

Regional Business Connectivity by Air

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1 Introduction

One of the reasons given for expansion of regional airports is that this will serve the interests of local businesses by providing new or more convenient connectivity to existing or potential customers. However this assumption needs to be subjected to a sequence of tests before it can imply that the best solution is regional airport expansion. These tests include:

- Is the connection possible through another transport route already, particularly for domestic destinations?
- How significant a barrier to business is the absence of a local link?
- Would other means of communication be a better solution, for instance video conferencing?
- Is there sufficient demand within the catchment of the local airport for the new link to be profitable?
- Would the frequency of the link that demand might support be sufficient to actually attract business users?
- Would the link be attractive to non-business travellers who are the vast majority of users of regional airports?
- Would seasonality of demand make a regular service on the link impractical or uneconomic

This paper tries to examine some of these issues with particular reference to the South West region of England.

This is submitted as part of the consultation on sustainable aviation policy.

2 Business needs

Business travellers have a variety of requirements of travel: access to certain business locations, reliability, flexibility, frequency, onward links and so on. In several categories these needs are different from those of leisure travellers¹.

2.1 Access

Business users do not necessarily need a rich flight network, they just need reasonable access to their customers. This means that they do not need direct flights from every airport to every other airport, but instead a reasonable and workable route to the vicinity of their customers. For long haul routes this might require three or more substantial legs of the journey (surface or air travel from home or office to a hub airport, a long haul flight to a foreign hub, a short haul flight to another city and a final surface segment). Changes to the UK offering might affect the first segment by making a route available to a foreign hub, but can thus only make a small saving in overall journey time and complexity. Only with a very extensive increase to a route network can the other legs of the journey be removed to

¹ For more, see "Airline marketing and management", Stephen Shaw, Ashgate, ISBN 978-0-7546-4820-8, section2:3:3 "Customer requirements – Business Travel Market". Referred to as (Shaw) below

make a direct route from local airport to local foreign airport.

For short haul travel it is common to have three segments – surface access to a UK airport, flight to foreign airport, surface access to customer. Expansion of regional airports may make the UK surface section shorter, but the smaller breadth of network from a local airport combined with the no-frills airlines liking for smaller airports means that the foreign surface segment may well be longer. As the UK surface segment is on UK roads with the traveller's own car it is often easier, less risky and less daunting to make this segment longer to access a more direct air link and thus avoid the long far end surface segment on unfamiliar roads in a rental car.

Where multiple flight segments are involved it is useful to the traveller to be able to travel with a single airline (or group of airlines) on all legs, with common ticketing, checking of luggage through to the destination, coordination of flights, etc. These are services common amongst full-service airlines but are some of the very areas cut away by no-frills airlines.

2.2 Frequency

For long-haul routes the economics can vary because in some cases the fraction of non-economy passengers is higher and their air fares serve to subsidise the economy fares, hence a daily route might prove economic at slightly lower passenger levels. Some business class only services have survived (eg London to New York) but many of them failed as oil prices rose.

For long haul trips it is to be expected that the trip will last seven or more days, indeed this is built into airline pricing structures where a “stay over Saturday” significantly reduces return fares – the premium being paid by those who do not want to stay away from home over a weekend. For short haul business trips, the aim is to either avoid an overnight stay or to at least minimise the stay, and this is related to the frequency of service. If an airport offers a daily flight to Rome, say, then the likelihood is that there will be insufficient time after arrival for business to be done before the same plane returns to the UK.

Hence a daily route forces an overnight stay which wastes the business traveller's time and a considerable amount of money. If an airport offered two or more flights per day to Rome then the business traveller could fly out on the earliest one, take part in meetings and then return on the last flight, thus both avoiding an overnight stay and enabling them to be in the office next morning.

When regional airports offer routes to destinations that are relevant to business travellers, they are often on “one flight per day” schedule, whereas the larger and hub airports typically offer a much higher frequency that is better suited to business needs even if the UK surface segment is longer. This was recognised by the councils in Cornwall:

Frequency of air services are essential for the viable operation of an air route, as well as of benefit to the business traveller².

This area is covered in (Shaw):

In short-haul markets, frequency and timings are all important for the business traveller. Most business people find that their lives are extremely busy, and that their plans often change at short notice. If they do, an airline offering high frequency will have a crucial advantage. Frequency will ensure that business travellers can fly out for a meeting shortly before it is due to begin and return to their offices or homes very soon after it has completed. ... It is essential that there should be extensive opportunities on short-haul routes for business travellers to make day-return trips³

² <http://www.publications.parliament.uk/pa/cm199798/cmselect/cmenvtra/589/58981.htm>

³ Shaw page 28

This implies that a successful business route will need at least two return flights per day, one early in the day and one late, and a threshold of far more than 100,000 passengers a year for viability.

2.3 Flexibility

A related issue to frequency is flexibility. The more frequent a service is, the more easily a business traveller can cope with over-running meetings, or ones that are cancelled, without wasting time or having unexpected overnight stays. This also requires a flexible airline with transferable or open tickets which are common with full-service airlines but are not with no-frills airlines which dominate regional airports. Business travellers may also often postpone trips and yet not expect a penalty for doing so – no-frills airlines often have a no-refunds policy which does not encourage this way of working. (Shaw) states:

*Some business travel is undertaken in response to a sudden crisis, which requires someone to travel on a "next flight out" basis ... Clearly, an airline can be giving a very high frequency on a route, but this frequency will be of no value to a business traveller if all flights are fully booked days or weeks in advance.*⁴

So this implies that frequent flights which can be relied on having spaces are required, not something that easily fits with no-frills airlines from regional airports.

2.4 Reliability

Another side to the frequency issue is reliability. If the chosen flight fails to fly, then a frequent service allows the user to transfer to a later flight or change route to access their customers. This level of fault-tolerance is only easily dealt with by a rich and frequent network, yet this is not easily supported by most regional airports.

The factors listed above may limit the appeal of services to business destinations from local airports if the local demand for such a service does not justify a frequent enough service to meet business needs.

2.5 Comparison to leisure traveller needs

Leisure travellers have a different set of requirements from business users.

On access, they may not even have a specific destination in mind but instead be driven by which locations can be accessed from their local airport – for instance if their local airport has flights to Crete rather than Corfu they may well choose a holiday in Crete because that is what is locally available rather than seeking a UK airport which has flights to Corfu. This is rarely a behaviour seen in business travellers who have a specific destination in mind – business travellers do not generally choose their customers by which locations their local airport can access. Most leisure travellers would avoid a need to transfer between flights and so target point-to-point flights direct to their leisure destination. This reduces the demand for routes that might use a business destination as a hub.

On frequency, leisure travellers do not normally need a choice of flight times within the day, particularly when the airport is their local one and there is no implied need to stay overnight near the airport. They also do not need to perform a return trip within a day, so are generally happy to return on the same schedule's return flight some days later. The key differences here are a desire to stay overnight in the destination and less pressure on their time.

On flexibility, leisure travellers do not normally desire to extend or curtail their holiday and thus need neither the ticketing flexibility nor schedule frequency which would enable this.

It could be argued that business and leisure attitudes to reliability also differ. A missed flight for a leisure traveller might expect some form of compensation from the airline, although this may more often be provided by their own travel insurance. A missed meeting for a business traveller might not so easily be compensated, perhaps costing far more than the airfare or time of the traveller might imply if a deal is lost to a rival, postponed or its terms made less favourable as a result of tardiness or absence.

2.6 Business model differences

For full service airlines, particularly on long-haul, the mainstay of the income and profits of the airline is the business travellers and their premium level fares (and yields) help to subsidise the leisure travellers who help to fill up capacity and give an income boost in the peak holiday times. The business traveller premium also helps to provide the aspects of the service that attract those customers: higher frequency, through ticketing, flexible ticketing, higher hand luggage allowances etc.

For low-cost airlines, the mainstay is the leisure traveller where the prime attraction is the *type* of destination (eg a beach or art rich city rather than a *specific* destination) and the price. In the process of minimising the advertised price for such flights, the airlines have removed most of the “frills” which attract a business traveller, and where these are still available in some form a high premium is charged for them (for instance to fly from London to “near” Paris on Ryanair can actually cost more than on British Airways if all the items included in the BA ticket are purchased as extras from Ryanair – particularly the luggage allowance). Often there is no replacement for the frills due to the implications that providing them have for the whole business model (especially through and flexible ticketing and flight coordination).

For no-frills airlines the business travellers are merely a bonus but do not shape the business model. Business lounges, facilities for laptops on planes, through and flexible ticketing etc are all notably absent. Business travellers are a bonus because they often book at short notice and hence pay near the peak fare, and due to lack of flexible ticketing may end up buying more tickets than they actually use. But the fraction of passengers they represent for the airlines is too small for them to alter their behaviour or offering significantly, although see easyJet's move towards business passengers later.

(Shaw) states⁵:

Foremost amongst these characteristics is the fact that leisure travellers do not generally require frequent, on-demand service. This allows airlines to use relatively large aircraft to serve the leisure market, and gain the benefits of the lower seat-kilometre costs available from such aircraft. They can also operate at very high load factors – often in excess of 90% - because no last minute availability of a seat needs to be offered.

This helps to emphasise that the no-frills leisure model operated from regional airports has direct conflicts with the needs of business passengers who need to book last-minute, and where demand to a given destination would not support a large plane on a frequent route. He also emphasises that the timing of leisure flights does not suit business needs, with leisure passengers being squeezed into shoulder periods or scattered in the middle of the day, whereas business passengers want convenient times around the core of the European working day.

3 Demand

3.1 Business destinations

From the CAA data for 2010⁶ we can see that over the year Heathrow served 225 foreign destinations with 115 of these carrying more than 100,000 passengers and 139 carrying more than 50,000 passengers. A daily return trip on a route using a typical no-frills aircraft might have 180 seats each way at 85% occupancy, which equates to around 111,000 passengers per year. Around 108 of the routes from Heathrow meet this threshold. The top route by passenger numbers is to New York with 2.5 million passenger which implies far more than a daily service in fact it equates to around 22 such flights per day or a smaller number of larger aircraft on that route.

Foreign Airport	Total passengers
New York JFK	2,517,896
Dubai	1,787,561
Dublin	1,493,613
Hong Kong	1,386,779
Amsterdam	1,333,124
Paris CDG	1,299,701
Frankfurt Main	1,266,240
Los Angeles	1,189,309
Chicago	1,138,012
Malaga	1,093,538
Newark	1,091,818
Rome	1,082,872
Singapore	1,022,220
Munich	975,465
Mumbai	957,439
Toronto	940,448
Washington	920,514
Delhi	918,196
Stockholm	911,362
Jhannesburg	886,146
Zurich	876,385
Copenhagen	870,072
Boston	866,719
San Francisco	860,617
Gatwick	859,143

Illustration 1: Top international destinations from Heathrow 2010

Only one of these destinations is certainly dominated by leisure travellers (Malaga), the rest are clearly of interest to business travellers.

In contrast a regional airport such as Bristol served 105 international destinations with only ten of these carrying more than 100,000 passengers per year. This implies that only roughly ten destinations have a daily return service which is the bare minimum for business travellers.

⁶ <http://www.caa.co.uk/default.aspx?catid=80&pagetype=88&sglid=3&fld=2010Annual>

We perform the analysis here using total passenger numbers rather than timetables because if the no-frills business model dominates there is a clear threshold for economic viability of a route which also may be attractive to business travellers – one return flight per day with a full plane which equates to 110,000 passengers per year. No-frills routes can be economic at a lower demand than this if they are at a lower frequency (eg once per week) but these are unlikely to be attractive to a business traveller. We assume a flight will carry around 150 passengers because that reflects the current fleets and load factors of the low cost airlines.

Seven destinations have between 170,000 and 270,000 passengers which implies a more than daily service:

Foreign Airport	Total passengers 2010
Dublin	268,528
Alicante	259,783
Malaga	255,104
Palma de Mallorca	234,840
Amsterdam	223,878
Paris CDG	175,717
Faro	170,623
Geneva	148,417
Tenerife	129,307
Barcelona	120,167

Illustration 2: Top international destinations from Bristol Airport in 2010

Of these top ten destinations only five are conceivably of general business interest, the rest are clearly predominantly for leisure purposes. All of these destinations are also attractive either for purposes of leisure or visiting friends and family, or because they are major international hub airports. Some may have highly seasonal leisure traffic – Geneva for skiing for instance, which may mean that they do not run a daily service throughout the year.

Note the top business related destinations at the regional airport are served by Heathrow as well and in the same order of appearance, but this represents very few of the top business destinations from Heathrow.

It is immediately clear that Heathrow is able to economically serve over ten times as many international destinations as a regional airport at a frequency that is relevant to business travellers. This is roughly in proportion to the total number of passengers at the two airports, though these does not mean that growing the regional airport will significantly increase the number of economic business routes it can serve – that is determined by other factors including underlying demand.

3.2 Opportunities for regional business flights

The questions to ask are how many of the economically important business destinations accessible from Heathrow could be viably transferred to regional airports and what the benefits and the environmental impacts of this transfer would be?

3.2.1 Viability

The key determining factors for whether a new route from an airport will be economically viable are the level of demand for that service, the price the service can command from possible customers, and whether the frequency and pattern of service that is justified by the demand actually fits with the requirements of that customer base.

As stated before, a daily return flight on the standard planes used by low cost carriers at their target load factors implies that they will only be viable at a demand of around 100,000 passengers per year, but at only a daily service this may not actually prove useful or attractive to a business user base and so will need to rely upon a substantial fraction of

leisure passengers which in turn implies a lower price per ticket and a preference for tourist friendly destinations.

There are several techniques we can use here to determine the viability of business routes from regional airports. Firstly we can measure potential demand for a route by looking at the users of national airports travelling to that destination from within the catchment of the regional airport. In the case of business traveller this is likely to be a large fraction of the total demand should that route transfer to a more nearby airport, as they are not choosing to fly to the destination based on a whim or convenience but because they need to get to that specific location even if it means using a non-local airport. In the case of leisure travellers it can be expected that a substantial amount of generated demand might occur should a new route be available from a local airport if the destination is attractive to UK leisure passengers.

A second technique is to examine which routes have previously been run from an airport but which have proved to be uneconomic in operation and been dropped.

These two together can help measure both the true threshold number of passengers for viability on a predominantly business route or a mixed business/leisure route, and the potential demand from the catchment.

3.2.2 Top SW destinations through Heathrow

Using the detailed data gathered by the CAA for the 2008 International Passenger Survey⁷ for passengers from the South West using Heathrow, we can see where the hub airport provides business destinations which could transfer to a regional airport, and those which could not.

The top destinations for the 2.8 million SW passengers through Heathrow in 2008 were:

City	Passengers	Long Haul
Hong Kong	96376	1
New York	80426	1
Bangkok	59922	1
Dubai	57893	1
Tokyo	52390	1
Munich	51774	
Johannesburg	47304	1
San Francisco	46860	1
Los Angeles	46281	1
Washington	46163	1
Toronto	45954	1
Auckland	44639	1
Copenhagen	44268	
Zurich	43351	
Lamaca	41358	
Sydney	39346	1
Brisbane	38940	1

On the basis of these numbers, only one of these destinations (Hong Kong) has sufficient demand to justify a daily return flight (there was already a daily return flight to New York from Bristol⁸ at the time of this survey).

⁷ Data subset purchased from CAA from 2008 data set used for IPS

⁸ Bristol is used because it is a large regional airport and has been one of the fastest growing. The author has more detailed information on this airport than other regional airports but the arguments are generally applicable and the analysis repeatable.

Of these most destinations are long haul and few of these within range of Bristol's runway. So the barriers to these routes being replaced by ones from a South West airport are:

1. too low an existing demand to justify a business frequency route
2. too long a sector to be flown from shorter runways
3. insufficient non-business demand to expect a significant rise in passengers through using a local airport

3.2.3 Important European business destinations

Using the Cushman & Wakefield European Cities Monitor 2010 as a guide⁹, we can draw up a list of potentially important business destinations ranked by fitness for locating businesses, familiarity to businesses or ease of access to markets.

Rank	City	LHR flights	BRS flights	SW LHR	% Business
1	London				
2	Paris	11.9	1.6	0.3	76%
3	Frankfurt	11.6	0.0	0.3	60%
4	Brussels	4.5	0.4	0.2	64%
5	Barcelona	5.5	1.1	0.1	32%
6	Amsterdam	12.2	2.0	0.2	71%
7	Berlin	5.4	0.8	0.1	34%
8	Madrid	10.0	0.6	0.1	75%
9	Munich	8.9	0.0	0.5	47%
10	Düsseldorf	4.9	0.0	0.3	47%
11	Milan	10.4	0.1	0.1	62%
12	Manchester	7.3	0.2	0.0	
13	Zurich	8.0	0.0	0.4	53%
14	Geneva	7.8	1.4	0.2	48%
15	Hamburg	4.3	0.0	0.2	44%
16	Stockholm	8.3	0.0	0.1	41%
17	Lisbon	6.6	0.2	0.1	45%
18	Birmingham	0.0	0.0	0.0	
19	Lyon	1.8	0.0	0.1	10%
20	Dublin	13.6	2.5	0.1	83%
21	Prague	3.7	0.8	0.2	67%
22	Vienna	6.7	0.0	0.1	67%
23	Leeds	0.0	0.2	0.0	
24	Warsaw	3.4	0.0	0.1	77%
25	Copenhagen	7.9	0.0	0.4	64%
26	Istanbul	6.6	0.0	0.2	49%
27	Edinburgh	11.4	2.1	0.2	69%
28	Rome	9.4	0.8	0.3	24%
29	Glasgow	9.2	1.8	0.1	88%
30	Budapest	2.3	0.3	0.0	
31	Helsinki	5.3	0.0	0.1	40%
32	Bratislava	0.0	0.3	0.0	
33	Moscow	6.1	0.0	0.2	32%
34	Oslo	5.4	0.0	0.2	46%
35	Bucharest	1.8	0.0	0.2	24%
36	Athens	7.2	0.0	0.3	24%

The preceding table shows the cities profiled by Cushman & Wakefield ranked by their attractiveness for locating a new business (ranking by familiarity with the city and easy access to markets are similar).

The other columns are the equivalent number of daily return flights from Heathrow and

⁹ <http://www.europeancitiesmonitor.eu/wp-content/plugins/download-monitor/download.php?id=3>

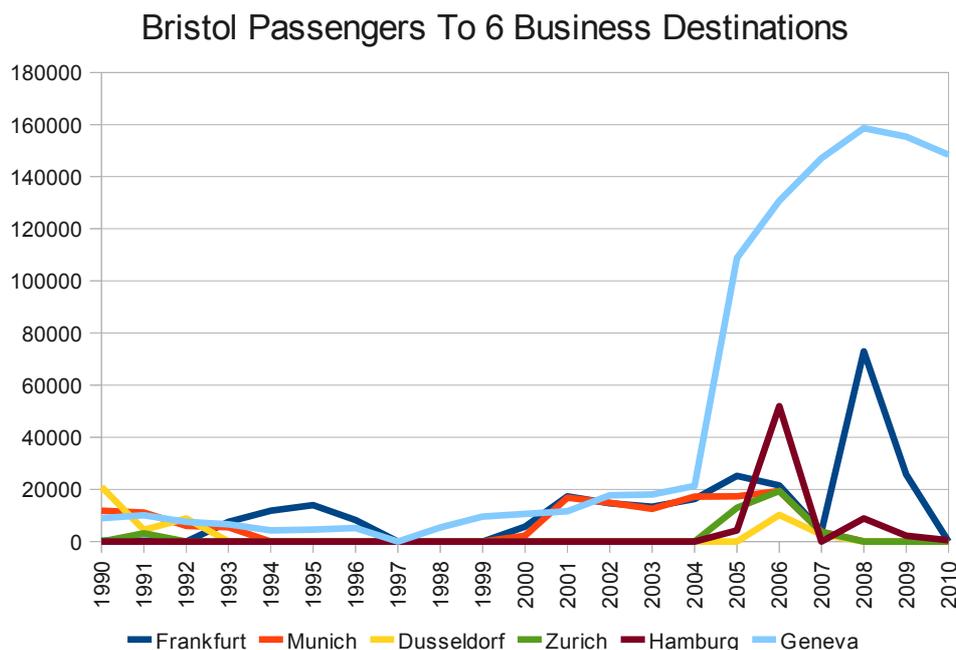
Bristol, the flights equivalent for South West customers through Heathrow, and the percentage of the SW passengers through Heathrow who were on business.

Most destinations have five to ten times as many flights from Heathrow as from Bristol, and the portion of the demand at Heathrow that is from the South West is less than half a return flight per day. This means that unless opening the route from Bristol attracted a lot more custom than is currently using Heathrow then there would not be an economic route that would be at the frequency demanded by business travellers.

There are several routes where business travellers are choosing to fly from Heathrow rather than Bristol even when the route is available from Bristol, notably to Paris, Brussels and Amsterdam. This is presumably at least in part due to the frequency of flights available from Bristol being insufficient to fit with their schedule or due to the greater options for further connections through Heathrow. It is likely that without a massive increase in flights to those destinations, these business passengers would continue to use Heathrow, yet the demand seen at Bristol is too low to justify such an increase in flights.

3.2.4 Past routes

There are several top business destinations which SW passengers are accessing through Heathrow which are not available from Bristol, in particular Frankfurt, Munich, Düsseldorf, Zurich and Hamburg. Several of these have been served from Bristol in the past but have been dropped.



The graph above shows passenger numbers from Bristol to six European business destinations over the last twenty years. With the exception of Geneva, all of the other destinations have been tried and then dropped by scheduled carriers over that period, sometimes more than once¹⁰.

Smaller passenger totals in the early years were with full-service airlines, but these have since been replaced by no-frills airlines that only operate aircraft carrying 150 or more passengers, implying 100,000 passengers per year for a daily return service. This is far more than the level achieved by all but the Geneva route.

But even this picture for Geneva is deceptive. Looking at the flight schedules for 2009-

¹⁰ Residual passenger numbers are on small or infrequent charter routes.

2010 we can see that during the winter there were between two and five flights per day (19 flights per week) but in the summer there were one or less flights per day (6 per week). This shows that the major demand is for leisure, predominantly skiing, and that a business traveller using Bristol to access Geneva in the summer might be inconvenienced greatly, being forced to stay one or two nights at the destination.

Again by examining the schedules we can see that Lufthansa was running three flights per day from Bristol to Frankfurt at the start of 2009, a frequency which would imply a carrying capacity of 328,000 passengers per year yet the actual number carried in 2008 was only 73000. This mismatch in supply and demand probably explains this statement from April 2009:

German airline, Lufthansa, is stopping its Frankfurt to Bristol service for this summer. Instead, the aircraft that would normally fly that route will be changed to fly from Heathrow to Berlin.

In summer 2011, Bristol can only offer a direct flight to Berlin where connections would need to be made to the important German business locations, but Geneva gets one or two flights per day.

It is also interesting to note that the number of SW passengers accessing Frankfurt through Heathrow in 2008 was 21,000 even when Bristol was serving 73,000, showing that three flights per day was not enough to capture all of the business traffic demand even though the planes were mostly empty.

To establish a route that is useful for (and attractive to) business travellers either needs a large number of business travellers within the airport's catchment that want to use that route, or for there to be sufficient all year round leisure passenger demand for that route within the airport's catchment in order that business passengers can be in the minority. The first of these options means that only very major destinations are likely to work from regional airports because they only have a very local catchment, but more minor destinations will be accessible from major airports because they have a national catchment. The second option is only useful for business travellers in a few cases – many regional airports can probably support a route to Paris on the back of leisure interest with a reasonable section of business passengers, but other leisure relevant destinations are not relevant to many business passengers (eg Alicante) and many business destinations are not relevant to leisure passengers (eg Düsseldorf) .

Putting all of this together, it is hard to see that the expansion of regional airports will have much impact upon business travel patterns – most international business travellers will still use major airports and in particular Heathrow. It is also very unlikely that a new route specifically to serve business needs would be sustainable from a regional airport unless it was of far more interest to leisure passengers, and most of those destinations are already covered.

3.2.5 Long-haul

Another factor is the practicality of running a service from the local airport. Many regional airports have runways that are around 2000m long which is too short to run a true long-haul business in that it might enable a small plane to reach the east coast of America but not the west coast, nor Asia. This may change with the introduction of the 787 plane but this is as yet unproven. If only a small plane can be used then this impacts the viability of a long-haul route.

No-frills short-haul airlines have little interest in long-haul routes because it does not fit well with their service model, plane fleet or business model. The service model is a problem

because on a long flight passengers expect a higher level of comfort and service which does not fit with the uniform no-frills service model used. The plane fleet is uniform and intended for a typical 500 mile sector and not 4000 mile ones. The low-cost business model depends on three or four return flights per day which can only happen on short sectors, whereas a long-haul route typically can only perform one return flight per day. [Although Tenerife is technically a medium-haul destination it is at the lower end of the distance range, it does appear within some no-frills schedules at the cost of reducing the number of sectors flown per day for that plane].

This means that long-haul routes would typically require attracting a full-service operator that might not otherwise operate from that regional airport and this makes the unit cost significantly higher due to all the burden of base overheads being borne by one route. In the case of the route from New York to Bristol the route was the only one operated by Continental from the airport, for instance.

Looking at the top routes taken from Heathrow by South West business passengers, ten of the top twenty nine are long-haul destinations¹¹, with a further two being just below that length:

City	LHR SW biz pax	distance miles	long haul?
Copenhagen	28370	610	0
Washington	26231	3677	1
Munich	24340	587	0
Zurich	22884	491	0
Paris	22177	216	0
Frankfurt	21164	407	0
Dubai	17626	3421	1
Amsterdam	16991	231	0
Prague	16180	651	0
Dusseldorf	15723	313	0
Edinburgh	14584	331	0
Hong Kong	14408	5994	1
Tokyo	13922	5974	1
Algiers	13891	1037	0
Shanghai	13450	5755	1
New York	13343	3451	1
Istanbul	13277	1565	0
Bangkok	12462	5958	1
Brussels	12238	218	0
Saudi	12133	2490	0
Doha	11980	3259	0
Beijing	11852	5080	1
Tel Aviv	11204	2233	0
Hamburg	10702	464	0
Geneva	10441	470	0
Adelaide	10357	10115	1
Boston	10034	3265	0
San Francisco	9522	5367	1

The commercially useful range from Bristol's runway (which is 2011m long) is around 4000 miles. This allows access to some of the long-haul destinations above but notably not Hong Kong, Tokyo, Shanghai, Beijing or San Francisco, the more important business destinations.

The introduction of the Boeing 787 might increase the range to 5000 miles, but even this might only add Beijing of those cities mentioned above, and at the cost of reducing the

¹¹ Where "long haul" means more than 6 hours flying time or around 3400 miles

number of passengers to increase fuel load which would reduce the profitability of the route. However such a plane does not fit the profile of the low-cost carriers that predominate at regional airports, and also carries more passengers so requires an even higher demand to make a sustainable business relevant route.

Other airports in the South West also suffer from runways that are too short for long-haul flights (Bristol 2011m, Exeter 2083m, Bournemouth 2271m) except for Newquay at 2744m, but it is too peripheral to attract many passengers. Heathrow's runway is 3900m long so allows fully laden wide-bodied long-haul aircraft to operate from it.

For comparison, Birmingham's runway is 2600m (and being extended), Manchester's is 3050m, Edinburgh's is 2560m, Stansted's 3050m and Gatwick's 3160m.

Outside this set of airports regional airports typically have runways below 2500m, with the exception of some more recent ex-RAF bases such as Newquay and Doncaster.

There was a much heralded daily route to New York from Bristol which started in 2005, but it was scrapped in 2010. The maximum number of passengers carried over that period was 93,000 per year, but this fell back to 83,000 in 2009 which is well below the commercially viable level for a daily return route. This was exacerbated because the airline only operated one route from the airport and was not able to use the plane for many short-haul routes in the US due to the length of the long-haul section, thus making the return on investment worse. Continental stated:

We have regretfully taken this decision because of continuing operational losses, despite the best efforts of both Continental and Bristol airport to promote the service.

One on-line journal¹² had this analysis:

But to an airline "yield" or revenue per seat is more important than popularity and it's believed that, although Continental's planes had healthy loads, there were not enough passengers paying the higher economy and business class fares to make the route a financial success.

So it would seem that too many of the passengers had been taking the opportunity to take in Broadway shows and cheap shopping in New York, and too few had been full-fare paying business travellers, a combination that did not allow the route to survive post-recession with a weak pound and less frivolous spending occurring.

It seems very unlikely that many long-haul business routes can be established from regional airports, and that therefore most long-haul routes will continue to be from Heathrow.

3.2.6 Benefits

Introduction of a route to a local airport might save business travellers surface travel time within the UK and this is a benefit. However it might imply a longer surface segment at the far end, and it might be at the loss of flexibility, frequency, reliability and even imply a higher cost depending upon the "frills" required by the traveller or the mismatch between their ticketing requirements and those offered by the airline. If the new service caused an increase in overnight stays then this would also imply increased costs both direct (accommodation etc) and indirect (eg lost time in the office).

3.2.7 Environmental impacts

The main environmental impact would be if adding a route at a regional airport did not

¹² <http://www.businesstraveller.com/news/continental-to-drop-bristol-new-york-route>

remove a flight from Heathrow or other national airport. Although some emissions from surface access would be avoided by some passengers using a more local airport, if two planes are flying to a destination rather than one then the emissions from those planes would be higher than previously and is likely to outweigh any emissions saving from surface travel.

In previous work we analysed the total surface mileage saving if all the south west passengers that used Heathrow switched to using Bristol instead. For some passengers this would increase their surface mileage due to either being closer to Heathrow or there being no direct road route to Bristol, but for most others there was a saving in mileage.

Using typical car loads and emissions data and the detailed CAA survey data to determine the number of passengers and distance from Bristol and Heathrow of their origins, we calculated that the total saving in car emissions would be 13,700 tonnes of carbon dioxide per year even if all 2.8 million of the south west passengers changed from using Heathrow.

The emissions for a single daily return flight to Munich (a round trip of 1360 miles) the emissions would be around 14,600 tonnes of carbon dioxide per year. Thus even if a single extra daily route was operated to accommodate the diverted passengers it would outweigh the savings in car emissions, and this would occur if instead of replacing a flight from Heathrow the Bristol route merely duplicated it and took some fraction of its passengers away. As we have seen, there is not a single route from Heathrow which would appear to be effectively dependent upon SW passengers and hence any routes added at Bristol would most likely duplicate the ones already operating from Heathrow.

All of this also ignores the fact that to carry 2.8m passengers would require far more than one extra daily flight, it would in fact need around 28 such flights, and hence the increase in net emissions would be 400,000 tonnes or more even if they all wanted to fly to Munich rather than further afield. In addition, of course, the number of destinations accessed through Heathrow by these passengers is far more than 28 and hence to successfully divert them would require far more routes and flights, and therefore more emissions.

It is very hard to see that many passengers would in fact be diverted, most growth would come from stimulating more leisure demand from the local catchment of Bristol. It is also implausible that expansion of a regional airport would lead to a net reduction in emissions.

3.2.8 Low-cost business carriers

Recently some of the low-cost carriers have been targeting business travellers – indeed easyJet announced that in Q2 2011 the number of business travellers had increased by 20% (though at no point is it clarified what the starting figure was – so it could be a rise from 5% to 6% of the total passenger count, for instance) . The attraction for the airline is that these customers are likely to pay more per seat, and they are offering some of the full-service frills to them (included hold luggage and some ticketing flexibility) but at a higher ticket price than their leisure customers – roughly doubling the price of a flight from London to Paris. In their half year statement¹³

Our top team has been rebuilt and we continue to optimise the network by configuring flight frequencies and destinations which are attractive to business travellers

With an aim:

to grow fares through continued network optimisation and driving the business traveller proposition harder;

13 <http://corporate.easyjet.com/investors/results-centre/~media/Files/E/easyJet/pdf/investors/result-center/2011-half-year-results.pdf>

But it is clear that the scope of the “business” routes is limited to the proven high volume routes already served by full-service airlines by:

Frequency increased on key business routes such as London to Amsterdam and Paris to Toulouse and launching new routes such as Copenhagen to Paris and Copenhagen to Basel.

Valuable peak time slots obtained at London Gatwick, Paris Charles De Gaulle, Amsterdam.

At London Gatwick capacity grew by 7% in the six months to 31 March 2011 as we increased core business routes such as Amsterdam and Barcelona. Capacity at Manchester grew by 65% adding a mix of business and leisure routes. At Edinburgh capacity grew by 15%. Capacity was reduced elsewhere in the UK including Newcastle and Belfast.

With little or no expectation that regional UK airports would be given better access to a wider set of relevant business destinations. The same report showed that easyJet was losing all of its smaller planes to concentrate on A319/A320 only, which means that business routes could only be economic if they attracted 100,000 or more passengers per year.

3.2.9 Business passengers

The fraction of passengers who are on business varies significantly between airports. For many regional airports this number is small. In 2008¹⁴ business travellers were 13.7% of the total at Bristol, 15.2% at Cardiff and 19.7% at Exeter (of which only 4.4% were on international trips), but 34.1% were on business at Heathrow. This means that it is far easier to make a business specific route commercially viable at Heathrow than at a regional airport. In the planning application for expansion at Bristol the projected business share is less than 10%, making it obvious that the 60% growth is expected to come from leisure and not business passengers. In fact the plans project a growth of 3.8m passengers would only increase business travellers by 131,500, or only 3.4% of the extra passengers.¹⁵

3.3 Conclusions

It is generally not credible that expansion of regional airports would be of great benefit to business travellers: the routes would be irrelevant to them, too infrequent or too inflexible. Expansion is predicated upon low-cost, short-haul leisure travel and in most cases these commercially viable routes will not be of any use to business travellers, so they will continue to use national airports instead, and Heathrow in particular. It is also not very credible that expansion of regional airports would off-load much traffic from Heathrow, which is mostly serving the South East anyway¹⁶.

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¹⁴ CAA Passenger Survey 2008

¹⁵ BIA planning application Environmental Statement Volume 6, p143 table 5.1

¹⁶ 81% of passengers at LHR are from the South East, and a further 2.5% from East Englia.