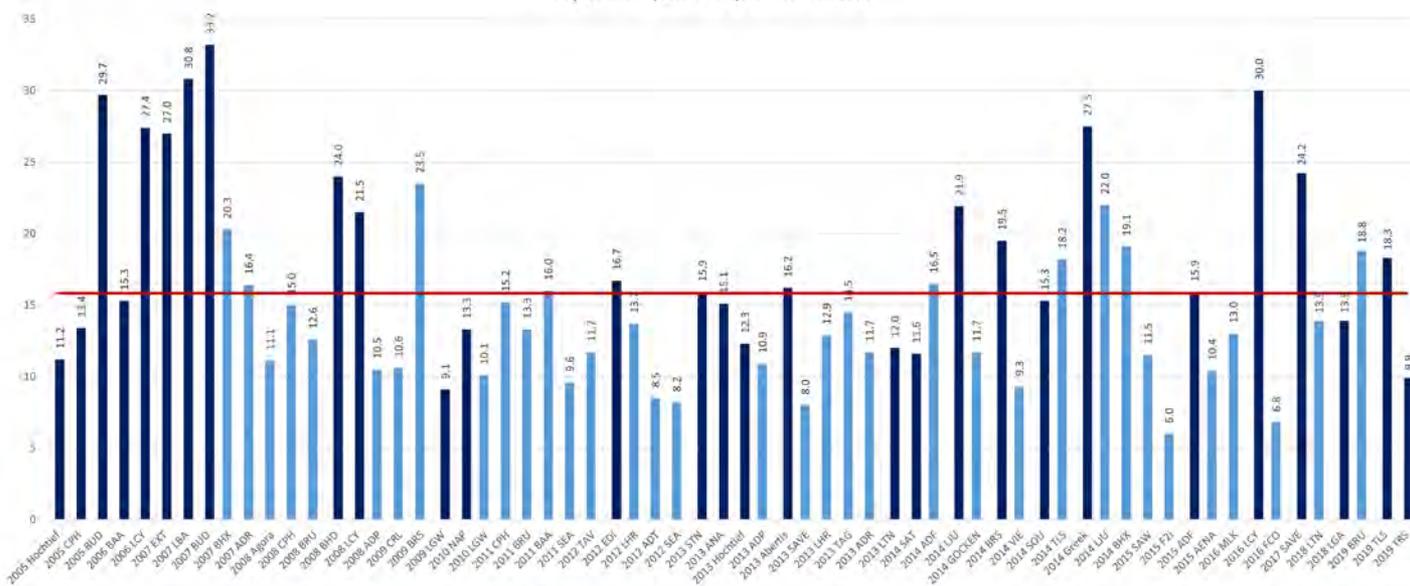
Meanwhile at Sangley Point (SGL), the conversion of the Atienza navy base to a civilian airport at a cost of \$11 billion is being positioned to move forward. A local report said that the Virata-Yuchengco-led consortium [signed](#) a joint venture and development agreement with the Cavite provincial government. Other partners include Samsung C&T Corp, as well as MacroAsia Corp.

Manila’s new northern gateway, Bulacan International Airport, is well into its construction phase. The PPP project is led by SMC whose subsidiary San Miguel Aerocity Inc was granted the franchise to construct and operate the new international airport following an unsolicited bid.

According to the government, the four-runway airport should [begin operations in 2027](#) and have a capacity of 200 million passengers per year.

As all of these projects are in the greater Manila metro area, they will impact the scope/viability of each other so careful consideration of the terms of each deal will be required on all sides to get the best out of these assets.

Airport Multiples - European Transactions



DIFFICULT TIMES FOR CHINA'S LISTED OPERATORS

Stocks and shares are an indicator of current investor mood. There are a handful of listed airport operators in Asia-Pacific, including Auckland Airport, Beijing Capital Airport Company, Japan Airport Terminal Co Ltd (JACTO), Shanghai Airport (Avinex), and Airports of Thailand. Their performances to mid-September have been very mixed.

Year-to-date share prices (to September 19) indicate that JATCO and Auckland International Airport came out on top with their stock marginally ahead by 0.84% and 0.64% respectively.

Beijing Capital International Airport Company was heavily down by 35.4%, while its mainland rival, Shanghai International Airport Company, did almost as badly, dropping 33.8%. Both stocks are the lowest they have been in some years as they suffer from China's weakened economy. GDP has been revised down to 5% this year, and 4.5% in 2024, according to a Reuters poll.

"This slowdown could be just the tip of the iceberg," Bingnan Ye, senior economist at China Merchants Bank International in Hong Kong [told the agency](#). He said the downside risk was that household consumption might improve "more slowly than many expect".

Moreover, the elation surrounding China reopening its borders in January has been tempered by the fact that travel activity is still low. According to seat analyst, ForwardKeys, neither Beijing Capital or Shanghai Pudong will make the global top 10 for departure scheduled seats for the 12 months to February 2024.

Meanwhile, Airports of Thailand – whose international gateways have traditionally been reliant on Chinese travellers – has seen its shares fall by 6.3% year-to-date.

However, after a bumpy ride during COVID-19, the stock has performed well since January 2022 with a solid upward trend overall, despite this year's drop.

In the world of infrastructure, airports have been a good bet in the past. Modalis Infrastructure Partners recently updated its analysis of EBITDA multiples for selected airports and operators (See graphic above) broken down by majority share stakes (in dark blue) and minority share stakes (in light blue).

As the chart shows, the average EBITDA multiple was 15.9 but early majority-stake deals have outperformed this, sometimes by close to double (or more).

After the global financial crisis in 2008-09, multiples slipped dramatically and there was extra caution in the market with more minority (rather than majority) deals taking place. In general, however, EBITDA multiples for majority stakes have performed better, with London City Airport (LCY), Fraport's Greek Airports and Italy's SAVE showing some strong gains since 2014.

TO LIST OR NOT TO LIST?

In March, Australian investment management firm Maple-Brown Abbott released [an analysis](#) comparing the average trading multiple of listed airport companies versus the average direct transaction multiple over the past decade.

The firm reviewed 35 transactions of global airports over the 10 years from 2013 to 2022. It found an average transaction multiple over this time was 17.0x EV/EBITDA, which represents a 35% premium to the average trading multiple of listed airports of 12.6x.

Why would there be this historical outperformance of unlisted over listed infrastructure? There are several reasons, both structural and circumstantial.



Maple-Brown Abbott said: “In our view, the combined tailwinds of greater leverage, rising asset prices and a widening valuation gap between assets in the listed and direct markets have been the major contributors. Many of these tailwinds are unlikely to continue indefinitely and some appear to have been caused by short-lived factors including a historical period of declining and low interest rates.”

In the airports sector, there is also the stability factor of large gateways being fully owned by the state to consider. In parts of the world such as the United States, Middle East, and parts of Asia, this is the case, even though some, such as Singapore Changi Airport (SIN), operate at arms-length under a private business model. This can offer the best of both worlds: state financial coffers – useful during events such as the Global Financial Crisis and COVID – but still run on a profit principle.

Nevertheless, airport privatisation through PPP continues to have a valuable place. It offers governments a route to new – and regular – revenue streams over a long contract period; better managed facilities, as they are often taken over by highly skilled global operators – sometimes in partnership with local infrastructure players; and a viable route to mid and long-term investment via capital markets, so that the facilities stay up-to-date through infrastructure development.

Major acquirers, whether individual companies or consortia, are also more likely to actively manage the business, cut costs and improve efficiencies. All of which can improve profitability and appeal to shareholders as well as ratings agencies, an important factor when considering the cost of debt for new projects.

In a post-COVID market, we have seen air traffic recovering at different rates in different regions depending

on their speed of opening up to international travel; consumer appetites to go abroad; and, lately, the cost-of-living crisis limiting discretionary spending. But the general trend is firmly back up again.

ACI data shows that major international hubs, in particular, boomed in 2022. Dubai (DXB), for example, saw its traffic soar by 127% pushing the airport up to fifth place in the global ranking (from 27th in 2021). Even more spectacular was London Heathrow (LHR), rising from 54th to eighth on the back of 218% passenger growth.

Asian airports were, however, largely missing from the list, apart from Delhi’s Indira Gandhi International Airport (DEL) ranked ninth, and Tokyo Haneda (HND) ranked 16th. This year, more Asia-Pacific airports should return to the top 20.

The normalisation of air travel in 2023 and 2024 will be a stabilising influence for the market, and a signal for privatisation projects to proceed.

Investors will always look at the numbers first and if the demand forecasts for cargo and passengers are back on track for the next decade, so will their appetites.

Modalis Infrastructure Partners expects to see a steady flow of deals in Asia-Pacific in the next 12-18 months as passenger numbers rise on the rebound of discretionary spending, with capacity constraints again becoming an issue, and general market confidence returning.

Modalis Infrastructure Partners Inc (www.modalis.ca) is a global strategic advisory firm, specialising in international transport infrastructure privatisation, investment, development and operations. Visit www.airportir.com to read about the latest investor news and industry intelligence.



GREEN INNOVATION

Airports across Asia-Pacific and the Middle East continue to invest in facilities, equipment, services and green strategies in a bid to reduce their carbon footprint, writes Joe Bates.

NEW SUSTAINABILITY MILESTONE FOR HYDERABAD
 Hyderabad’s Rajiv Gandhi International Airport has become the latest gateway to achieve Level 4 ‘Transition’ status in ACI’s Airport Carbon Accreditation programme.

The Indian airport, operated by GMR Hyderabad International Airport (GHIAL), is a sustainability pioneer for the region.

GHIAL CEO, Pradeep Panicker, said: “Today, climate change is the most pressing challenge and as a global corporate citizen, Hyderabad Airport is building multiple pathways to reduce carbon emissions.

“Our entire airport operation runs on renewable energy with a mission of zero waste and zero discharge. This achievement shows our commitment to environmental responsibility.

“We have set ambitious targets to achieve zero carbon emissions. We continue to invest in sustainable technologies and assets, enabling the airport eco-system to contribute to the environment and help build a greener world.”

Earlier this year, GHIAL announced its transition to 100% sustainable green energy for its energy consumption at the airport and across its ecosystem.

In partnership with Telangana State Southern Power Distribution Company Limited (TSSPDCL), the move

has transformed its operations by harnessing the power of green energy through a combination of its own 10 MWp (megawatt peak) solar power plant and green energy supplied by TSSPDCL.

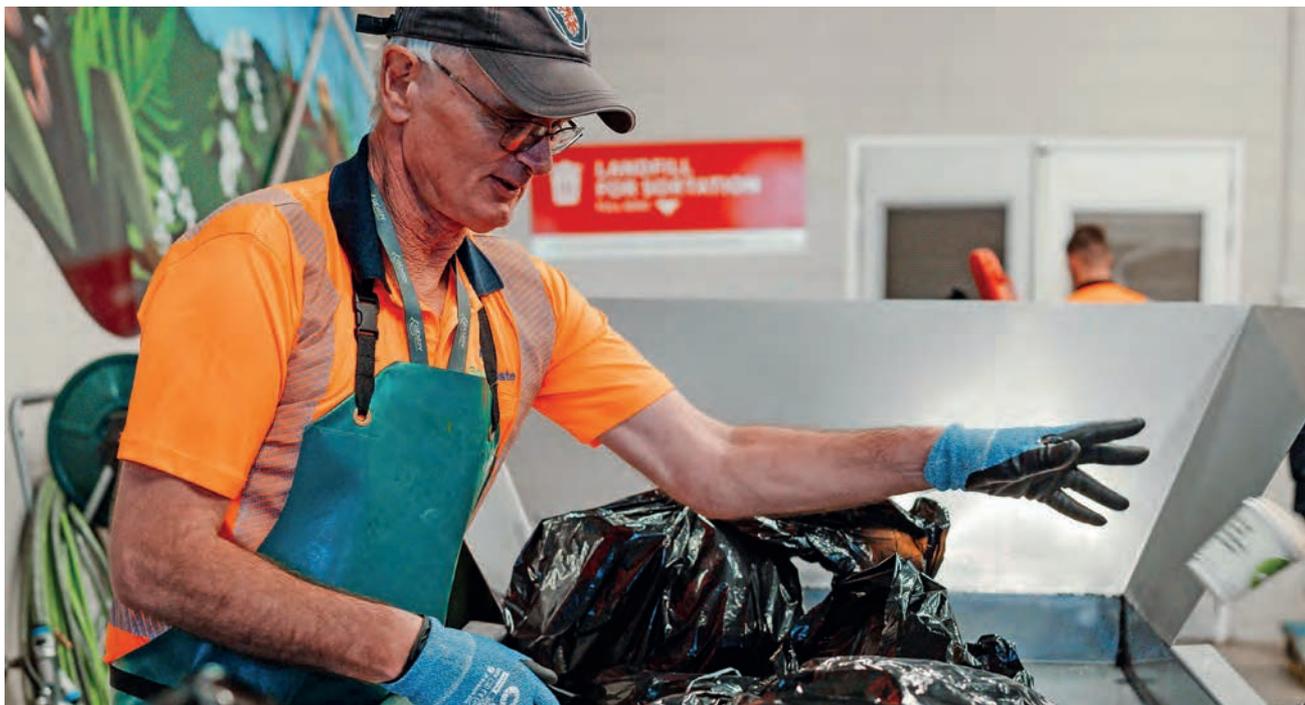
By integrating green energy into its operation and infrastructure, the airport is expected to reduce its carbon footprint by approximately 9,300 tons of carbon dioxide annually.

Panicker said: “We at Hyderabad International Airport have pledged to build a sustainable environment that will help reduce our impact on the environment and create an environmentally friendly airport. It permeates every aspect of the airport’s infrastructure and operations at every touch point of activity.”

GHIAL has been at the forefront of adopting energy-efficient practices ever since it started operations. It was the first LEED certified airport in Asia. Moreover, the airport encompasses a vast landscape spanning over 675 acres.

This expansive green belt serves as a natural carbon emissions sink, absorbing 240 tons of carbon dioxide from the environment annually.

GHIAL notes that the airport has implemented a comprehensive set of commitments in line with its Environmental & Sustainability Policy. These include incorporating green building designs;



practising energy management techniques to optimise energy usage and promote conservation; and encouraging behavioural changes to foster energy-saving habits.

CHRISTCHURCH'S SUSTAINABILITY EFFORTS WIN INDUSTRY AWARDS

Christchurch Airport's new approach to minimising waste, and its work mentoring other airports to become more sustainable, has netted two international awards from ACI Asia-Pacific & Middle East.

The airport has won 'Green Airports Recognition 2023' and the 'Airport Carbon Accreditation – Mentor' awards from the association.

It has created a new waste sortation room where a team of four Enviro NZ employees manually go through all of the general waste (red bins) collected in the terminal. Their goal? To help lift the amount of waste Christchurch Airport diverts from landfill to 80%.

The airport's sustainable transition leader, Claire Waghorn, explained: "We began by holding one of New Zealand's most comprehensive waste audits – hand sorting 1,000 kilos of waste over three days so we could gather data to understand our waste streams." That audit revealed the airport's waste diversion rate was sitting at just over 42%.

Waste minimisation business, Sustainably, oversaw the project, with Waghorn noting that together with Enviro NZ, the airport team came up with a strategy to lift the diversion rate even higher.

"The audit showed us that by going through the red bins and ensuring we captured things that could be reused or

recycled (including organics and liquid waste) we would be able to lift the rate as high as 80%," revealed Waghorn.

"We began by commissioning a custom-designed sorting table that separates and collects liquid waste when bags of rubbish are tipped onto it. We then worked with Enviro NZ to design the sortation room and recruit our four sorters."

Enviro NZ's upper south island regional manager, Jacob Stapleton, says the sorters go through the rubbish bag by bag and pull out anything that can be re-used, composted or recycled.

"The crew is passionate about the job and have already made some exciting discoveries. The terminal is cleaned 24/7 so the waste is relatively fresh. Our wider team are proud to work with like-minded partners to reduce waste and maximise recycling," he commented.

Waghorn states that the initiative is already making a major difference with the organics found in the trash now being made into soils that are used in the city's gardens.

She said: "We also discovered that a significant amount of clothing, shoes and books are thrown away in the check-in terminal – mainly from passengers whose baggage is overweight. We now collect these so they can be reused."

Christchurch Airport is quick to point out that the approach aligns with its overall sustainability strategy.

"We focus on measuring our performance," said Waghorn. "We measure the water and energy the terminal is using in real time to ensure its maximum efficiency and we measure our Scope 1, 2 and 3 carbon emissions (including those produced by airlines).



“If you measure it, you’re able to challenge yourself to do even better. In three months, we’ve lifted our performance from 42% to over 50%. Circularity is all about rethinking of rubbish as a source of resources that can be reused elsewhere.

“We’re lucky to have a team that’s passionate about this and have no doubt we’ll hit our target of 80% in time.”

HONG KONG’S AIRPORT RELEASES NEW SUSTAINABILITY REPORT

Airport Authority Hong Kong (AAHK) has released its Sustainability Report 2022/23, outlining the sustainability performance of Hong Kong International Airport (HKIA) in the fiscal year ending 31 March 2023.

The report also highlights the future sustainability plans of AAHK. According to the airport, the key highlights of this year’s edition include:

“AAHK received an advanced ESG rating from Standard & Poor Global Ratings, scoring 75 out of 100, up from the strong inaugural rating of 74 last year. The higher rating was attributable to AAHK’s improved sustainability performance.

“Its second green bond was successfully issued to fund projects that deliver environmental and social benefits.

“The Third Runway was officially commissioned, marking a key milestone of the airport’s expansion into a Three-runway System.

“The airport achieved Level 4 ‘Transformation’ status in ACI’s Airport Carbon Accreditation (ACA) programme.

The ACA award recognises Hong Kong International Airport as a top tier airport in Asia in terms of carbon management and doing all that it can to reduce CO2 emissions across the airport campus.

During the year, AAHK also commenced a trial of the Food TranSmarter system to convert food waste into slurry for biogas production and electricity generation.

And the HKIA Community Building came into service to provide leisure and dining facilities, and create a quality workplace for airport staff.

In addition, AAHK notes that it opened a second Airport Preschool to provide educational and childcare services for the children of the airport community, helping improve the attractiveness of the airport as a place to work to staff with young children.

AAHK says: “We are committed to attracting top talent and creating more high-value and rewarding jobs through wider use of innovative technology in our operations and service delivery.”

BUILDING CLIMATE RESILIENCE AT SINGAPORE CHANGI

Changi Airport Group (CAG) in collaboration with a number of local agencies continues to examine the effects of increasing extreme weather patterns and develop mitigation strategies to fortify critical infrastructure across Singapore Changi Airport.

One such example of this is its ongoing efforts to future proof the airport’s runways against higher intensity rainfall and rising sea levels, ultimately ensuring the capability to operate around-the-clock in most extreme weather conditions.



To combat the projected future increase in heavy rainfall, CAG has grooved the asphaltic pavements of all three runways at Changi Airport to reduce the danger of aquaplaning and runway excursions on wet surfaces during thunderstorm events.

And to mitigate the potential impact of rising sea levels, CAG has also expanded the airfield drainage capacity to reduce flood risks.

Ground-based aircraft navigation systems are further protected by flood barriers to ensure operational continuity.

In 2022, CAG's Engineering and Development (E&D) Cluster partnered with the Aeronautical Telecommunications Engineering Division of the Civil Aviation Authority of Singapore (CAAS) to introduce a runway condition reporting system.

The system capitalises on sensors to automatically alert air traffic controllers and pilots of any changes in environmental factors, such as runway water film depth.

As one of the world's first systems with such capability, this runway condition reporting system won the 2022 Minister for Transport Distinguished Innovation Award.

Extreme temperatures as a result of climate change also pose a risk to Changi's runways. CAG has responded to the challenge by strengthening the pavement so that it can withstand harsher weather conditions.

CAG says: "This includes the enhancement of asphaltic mix design and continued use of polymer additives to enable higher runway durability, even under high temperatures.

"Responding to the combined effects of rising temperatures and increasing frequency of tropical storms, we introduced a Laser Crack Measurement System (LCMS) to enhance our aircraft pavement maintenance regime.

"This system employs lasers and sensors to survey runway conditions, even in pitch darkness during runway closure hours at night. The system is capable of picking up sub-millimetre anomalies that could lead to formation of potholes during wet weather and high temperatures.

"Combined with data analytics and machine learning, the system enables pre-emptive detection and predictive maintenance to achieve greater business continuity."

The airport operator adds: "In future-proofing our mission critical runways, we seek to continually deepen our understanding through research collaboration. We have kick-started research to examine the relationship between the temperature of asphaltic pavement surface, underlying structural layers and the ambient temperatures.

"We have also initiated a parallel study through the use of stress and strain sensors at different layers of newly constructed aircraft pavement to validate original design assumptions under stimulated and live aircraft loading.

"Such data will enable us to predict the remaining lifespan of the pavement structure and develop the necessary rehabilitation plans to maintain robust structural integrity even amidst adverse weather conditions."



SHOP AND FLY

We take a closer look at some of the retail/F&B stories that have been making headlines across the ACI Asia-Pacific and Middle East region.

STARRY GALLERIA OPENS AT CHONGQING JIANGBEI

China's Chongqing Jiangbei International Airport (CKG) has opened a new commercial street of international brands in Terminal 3A (T3A).

The new 'STARRY GALLERIA' initiative is a result of the work of the Sino-Singapore Chongqing Airport Commercial Management Co Ltd – the joint venture set up by Singapore Changi subsidiary, Changi Airports International (CAI), and the Chongqing Airport Group to manage the non-aeronautical side of CKG's business.

In 2022, the joint venture successfully awarded domestic retail concessions to DFS and Dufry, making Chongqing Airport the first airport in China to gather the presence of three big international travel retailers, including Lagardère.

Since its inception, the joint venture has progressively attracted global luxury brands to open stores in Chongqing Airport. The latest include Gucci (July 2023) and Cartier (August 2023). Burberry will also hold its grand opening later in 2023. According to the joint venture, the presence of world-renowned luxury labels reflects the high level of confidence international brands and retailers have in Chongqing Airport's commercial business and its continued appeal post-COVID.

Among the guests at the unveiling of the new concept were Dai Ke, party committee secretary and chairman of Chongqing Airport Group Co Ltd; Hiang Seow Lee, CEO of Changi Airport Group (CAG) and chairman of Changi Airports International; and Nancy Liu, president of DFS Group China.

DFS Group's Liu noted that Chongqing, the DFS Group's first entry into the domestic duty paid travel retail market at a Chinese airport, offers great opportunities for tourism. She said: "DFS looks forward to future strategic partnerships that can further enrich the shopping experience of travel retail consumers and jointly create a new retail legend."

According to the partners, the opening is another example of the success of the China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity.

Looking ahead, Chongqing says that it is willing to work with Singapore to "give full play to the radiation effect and driving role of the two hubs" and expand the depth of "point-to-point" co-operation around financial services, the aviation industry, transportation and logistics, information and communication and the digital economy.

It also notes that it wants to promote "face-to-face" high-quality connectivity between central and western China and ASEAN, and write a new chapter of exchanges and co-operation between the two sides in the new era.

Learning from the development of Singapore Changi's iconic Jewel Changi Airport development, Chongqing Airport Group Co Ltd reveals that it also plans to build a high-quality international shopping mall with a "themed landscape and comprehensive business" which it hopes will become a future landmark for the city of Chongqing.

CAG CEO, Lee, stated that Singapore Changi Airport and Chongqing Jiangbei International Airport have developed a "community of solidarity".



He also noted that he felt that CAG has the confidence and experience to help Chongqing Airport better implement China's 'Belt and Road' initiative as well as work with countries and regions along the new land-sea corridor in the west.

Lee added that he hoped that Singapore Changi Airport and Chongqing Jiangbei International Airport can further deepen their co-operation mechanism, strengthen their experience exchange, achieve the ultimate in differentiated, humanised and personalised business travel services, and strive to bring passengers even more pleasant and exciting upgrades.

CARTIER COMPLETES SYDNEY'S LUXURY SHOPPING PRECINCT

Sydney Airport's T1 international luxury shopping precinct is now officially complete, with the arrival of its twentieth world renowned brand, Cartier.

The boutique's grand façade has been inspired by the iconic imagery of yachts in Sydney Harbour, with four soaring sails standing at over seven metres high against a backdrop of champagne mesh. Spanning a generous 170 square metres, the boutique presents a full offer of Cartier's iconic jewellery and watch collections as well as a wide selection of accessories including leather goods, fragrances and gifts.

Its arrival completes the SYD X shopping precinct, which boasts the largest collection of luxury brands in Australia, including Louis Vuitton, Hermès, Dior, Gucci, Prada, Saint Laurent, Bottega, Celine and Loewe.

Sydney Airport's executive general manager for commercial, Mark Zaouk, said: "With Cartier's arrival we have the final jewel in the crown of our exquisite luxury precinct, SYD X.

"After several years of planning and development it's remarkable to see our ambitious retail vision come to life with 20 of the world's best global brands under one roof. Sydney Airport is now positioned as a top player in the world of luxury, offering the most extensive collection of exclusive travel retail anywhere in the southern hemisphere.

"With international passenger numbers continuing to grow, SYD X has become a popular choice for travellers looking to indulge in a little luxury before they fly."

MUMBAI DELIGHT FOR CHOCOLATE LOVERS

Mumbai Duty Free has secured an Indian duty free first by adding Italian chocolate brand, Venchi, to its confectionery offerings at Chhatrapati Shivaji Maharaj International Airport.

A range of chocolates are available, including the Venchi Truffle Nougatine Chocolate Cigar, Venchi Cremino 1878 Bar, Venchi Milk Gianduja With Hazelnuts Bar, and more. Indeed, customers have the opportunity to try the chocolates and create their own chocolate mix, exploring flavours such as Venchi Chocoviar Gianduja and Venchi Espresso Coffee Chocolate.

Mumbai Duty Free's vice president of marketing and strategic partnerships, Amit Butani, said: "We're truly excited about partnering with Venchi. People worldwide have a strong affinity for delicious chocolates, and Venchi is renowned for crafting exceptional ones. Their delightful chocolates seamlessly complement our mission to make every visitor's shopping experience special. Through this partnership, we're thrilled to share Venchi's renowned flavours with our customers, adding sweetness to their travels and enhancing their overall enjoyment."



BALI BOOST WITH OPENING OF NEW RETAIL AND F&B OUTLETS

Dufry and PT Angkasa Pura I (AP1), the operator of 16 airports in Indonesia, have announced the completion and opening a host of new travel retail stores at Bali’s I Gusti Ngurah Rai International Airport.

Through subsidiary HMSHost International, Dufry operates a strong portfolio of F&B outlets at the airport, which is the main gateway to the popular tourist island.

Speaking at the official ribbon cutting ceremony to mark the opening of the new stores, Dufry CEO, Xavier Rossinyol, said: “We are extremely proud to officially celebrate the completion of this development process.

“We have partnered with the airport for the last ten years and over that time, have developed a truly collaborative and close partnership with the airport team. We are delighted to be able to play our part in delivering the best brands and concepts – both in F&B and travel retail – to the airport’s annual 1.6 million plus visitors.

“The customer is at the heart of everything we do at Dufry and with the extensive refurbishments of our existing stores, alongside the introduction of completely new retail spaces and F&B outlets, we are taking the airport experience to another level in alignment with our Destination 2027 Strategy, and delivering on our promise to make travellers happier!”

In total, Dufry has opened 20 new shops representing a wide selection of iconic and globally recognised brands, including Bally, Calvin Klein, Chloe, Collection, Deus Ex Machina, Emporio Armani, Lacoste, Marc Jacobs, Michael Kors, Montblanc, Oakley, Quiksilver, Sarinah, Suncatcher, The Art of Time, and Tumi.

An extensive refurbishment programme has also been undertaken across Dufry’s existing stores including Coach, Longchamp, Marc Jacobs, Swarovski, and Victoria’s Secret (which Dufry has taken over from DFS), as well as

the full renovation of the Departures Walkthrough Shop, Departures Spirit Shop, Last Minute Shop, Last Chance Shop and Arrivals Shop.

Dufry was named as winner of the second stage tender for retail and F&B service providers opened by AP1 as the operator of the airport in 2021. A total of 13 F&B stores including global brands and proprietary brands owned by HMSHost have since been opened and introduced to airport visitors. The aim, says Dufry, is to satisfy various target groups of tourists in Bali, ranging from business travellers, foreign tourists and relaxed family groups who want to enjoy the atmosphere of Bali.

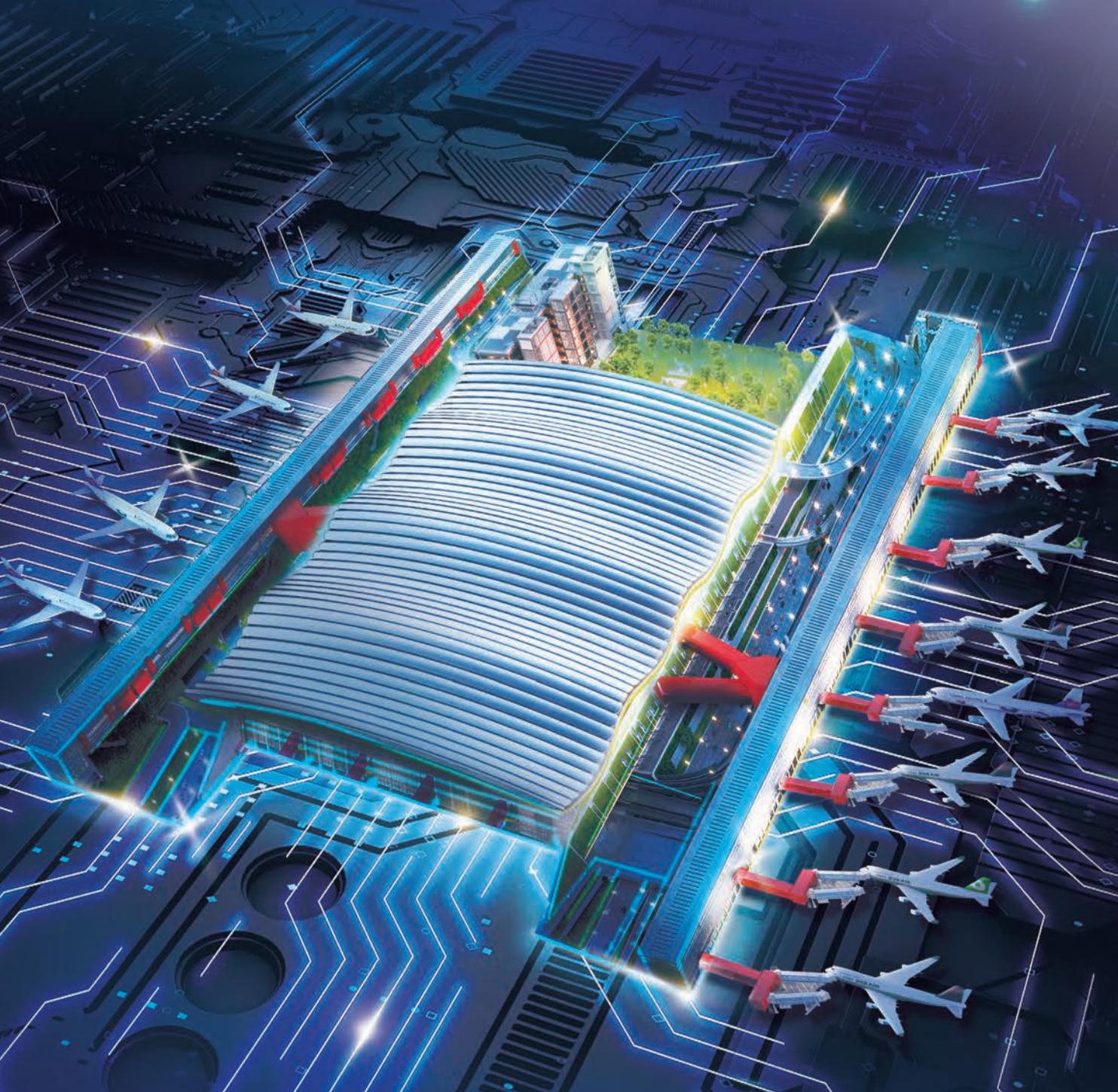
The new additions include Australian brand, The Coffee Club, and the global brand, Pizza Hut – both of which are said to appeal to locals and visitors alike – as well as Two Dragons, Little Eats, FRESH, Espresso Bar, High Tide Bar and the Wolfgang Puck Bar and Kitchen.

“AP1 along with our business partners always work side-by-side to prioritise airport service users to create a good customer experience,” noted AP1 president director, Faik Fahmi.

“With good collaboration between Dufry and AP1, I hope that we can further improve the quality of service to airport service users so that they can feel more comfortable and happy during their time at the airport.”

After experiencing a decrease in the number of passengers in 2020 and 2021 due to the impact of the global COVID-19 pandemic, Bali-I Gusti Ngurah Rai Airport experienced passenger growth in 2022, with a total of 12.5 million passengers passing through the gateway.

“With the increase in passenger traffic, of course, the presence of world-class retail and F&B services presented by Dufry and HMSHost International will greatly pamper airport service users,” said Fahmi.



Experience The Power of High Technology



WELCOME TO TERMINAL 2

Passengers can expect a number of new attractions and good distractions in the new-look northern wing of Singapore Changi's Terminal 2.

Singapore Changi Airport recommenced operations in the northern wing of Terminal 2 (T2) on September 28 after three-and-a-half years of engineering works to enhance and expand it.

The upgrade has extended the life of the terminal's critical systems, while the expansion has raised its capacity from five million passengers per annum to 28mppa and Changi Airport's overall capacity to 90mppa.

The boost in capacity is timely as air travel to Singapore Changi is now well on the road to recovery from the global pandemic with passenger numbers in August reaching 87% of pre-COVID levels.

The southern wing of T2 was re-opened in May 2022 (arrivals) and October 2022 (departures) to provide capacity to serve an increasing number of passengers following the easing of international border restrictions earlier in the year.

Operator, Changi Airport Group (CAG), says that with a number of shops and dining options, as well as new facilities and amenities, passengers can look forward to the full suite of T2 attractions, stores and restaurants opening over the coming weeks ahead of an event in early November 2023 to officially celebrate the full reopening of Terminal 2.

MORE SPACE TO BETTER SERVE PASSENGERS

The T2 expansion project has added 15,500 square metres to the terminal building to support additional infrastructure, new systems and more retail offerings. The departure hall now houses a central common-use Fast and Seamless Travel (FAST) zone, with more automated check-in kiosks and bag drop machines, while the immigration halls have been expanded to support

additional automated immigration lanes. Terminal 2 is the first terminal in Changi to have automated Special Assistance Lanes at both arrival and departure immigration.

According to CAG, T2's critical systems and building equipment which had reached the end of their life, have been upgraded to more efficient models. A new chiller plant, for example, delivers cooling at 30% lower energy consumption.

At the baggage claim hall, two existing baggage belts have been lengthened to handle a higher baggage volumes to cater to widebody aircraft. The terminal's baggage handling system has enhanced security features, and its early baggage storage system has been upgraded from semi-automated to fully-automated, allowing some 2,400 bags to be stored at any time. These features significantly enhance manpower productivity.

The design concept of T2 draws inspiration from nature. It incorporates natural materials in its wall cladding and flooring, complemented by lush green columns showcasing a distinctive array of plants. The terminal design creates a serene and soothing atmosphere for both passengers and visitors, fostering a sense of tranquility and relaxation.

Tan Lye Teck, CAG's programme director for the Terminal 2 Expansion Project, said: "We extend our deep gratitude to the Ministry of Transport, Civil Aviation Authority of Singapore and Immigration & Checkpoints Authority, as well as other agencies and partners for their support toward the T2 Expansion Project. We also greatly appreciate the entire airport community for their



close collaboration and steadfast partnership. We commit to delivering exceptional customer service and look forward to taking the passenger experience to new heights with the refreshed T2.”

AIRLINES OPERATING AT T2

Since May 2022, the terminal has handled over 8.7 million passengers travelling on flights operated by 12 airlines. Lufthansa, Singapore Airlines (flights to Southeast Asia, Bangladesh and Sri Lanka), and Swiss were among the first airlines to operate from the northern wing of T2. Singapore Airlines’ First Class Check-In Reception and the SATS Premier Check-In Lounge have also opened in the terminal.

Air Japan, All Nippon Airways, Etihad, Indigo and Singapore Airlines’ flights to Maldives and Nepal will move to T2 in October. This will bring the total number of airlines operating at T2 to 16.

ELEVATED SHOPPING AND DINING EXPERIENCE WITH NEW RETAIL/F&B CONCEPTS

CAG explains that a raft of “exciting new retail and food & beverage (F&B) stores” are available in both the public and transit areas. With eight in 10 shops open at T2, more shops will join the line-up of commercial offerings in the coming weeks.

The public areas of T2 have welcomed several new-to-Changi brands, both local and international. Dim sum lovers can indulge in their favourites at homegrown brand Swee Choon. Its Hong Kong milk tea gelato, developed in collaboration with local ice cream café, Creamier, will be launching first at Changi Airport.

Another new-to-Changi brand, Kenangan Coffee, from Indonesia, is known not just for offering high quality coffee at an accessible price point, but a wide selection of beverages where Asia meets the world. Chagee, a premium tea brand which is also making its Changi debut, bringing with it a specially curated selection of milk and fruit teas.

Familiar brands making their return to T2’s public areas include bakery Paris Baguette, with a digital concept store, and traditional Chinese medicine retailer, Eu Yan Sang.

In transit, hungry travellers will find a trove of culinary delights in the lush Gourmet Garden. Not only does this dining area offer an impressive panoramic view of the apron, allowing diners to sit back and take in the sight of planes taxiing, but the draping foliage also imparts a sense of serenity to the space.

Grab quick bites at new-to-Changi Korean chain GOPIZZA, coffee house Hudsons, smoothie stand Boost Juice, and donut kiosk Dunkin’, or indulge in Asian fare with more new-to-Changi brands like Buk Chang Dong Soon Tofu and Chef Wei HK Cheong Fun.

Travellers can also indulge in retail therapy at a variety of newly opened shops, including luxury Italian jeweller, Pomellato, and Old Seng Choong, which specialises in heritage recipes and nostalgic baked goods, perfect for souvenirs with a taste of Singapore.

NEW AMENITIES AT T2

These include 2 Bears Hideout, which invites children to embark on an exciting playtime adventure. Explore the wilderness with mother bear and baby bear companions in a delightful blend of adventure and wonder.

Also in transit, passengers can enjoy the latest sports and live TV programmes at the new TV lounge on a large LED screen. Plush seating and multiple charging points, including wireless charging pods, are available.

Eligible passengers can also use the DBS Private Access Lounge, KrisFlyer Gold Lounge, SATS Premier Lounge, and SilverKris Lounge before their departure flights.

The Ambassador Transit Hotel and Lounge, as well as the Connect at Changi lounge (a space for the business community to network) are also available in transit.



ALL ABOUT CONNECTIVITY

We report on the findings of ACI Asia-Pacific & Middle East's new *Airport Connectivity Report*.

Released at the same time as the opening of the new Middle East office in Riyadh and official rebranding of the region to ACI Asia-Pacific & Middle East, the new *Airport Connectivity Report* sheds some light on how the region's airports are doing in terms of their recovery from the pandemic.

Dubai International Airport (DXB) and Doha's Hamad International Airport (DOH) were the most connected airports in 2022 – followed by Tokyo Haneda (HND) – and retain their status in the preliminary direct connectivity ranking for 2023, with Incheon (ICN) replacing HND in third place.

Welcoming another milestone for DXB, Dubai Airports CEO, Paul Griffiths, said: "I'm incredibly proud to see DXB at the top of the Airport Connectivity Index for Asia-Pacific and the Middle East.

"This achievement is a testament to the dedication and hard work of our team and our service partners working across DXB, and it reaffirms our commitment to providing seamless connections for our guests worldwide. We'll continue to elevate the travel experience, and connect people, cultures, and opportunities like never before."

DOH's chief operating officer, Engr. Badr Mohammed Al Meer, noted that the findings of the report further validates Hamad International Airport's investment towards expanding its capacity through carefully planned, multi-phased airport expansion projects.

The expansion strategy, he said, ensured future growth and further connectivity building. "This, ultimately, boosts

local and global tourism and the aviation industry as a whole," enthused Al Meer.

Developed in partnership with PwC, the *Airport Connectivity Report* measures passengers' ability to access the global air transport network – capturing both direct and indirect routes – and also factoring in the quality of service of each connection, such as destination choice, service frequency, onward connectivity and price, contributing to the passenger experience.

The report covers a sample of 100 airports that account for almost 60% of the combined passenger traffic in Asia-Pacific and the Middle East in 2019.

It reveals that air connectivity in the Middle East stands out with 26% growth in total connectivity in 2022 vs 2019, with direct connectivity to destinations in North America, Asia-Pacific and Africa witnessing the strongest recovery post COVID-19, with low-cost carriers (LCCs) driving the upturn.

In stark contrast to the Middle East, Asia-Pacific has experienced a 38% decline in air connectivity over the same period.

Several key factors contributed to the decline in air connectivity, including extended travel restrictions due to COVID-19, limitations on air traffic rights, constraints on airport slots, rising airfares, economic downturns and geopolitical tensions.

The decline in air connectivity, coupled with increasing airfares, are said to be indicative of the

challenges posing a negative impact on the recovery of air travel and the most inconvenience to passengers.

From the passenger's perspective, connectivity is essential for mobility, providing significant economic and social advantages. Nevertheless, preliminary rankings for 2023 suggest a positive outlook for the region.

KEY OBSERVATIONS

Direct connectivity from Asia-Pacific (APAC) to other regions was still lagging behind as of 2022, although the LCCs are driving capacity growth.

Airports with annual passenger volumes of upto 40 million passengers per annum led the recovery, while larger airports were impacted by China's Zero-COVID strategy with a blanket ban on international travel.

Middle-sized airports, such as King Khalid International Airport (Riyadh) with a +75% recovery and Hamad International Airport (DOH) with a +42%, stood out.

Preliminary 2023 connectivity rankings show significant improvements in seat capacity to China from the selected 100 airports, rebounding by a remarkable +937% in August 2023 compared to August 2022, but still with a large margin to grow in 2024.

The gradual liberalisation of the aviation industry in the Asia-Pacific and Middle East regions has been a boon for the sector. Singapore has been particularly active in air liberalisation, enjoying benefits such as reduced airfares and a strong passenger traffic base.

This success is attributed to a high market share of foreign airlines, extensive international routes, numerous air service agreements, and a streamlined visa policy.

Recently, ASEAN has emerged as the most proactive aviation bloc in promoting air liberalisation. It has been focusing on both internal liberalisation among its member states and broader agreements, such as the EU-ASEAN bloc-to-bloc initiative.

However, there are some key aviation markets such as Australia, Indonesia, and the Philippines that could benefit from the further liberalisation of the market.

IMPACT OF INCREASING AIRFARES

The cost of travel from the selected Asia-Pacific and Middle Eastern airports has increased by up to 50%, threatening the recovery of the industry, according to our recent study on airfares.

In total, 69 out of the selected 100 airports experienced a decrease in airfare affordability, which correlates with the airports' decrease in available flights, routes, and seat capacities. Measured by average airfare in relation to per-capita income, air transport became 34% less affordable across the two regions.

ECONOMIC IMPACT OF AVIATION

Aviation plays a key role in socio-economic development by attracting foreign investment, supporting international trade and tourism, and creating jobs.

In Asia-Pacific, it contributed \$1 trillion (3.3% of GDP) and employed 56 million people, while in the Middle East, the sector generated \$260 billion (9.5% of GDP) and employed 4.6 million.

Regression analysis confirms a correlation between GDP and seat capacity. Specifically, a 10% increase in seat capacity is linked to short-term GDP growth of 3% to 3.8% in the Asia-Pacific and 6.4% in the Middle East.

THE PROPENSITY TO FLY AND MACROECONOMIC FACTORS

Large margins for the increase in the propensity to fly and macroeconomic factors suggest a robust outlook for connectivity.

If Macau, Hong Kong, and Singapore topped the list in 2019, 2022 saw Oceania countries like French Polynesia, Australia, and New Zealand, along with Middle Eastern countries' such as Qatar, the UAE, and Bahrain at the forefront.

On the contrary, key aviation markets like China and India, along with fast-growing markets such as the Philippines and Vietnam, have a much lower flying propensity than Europe and North America.

Favourable factors like GDP growth, large populations, a rising middle class, and ramping e-commerce, position Asia-Pacific and the Middle East for long-term air connectivity growth between 2030-2040.

However, there is a need for infrastructure development and the easing of airspace congestion to accommodate the expected growth in traffic.

INVALUABLE TOOL FOR THE INDUSTRY

Commenting on the release of the study, Stefano Baronci, the director general of ACI Asia-Pacific & Middle East, said: "This study provides an invaluable tool to the industry and policymakers to adopt the use of air connectivity indicators to appraise the performance and sustainable development of the aviation industry and its economic and social impact on countries.

"In addition, it also shows how to prioritise positive outcomes for consumers rather than simply focusing on the price-determination function for the benefit of all aviation stakeholders and the travelling public.

"The next step will be for ACI Asia-Pacific & Middle East to work closely with each government to promote aviation market liberalisation, visa simplification, investment in the development of infrastructure with a focus on the environment, and innovation of services."



HOSPITALITY KING!

We take a closer look at the growth and development of the Plaza Premium Group, which has evolved from being a lounge operator to one of the biggest airport hospitality providers over the last 25 years.

The enthusiasm and desire to grow his business still burns brightly in Plaza Premium Group (PPG) founder and CEO, Song Hoi-see, who has seen his company grow from humble beginnings to become one of the biggest names in airport hospitality over the last twenty-five years.

This determination to never sit still and rest on his laurels has led to further expansion of PPG’s global offerings this year and the development of digital technology that could potentially open up new opportunities for travellers and revenue streams for airports and their service providers.

Building on the forward momentum PPG gained during the pandemic when instead of battoning down the hatches and riding out the storm it invested \$120 million on almost doubling its presence to over 300 locations across five continents, it has opened new airport lounges at Adelaide, Amman, Kuala Lumpur, Nagoya and Rome already this year with more to follow.

While in Hong Kong, Song’s home city, PPG has opened a new cocktail bar in the airport’s iconic Sky Bridge that has already proved a massive hit with travellers.

The new concept, called ‘Intervals’, provides customers with the chance to enjoy a drink and dining experience in a setting that arguably offers travellers the best view of the airfield at HKG due to its location 28 metres above the ground in the world’s longest airside bridge.

Talking about the thinking behind the launch of ‘Intervals’, PPG’s director of global brands and transformation, Mei Mei Song, said: “We wanted to make it a destination in its own right that would make people purposely change their habits and even want to transit through Hong Kong just to experience it.

“It’s a beautiful bar with a beautiful view whose concept is inspired by the time of the day becoming fluid while travelling. Airports have pubs and bars, but not really a cocktail bar and certainly nothing like this, which really is unique.”

Its opening means that in addition to airport lounges – which today include the more exclusive Plaza Premium First lounges for customers that want a more elite service – PPG’s hospitality services now cover hotels (Aerotels), mini-hotels/shower rooms (Refreshhh by Aerotel), VIP meet and greet/airport concierge and passenger services (Allways), airport spas and salons



(Wellness Salon) and a host of standalone F&B facilities at dozens of international airports across the globe.

Amman's Queen Alia International Airport (AMM), Beijing Capital (PEK), Dallas/Fort Worth (DFW), Frankfurt (FRA), Jakarta (CGK), Hyderabad (HYD), London Heathrow (LHR), New York (JFK), Orlando (MCO), Rio de Janeiro (GIG), Singapore Changi (SIN), and Vancouver (YVR) are among the 250 international airports that boast a PPG lounge today as the hospitality business employs some 3,500 staff and serves around 20 million passengers annually.

It is a global success story, yet it all might not have happened if it hadn't been for the persistence of Song Hoi-see as he admits that many people thought he was crazy when he first pitched the idea of opening a series of independent hospitality lounges at the world's airports in the late 1990s.

Indeed, he had to do a lot of convincing to persuade Hong Kong (HKG) and Kuala Lumpur (KUL) to allow PPG to open their first Plaza Premium Lounges in 1998, and despite their incredible success since, he reveals that even today some airports tell him that they don't believe that they will work!

Song comments: "It wasn't easy in the early days and was quite challenging because the concept of independent lounges was a totally new concept and it was felt that lounges were only for CIPs [commercially important person] and that we would be competing against the airlines.

"We needed to change this mindset as there was clearly a gap in the market as, back then, lounges were only

for premium travellers, which meant that the needs of 85% of passengers were not being met."

Getting the financial institutions onboard by providing them with access to its network of lounges proved to be a masterstroke for the Plaza Premium Group in terms of the development of its lounges, whose success has paved the way for the evolution of its business into the wider hospitality industry.

Song notes that you only have to look at companies such as American Express, Capital One, Chase, Visa and Mastercard who all have their own airport lounges today to see how popular this concept is with the financial sector.

EXPANDING THE BUSINESS

Was the plan to always expand PPG's airport hospitality business beyond lounges? "Yes, absolutely, and we have done this by observation and listening and learning from travellers to identify gaps in the market and introducing other facilities and services that meet those needs," says Song.

"Seeing people sleeping on the floor in airport terminals and hearing that many of them couldn't afford the price of a traditional hotel or didn't want to pay for a room for 24 hours when they only wanted to stay for three or four before their flight, for example, gave us the wisdom to launch our hotel business.

"Called Aerotel, they are very different to conventional hotels because they are specifically built and priced for travellers who want to stay for only a few hours."



He continues: “In essence, our hotels serve four types of client – the passenger who arrives at their end destination early in the morning and cannot check into their main hotel until later in the day; travellers whose flight leaves very early in the morning so they want to be at the airport in advance; travellers facing long delays at airports; and transfer passengers with four or five hour plus layovers.”

Launched in 2016, PPG currently has 11 Aerotels across the globe that offer a mixture of airside and landside accommodation at airports that include Singapore Changi and London Heathrow.

Talking about expansion in general, Song noted: “Expansion has always been important, and remains crucial for the company if we are to maintain our status as a leader in airport hospitality. We do this both laterally, by developing our existing products, and horizontally through the launch of new service offerings. “Expanding horizontally requires understanding the constantly evolving behaviour of travellers and identifying areas in their journey which could be improved to essentially enhance the airport eco-system and passenger experience.

“All our concepts, from our Allways meet & greet service to our various airport dining concepts have been developed to suit the evolving travel needs of passengers.”

“We are in this business for the long-term and will continue to grow and develop our business for the next generation of travellers, the only thing that concerns me about the future is that other short-term investors who think aviation is a goldmine will try and copy what we do but not do it well, which will damage the whole hospitality business.”

PPG is most definitely a family affair for the Song family as in addition to dad and daughter, Mei Mei, son Jonathan works for the business as the company’s global director for business development, following and building on his father’s strategy and direction.

“Expanding our hospitality business from 160 to 300 locations over the last three years has been challenging and rewarding,” said Jonathan Song.

“From the lounge perspective, we have grown from just providing independent lounge services to operating lounge services on behalf of strategic partners such as the airlines, alliances and financial institutions.

“Our aim is to make travel better and to do that you have to offer a number of different services and products across different points of the passenger journey. There is much more to come from us as we are just at the beginning of our journey.”

DIGITAL TECHNOLOGY AND BIG DATA

Song notes that technology plays a key role in the planning, journey and travel enjoyment of today’s tech-savvy passengers, and PPG has responded to this by embracing technology across its hospitality portfolio and developing new ways of gathering and sharing data.

Its Smart Traveller mobileApp and oneTECO (Travel Experience Ecosystem) software, for instance, has also allowed PPG and the wider airport community to know what travellers want at different stages of their airport journey, communicate with them directly, and make personalised offerings.



In essence, oneTECO is an all-in-one platform that simplifies the booking process for business operators and consumers and includes an omnichannel booking engine that enables worldwide sales and distribution, a customer engagement centre with customer profiling and personalisation capabilities, and a data analysis system.

Song explains: “The intention behind the development of the App was to create a way of consolidating all airport services into one platform to make life easier and more convenient for passengers. In the future, we will introduce a duty free element which would, say, identify that a passenger flying to London loves whisky and allow them to buy a bottle of whisky direct from the duty free operator in London who would have it waiting for them on arrival.”

The platform has taken more than three years to develop and is currently being deployed at Hong Kong and Bengaluru Kempegowda airports and, after some fine tuning, is expected to be expanded globally later this year.

Song notes that Smart Traveller, PPG’s own loyalty programme, allows its airport hospitality customers to accumulate reward points, which can be either be used to purchase or obtain future discounts on any PPG service or converted into points for use in a partner company’s reward programme.

CHANGING TIMES

Is the hospitality industry today very different to one that existed when PPG was born 25 years ago and, if so, can you say what the big difference is from your perspective?

Song replies: “Everything has changed and airports are not the same places they were 25 years ago. Also,

travellers’ perceptions of airports and, and indeed air travel and their journey through the airport, is totally different today than when I started the business.

“Today’s passengers are more affluent and discerning. They know what they want and they expect efficiency and good customer service as standard. People want to enjoy the airport experience. Lounging, for example, has now become a culture, lifestyle and a part of the air travel journey that any traveller would expect to have at major airport hubs.

“Another big change, of course, is the evolution of technology. It plays a key role in almost everything we do today and we expect that its use will only grow in the future, especially through the better use of data, which can take customer service and customer interaction to the next level.”

Whilst never forgetting the crucial role people play in ensuring customer service excellence or five-star hospitality, Song believes that our reliance on technology will significantly increase in the years ahead as future generations will almost certainly prefer digital solutions to face-to-face interaction with others.

“The younger generation seem to prefer less human interaction when they travel, but they still need services, and if you can develop a system and a company that can communicate with them effectively, you will be a winner in business,” enthuses Song.

“Labour used to be the way people progressed and made money. Then it was the brain and now it is technology.”

WBP NEWS

The latest news and views from ACI Asia-Pacific & Middle East's World Business partners.



PASSENGERS TURN TO TECHNOLOGY TO ENHANCE CUSTOMER EXPERIENCE

Travellers are looking to technology to optimise every aspect of the post-pandemic travel landscape, from addressing pain points in the airport journey and supporting air transport sustainability to streamlining intermodal travel, according to SITA's 2023 Passenger IT Insights report.

Sustainability is identified as an area where passengers strongly believe that technology has the potential to make a difference.

Indeed, the use of new technologies supporting sustainability emerged as the number one initiative passengers would value most for both airlines (for 64% of passengers) and airports (62%).

SITA says: "This has jumped considerably from about half of passengers in 2022, sending a clear message to the industry that innovative approaches to achieving concrete emissions reductions are front of mind.

"Such technologies include flight path optimisation to reduce fuel burn on the airline front, and tools that monitor data on environmental performance to reduce emissions at the airport."

One third of passengers are said to have expressed interest in being able to drop their bags at their journey start point (either from their home or hotel or from the first terminal of departure) and have them arrive at their end destination, and nearly one third would like to see travel operators when disruptions occur and respond with necessary changes.

SITA CEO, David Lavorel, says: "When planning travel, cost is just one of the factors affecting travellers' willingness to book flights. Experience at the airport has become fundamental to passengers' decision making, and travellers are telling the industry loud and clear: the more they are subjected to clunky and inefficient processes, the more likely they are to consider other options.

"Passengers are pointing to a clear way forward for the industry: now more than ever they recognise smart technologies as key to streamlining travel while reducing its environmental impacts, both for air travel alone and for the broader intermodal ecosystem."

WBP PROFILES



AIRPORT ENGINEERING SERVICES (AES)

Location: United States

Type of business: Consulting & Management

W: www.airportengr.com

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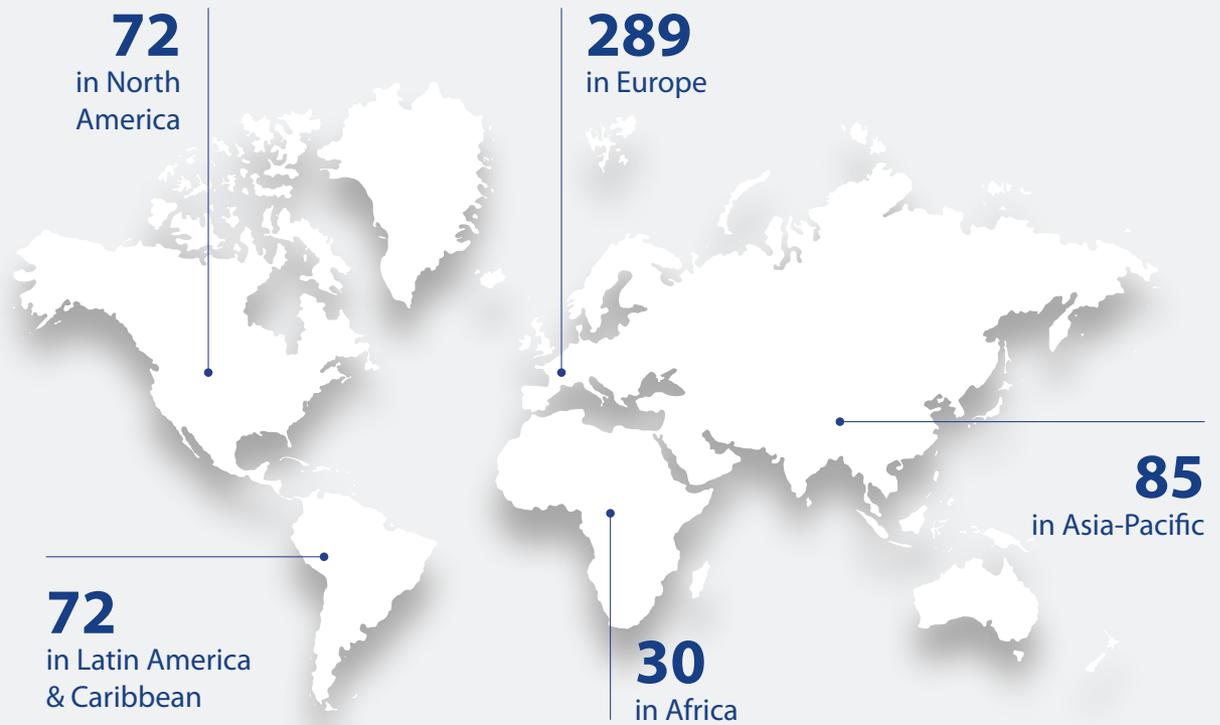
Location: Singapore

Type of business: Security

W: www.rapiscansystems.com

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