CONCEPT

Airport Economics and Commercial Strategy Course: Aeronautical Charges, Incentives and Privatisation



Airport Economics and Commercial Strategy Course: Aeronautical Charges, Incentives and Privatisation

Introduction:

Airport economics and commercial strategy, covering aeronautical charges, airline incentives and privatisation, is a 1-week course for airport commercial, finance, route development and transaction teams that ends with an Airport Commercial Strategy and Revenue Plan for a case airport. Airports that set charges without a cost base, pay airline rebates with no payback test, under-price car parks and land or sell stakes without a defensible valuation weaken connectivity and shareholder return. Nominees already prepare charge proposals, airline deals or commercial budgets and learn through a modelling build on case data. CoreConcept Training Center delivers this airport economics course.

Course Objectives:

- Analyse an airport's revenue and cost structure and benchmark revenue per passenger and cost per work load unit against peer airports
- Compare single, dual and hybrid till models and apply international charging principles to a regulated asset base and price cap
- Calculate cost-related aeronautical charges and prepare an airline consultation pack that explains and defends them
- Design route development business cases and airline incentive schemes and test their payback on incremental passengers
- Plan car parking, property, advertising, food and beverage and ground transport income as one non-aeronautical portfolio
- Assess privatisation models and estimate airport enterprise value under traffic and regulatory scenarios within an Airport Commercial Strategy and Revenue Plan

Target Audience:

- Managers responsible for aeronautical charges, tariff proposals and airline user consultation
- Managers responsible for route development, airline marketing and incentive agreements
- Managers responsible for non-aeronautical income from car parks, property, advertising and ground transport
- Managers responsible for airport business plans, budgets and financial performance reporting
- Managers responsible for airport privatisation, transaction preparation and shareholder reporting
- Managers in airline network planning and infrastructure investment who assess airport commercial terms

Course Outline:

Day 1: The Airport as a Business and Its Revenue Baseline

- Aeronautical and Non-Aeronautical Revenue Split by Income Line
- Airport Ownership Spectrum From Government Department to Listed Company
- Airport Cost Structure With Fixed Capacity and Operating Drivers
- Revenue per Passenger and Cost per Work Load Unit
- Airport Commercial Baseline Scorecard Against Peer Airports

Day 2: Charge Regulation, Till Models and Consultation Frameworks

- ICAO Policies on Charges Non-Discrimination and Cost-Relatedness Principles
- Single Till, Dual Till and Hybrid Till Base Comparison
- Regulated Asset Base, Allowed Return and Price Cap Formula
- ICAO Airport Economics Manual Cost Allocation to Aeronautical Services
- Airline User Consultation Process and Transparency Information Pack

Day 3: Aeronautical Charge Setting, Route Development and Airline Incentives

- Landing, Passenger, Aircraft Parking and Security Charge Schedule Design
- Cost-Related Charge Calculation From the Aeronautical Cost Pool
- Route Development Business Case With Catchment and Leakage Analysis
- Airline Incentive Scheme Design With New Route and Growth Rebates
- Incentive Payback Test Using Incremental Passenger Contribution

Day 4: Non-Aeronautical Revenue Portfolio, Valuation and Privatisation Risks

- Car Parking Yield Management With Dynamic Pre-Book Pricing
- Airport Land Bank, Property Leasing and Advertising Inventory Plan
- Food and Beverage and Ground Transport Income Line Review
- Airport Privatisation Models From Management Contract to Share Sale
- Airport Enterprise Valuation Using Discounted Cash Flow and Multiples

Day 5: Modelling Build of the Airport Commercial Strategy and Revenue Plan

- Case Airport Data Pack With Traffic, Cost and Income Records
- Case Till Choice and Multi-Period Charge Path Model
- Case Airline Incentive Offer and Route Payback Calculation
- Case Non-Aeronautical Growth Targets and Valuation Sensitivity Testing
- Airport Commercial Strategy and Revenue Plan Completion and Board Review

Skills You Will Gain:

- Airport Revenue Benchmarking
- Till Model Assessment
- Cost-Related Charge Calculation
- Airline Consultation Management
- Route Development Business Casing
- Incentive Payback Analysis
- Non-Aeronautical Portfolio Planning
- Airport Enterprise Valuation

Why Attend This Course:

- Present an Airport Commercial Strategy and Revenue Plan for a case airport to the chief commercial officer, the finance committee and the board
- Decide which till model, charge path and airline incentive terms the airport can defend to airlines and shareholders
- Avoid rebates that never pay back, charges rejected in consultation and ownership transfers priced on optimistic traffic forecasts
- Share charge path models, incentive payback calculators and valuation sensitivity sheets with commercial and finance colleagues

Conclusion:

Back at work, the participant hands the Airport Commercial Strategy and Revenue Plan to the chief commercial officer, the finance committee and, where an ownership change is under study, the transaction steering group. They use it to set the next charge proposal and consultation, decide which airline incentive offers to approve and fix growth targets for car parks, property and advertising. After the first consultation round and incentive season, the team should compare charge acceptance, incentivised route traffic and non-aeronautical income per passenger with the plan and revise the assumptions where results diverge.

Frequently Asked Questions FAQ:

What should participants know before the airport economics and commercial strategy course?

Participants should already work on airport charges, airline deals, commercial budgets or transaction papers and be comfortable with spreadsheets. Bringing anonymised traffic figures, a charge schedule or income records helps them apply the modelling build to their own airport.

How does airport economics and commercial strategy differ from an airport retail or airport operations course?

It covers how the whole airport earns and protects income: charge regulation, airline incentives, the non-aeronautical portfolio and ownership value. Retail courses cover shop concessions and category planning, while operations courses cover the daily running of aprons and terminals.

What is the difference between single till and dual till in airport economics?

Under single till, income from all airport activities, including car parks and property, offsets the cost base used to set aeronautical charges. Under dual till, only aeronautical costs and revenues count, so commercial profit stays with the airport. Hybrid till shares part of it.

What do participants take back from the airport economics and commercial strategy course?

Participants take back an Airport Commercial Strategy and Revenue Plan for a case airport, with a charge path model, an incentive payback calculator, a non-aeronautical revenue plan and a valuation sensitivity sheet ready to adapt to their own airport.