

Edinburgh Airport  
EH12 9DN  
Scotland

T: +44 (0)844 448 8833  
W: [edinburghairport.com](http://edinburghairport.com)

**CAA Consultation on issues affecting passengers' access to UK airports: a review of surface access**

**CAP 1364**

**Edinburgh Airport Limited Consultation Responses**

**22 April 2016**

## **Introduction**

Our response is arranged into six sections which correspond to questions "h" to "m" set out in paragraph 5.3 of Chapter 5 of the consultation document. The final section on "Developing good practice principles", which corresponds to question "m", also deals with the specific questions which are addressed to airport operators (questions "a" to "g" in paragraph 5.2).

We consider surface access to be an important element of the services we provide. As described further below, we seek to facilitate surface access to drive choice and quality for passengers, just as we do in other aspects of our business. We support the CAA's focus on developing good practice principles and consider that this approach will help to ensure that surface access is competitive and dynamic, and that it works in the interests of the passenger.

## **Market Structure/Market Access - Consultation Questions**

*Have we identified the key issues on market structure within the scope of this review?*

We agree with the CAA's view that the sector is a dynamic one. Surface access is not a single, generic market but covers a number of products which compete for different customers in different circumstances. At Edinburgh Airport a number of parties provide a wide range of competing surface access products.

### **Substitutability**

We encourage the CAA to consider the substitutability of other access modes for road access and car parking. For passengers travelling to and from Edinburgh Airport, there is a wide choice of modes of transport (such as tram, bus, and taxis) and transport modes operate to constrain each other and ensure competitiveness.

### **External factors**

Transport modes often include or make use of fixed public infrastructure, as a result the airport is not the only stakeholder that influences surface access. Examples of this include the direct connection with Edinburgh's tram system; indirect connections (via direct tram and bus connections) to the national rail network; the availability and cost of bus stops in the city centre; planning rules and regulations; infrastructure investment (in particular in approach roads to the airport); and taxi licensing. Further information on these broader factors as they affect Edinburgh Airport may be available from, for example, the Scottish Government, Transport Scotland, the City of Edinburgh Council and Transport for Edinburgh.

### **Broader policy context**

Edinburgh Airport has an operational need to manage access for our growing number of passengers within the constraints of a finite resource in terms of access to the airport. Managing this finite capacity requires us to balance access both inter-modally and intra-modally. We also seek to manage passenger behaviour to ensure that capacity is used in the most efficient way. The CAA's review should ensure it takes account of these constraints. Airport operators' approaches to surface

access should also be viewed in the context of environmental policy initiatives to encourage modal shift.

### **Broader assessment of market power**

We agree with the position set out at paragraphs 4.10 and 4.11 of the consultation document that surface access should be viewed in the broader context of an airport's operations. Airport operators face strong competitive constraints, including in how they price and allocate surface access, from other airports, alternative travel options, and potentially from passengers deciding not to travel at all. Our view on this is set out in more detail below.

### **Our approach**

Edinburgh Airport seeks to allocate its limited capacity on a fair basis and in so far as possible drive choice and quality in surface access options for passengers. Our policy (detailed further in our “Good Practice Principles” below) is to engage with new surface access providers, and wherever possible to accommodate them within airport facilities.

### *Have you any views and/or evidence on the market position of airport operators in the provision of airport services used to access the airport?*

We agree with the CAA’s position that surface access is part of a broader assessment of the market power of airport operators. We believe that passengers include the cost of getting to the airport as part of their assessment of the cost of flying, and therefore that charges for surface access by airport operators face strong competitive constraints from rival airports, alternative travel options, and potentially from passengers deciding not to travel.

With particular regard to passengers flying from Edinburgh Airport, the Competition Commission viewed Glasgow Airport as a potential competitive constraint on Edinburgh Airport in its investigation into BAA published in 2009. Passengers travelling from Edinburgh also enjoy a direct rail link to Manchester Airport which offers direct flights to destinations Edinburgh Airport offers, and additional destinations which Edinburgh does not. In addition, surface access to Glasgow Airport is being improved by projects currently proposed or in progress, including the Edinburgh-Glasgow Improvement Programme (“EGIP”), currently underway, and the rail link from Glasgow City Centre to Glasgow Airport, proposed as part of the Glasgow and Clyde Valley City Deal.

## **Transparency/Consumer Information - Consultation Questions**

*Have you any evidence or views on how well informed consumers are of their airport surface access options and on what is most important to passengers in accessing an airport?*

### **Information on transport options**

We believe that passengers using Edinburgh Airport are well informed about surface transport options to and from the airport.

Public transport and taxis at Edinburgh Airport have a combined mode share greater than car parking and drop-off/pick-up combined, despite Edinburgh Airport having no direct national rail connection. This, we believe, demonstrates that customers are aware of their options and well informed. The Edinburgh Airport website provides impartial information about all public transport options and links to the individual providers' websites for further information.

Edinburgh Airport displays the prices of all of its roll-up car parking options and drop-off/pick-up charges, both online and on car park signage at the entry to the car parks. We also provide information on our free drop-off and pick-up option alongside the paid options, again both online and on signage at the airport. We display the standard rate for using our coach park facilities both online and on coach park signage. We have found that the price of short stay parking is constrained by long stay parking as increases in short stay charges typically result in passengers selecting long-stay instead. This suggests that passengers are sufficiently well-informed to be able to compare these options.

In addition, public transport and taxi providers to Edinburgh Airport all provide fare information and journey planning information on their websites. Most also have mobile apps with additional functionality and most also allow for advance booking prior to travel.

Edinburgh Airport has in the past sought to facilitate arrangements between airlines and surface access providers for the provision of end-to-end travel by the airline's customers (e.g. including an Edinburgh to Glasgow bus ticket at the time of booking flights).

### **Key considerations for passengers**

We believe the most important factors for passengers in making a surface access choice are time and cost. Total journey time from origin to airport is a significant time factor in passenger choice. This would include waiting time, duration of journey and walking time. A passenger is likely to overestimate total journey time where journeys involve connections or waits.

From a customer perspective, cost would ideally be measured at a per passenger level but a passenger may have to make some of this calculation him or herself where group size does not affect a fixed price (e.g. a taxi fare). Cost is inevitably dependant on destination and not all options provide a complete A to B solution. Cost can also be dependent on time and/or day of travel, and when the journey is booked (e.g. cheaper fares or costs for booking well in advance).

*Is this an area that merits further research?*

We believe that the research data contained at paragraphs 3.66 to 3.76 of the CAA's consultation document provide sufficient information on passenger behaviour to inform the development of Good Practice Principles.

## Distribution Channels/Price Comparison Websites - Consultation Questions

### *Have we identified the key issues related to the distribution of airport car parking?*

The CAA has identified many of the key issues related to the distribution of airport car parking. In addition, it is important for the CAA to recognise the market position of intermediary “consolidators” (third party distributors which operate price comparison websites).

Whilst consolidators increase transparency and competition, they also often have significant market power. Large consolidators typically enter into a number of deals with airlines and travel agents, using their UK-wide distribution to lock in UK-wide relationships. Parking providers then enter into agreements with those consolidators in order to access these airline and travel agent markets. We are not in a position to comment on how much consolidator revenue is spent on marketing car parking options to passengers. However we do not believe that they assist parking providers with yield management, as we cannot see a mechanism where they could facilitate this.

At Edinburgh Airport we have reduced substantially our reliance on third party intermediaries to sell on-airport car parking,<sup>1</sup> with 80% of sales now taking place through our own website. This has allowed us to reduce prices for our passengers by reducing the substantial commission costs associated with overdependence on these relationships. Large consolidators charge as much as 30% commission. We do sell parking via smaller consolidators, and through other channels.<sup>2</sup> We have a policy of not entering into agreements which contain price parity clauses.

We are concerned that some price comparison websites may at times mislead passengers. It may not be clear to passengers that in some cases the prominence of a particular parking product on a price comparison site may be determined by commission paid by the parking provider or the presence of a financial interest a consolidator has in a car park (for example where the consolidator also owns car parks). Price comparison websites may also give the impression that they cover the “whole market” when they may not.

We have found that price comparison websites and off-airport parking providers sometimes use an airport's name in a misleading manner to imply that off-airport parking products are on-airport. In such circumstances, rather than invoking our trademark rights we prefer to engage directly with these websites to ask them to use terms such as “airport-adjacent”, “near the airport”, “five minutes from the airport”, and so on. In doing so we are not seeking to exclude any providers from the market for airport parking, but to ensure passengers have the correct information regarding a car park, protecting passengers from being misled into thinking that they are purchasing from the airport, or into thinking that the car park is located on the airport grounds when it is not.

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<sup>1</sup> We sell our on-airport parking both as “Official On Airport” Edinburgh Airport parking (which encapsulates long stay, short stay and valet products) and as “Plane Parking” (our value brand)

<sup>2</sup> Such as price comparison websites including Skypark Secure, Looking4Parking, Airport Parking and Hotels (APH), and Better Car Parking (BCP), and distribution partners including Ryanair, Flybe and Jet2.com

*Do you have any views on what, if anything, would improve outcomes to consumers?*

On the whole, we believe that outcomes for passengers at Edinburgh Airport related to the distribution of airport car parking are positive. There is significant competition in the market for parking at Edinburgh Airport with other car parks (in addition to Edinburgh Airport itself) offering parking within the immediate vicinity of the airport. Our experience is that there is a single market for parking and we have found that prices for one product are constrained by the other products available. Thus if short stay parking becomes too expensive, passengers will use long stay parking instead. Car parking is constrained by other modes of surface access, and we see modeshift as prices change across the year.

We believe there could be a potential conflict of interest in circumstances where consolidators both distribute the products of other parking providers and also have their own car park capacity. This may lead to risks of these consolidators having access to information relating to their competitors which undermines effective competition. However, this is not relevant in the case of Edinburgh Airport because it is not served by a car park run by one of the consolidators.

Our approach to parking provision, which we believe to be beneficial to passengers, is detailed further below in our “Good Practice Principles”.

## **Initial Conclusions on Transparency - Consultation Question**

*Have you any views and/or evidence on how the information set that passengers have when choosing between airport surface access products could be improved for consumers?*

There is no single source of pricing information for all surface transport options at an airport. Airport operators should, in so far as possible, offer neutral and transparent information which allows passengers to compare services both inter-modally and intra-modally. We are able to advise on a range of available transport options. For example, Edinburgh Airport's own website prominently signposts information on taxis, car hire, bus, coach and tram connections as well as onward connections to national rail services and this information is also available from onward travel points within the terminal.

We also provide information about on-airport car parking. However we are unable to offer pricing and inventory for offsite car parking competitors. Comparative pricing information on off-airport parking is, however, available through a number of online distribution channels and price comparison websites, which are easily discovered through any search engine. As noted above, however, we question whether some price comparison websites provide a fair representation of the products on offer.

Some providers sponsor or provide onward travel information points or hubs within or near the terminal and these may favour one mode or provider over another. We consider that such providers are still increasing the overall amount of information available to passengers.

It is likely that different information sets are required for different groups of passenger. Non-UK resident arriving passengers are less likely to require information about car parking and drop-off/pick-up related charges. Furthermore, this passenger group is less likely to be well informed about comparative costs e.g. how a bus fare compares to a taxi fare to a given destination.

It is important, therefore, for an airport operator to recognise the needs of different passenger groups and tailor information accordingly. Equally it is important for an airport operator to understand how each of these passenger groups accesses relevant information. Our approach to ensuring that passengers are provided with appropriate and useful information on surface transport options is outlined in more detail in our "Good Practice Principles" below.

## **Developing Good Practice Principles for Surface Access**

*Develop and communicate good practice principles for access to our surface access facilities.*

In line with our answers to the consultation questions above, Edinburgh Airport recognises its position as an upstream provider of surface access facilities and takes this position seriously. We encourage the CAA to recognise the distinct nature of surface access at each airport. Our policy is to manage surface access on a fair, reasonable and non-discriminatory basis.

We do not believe that a “one size fits all” approach to good practice principles will deliver the best outcome for passengers given that each airport operates in distinct conditions as regards the type of passenger it serves (business, leisure, low-cost), the surface access infrastructure to which it is connected, and competitive restraints from other airports, travel modes or passengers choosing not to travel. Furthermore, within each airport we believe an inter-modal and intra-modal “one size fits all” approach can be inappropriate for a variety of reasons as different passengers will engage with the market for onward travel differently.

### **Our reasoning for our Principle (4) (Pricing for use of airport assets)**

We derive our charges for the use of surface access facilities from consideration of a number of relevant factors. We believe the best way of achieving balanced access to Edinburgh Airport’s facilities is through a benefit sharing pricing model which also takes account of our commitment to achieving our goal of 35% public transport mode share. Surface access providers benefit from the efforts of airport operators to grow patronage through aeronautical, infrastructure and resource development. In order to incentivise further investment the airport operator should share in this benefit. Furthermore, by setting a target for mode share the airport operator is encouraged to work with surface access providers to agree pricing structures that allow both parties to grow their business.

The viability and sustainability of any service provided by a surface access provider should be a consideration in pricing. Thus pricing should take into account the commercial success or vulnerability of a service, any direct costs associated with infrastructure or resource investment required to provide the service, and any factors which may affect long term demand, capacity or service delivery in either a positive or negative way. If a service is not viable and/or sustainable an airport operator may wish to support the service for a social or business need, for example where a service is provided for the benefit of staff or a small number of airport passengers. Such support may be in the form of discounted pricing.

Though in certain circumstances direct costs may be a relevant factor, we do not believe that a cost based pricing model is a viable or appropriate pricing strategy for Edinburgh Airport.

### **Our surface access strategy**

Our present approach to managing surface access to Edinburgh Airport is based on a consultation on surface access undertaken in 2012 and our resulting 2012 Airport Surface Access Strategy

document.<sup>3</sup> Our approach is also informed by our need to manage our surface access operations appropriately including by balancing access to finite capacity both inter-modally and intra-modally, and by a broader awareness of our legal obligations when doing so (including taking account of judgements from relevant competition law cases). We also want to encourage the development of surface access at Edinburgh Airport in such a way as to provide our passengers with the ability to choose from a range of good quality surface transport options.

From our present approach to managing surface access, which we believe has resulted in positive outcomes for passengers and a good choice of surface access options, we can identify a number of “Good Practice Principles” which we believe are appropriate to Edinburgh Airport and which are set out below.

**Surface Access Principles**

(1) Availability of airport assets<sup>4</sup>

- We will engage meaningfully and commercially with credible surface access operators for access to airport facilities in order to continue to provide surface access choice and quality for passengers.
- We will make available (or continue to make available), within walking distance of the main terminal building, facilities for loading and unloading of passengers for scheduled tram, bus & coach services; onsite & offsite long stay car parking providers; ad-hoc coaches; private hire taxis and public hire (hackney) taxis.
- Where surface access needs to be rationed, we will wherever possible seek tenders for service providers, to be awarded based on both price and quality of service.
- Our policy is to treat surface access providers on a fair, reasonable and non-discriminatory basis.
- Edinburgh Airport’s current portfolio of assets contains the following surface access facilities, which are made available as set out below:

Facility	Availability and restrictions	Terminal Access Method
Terminal Forecourt	Used by registered public bus services <sup>5</sup> by commercial arrangement. This area is barrier controlled and operators must meet minimum standards, determined by security requirements, to gain access to this area.	Adjacent to terminal.
Free facilities	There is a drop-off and pick-up zone located at the long-stay car park within	2 minutes by bus.

<sup>3</sup> It is our intention that future revisions of our Airport Surface Access Strategy document will take into account further surface access consultations, our Good Practice Principles, and any recommendations from the CAA as a result of this review

<sup>4</sup> See consultation document, Questions a) and b) of paragraph 5.2

<sup>5</sup> Currently not available to car park operators which have registered their car park to terminal bus operation as a public bus service.

Facility	Availability and restrictions	Terminal Access Method
	the airport boundary. This is free for stays of 10 minutes or less. A courtesy coach service operates between the car park and the terminal running every ten minutes and taking approximately two minutes.	
Coach Park (including for connections to on-airport and off-site car parks)	All connections provided by long-stay car park operators, including the airport's own, are located here (either by commercial arrangement or on a roll-up basis). Charter coaches, ad-hoc buses and coaches, chauffeur services and off-site car rental services can use this facility on a roll-up basis, or seek commercial arrangements.	1 minute walk to terminal building.
Tram Station	Area of land leased to Edinburgh City Council for provision of Edinburgh Tram service.	1 minute walk to terminal building.
Pick-Up Zone	Open for public use on a roll-up basis. Area is height and width restricted so only suitable for cars and vans. Chauffeur services, meet and greet services and taxi operators can all operate from this area.	1 minute walk to terminal building.
Drop-off zone	Open for public use on a roll-up basis. Area is height and width restricted so only suitable for cars and vans. Taxi and private hire services are not permitted to tout for passengers from here.	1 minute walk to terminal building.
General Car Parks	Open for public use on a roll-up or pre-booked basis. Area is height and width restricted so only suitable for cars and vans. There is a mixture of different car parks to meet different length of stay and customer requirements.	Surface access car parks are a 2 to 4 minute walk from the terminal.  A courtesy bus service operates between the long stay car parks and the terminal running every ten minutes and taking approximately two minutes. Bus stops in the car park may require a walk of up to 5 minutes from the parked car, but the majority of spaces require a walk of 2 to 3 minutes.

Facility	Availability and restrictions	Terminal Access Method
Taxi Rank	A taxi rank is provided for the use of the airport's two contracted taxi providers only (this opportunity was tendered in 2013). Edinburgh Airport has a contract with a public hire (hackney) operator and a private hire operator.	1 minute walk to terminal building.

(2) Availability of information to passengers<sup>6</sup>

- We will provide surface transport information at onward travel hubs within the terminal and on our website to inform passengers of their options, and wherever possible in such a way as to allow passengers to compare services both inter-modally and intra-modally.
- We will continue to provide details on our website of our own car parking prices, including roll-up charges and drop-off/pick-up charges, and of charges for using the designated coach park.
- We will continue to provide details of free drop-off/pick-up options and charges for roll-up car parking and coach park facilities on our website and on appropriate signage.

(3) Free facilities<sup>7</sup>

- We will continue to operate an area that allows for the drop-off and pick-up of passengers by cars and minibuses free of charge.
- We will continue to provide users of this area with free, frequent, direct and quick onward transport to the terminal building.
- We will continue to provide details of free drop-off/pick-up options on our website and on appropriate signage.

(4) Pricing for use of airport assets<sup>8</sup>

- We will determine pricing for the use of airport assets based on the following principles:
  - Pricing should comply with the airport's obligations under competition law.
  - Surface access providers and the airport should share the benefit which surface access providers receive from the airport's facilities and from the airport's investment in growth.
  - Pricing should be appropriate for incentivising further investment and for providing a revenue stream to help fund the continued growth of the airport.
  - Pricing should be appropriate for maintaining a selection of high quality surface access options for customers across a variety of transport modes, including where necessary through supporting a service for a social or business need.
  - Pricing should take account of the airport's commitment to achieving a goal of 35% public transport mode share and of any effect on the on-going viability and sustainability

<sup>6</sup> See consultation document, Question f) of paragraph 5.2

<sup>7</sup> See consultation document, Question g) of paragraph 5.2

<sup>8</sup> See consultation document, Questions c) and d) of paragraph 5.2

of any service provided by a surface access provider, including on service delivery and passenger demand.

- Pricing may also take account of direct costs associated with infrastructure or resource improvements which are required to provide a service.
- We will consult with relevant stakeholders periodically.

#### (5) Competition law<sup>9</sup>

- We will continue with our policy that surface access agreements between the airport and its own car parking business reflect arms' length terms.
- We will maintain policies on competition compliance and communication with competitors and continue to ensure that all staff involved in either the management of airport surface access facilities or the sale of airport parking understand and abide by these policies.

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<sup>9</sup> See consultation document, Question e) of paragraph 5.2