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Ground transport within airports: what is next?



Road to recovery



The role of
ground transport
within airports



Future of ground
transport



Insights on
domestic business
travel

Airports around the world are facing an unprecedented challenge to recover from the disruption of international and local travel. In Australia, the recent lockdowns interrupted the pathway to a brighter future.

In August 2021, Melbourne Airport registered 73,805 passengers – the lowest passenger volume level since October 2020¹. Sydney Airport passenger traffic is down 97.4% since June 2021 with just 23,000 domestic passengers last September². A much different scenario compared to the over 2 million domestic passengers passing through Sydney Airport pre-COVID.

The industry expects a slow recovery as international and domestic borders reopen. Melbourne Airport recorded 135,823 international passengers in December. Although this is the highest passenger number since the border closure in March 2020, it is only around 10% of pre-pandemic levels³.

Domestic travel has also suffering with the Omicron outbreaks. In early January, Qantas reduced its domestic travel forecast by 30% and later cut its predictions by another 10% up to March 2022. The delayed opening of WA borders seems to be behind the latest drop.

¹ [Covid-19 restrictions cut passenger volume at Melbourne Airport](#)

² [Sydney's Domestic Passenger Traffic Tumbles 97% Since June](#)

³ ['No higher risk': Melbourne Airport pushes to relax COVID-19 test rules](#)

Road to recovery

Aviation being an important sector for economies around the world, governments will most likely provide some sort of support to the industry. However, many argue that the pandemic brought long term effects requiring long term adjustments regardless of government temporary support.

It's expected that leisure trips will recover quicker than business trips¹. With remote work being tested and implemented by most business around the world, travelling for a business meeting may currently not be seen as worthwhile in terms of risk and cost.

For some airlines, while leisure travellers cover costs, business travellers are the major contributors to their profits. In their case, a major reformulation of their business model will be required if the trend confirms.

Airports need to monitor the profile of their users and be ready to quickly respond to changes. The same goes for domestic versus international trips.

The future of international travel will have many uncertainties. When will countries open their borders? What will be the rules for international travellers? Will consumers feel safe to

¹ [Back to the future? Airline sector poised for change post-COVID-19](#)

travel overseas?

All these challenges indicate that domestic travel, on the other hand, will probably experience a faster recovery². International airports need to consider this new scenario and make the necessary adjustments to cater for domestic travellers' needs.

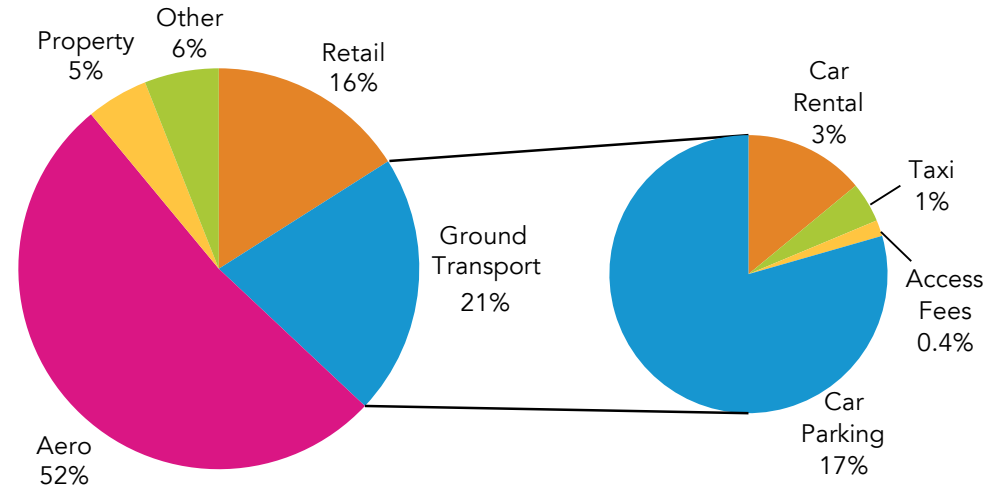
The role of ground transport within airports

In pre-COVID times, the proportion of revenues generated from non-aeronautical activities at airports can be in excess of 50% of total revenues. Within the non-aeronautical sector, the major contributor is ground transport and, within this, car parking represents a significant proportion. By way of example, on the right is the revenue split for two airports **ptc.** has worked with.

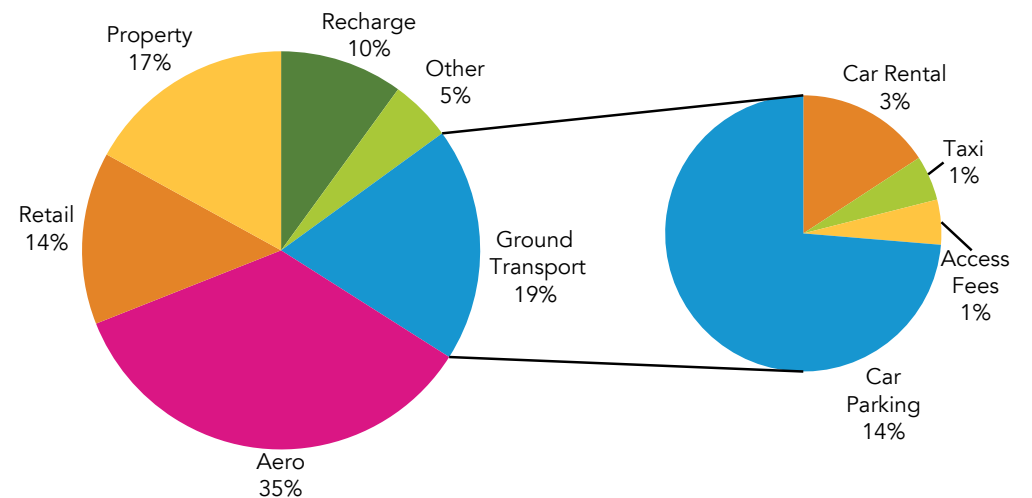
Not only is ground transport a significant revenue contributor, but it is an area that allows for easier intervention and responsiveness to market forces (choice of products, pricing, value added services, etc.) when compared to such charges as

² [How the airline industry is bracing for an uncertain recovery](#)
[lines-industry-is-bracing-for-an-uncertain-recovery](#)

Revenue Split - Airport A



Revenue Split - Airport B



airline fees. Therefore, keeping track of how people travel to and from the airport and what are the key drivers for their choices can result in improved performance for the airport as a whole.

As people's choices regarding mode of transport change, so the way that ground transport services are delivered needs to change. Whilst the traditional airport design of a ring road taking most (if not all) cars along the front of the terminal was a fixture of the last decades, design principles that separate users of car rental, drop off and parking products help to minimise congestion and improve the customer experience.

Just as important is the location of the various products within the landside facilities, particularly with regard to the relative proximity to the terminal and pedestrian desire lines.

Future of ground transport

For ground transport, specifically parking, the profile of travellers has a great impact on product and pricing strategies as well as car park design. For example, most airports market premium parking areas for business users. These spaces are usually physically separated from other

parking areas.

As business travellers usually stay for 1–3 days, premium parking has a pricing strategy based on daily rates that consider convenience (proximity to the terminal) and added services. Leisure travellers, on the other hand, tend to stay longer requiring a different strategy (cheaper parking further away from the terminal) to encourage them to park at the airport.

A reduction in business trips would impact the demand for premium parking with the risk of leaving the area underutilised. In this case, a reconfiguration of the car park products and layout might be needed.

Physical changes could include a reduction of the premium parking spaces and implementation of fluid boundaries to allow all users to access areas previously segregated. A pricing strategy review should be conducted considering an increase of longer stay users with a reduction in turn over. Finally, exploring new products aimed at user groups previously discouraged to park at the airport.

The aviation industry is facing unprecedented uncertainties. It is time to review traditional models and adapt to change.

Risks

- Demand decrease
- Loss of revenue
- Profit margins reduction

Opportunities

- Creating new products
- Review pricing strategy
- Review of car park layout to maximise utilisation





Insights on domestic business travel

We conducted an online questionnaire at the end of 2021 to gauge the potential impacts of COVID on future domestic air travel. The results support observations that people are reviewing their travel needs and avoiding unnecessary trips.

Most of the respondents (84%) believe the COVID pandemic and ongoing working from home arrangements will impact their domestic business travel behaviour. Respondents will at least

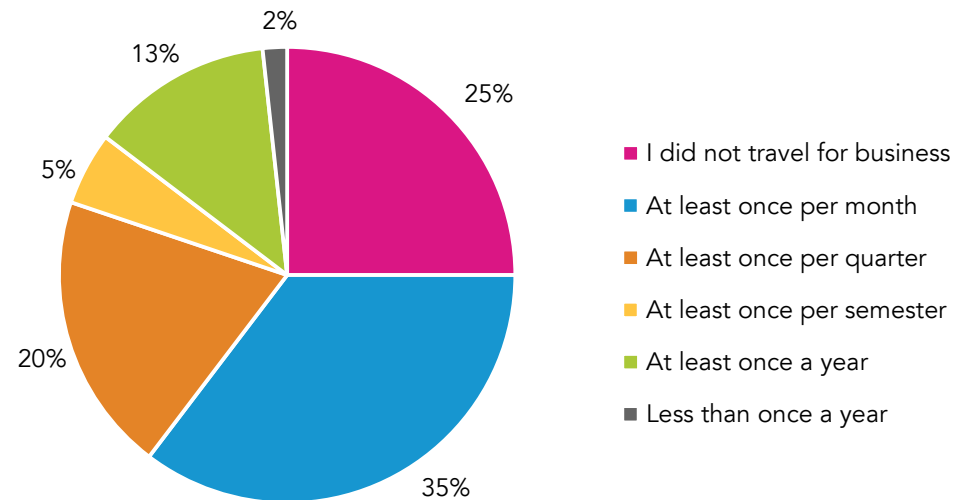
reduce their business travel frequency. Regular monthly trips are expected to take the biggest hit in 2022. Whilst 35% of respondents indicated they travelled for business at least once a month before the pandemic, only 24% intend to keep the same frequency in 2022.

More travellers indicated they will travel once a year or per semester in 2022 than in pre-pandemic times, indicating a more cautious approach on the number of business trips. Respondents commented that familiarity and acceptance of virtual meetings as a suitable replacement for face-to-face encounters have reduced the travel requirements. Other factors such as border restrictions, changing rules and uncertainty of the future were also pointed out as reasons for travel behaviour change.

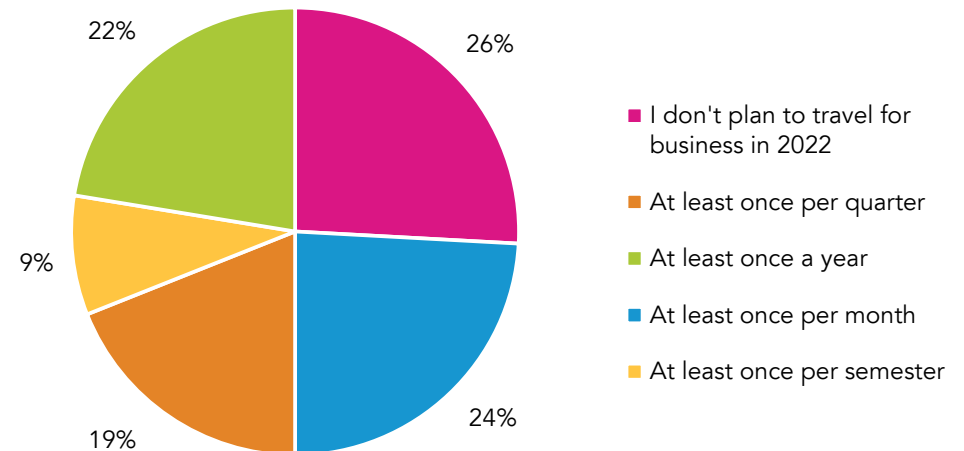
When it comes to travel mode to the airport, there is an increase in people planning to arrive by private car in 2022. Pre-COVID, 38% of respondents travelled to the airport by private car against 46% in 2022. The survey indicates this increase will be mostly linked to the switch from taxi/uber.

Similarly to pre-COVID behaviour, the majority of respondents who plan to get to the airport by private car intend to use the airport's car park and 55% of those customers plan to use the premium car park.

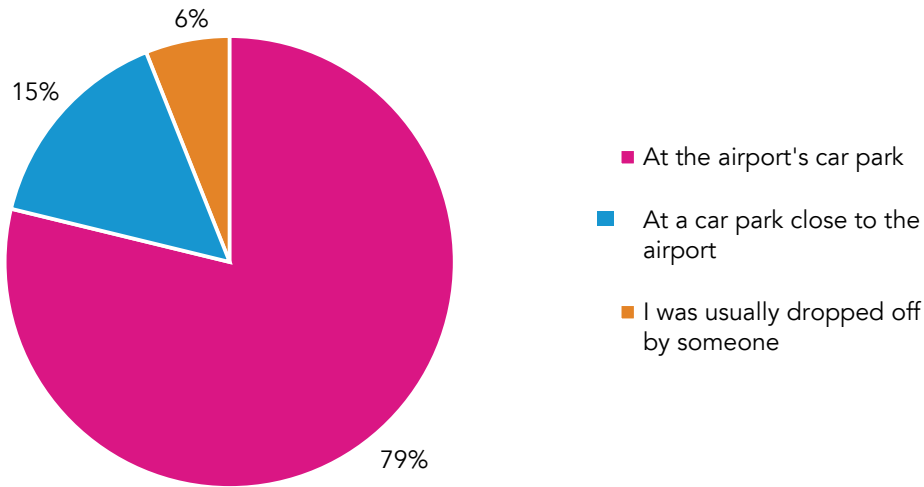
What was the usual frequency of your domestic travel pre COVID pandemic?



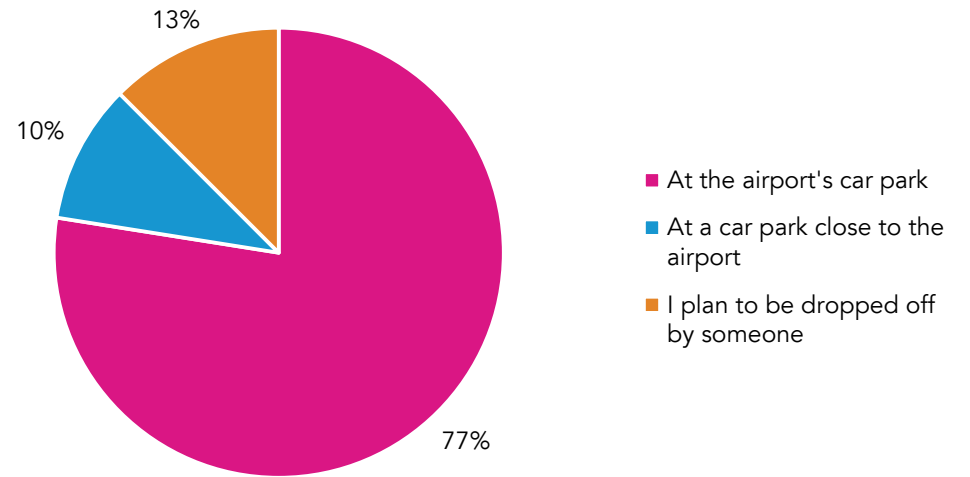
How often do you plan to travel for business within Australia in 2022?



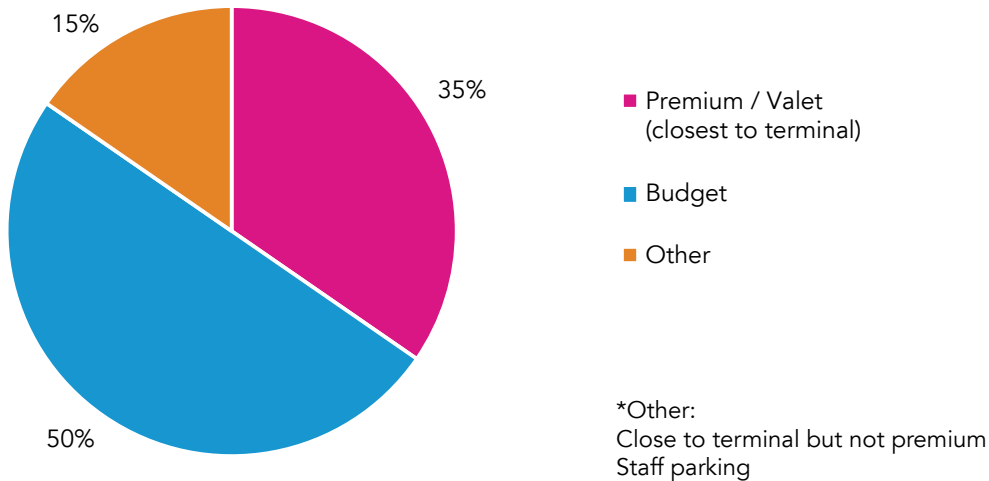
When travelling for business, where did you park your vehicle?



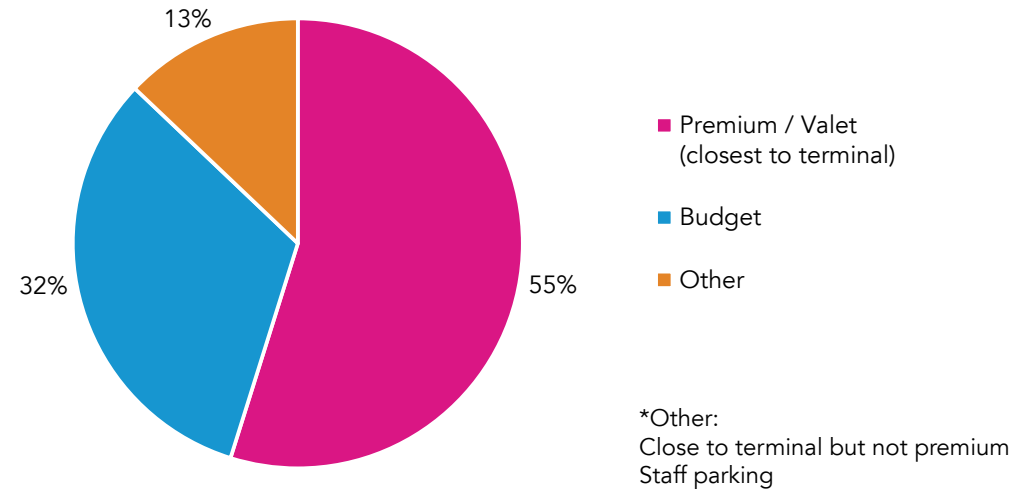
Where do you plan to park your vehicle?



When travelling for business, which type of parking product did you use most often?



Which type of parking product would you use most often?



We have completed over 40 airport projects within the last 5 years, including such services as:

Ground Transport Masterplans

Car park revenue benchmark analysis

Car Park Management and Strategy Plans

Car park siting study

Specification and tender for car park technology (access control and parking guidance systems)

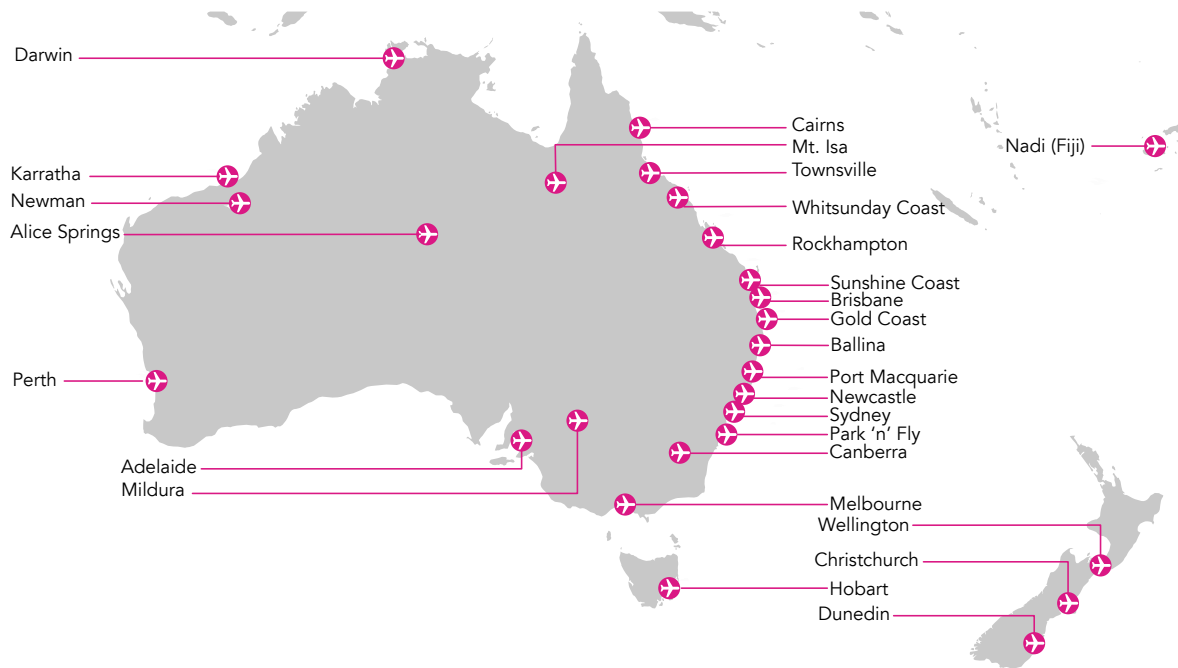
Ground transport products and yield management

Car park strategic reviews

Signage and wayfinding

Car park design reviews

Our clients include the ten largest Australian airports (ranked by passenger numbers) as well as a large number of regional airports of varying size including in New Zealand and Fiji.



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