



➤ MUNICH AIRPORT IS CONSIDERED ONE OF EUROPE'S MOST EFFICIENT. JIM BANKS TALKS TO **DR MICHAEL KERKLOH**, PRESIDENT AND CEO OF THE AIRPORT'S OPERATING COMPANY, ABOUT THE SUCCESS OF ITS THIRD RUNWAY AND SOPHISTICATED BAGGAGE HANDLING SYSTEM.

A runaway success

Large airports face many operational challenges, given the complexity of their business and the high expectations of their customers, but one issue that dominates their planning is capacity increase. Munich Airport, where passenger numbers continue to rise sharply, is among those working hard to expand, while maintaining a level of operational efficiency recognised within the industry as being among the highest.

Ensuring that an airport can cater for the number of passengers and airlines that want to use the destinations is the most fundamental issue any large airport will address.

'The very basic problem for every airport is to get enough capacity. If you have the right facilities, less congestion and a high level of passenger care, then you will succeed,' says Dr Michael Kerkloh, the president and CEO of Munich Airport's operating company Flughafen München GmbH (FMG).

Increasing capacity requires that an airport understands how its markets will change in the long-term and that the planning reflects this.

'We are at the first stage of an explosive development. Germany is a mature market but there are new markets like China and Poland, where fewer people have flown,' notes Kerkloh.

Third runway

Along with Lufthansa, its strategic partner, FMG has developed facilities to position Munich

KEY FACTS

- The addition of a third runway will vastly increase capacity and reduce congestion.
- One of FMG's secrets is individualising traffic segments and offering customised services for each.
- The master plan addresses what would be required to handle 100 million passengers a year.

**RUNWAY 3**

Planning procedures for a third runway at Munich Airport will be put forward this year, on the basis that it will have great economic significance and will underpin its development as a key European hub. Airport expansion is a prime element of long-term planning. Traffic figures for the first half of 2007 are considerably higher than the long-term forecast curve, fuelling the urgency for capacity expansion. FMG feels a third runway will enable it to achieve its minimum target of 120 scheduled take-offs and landings per hour and manage growing traffic levels efficiently.

Authorisation from shareholders has been obtained, along with a positive regional planning assessment from the district government of Upper Bavaria.

Last summer, FMG announced that airport planners have significantly reduced the land area required for the third runway cutting almost one-third from the original plans.

Airport as one of Europe's key hubs, but further infrastructure improvements are needed in the coming years. Of these projects, the most significant is the third runway, which is intended to greatly increase capacity and ease growing congestion at the existing terminals. Plans for a new satellite building that will improve terminal capacity are also in place. New links to local transport networks, most notably a new magnetic levitation (maglev) train service to Munich Central Station, will improve landside access.

It is a demanding challenge to add infrastructure while maintaining high quality customer service, but Munich is achieving just that. Among its secrets for success is the belief that value generation is more important than cost cutting. Equally important, is having a detailed

understanding of the different passenger segments that use the airport.

Value over cost

The aviation industry generates large revenues but margins are tight, often leading to a focus on cost reduction. For Kerkloh, however, there has to be a trade-off between value and cost. The keystone of Munich Airport's success, he believes, is its ability to separate traffic segments and offer different, tailored services for each, with the focus primarily on needs rather than cost.

'One of our secrets is that we differentiate between traffic segments to provide more of the services that each of them need. Low-cost carriers, for instance, have very specific needs, and it is important to have a basic service package for them. Business travellers and other leisure passengers

also have different needs. Large airports must address these different markets very specifically and offer the right services,' he observes.

This approach is evident in many areas, such as retail and food and beverage services, but a good example of the policy in practice is the airport's baggage handling system. Slightly more expensive than other systems on the market, the airport's baggage transfer technology is high-capacity and very efficient. It requires highly trained staff to

'The pre-requisite for maintaining the quality of the airport is to have a good masterplan. Generally, airports the size of Munich have land problems when they grow. The way to tackle the problem is to look at how the airport will be when it has twice as much traffic,' says Kerkloh.

Currently, Munich's masterplan focuses on what it would require to handle 100 million passengers a year – a very long-range vision that may take 50 years to manifest. It is impossible to foresee

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operate it, as well as a large technical support team. Inevitably, this all adds to the cost but results in better service, with the additional investment ensuring a very low lost baggage rate.

Another example is the airport's investment in managing and training a large workforce. Overall, the 500 or so companies operating at Munich Airport employ 28,000 people, of which 7,300 work for the airport company and a further 10,500 for Lufthansa. Providing its large workforce with high quality training incurs cost, but, again, FMG prioritises the improvement in service levels resulting from the extra expense.

'It is our job to provide good education and training. We have dedicated vocational training, which is key – especially for customer services. We are often seen as a more friendly airport than many others so that training pays off,' observes Kerkloh. This training feeds into another important policy strand at the airport – keeping a local, personal touch to the travel experience. 'I fear that as the travel industry becomes larger it will become a machine. Every airport will look and feel the same. We want to add some special flavour. Again, this is more expensive, but the service is better, and an airport must have first class service. Some airlines may want lower costs but we don't need to prostitute ourselves to them,' states Kerkloh.

'There is a high level of cost for every airport and every airline and they must make money, but good airports need investment. That investment leads to a better solution, so we need to work closely with airlines and with public authorities on big development projects,' he adds.

Planning ahead

Investment in infrastructure, training and customer service can be justified at Munich Airport by FMG's detailed masterplan and its rising passenger figures. A clearly defined, long-term plan is at the heart of the company's success.

the detailed implications of all issues that will arise during that time, as we can now see with the additional security measures required by international legislation; but such issues are easier to accommodate if a clear plan is put in place.

With foresight, a focus on value rather than cost and, above all, an understanding of the specific needs of the people who use the airport have served FMG well. Other airports would do well to take note. ○



DR MICHAEL KERKLOH

➤ President and CEO of Munich Airport's operating company Flughafen München GmbH.



The maglev service will take ten minutes to reach the airport from Munich Central Station. Source: FMG

A TRAIN FOR THE FUTURE

Munich Airport has unveiled plans for a futuristic shuttle service, able to travel at speeds of over 500km/h (310mph), to link it to the city. The magnetic levitation transport system will use electromagnetic force to suspend, guide and propel the train.

Regarded as a symbol of German technological expertise, the maglev service will take just ten minutes to complete the 40km journey from Munich Central Station to the airport, including stops at Hacker Bridge, Olympic Park and Feldmoching. At present, the airport is linked with the city's two S-Bahn lines (S1 and S8), which cater for airport traffic, as well as local commuter traffic. Some 120 million passengers use Munich Central Station each year, while Munich Airport handles 30 million passengers.