Key Findings: 2017 ATRS Global Airport Performance Benchmarking

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Key Findings

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Outline

Objective of the ATRS Benchmarking Study
Airports Included and ATRS Database
Characteristics of Sample Airports
Methodology
Key Results on Efficiency and Cost Competitiveness
To provide a comprehensive, unbiased comparison of airport performance focusing on

- Productivity and Operating/Mgt Efficiency
- Unit Cost Competitiveness
- Comparison of Airport Charges

Limitation: Service Quality is not considered
<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Airports</th>
<th>Number of Airport Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada-US</td>
<td>82</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>71</td>
<td>15</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>9</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>206</strong></td>
<td><strong>24</strong></td>
</tr>
</tbody>
</table>
The ATRS Database

- The ATRS Database contains historic information (FY 2002-2015) including financial data, traffic and capacity data of the major airports and airport authorities (groups) in the following geographic regions:
  - Asia Pacific
  - Europe
  - North America

- The data in each region is segregated into:
  - Airport Information (capacity, type of ownership etc)
  - Traffic
  - Aeronautical Revenue
  - Non-Aeronautical Revenue
  - Operating Expense
  - Balance Sheet

Airport Characteristics

- Number of passengers ranges from 861,982 passengers for Dunedin International Airport (New Zealand) to 101 million passengers for Hartsfield-Jackson Atlanta International Airport (United States) in 2015.

- 40 airports with only 1 runway, and 7 runways at DFW and 8 at ORD

- Number of Employees ranges from 19 (Queenstown) to 15,929 (Frankfurt)

- 12 airports serve only international passengers, and international passengers account for less than 10% of total traffic at 60 airports
Passenger Traffic, 2015

Largest Five and Smallest Five (‘000)
Passengers per Aircraft Movement, 2015

Highest Five and Lowest Five

Europe

North America
% OF Non-Aeronautical Revenue, 2015

Highest Five and Lowest Five

Europe
North America
• Variable Factor Productivity (VFP) Index
  – Total Factor Productivity (TFP) - Impossible because of capital input cost accounting problem

• VFP is essentially the ratio of total (aggregate) output index divided by total (aggregate) variable input index, namely labor and soft cost input (total non-labor variable inputs).

• VFP is computed using the multilateral index procedure proposed by Caves, Christensen and Diewert (1982).
Multilateral Index Procedure

- This multilateral output (input) index procedure uses the revenue (cost) shares to aggregate output (inputs)

\[
\ln \frac{Y_i}{Y_j} = \sum \frac{R_{ki} + \bar{R}_k}{2} \ln \frac{Y_{ki}}{\bar{Y}_k} - \sum \frac{R_{kj} + \bar{R}_k}{2} \ln \frac{Y_{kj}}{\bar{Y}_k}
\]

\[
\ln \frac{X_i}{X_j} = \sum \frac{W_{ki} + \bar{W}_k}{2} \ln \frac{X_{ki}}{\bar{X}_k} - \sum \frac{W_{kj} + \bar{W}_k}{2} \ln \frac{X_{kj}}{\bar{X}_k}
\]
Methodology

Inputs
- Labour
- Other non-capital (soft-cost) input

Outputs
- Aircraft movement
- Passenger
- Non-aeronautical revenue
- (Cargo)

Gross Variable Factor Productivity
Factors Beyond Managerial Control:

- Airport size (Scale of aggregate output)
- Average aircraft size
- Share of international traffic
- Share of air cargo traffic
- Extent of capacity shortage - congestion delay
- etc

Residual (Net) variable factor productivity (RVFP) is computed after removing effects of these Factors
Cost Competitiveness

• An airport enjoys lower unit costs than other airports when that airport is more efficient, or pays less for its inputs, or both.

• A cost competitiveness indicator is constructed by summing the effects of variable input price and the effects of efficiency in using these variable inputs.
Key Results

Figure S-4a1 Residual Variable Factor Productivity (2015), Asia, HKG=1.0
Over 40 million passengers per Year

Figure S-4a2 Residual Variable Factor Productivity (2015), Asia, HKG=1.0
10-40 million passengers per Year

Figure S-4a3 Residual Variable Factor Productivity (2015), Asia, HKG=1.0
Under 10 million passengers per Year
Key Results

Figure S-4a4 Residual Variable Factor Productivity (2015), Oceania, SYD = 1.0

Figure S-4a5 Residual Variable Factor Productivity (2015), Asia Pacific, HKG = 1.0
Airport Groups
Key Results

Figure S-4b1 Residual Variable Factor Productivity (2015),
Europe: Over 25 million Passengers per Year, CPH=1.0

Figure S-4b2 Residual Variable Factor Productivity (2015),
Europe: 10-25 million Passengers per Year, CPH=1.0
Key Results

Figure S-4b3 Residual Variable Factor Productivity (2015), Europe: under 10 million Passengers per Year, CPH=1.0

Figure S-4b4 Residual Variable Factor Productivity (2015), Europe: Airport Groups, CPH=1.0
Key Results

Figure S-4c1 Residual Variable Factor Productivity (2015), North America: Over 40 Million Passengers per Year, YVR=1.0

Figure S-4c2 Residual Variable Factor Productivity (2015), North America: 25-40 Million Passengers per Year, YVR=1.0
Key Results

Figure S-4c3 Residual Variable Factor Productivity (2015), North America: 10-25 Million Passengers per Year, YVR=1.0

Residual VFP

Figure S-4c4 Residual Variable Factor Productivity (2015), North America: under 10 Million Passengers per Year, YVR=1.0

Residual VFP

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Top Efficiency Performers (2017)

Asia Pacific:
• Over 40 million passengers per year: Hong Kong
• 10-40 million passengers per year: Jeju International
• Under 10 million passengers per year: Guam
• Oceania Airports: Sydney
• Airport Groups: Korea Airport Corporation

Europe:
• Over 40 million passengers per year: Amsterdam
• Over 25 million passengers per year: Copenhagen
• 10-25 million passengers per year: Athens
• Under 10 million passengers per year: EuroAirport
• Airport Groups: Schiphol
Top Efficiency Performers (2017)

North America (Canada/US):

- Over 40 million passengers per year: Atlanta, Charlotte,
- 25-40 million passengers per year: Minneapolis/St Paul,
- 10-25 million passengers per year: Vancouver International
- Under 10 million passengers per year: Kahului Airport,
Key Results

• Cost Competitiveness
Key Results
Key Results

Figure 5.4a4 Cost Competitiveness 2015 - Oceania
SYD=0.0

Figure 5.4a5 Cost Competitiveness 2015 - Asia Pacific
HKG=0.0
Airport Groups
Key Results
Key Results
Key Results

Figure 5.4c3 Cost Competitiveness 2015- North America
YVR=0.0
10-25 million Passengers per Year

Figure 5.4c4 Cost Competitiveness 2015- North America
YVR=0.0
Under 10 million Passengers per Year
Top Cost Competitiveness Performers

**Asia-Pacific:**
- Over 40 million passengers per year: Soekarno-Hatta International,
- 10-40 million passengers per year: Haikou
- Under 10 million passengers per year: Chiang Rai
- Oceania Airports: Townsville, Gold Coast, Auckland

**Europe:**
- Over 25 million passengers per year: Copenhagen
- 10-25 million passengers per year: Athens
- Under 10 million passengers per year: Belgrade Nikola Tesla
- Airport Groups: ANA

**N. America:**
- Over 40 million passengers per year: Charlotte, Atlanta
- 25-40 million passengers per year: Minneapolis, Orlando International
- 10-25 million passengers per year: Salt Lake City, Tampa
- Under 10 million passengers per year: Omaha
The ATRS Global Airport Performance Benchmarking Report: 3 volumes, over 600 pages of valuable data and analysis.

ATRS Airport Database (2002-2014)

Details at www.atrsworld.org

Report and Database sale finances benchmarking research project
Thank You!
Merci beaucoup!