

SUMMARY OF WORKSHOP SESSION 3
Factors Affecting Airports

Adib Kanafani, University of California, Berkeley,
Moderator

Problem

Recent developments in air travel demand may have been unprecedented and unpredictable, for two reasons:

- 1) Changes in exchange rates and relative cost of living levels have facilitated travel to the United States.
- 2) The deregulation of the U.S. domestic airline industry and the moves toward deregulation of some international markets have resulted in many discount fares.

The second of these two factors may have resulted in a more dramatic and dramatized immediate effect, but the first is likely to have a more important and lasting effect.

The first factor results in a dramatic decline in the value of the dollar and a consequent increase, in real terms, of travel costs to U.S. travelers, and the opposite for overseas travelers, particularly in Europe but also including Japan. The effect is a change in the mix of international travelers with a significantly higher proportion of non-U.S. travelers, which will have possible long range impacts in terms of airport operation on federal inspection facilities (F.I.S.), access, and passenger facilitation and processing activities.

The second factor has brought about some increase in overall traffic, but mostly in vacation and other nonbusiness categories. (The increase has not been very high.) But more importantly, the following changes may be occurring that have had an impact on airport services:

- 1) changes in route structure
- 2) new routes, internationalization of airports hitherto domestic
- 3) aircraft technology/compatibility
- 4) higher seating densities and higher load factors
- 5) increased standby and long lead time passengers
- 6) shifting seasonality effects.

Summary of Conclusions

The subcommittee's consensus was that the following six issues are the major items that should be addressed and from which a research agenda might be developed.

- 1) F.I.S. appears as the most critical constraint on the future development of international travel facilities. There is a growing percentage of non-U.S. travelers moving through U.S. airports. They require a longer processing time than U.S. passengers. Methods of streamlining F.I.S. should be investigated and adequate space and staffing for F.I.S. should be provided. Pre-clearance upon departure should be pursued. Agricultural inspection presents a particularly difficult problem and will add to time delays and expenses.
- 2) Airport Access and Land Side Facilities. International traffic characteristics

that place a heavy load on the system include: large aircraft or higher load factors on average size aircraft, groups and charter, and increased peaking due to limited arrival and departure facilities (such as check-in windows and baggage). Nonresident travel implies added demand for restrooms, telephones, passenger aid facilities, taxis, buses, and limos.

Large accumulations of passengers are expected in the future either due to early arrival at the departing airports, or due to transfer through U.S. ports. The design of "sterile areas" (separation of passengers from visitors or friends seeing them off at the airport) on the airside interface should be researched.

Design procedures may need to be revised, especially for smaller airports or ones with not much experience in international traffic.

- 3) Streamlining Passenger Processing Service. Higher needs for information and signage were seen as major issues: choice of languages, standardization of pictograms, currency exchange services, and transport information systems.
- 4) Aircraft Technology. Noise is a major issue that is exacerbated by heavier aircraft and longer runways. The noise impact should be seen as a research item, especially during night operations and curfews (U.S. and foreign cities).
- 5) Institutional. Airports not currently handling international traffic may need assistance and should begin to prepare for it. It was felt that airports currently doing this could provide such advice.

Government negotiations of bilaterals and the granting of international routes should be conducted with the participation of the affected airport operators.

- 6) Forecasting is not an issue specific to this matter but added uncertainties, lack of data, and often the inapplicability of models make international forecasting particularly elusive.

SUMMARY OF WORKSHOP SESSION 4
Perspectives from New York

George Howard, Port Authority of New York and New Jersey, Moderator

The panel discussed some of the preliminary findings of the 1979 travel survey conducted by the Port Authority of New York and New Jersey. The discussion included the following comments:

New York's share of the transatlantic market declined from 75 percent in the middle of the 1960s to 60 percent in 1972. Since 1972, this percentage has been reasonably stable despite the opening up of new gateways and New York's declining share of the gross national product. Panelists expressed the view that New York's share has been relatively steady since 1971 because of the introduction of the wide-bodied jets, their favorable economics, and the relatively lower fares realized due to the wide-bodied economics and large traffic volumes to and from New York. This may have

constrained the further opening of new secondary gateways.

In 1978 and 1979, New York benefited from rapid growth in the number of European visitors to the United States. There was a 50 percent increase in the last two years, as contrasted to a very small increase in U.S. citizen travel to Europe. Of the entire U.S. transatlantic market, foreign travel to the United States is now about equal to U.S. citizen travel abroad. (Figures 22-25)

Most of the panelists felt that this surge in travel to the United States can be explained largely by the declining value of the U.S. dollar compared to most European currencies. The United States has become a travel bargain. Conversely, travel in Europe for Americans has become very expensive. Since 1977, the value of the dollar has dropped about 15 percent while the European Price Index (see charts) has continued to increase sharply. The cost of traveling in Europe in current prices has virtually tripled since 1970. (Figure 26)

During the next five to ten years, there are a number of factors that will affect New York's 60 percent market share of air travel. (Figures 27-28) Some of the negative factors that suggest a declining market share include the prospect that New York's share of the national economy is expected to show further declines in this decade. In addition, in many new bilateral agreements, the United States and foreign carriers have been authorized to serve many U.S. cities outside New York and many of these authorizations are now operational. Also, the relatively strong growth in Latin American and Caribbean travel, possibly a diversion from travel to Europe, could divert from the New York gateway, favoring travel through southern gateways.

There are a number of positive factors that suggest New York's market share may not drop as in the past, such as continued escalation of fuel prices which could slow down the fragmentation of the market. On a seat mile basis, the larger, wide-bodied aircraft are the most fuel efficient and the most cost efficient if sufficient traffic volumes are forthcoming. New York City and the airports of New York and New Jersey have the facilities to support the large jet aircraft. In-flight surveys (taken in 1978) show that New York's transfer market has maintained its share of the total market since 1972, suggesting that the economies of scale for large aircraft are being utilized. In addition, New York City is undoubtedly one of the great urban tourist attractions of the nation, and foreign visitors will put New York on their U.S. itineraries for many years in the future.

Panelists also concluded that some changes were forthcoming as a result of growth in the transatlantic market. The increasing costs of travel to Europe should put the emphasis on marketing strategies that feature lower cost accommodations, shorter trip lengths, fewer stops on the same trip, "other than big city travel", tour packaging, and similar programs. Moreover, the vast potential for travel by Europeans to the United States was recognized, as well as the inadequacy of accommodations, services, and facilitation. The cut in the U.S. Travel Service budget seems to be shortsighted in the face of the foreign currencies brought into the United States by

foreign travelers. In order to plan for further growth and changes in New York's market, panelists reaffirmed the critical need for true Origin and Destination (O&D) data for international travel.

Figure 22. U.S. Trans-Atlantic market.

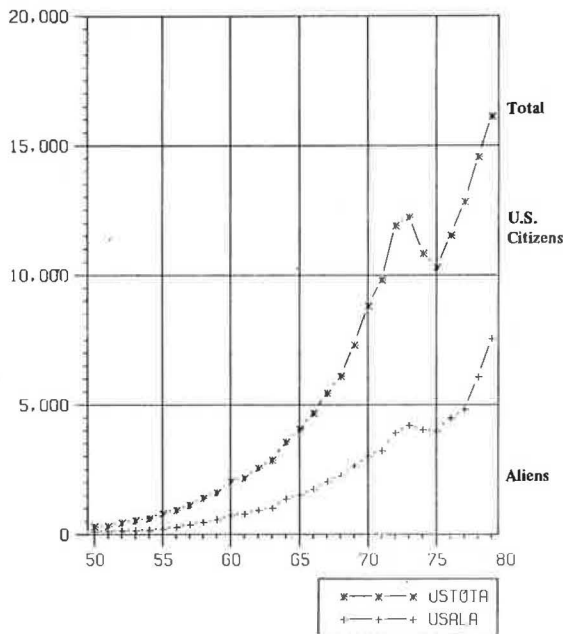


Figure 23. U.S. Trans-Atlantic market.

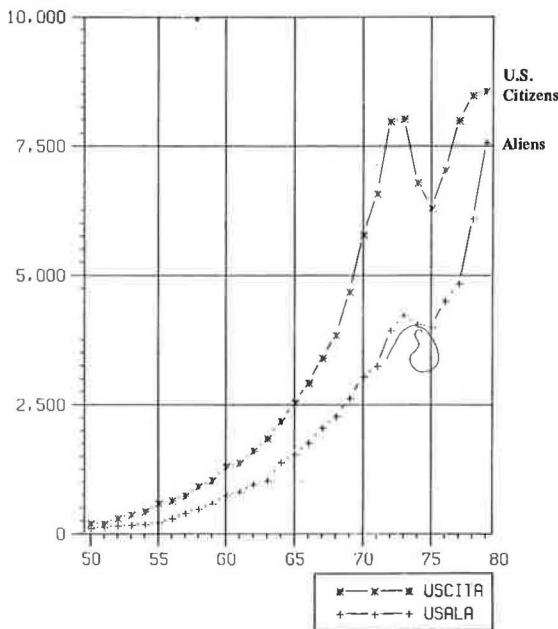


Figure 24. U.S. citizens international travel.

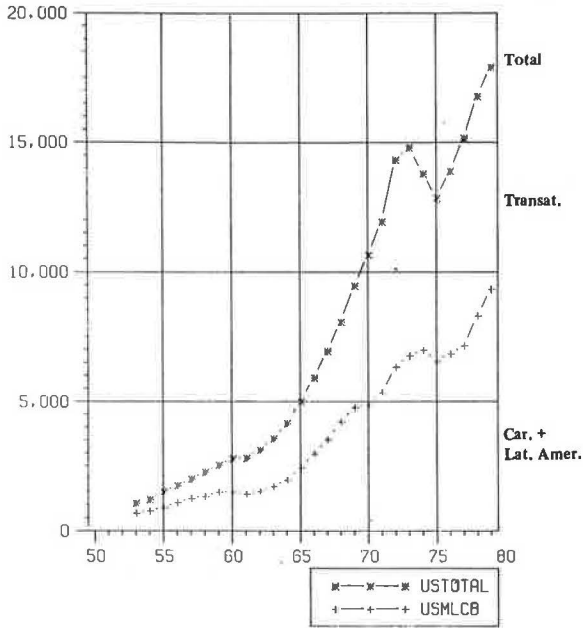


Figure 26. Cost index for travel in Europe.

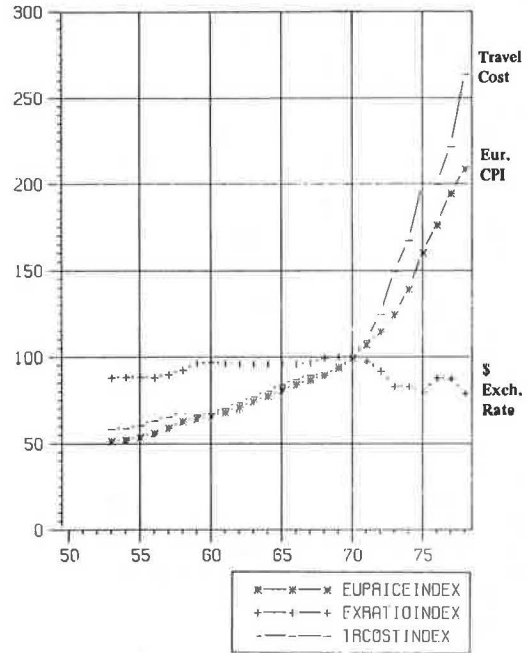


Figure 25. U.S. citizens international travel.

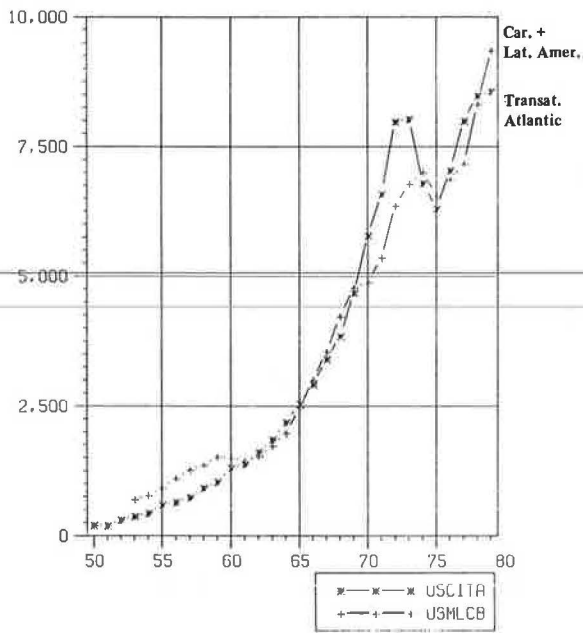


Figure 27. N.Y. share of U.S. market.

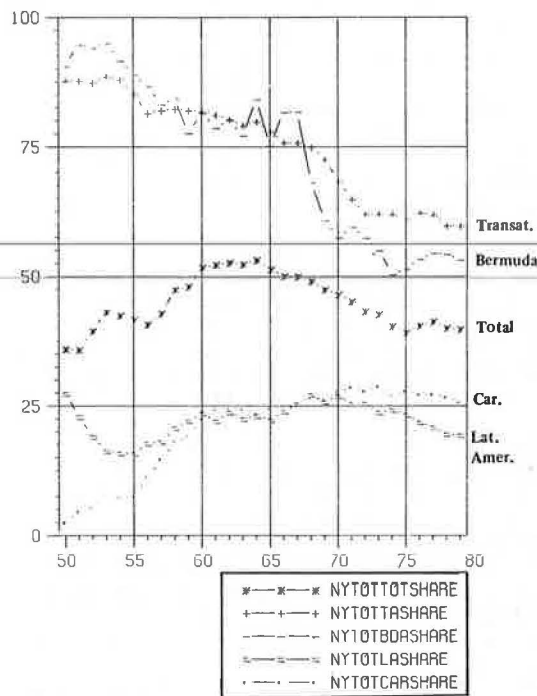


Figure 28. N.Y. international travel market.

