

# A New Image for North Iceland?

## Direct or Indirect flights to Akureyri?

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John Strickland

JLS Consulting

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# Outlook

- Industry in crisis mode: fragile
  - Fuel price rises
  - Recession
  - Government taxation
  - Slowing and changing demand

# What do airlines want?

- **Reliable, easy operational conditions**
  - Special procedures for arrival / departure dictating limitations and / or special training?
  - For some airlines, issues to clarify

# What do airlines want

- **Good market potential**
  - You have it!
- Now need to educate:
  - Visit airlines
  - Meet them at Routes Conferences
  - Encourage them to come here...seeing is believing!
- Providing a marketing budget to promote new routes is essential

# What do airlines want

- **Acceptable cost levels**
  - You have a lot of work to do!
- Iceland is already very uncompetitive as compared to other European countries and about to become even more so!
- Industry body IATA has already expressed concern
- Airlines *will not and cannot* accept these cost levels!
- (Average ticket price Ryanair/easyJet 50-60 euros!)

# What do airlines want?

- **Acceptable cost levels**

- In trying to increase tax revenues from aviation there is a high risk of killing the golden goose
- Tourism revenues generated from air travel are typically many multiples higher for a country than conceivable tax revenues!

# What do airlines want?

- Airlines are faced with many competitive choices and are looking to be incentivised and to share the risk
  - Aircraft assets are mobile and will be moved around
  - Bases and routes are closed and aircraft reallocated
- Its a buyers market-airlines currently have more choices than they have aircraft available!

# Attracting the right airlines

- Need to target those with financial strength
  - Stable airlines with capability to deliver
- Interested in:
  - Ski markets
  - New niche opportunities
- Small number of likely “good fits”

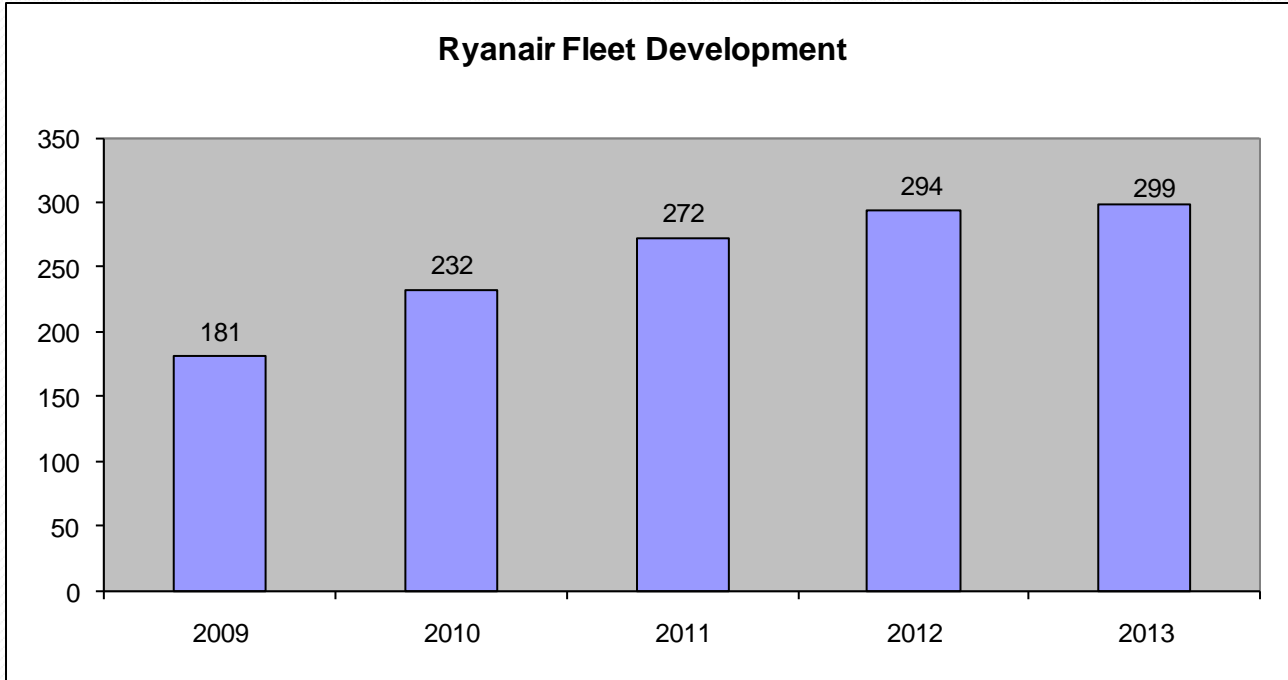
# Attracting the right airlines

- There are several opportunities available
  - Need to be realistic
  - Competitive market
  - Airlines are conservative about development

# Ryanair

- Demanding on cost/support conditions
- ...but delivers in passenger volumes
- They have concerns about operational characteristics
- They regard cost levels as a joke!

### Ryanair Fleet Development



# easyJet

- Big market strategy
  - Focussed on high frequency business routes at major European airports
  - Have modest interest in niche leisure markets too

# Norwegian

- A logical target airline
  - Like all low cost carriers, very focussed on costs
  - In a big expansion phase with new aircraft coming

# Jet2

- A low cost airline based in north UK
- Also owns Jet 2 holidays
- An active player in ski markets

# Air Berlin / Transavia

- Already customers at KEF

# Key Points

- Great market attributes!
- Certainly of potential interest to several airlines
- Costs is a disaster area which must be addressed!
- The Arctic North is beautiful but there is no divine right which will make airlines come!



Thank you!

Questions?

John Strickland

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