

Annex to letter of 27 May 2011

As preparation for the market power assessments and to give a better idea of the kinds of evidence we might be seeking we compiled the following list of issues/areas that we might want to explore with stakeholders. At this stage this list should be read only as indicative and not as an exhaustive and definitive list of all areas of question – we might add further questions if necessary, and equally we might not follow up on every item outlined on this list. We encourage stakeholders to raise any questions about this list directly with Isabell Kohten or Chris Hemsley in the first place.

Table A.1 – Indicative list of areas of questions for stakeholders

Category	Evidence/information	Likely principal external sources
Airport performance and behaviour	evidence on the performance of airports in terms of e.g. service quality, investment, customer service, cooperation	airports, airlines, passenger surveys, tour operators, retailers, other airport users
	information on passenger and airline satisfaction levels	
	airport cost structures	airports
	airport pricing structures and strategies	
	investment plans past present and future	
	marketing activities (if any)	
	strategy regarding different business areas and their relative importance (e.g. retail, aeronautical, property, car parking)	
Airport profitability	profits, operating profit, ROCE etc	airports
	external factors driving profitability	
Passenger preferences, switching and behaviour	how do passengers make their choice when booking flights/which airport-related factors do they consider	airlines, airports, passenger surveys, intermediates such as travel agents and tour operators
	costs for passengers switching between neighbouring and/or more distant airports or other modes of transport	
	which airports (or other modes of transport) do passengers consider as substitutes	
	estimates of passengers' elasticity of demand	
	evidence about actual passenger switching trends and reasons for the switching	
	differences in preference and behaviour of different passenger groups and which passenger groups matter most to airports and their main customer airlines	
	how passenger demand reactions affect, and how are they affected by, price setting on another side of the market, e.g. airline, retail	

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Category	Evidence/information	Likely principal external sources
Passenger airline preferences, switching and behaviour	how do airlines determine which airports to fly to/from and/or where to establish bases/hubs	airlines, airports
	which airports do airlines consider as substitutes	
	airline contracts/agreements with airports, both for aeronautical and non-aeronautical services	airlines
	evidence about actual airline switching trends and reasons for the switching	
	reasons for using the airport(s) being assessed	
	differences in preference and behaviour of different passenger groups and how that affects airlines' business	
	costs for airlines switching between neighbouring and/or more distant airports	
	which other airlines/routes operated by other airlines are considered relevant competitors to airlines' own routes	
	airline cost structures	
	airline pricing and network structures and strategies, including impact of cost changes on network and pricing strategy	
importance of cargo to network strategy		
Airline buyer power	importance of individual airlines to airports	airports, airlines
	frequency of airlines switching capacity between airports	
	content and nature of contracts between airlines and airports	
	nature of contractual negotiations between airports and airlines	
	route and network profitabilities	airlines
Cargo preferences and behaviour	how do cargo airlines and cargo shippers determine which airports to fly to/from and/or where to establish bases/hubs	cargo airlines, shippers
	costs for cargo airlines and cargo shippers to switch to other airports	
	cost and pricing structures - which role do airport charges play	cargo airlines, shippers, airports
	what are the most important elements of airport services for cargo? How to measure service quality?	
	importance of bellyhold cargo business to passenger airlines	airlines

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Category	Evidence/information	Likely principal external sources
Retailer preferences and behaviour	importance of retail business to airports, in terms of e.g. revenue, attractiveness/branding, cost efficiency, investment decisions	airports
	major ongoing and/or planned (e.g. extensions/renovations) projects at airports	
	prices for retail space at airports being assessed compared to other airports, vacancies, "churn" of tenants	airports, retailers
	retail contracts with airports - any specific conditions regarding deliverables, SLAs, throughputs?	
how do retailers assess business case for opening a shop at an airport (e.g. only profitability or also reputation)	retailers	
Competitive Price Level	evidence on degree and effects of airport capacity constraints	airports, airlines
	evidence on reasons for airport capacity constraints	
	relevant benchmarking exercises - e.g. on costs of providing specific services or infrastructure	
	expected future traffic trends	
Geographic market definition	information about passengers' final origins and destinations	airlines, airports, passenger surveys
	catchment area definitions used for marketing/assessment of airports/airline routes	airlines, airports
Market structure and shares	airport ownership and cross-shareholdings	airports
	extent of and importance of differentiated market segments (e.g. premium vs. standard vs. low cost, hub vs. point-to-point, long haul vs. short haul)	airports, airlines
	relevance of seasonality and differences between peak and off peak	
	airport and airline market shares (how do they report and measure that themselves?)	
Barriers to entry/expansion	evidence on previous and current expansion projects and reasons for their implementation/rejection	airports, airlines
	evidence on capacity constraints and reasons why these haven't been addressed (yet) or how they are envisaged to be addressed	
	effect of airport capacity scarcity on airline behaviour (entry/expansion), service quality, operating costs etc.	