

Henk Guitjens has seen action on both sides. Formerly vice president and general manager for Martinair, the chief marketing officer for JFK Terminal 4 operator JFK IAT is well positioned to interpret the changing landscape of route planning and what airlines and airports are looking for when securing new routes.

His brief is to establish a rapport with the airline industry and secure a strong roster of airline tenants for the future. Of the 88 airlines that use JFK, 52 now pass through Terminal 4.

He admits that his experiences are rather different to the trials and tribulations faced by some smaller operators. 'New York will always be in demand,' says Guitjens. 'For others it is a much greater task;

a lot more data, information and study must go into a proposal.' He cites the example of Amsterdam's Schiphol Airport, with which his terminal shares a partnership through Schiphol's investment in JFK IAT. 'They need to convince people to fly to them,' he explains. 'There is much stiffer competition due to the level of choice on offer.'

The hard sell

This is not to say that JFK does not work hard in securing airlines. Both parties need to work closely together, believes Guitjens, and in the current climate, airports 'must be creative' in price setting and time arrangements. He supports working with airlines but does not believe in preference. 'We see it as our mission to serve everybody equally,' he explains. 'Partnerships can be beneficial, but not favouritism.'

One does need to sell one's facilities. In an attempt to reflect the latest thinking in airport management and the shifting priorities of the airline industry,

➔ THE BALANCE OF POWER BETWEEN AIRPORTS AND AIRLINES IS SHIFTING AND AIRPORTS NEED TO MAKE SURE THEY ARE NOT LEFT BEHIND, SAYS HENK GUITJENS, CHIEF MARKETING OFFICER AT JFK TERMINAL 4.



At JFK IAT's Terminal 4 efforts are being made to develop relationships and routes with airlines to the benefit of both carriers and the airport

Navigating into the future

COVER STORY



KEY FACTS

- ➔ Airports need to market themselves vigorously to both airlines and passengers.
- ➔ Although struggling, airlines are increasingly dictating terms to airports.
- ➔ In the future, airports will gain a competitive edge by developing new routes and relationships.

Guitjens believes that the airlines' overriding concern is keeping a tight rein on the purse strings.

In his eyes, the balance of power has shifted markedly. 'Airlines now expect far more from their airports; they used to be more than prepared to pay a premium and weren't excessively concerned with overheads,' he explains. 'Now they look at every little thing, each potential saving: ground handling, catering, synergies with other departments – anything and everything. The pressure on the airport is immense.'

The airlines take power

The reason for such scrimping and saving is spiralling oil prices. Guitjens says: 'Over here, airlines are operating at a loss to avoid giving up ground to the competition. Fuel supplements in Europe make that less of an issue, but here the market is price-driven.'

In the end, it is often the airport that has to pick up the tab. That \$10 or \$15 that should be passed on to the customer never is. The airport is an easier target.'

'Airlines are more prepared than ever before to suspend services and change destinations or consolidate existing routes.'

Ironically, despite the hike in fuel prices, the airlines are exercising more power than ever before. 'It is becoming increasingly difficult for airports to make money,' says Guitjens. 'They are trying to squeeze blood from a stone and have long squeezed it dry.'

Guitjens has witnessed these transformations firsthand: 'We are constantly being asked by the airline: "How can you bolster our revenue? What can you contribute to our business?" They hold the bartering tools.'

In Europe, where the effects of increased oil prices have been cushioned, competition between the airports is giving the airlines greater leverage. 'There are so many competing operators and so many low-cost airlines,' he says. 'If Amsterdam is asking too much, fly to Rotterdam; if Gatwick is proving troublesome, switch to Luton. Airlines are more prepared than ever before to suspend services and change destinations or consolidate existing routes.'

He believes that people now expect less of their airports as a result, which can make generating money increasingly difficult: 'Operators are forced into savings and must make their money through passenger facilities such as restaurants and gift shops. One needs to secure revenue away from the airlines.'

New routes forward

So, for Guitjens, it is as much a question of airports consolidating existing routes as it is attracting new

business. He believes that the explosion in low-cost has also dramatically altered the dynamic. In the USA, the success of Jet Blue has seen '5 to 7 per cent more passengers' passing through JFK each year. The number now stands at around 42 million.

Guitjens believes the effect of budget travel has been even more marked in Europe. 'Low-cost has had more influence on where people go than anything else,' he says. 'Look at Stansted. BA said they would never fly there, people thought it would struggle. Now it is building a new terminal. People will follow the airline. This can put pressure on the airport operator as they know the airline may up and leave at any moment.'

He will say, however, that in Europe the arrangement makes airports 'more likely to support the airline': 'Low-cost encourages partnerships; Brussels South and Ryanair is a good example. It is a mutually beneficial relationship.'

His overall analysis of the current climate might make some operators despair. But, on the potential for growth and new routes, Guitjens is bullish: 'Here at JFK, we feel that we have the capacity to accommodate 60 to 70 million people without any problems. There isn't any shortage of slots, peak times aside, so scheduling and slot allocation is going to be dictated more by what our neighbours and those with whom we share airspace are doing.'

Furthermore, he foresees where this growth is going to come from. All eyes are fixed on India and China. 'In terms of airline route planning, growth will not come from Western Europe or the USA,' he says. 'One only has to look at the example of Japan in the '70s: billions of dollars in new money pumped into air travel. We now see Indian Airlines ordering 50 airplanes overnight.'

The potential is huge. An increasing number of traffic rights will be awarded and the field will change dramatically. China and India are without doubt the big opportunity for extending routes. Securing these new routes makes it an exciting, important time.'

New markets and the continuing expansion of the low-cost sector offer plenty of scope for ongoing expansion. For Guitjens, success will depend on being creative. ○

PROFILE

➤ **Henk Guitjens' aviation career spans three decades. With close ties to the Dutch aviation community, he was recruited by JFK IAT parent company Schiphol USA in 1996 to establish a strong rapport with the airline industry that would survive the construction process to the new Terminal 4 at Kennedy Airport and secure a strong roster of airline tenants into the future.**

