IMPORTANCE OF CARRIER ACQUISITION PROJECTS IN AIR TRANSPORTATION

Ján Piľa - Radomíra Rejdová – Matej Hudák

In our article we analyze the number of passengers at selected airports in years before the economic crisis and within the crisis. Our analysis will focus on both Bratislava and Kosice airports and will compare them with competing airport in Vienna. We will build on the regular annual reports published by mentioned airports. The number of passengers in the selected period will be useful to note the seasonality of the air transport industry and risks resulting from not the best implementation of customer acquisition and expansion into new markets projects.

K e y w o r d s. project management, customer, risk diversification, number of passengers

1 INTRODUCTION

In the current economy with a rapidly changing market conditions, companies strive to adapt to emerging conditions. Their objective is to achieve the highest competitiveness in both domestic and foreign markets. In this regard, companies continuously invest in different innovation activities, which are largely implemented through projects. Investment projects are focused not only on construction but also to new markets expansion, customers acquiring, innovation, manufacturing and services. We define two types of customers in the airline industry. On the one hand, there are passengers who need to get from point A to B and the airport can provide the greatest comfort while waiting for their flights. On the other hand, are the airlines themselves, which provide the very transport of passengers. In the article we bring insight into how to diversify the risk among several carriers by designing appropriate activities, so the airport does not lose its passengers.

2 GENERAL INFORMATION

The project can be defined as the complex of operations, that are single, limited by time and resources and their outcome should be the creation of innovation in product or service. In this regard, the project is a unique activity.

It can be characterized by following aspects:

• time limited, which means that each project has clearly defined its start and top and set time limits of the project are also defined,

• project is unique because its result is an unique product, service or result (research),

• progressive processing, which means that the implementation of the project may require a special organization that goes beyond traditional organizational structures.

We meet with different definitions of the project in the literature. According to J. M. Juran [1] project presents a plan set out to solve a problem.

Another definition provides Project Management Institute in its publication The Guide to the Project Management: Body of Knowledge [2] , according to which the project is time-limited effort to create a unique product, service, or achieve exceptional results.

The project can be seen as solving of a specific problem in a broader context. In the narrow context, the project can be understood as a set of tasks and activities that:

• have a pre-defined objective and sub-objectives of the project, eventually of each activity,

• have a defined time frame of duration (i.e. the beginning and end of project),

• have pre-defined resources (financial, equipment, human capital, etc.),

• are multifunctional and cut across all levels of management.

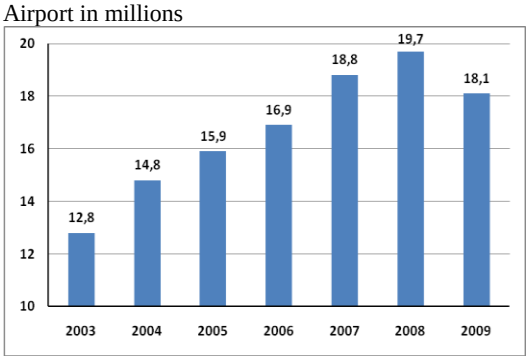
Therefore, to the successful solution of the project it is necessary to define the requirements for the project, i.e. what problem do we want to solve, and develop a project plan, whereby we want to achieve the desired result.

3 ANALYSIS OF CURRENT SITUATION

In our analysis, we compared two most prominent Slovak airports: M. R. Stefanik Airport in Bratislava and Airport Kosice to rival Vienna International Airport. As a benchmark, we selected the number of passengers transported in 2003 to 2009. Individual data were obtained from regular annual reports of these airports are set out in the comparison charts. We first present the situation at the Vienna International Airport for the followed period.

The following figure shows the evolution of the number of passengers transported by the Vienna International Airport for years 2003 to 2009. Figures are stated in millions.

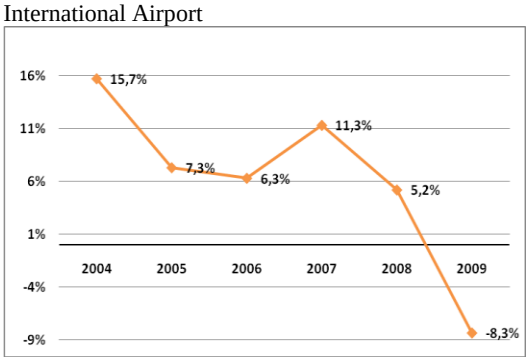
Figure 1 Number of passengers – Vienna International Airport in millions



Source [3, 4, 5, 6, 7, 8, 9]

The number of passengers grew each year. An exception was the year 2009, in which the economic crisis bursted and several shipping companies reported problems. In 2009 the airport saw passenger numbers fall by 1.6 million against last year, representing an 8.3% decline. Despite this fact, we argue that the Austrian airport was not seeing a sharp decline in demand for air transport, which is also reflected in the number of passengers.

Figure 2 Percentage increases of passengers – Vienna International Airport

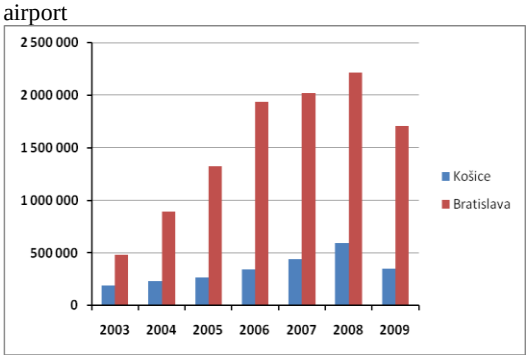


Source [3, 4, 5, 6, 7, 8, 9]

As we see on Figure 2, during the years 2004 to 2008 the company recorded annual increases in the number of passengers compared with last year. The highest increase was seen in 2004 and 2007, when passenger numbers rose by 15 and 11.3%. In 2009 we saw the decrease of number of passengers compared to 2008 by 8.3%. Compared with the Slovak airports, however, it was not as significant difference.

The situation was similar at Slovak airports, which recorded increase in numbers of passengers in the period until 2008, including. The following chart shows the evolution of the total number of passengers carried per year. For better comparison, data from the airport Kosice and Bratislava are shown in one chart.

Figure 3 Number of passengers – Košice and Bratislava airport

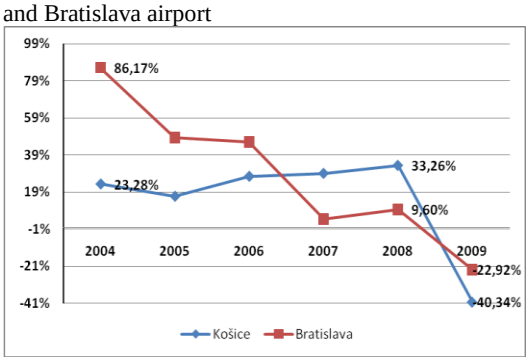


Source [10,11]

Both airports recorded an increasing trend in the number of passengers in the period 2003 to 2008. From the figure we see that the Bratislava Airport saw a sharp increase in demand for air

travel compared to the previous year in 2006. In numerical terms, as nearly 1.5 million more passengers were transported than in 2003. Conversely, Kosice Airport recorded steady annual increase in passengers.

Figure 4 Percentage increases of passengers – Košice and Bratislava airport

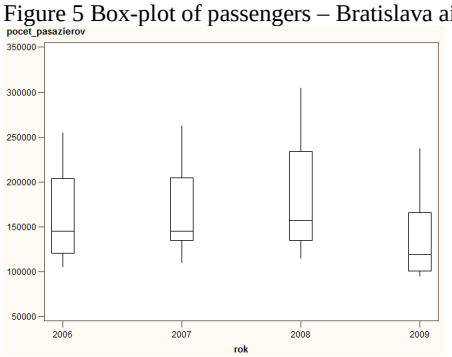


Source [10,11]

The strongest development in terms of percentage growth of the number of passengers was in 2004, when on-year growth of passenger traffic reached more than 86% and the lowest growth was in 2007, less than 5%. Situation was stable in Kosice airport, which avoided sharp fluctuations in increments of passenger traffic. Breakthrough year was 2009, in which the Bratislava airport transported by almost 23% fewer passengers than in 2008, Kosice airport recorded passengers drop up to 40% compared to 2008. This fall was probably caused by collapse of Sky Europe airlines.

Consequently, we established box-plots in SAS using data on the number of passengers carried each month during the years 2006 - 2009. We see a gradual increase of passengers by 2008 and a significant decrease of passengers in 2009 from these box - plots.

Figure 5 Box-plot of passengers – Bratislava airport

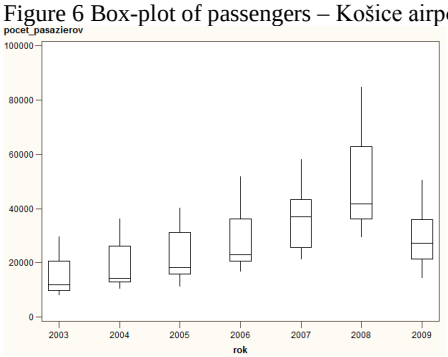


Source [10,11,12]

As we can see from box – plots, the median value for each year is more in the bottom of the box - plot. The median value is less than average, pointing to the seasonality of the industry. This means that most months of the year the airport transported fewer passengers than in summer. Since June both Bratislava and Kosice airports recorded a 30% increase in the number of passengers compared to last month. This trend remains in August and after September is falling towards an average value.

A similar situation can also be seen in data from Kosice airport. In most box - plots are lower median values, which also refers to the seasonality. But unlike the data from the Bratislava airport, transportation of passengers in Košice had lower variability than in Bratislava. Also, we see an increase in the number of passengers carried in 2008 against 2007 and a significant decrease in the number of passengers in 2009 compared to 2008 and compared to other years.

Figure 6 Box-plot of passengers – Košice airport



Source [10,11]

From the analysis we can see a seasonal effect on the air transport of passengers and also a significant decrease in the number of passengers in 2009 versus 2008 and other years. Despite financial crisis, which deepened in 2009, the airport in Vienna did not notice such fall in the number of passengers as airports in Kosice and Bratislava. This decrease is probably due to the collapse of Sky Europe, which ensured the transport of people from both Slovak airports to 41 European Union destinations. Share of this company on the total air transport of passengers was almost 70%.

4 CONCLUSION

In this article we pointed out that the impact of departure of Sky Europe from the airline market is strong and influenced airports, where the company operated as a major carrier, significantly. We consider acquiring new customers as important as maintaining long-term customers. Therefore, we suggest to companies operating airports to focus its activities on projects of services specialization, acquisition of smaller carriers etc. Smaller carriers can not cover the whole transport market, but only its small part. On the one hand it is a disadvantage, but on the other hand the airport can diversify the risk of unexpected situations such as collapse of companies, changes in business strategy of airlines, etc. and minimize the risk of his own demise.

BIBLIOGRAPHY

[1] JURAN, J. M.: *Leadership for Quality*, New York: Free Press, 1989.
[2] PROJECT MANAGEMENT INSTITUTE: *Project Management Body of Knowledge*, Project Management Institute, Inc., ISBN: 1-930699-45-X.
[3] VIENNA INTERNATIONAL AIRPORT: *Annual Report 2003*. Online, available from: <http://ir.viennaairport.com/jart/prj3/ir/data/uploads/2003_GB_englisch.pdf>, 22.3.2010.
[4] VIENNA INTERNATIONAL AIRPORT: *Annual Report 2004*. Online, available from: < http://ir.viennaairport.com/jart/prj3/ir/data/uploads/2004_GB_englisch.pdf>, 22.3.2010.
[5] VIENNA INTERNATIONAL AIRPORT: *Annual Report 2005*. Online, available from: < http://ir.viennaairport.com/jart/prj3/ir/data/uploads/210306_Flughafen_GB05_final_eklein.pdf>, 22.3.2010.
[6] VIENNA INTERNATIONAL AIRPORT: *Annual Report 2006*. Online, available from: < http://ir.viennaairport.com/jart/prj3/ir/data/uploads/Annual_report_2006.pdf>, 22.3.2010.
[7] VIENNA INTERNATIONAL AIRPORT: *Annual Report 2007*. Online, available from: < http://ir.viennaairport.com/jart/prj3/ir/data/uploads/VIE_GB07_Internet_eng.pdf>, 22.3.2010.
[8] VIENNA INTERNATIONAL AIRPORT: *Annual Report 2008*. Online, available from: < http://ir.viennaairport.com/jart/prj3/ir/data/uploads/IR%202009/GB08_engl.pdf>, 22.3.2010.
[9] VIENNA INTERNATIONAL AIRPORT: *Annual Report 2009*. Online, available from: < http://ir.viennaairport.com/jart/prj3/ir/data/uploads/IR%202010/GB09_engl.pdf>, 22.3.2010.
[10] LETISKO KOŠICE: *Štatistiky*. Online, available from: < http://www.airportkosice.sk/c/portal_public/layout?p_l_id=23.52>, 22.3:2010.
[11] LETISKO M. R. ŠTEFÁNIKA: *Štatistické údaje*. Online, available from: < http://www.letiskobratislava.sk/31.html>, 22.3.2010.
[12] Michal Tkáč,M., Andrejkovič,M., Hajduová, Z.: Analysis of Sky Europe Airlines Flights on Košice International Airport. In: Acta Avionica, 2009, ISSN 1335-9479.

AUTHORS´ ADDRESSES

Ján Piľa, Ing., PhD.
Vice-Dean for Science and Research
Technical University of Košice
The Faculty of Aeronautics - Technical University of Košice
Rampová 7
04 001 Košice
jan.pila@tuke.sk
Rejdová Radomíra, Ing.,
University of Economics in Bratislava,
The Faculty of Business Economics with seat in Košice,
Department of Business Informatics and Mathematics,
Tajovského 13
041 30 Košice
Slovak Republic
radomira.rejdova@euke.sk
Hudák Matej, Ing.,
University of Economics in Bratislava,
The Faculty of Business Economics with seat in Košice,
Department of Management,
Tajovského 13
041 30 Košice
Slovak Republic
matej.hudak@euke.sk