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## **El. Venizelos**

### **An evaluation of one year operation and future outlook**

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On March 28, 2002, the Athens International Airport of El. Venizelos is celebrating its one year operation. It is evident that the worldwide economic recession and the terrorist attacks of September 11<sup>th</sup> last year, hit hard the global aviation and tourism industries. The AIA was no exception with an approximate 20% drop in overall passenger traffic in the last quarter of 2001, compared to the last quarter of the previous year.

In January of this year JBR Hellas conducted interviews with top local management of 10 major international carriers and tour operators to determine where the airport currently stands and what should be done in their opinion to strengthen its position.

Up to 2000 the Athens International airport had shown an impressive increase in the number of passengers from 10,9 mln in 1998, to 11,8 mln in 1999, to 13,5 mln in 2000. Also before the September 11<sup>th</sup> events the outlook was very positive. Barely 6 months later the positive trend has been completely reversed with major airlines pulling out (Virgin Atlantic, Gulf Air and Ethiopian Airlines), bankruptcies (Axon Airlines together with a handling agent) and reduced activities (Cronus / Aegean has curtailed its Athens - London flight, Malev Hungarian Airlines has reduced schedules and is flying smaller air crafts etc.).

This environment did not help the airport management in the last year to work on its strategy of becoming a new south-eastern European niche hub, which will place the airport in the centre of three continents servicing connections from the Eastern



Mediterranean Region, the Middle East, the Balkans, Africa and Greece to European and Long-haul destinations.

According to parties interviewed the question is whether this strategy is possible at all, at least for the short term. Besides the local passenger (Greeks) and the international passenger market, the airport is clearly focusing with such a strategy on the transfer segment, but parties interviewed believe that in the **short term** there is not much potential because:

- AIA lacks a strong local carrier: for attracting transfer passengers, a local carrier is needed with a market share of at least 50% together with the establishment of important strategic alliances. The situation around the Greek flag carrier of Olympic Airways is very uncertain, especially after the Australian consortium IAS did not meet the deadline set by the Greek government in February this year. This has been aggravated by the recently started inquisition by the EU.
- Competition from airports in the area: the airports of Rome, Vienna, Istanbul and Milan are considered competitive airports in the region as they currently have strong local carriers with extensive connections
- AIA is one of the most expensive airports in Europe
- the airport is very focused on the leisure traveller: an airport focused on the transfer market needs to have the right mix of business and leisure as it is the business traveller who is transferring most. Attracting those business travellers has everything to do with availability of connecting flights, schedules and offered facilities, such as gourmet alternatives and business facilities.

Overall parties interviewed believe that in the short term there might be more potential in the market segment of the international passenger, as the local passenger market (the Greeks) is considered a captive market. Greece is an established and flourishing tourist destination with almost 13 mln tourists per year. Athens, on the other hand, has shown a steady decline in the number of visitors in the last decades. With the help of the Olympic Games in 2004, Athens might be able to give its tourism a lasting boost, also because the city has much to offer in terms of historical sites, museums, shopping, beaches, nightlife etc. Athens could also serve as a starting point for holidays such as a



two or three days visit before travelling to other destinations within Greece such as the islands.

It is evident that all parties in the industry should participate in this effort, including ministries, the Greek national bureau for tourism (EOT), tour operators, air lines etc. The government should take its responsibilities in establishing a train connection to the airport, finalising the Attiki Odos and improving the promotion and marketing of Attiki.

The basis is already there: JBR Hellas research among the airlines also showed that EL. Venizelos is considered one of the most modern airports of Europe which

- has smooth operations
- is very functional and very well organised
- is clean and well illuminated
- has an excellent operation management
- has a satisfactory level of facilities for passengers as well as airlines

If all parties will work together, all will benefit from the increased number of travellers / visitors. In addition for AIA this means that the increased traffic in the short term will help to establish their long term objectives, namely to become a niche hub in South-eastern Europe, as people prefer to connect through an airport with which they are familiar.