

Aviation Trends

Quarter 4 2010



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Introduction

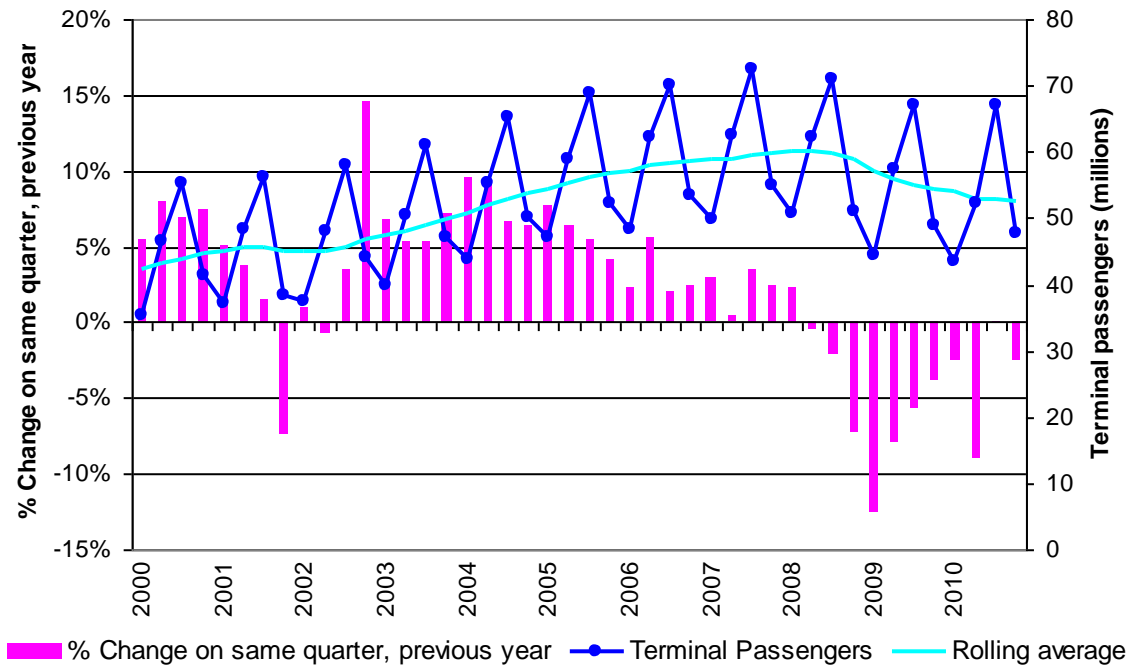
Welcome to Aviation Trends. Every quarter we update key figures which summarise the levels of activity at the UK's airports. Each edition also includes a section entitled 'Did you know?' which aims to present interesting facts derived from the various data sources available to the CAA; this time we show an example of how, over the last two decades, network airlines have changed their pricing strategy faced with greater competition.

In this edition of aviation trends, we show that the number of passengers and flights handled at UK airports declined in quarter 4 2010 compared to 2009. This fall can be partially explained by the heavy snow during December 2010.

The Aviation Trends series is available at www.caa.co.uk/aviationtrends, part of Aviation Intelligence, the online home of the CAA's monthly airport and airline statistical publications, which provide more detailed information on UK aviation activity. Please note that historic numbers may be subject to minor change as the result of prior period adjustments.

In editions of Aviation Trends prior to Q4 2008, all figures included activity at Channel Islands and Isle of Man airports. Because these islands are not formally part of the UK, and we wish to present only the trends at UK airports, their figures are now excluded.

1. Historical overview - Terminal passengers at UK airports by quarter^{6,11}



Source: CAA Airport Statistics

Plotting quarterly passenger data over the last ten years shows both seasonal and annual trends in UK aviation activity.

The dark blue line shows the number of terminal passengers at UK airports in each quarter (on the right axis). The bright blue line shows the same, but for the rolling annual average in each quarter.

The pink bars show the percentage growth on the previous year's number in the same quarter (on the left axis).

The year-on-year contraction in passenger numbers continued in quarter 4 2010 with a fall of 2.4%. This quarter was the eleventh consecutive quarter where passenger numbers fell year on year.

2. Terminal passengers at UK airports^{5,6,7,11}

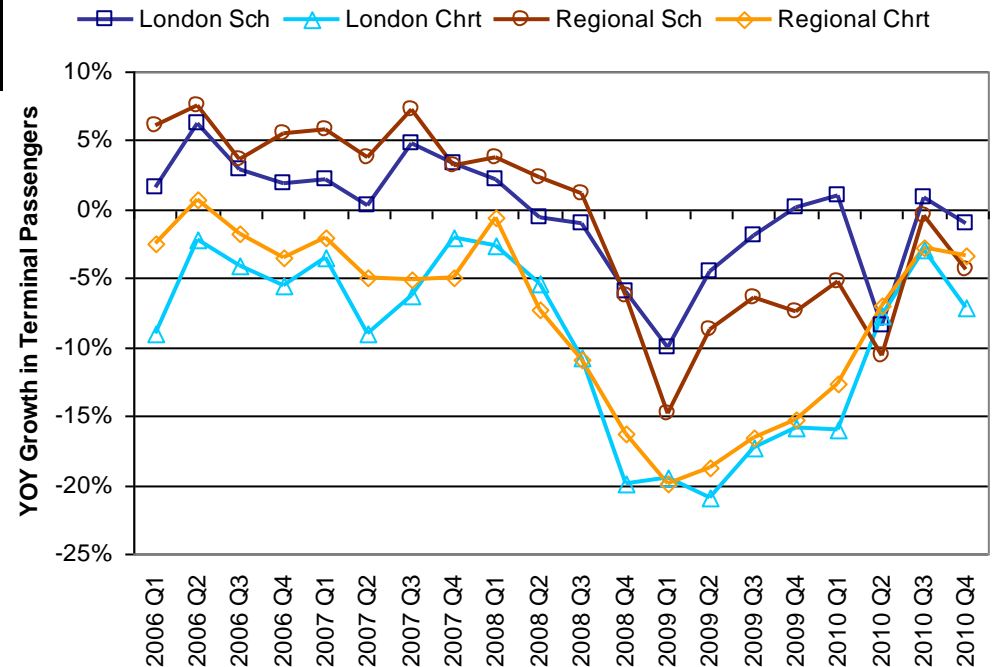
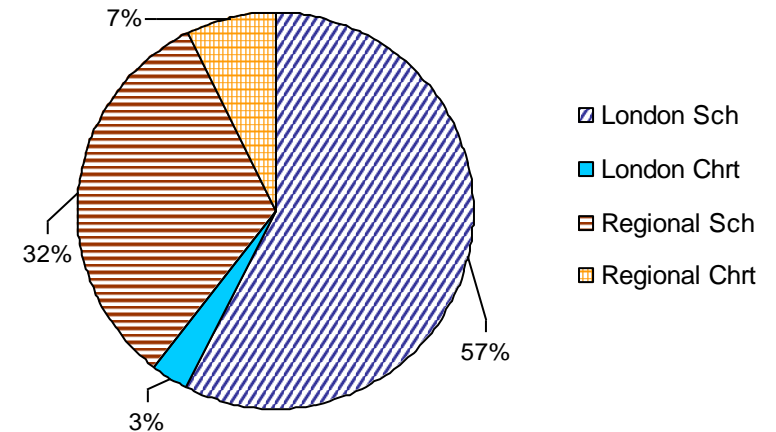
Passengers (millions)	CURRENT QUARTER					ROLLING YEAR				
	Q4 2010		Q4 2009		+/- %	Q1 10 – Q4 10		Q1 09 – Q4 09		+/- %
	Pax (Millions)	% of total	Pax (Millions)	% of total		Pax (Millions)	% of total	Pax (Millions)	% of total	
London Airports	29.8	63%	30.2	62%	-1.3%	127.2	61%	130.1	60%	-2.3%
- Scheduled	28.7	60%	29.0	59%	-1.0%	120.2	57%	122.7	57%	-2.0%
- Charter	1.1	2%	1.2	3%	-7.1%	6.9	3%	7.5	3%	-7.2%
Regional Airports	17.8	37%	18.6	38%	-4.3%	82.4	39%	86.8	40%	-5.1%
- Scheduled	15.2	32%	15.9	33%	-4.4%	67.3	32%	70.9	33%	-5.1%
- Charter	2.6	5%	2.7	5%	-3.4%	15.1	7%	16.0	7%	-5.5%
All Airports	47.6	100%	48.8	100%	-2.4%	209.6	100%	217.0	100%	-3.4%
- Scheduled	43.9	92%	44.9	92%	-2.2%	187.6	90%	193.6	89%	-3.1%
- Charter	3.7	8%	3.9	8%	-4.6%	22.0	10%	23.4	11%	-6.0%

Source: CAA Airport Statistics³

UK terminal passengers are those travellers who board or disembark an aircraft on a commercial flight at a reporting UK airport. The figures in the table and graph on this page therefore exclude transit passengers – those who remain aboard aircraft which land at a UK airport and then depart for another destination.

In quarter 4 2010, there were 2.2% fewer scheduled passengers at all airports compared to quarter 4 last year, and the decline in charter passengers was 4.6%. The number of scheduled passengers at regional airports fell by 4.4% in quarter 4 2010, whereas London airports saw a 1.0% fall. The charter passenger fall was more pronounced at London airports (7.1%) than at regional airports (3.4%).

Passenger Share (year to date)



3. Passenger flights to and from UK airports^{5,7,11}

Number of flights (000s)	CURRENT QUARTER					ROLLING YEAR				
	Q4 2010		Q4 2009		+/- %	Q1 10 – Q4 10		Q1 09 – Q4 09		+/- %
	Flights	% of total	Flights	% of total		Flights	% of total	Flights	% of total	
London Airports	223.7	52%	233.1	51%	-4.1%	940.4	51%	989.2	50%	-4.9%
- Scheduled	217.0	50%	226.0	50%	-4.0%	903.9	49%	949.1	48%	-4.8%
- Charter	6.6	2%	7.1	2%	-7.1%	36.5	2%	40.1	2%	-8.8%
Regional Airports	209.2	48%	220.5	49%	-5.1%	918.0	49%	979.9	50%	-6.3%
- Scheduled	193.5	45%	204.0	45%	-5.2%	832.0	45%	888.5	45%	-6.4%
- Charter	15.7	4%	16.5	4%	-4.7%	86.0	5%	91.4	5%	-5.9%
All Airports	432.8	100%	453.6	100%	-4.6%	1,858.4	100%	1,969.0	100%	-5.6%
- Scheduled	410.5	95%	430.0	95%	-4.5%	1,735.9	93%	1,837.6	93%	-5.5%
- Charter	22.3	5%	23.6	5%	-5.5%	122.5	7%	131.4	7%	-6.7%

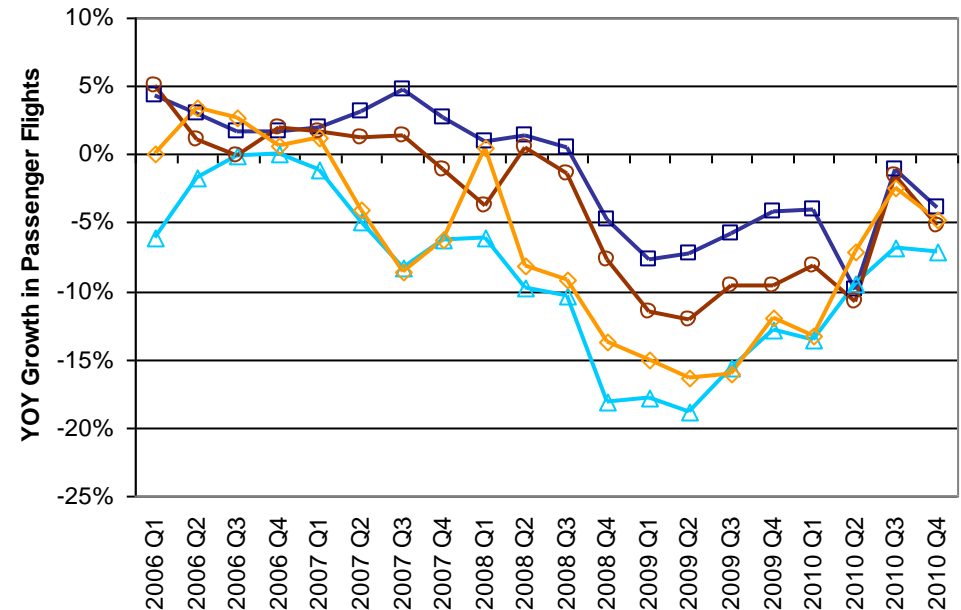
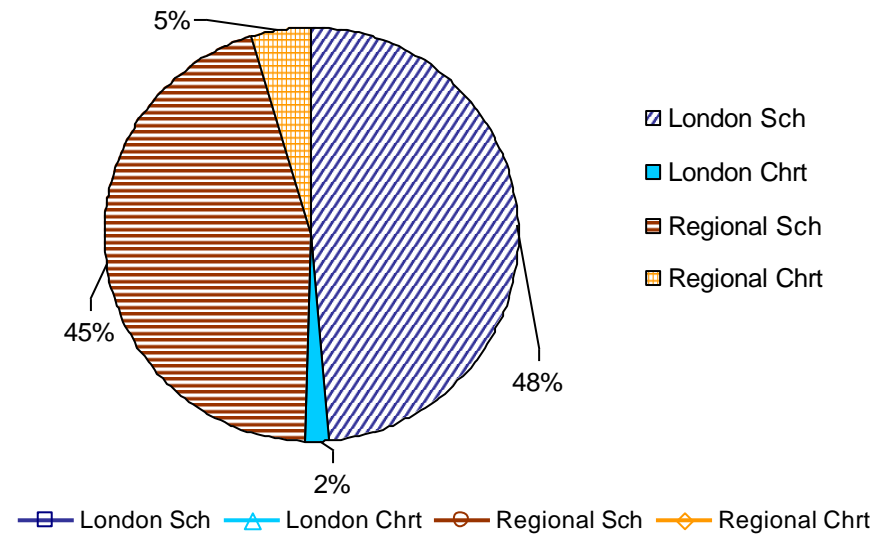
Source: CAA Airport Statistics

The figures in this table are for commercial passenger flights and thus exclude flights of aircraft exclusively carrying cargo.

Flights to and from UK airports in quarter 4 2010 were down 4.6% (approximately 21,000) on quarter 4 2009. Rolling year flights fell 5.6%, which represents around 111,000 flights.

The fall in flight numbers was proportionately greater at regional airports (5.1%) than at London airports (4.1%), and the fall in charter flights (5.5%) was proportionately greater than the fall in scheduled flights (4.5%).

Flight Share (year to date)

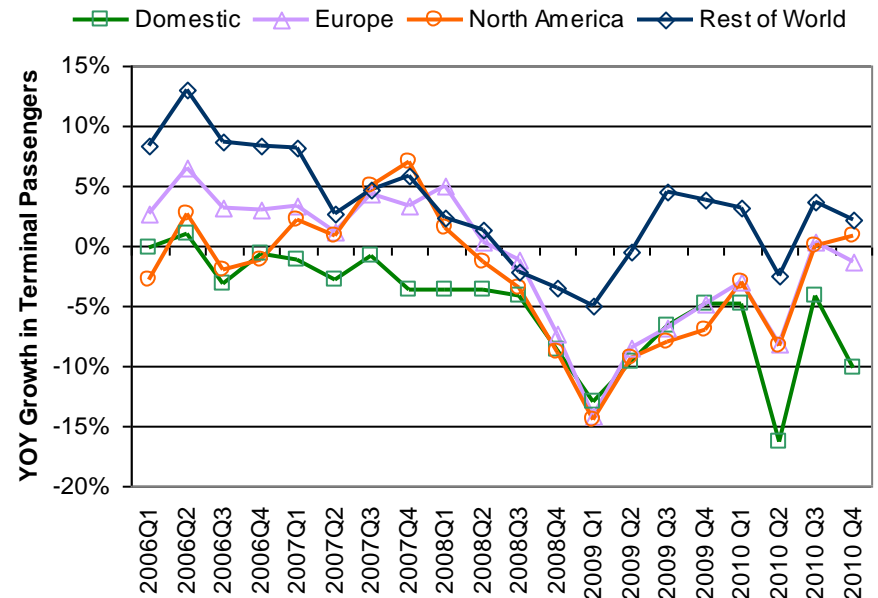
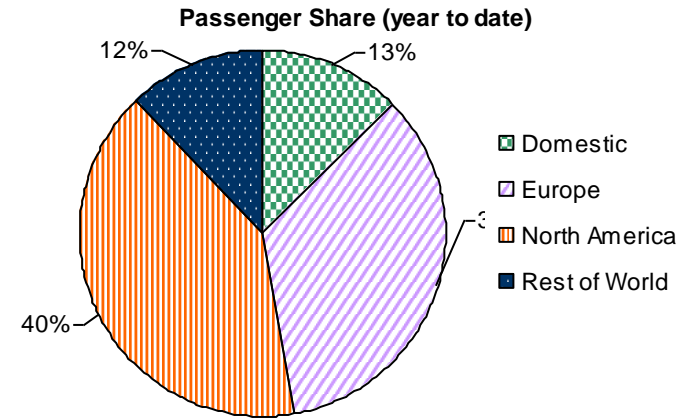


4. Terminal passengers at UK airports by origin / destination^{6,7,8,9,11}

Passengers (millions)	CURRENT QUARTER					ROLLING YEAR				
	Q4 2010		Q4 2009		+/- %	Q1 10 – Q4 10		Q1 09 – Q4 09		+/- %
	Pax (millions)	% of total	Pax (millions)	% of total		Pax (millions)	% of total	Pax (millions)	% of total	
Domestic	9.0	19%	10.0	21%	-10.2%	37.7	18%	41.4	19%	-8.9%
- Scheduled	8.9	19%	10.0	20%	-10.3%	37.3	18%	41.0	19%	-9.0%
- Charter	0.1	0.2%	0.1	0.2%	3.4%	0.3	0.2%	0.3	0.2%	3.3%
Europe	26.3	55%	26.7	55%	-1.3%	122.0	58%	125.7	58%	-3.0%
- Scheduled	23.7	50%	23.8	49%	-0.7%	104.4	50%	107.0	49%	-2.4%
- Charter	2.7	6%	2.9	6%	-6.7%	17.6	8%	18.7	9%	-6.1%
North America	4.5	10%	4.5	9%	0.8%	19.2	9%	19.8	9%	-2.6%
- Scheduled	4.5	9%	4.4	9%	1.1%	18.8	9%	19.3	9%	-2.4%
- Charter	0.1	0.1%	0.1	0.2%	-17.5%	0.4	0.2%	0.5	0.2%	-12.6%
Rest of World	7.7	16%	7.6	16%	2.2%	30.7	15%	30.1	14%	1.8%
- Scheduled	6.8	14%	6.7	14%	2.1%	27.0	13%	26.2	12%	2.8%
- Charter	0.9	2%	0.9	2%	2.7%	3.7	2%	3.9	2%	-5.5%
Total	47.6	100%	48.8	100%	-2.4%	209.6	100%	217.0	100%	-3.4%
- Scheduled	43.9	92%	44.9	92%	-2.2%	187.6	89%	193.6	89%	-3.1%
- Charter	3.7	8%	3.9	8%	-4.6%	22.0	11%	23.4	11%	-6.0%

Source: CAA Airport Statistics

Passenger numbers onboard domestic flights fell by 10.2%, in quarter 4 2010 compared to the same quarter last year, and passenger numbers to Europe fell by 1.3%. On the other hand, passengers travelling to and from 'Rest of World' destinations (which made up 16% of total passengers) increased by 2.2%. Passengers to and from North America increased by 0.8%.



5. Air cargo tonnes carried to and from UK airports^{5,7,10}

Tonnes (000s)	CURRENT QUARTER					ROLLING YEAR				
	Q4 2010		Q4 2009		+/- %	Q1 10 – Q4 10		Q1 09 – Q4 09		+/- %
	Tonnes (000s)	% of total	Tonnes (000s)	% of total		Tonnes (000s)	% of total	Tonnes (000s)	% of total	
Cargo on cargo only flights	219.1	34%	219.7	34%	-0.3%	880.7	34%	817.7	36%	7.7%
London	84.8	13%	84.5	13%	0.3%	381.6	15%	316.4	14%	20.6%
Regional	134.4	21%	135.2	21%	-0.6%	499.0	19%	501.3	22%	-0.4%
Bellyhold cargo	431.6	66%	417.2	66%	3.5%	1,685.6	66%	1,434.5	64%	17.5%
London	406.8	63%	392.2	62%	3.7%	1,586.4	62%	1,353.8	60%	17.2%
Regional	24.8	4%	25.0	4%	-0.5%	99.2	4%	80.8	4%	22.9%
Total cargo	650.7	100%	636.9	100%	2.2%	2,566.3	100%	2,252.2	100%	13.9%
London	491.5	76%	476.7	75%	3.1%	1,968.0	77%	1,670.2	74%	17.8%
Regional	159.2	24%	160.2	25%	-0.6%	598.3	23%	582.0	26%	2.8%

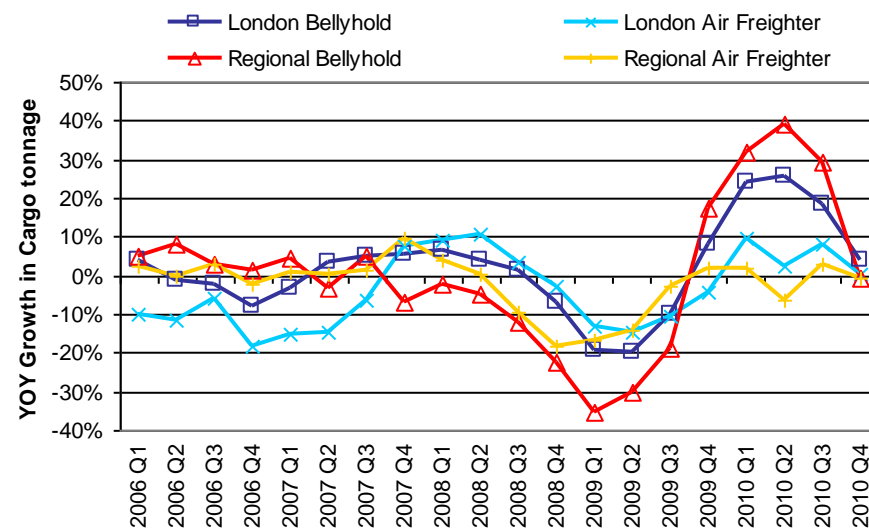
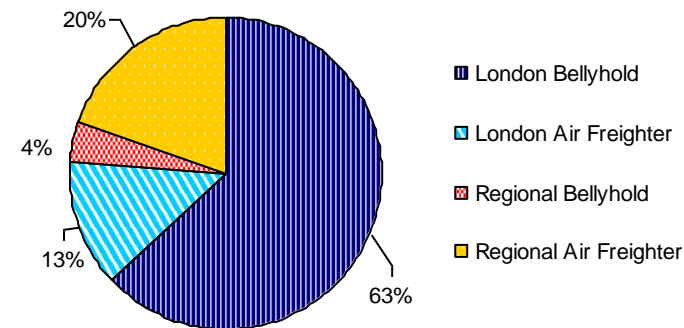
Source: CAA Airport Statistics

Air cargo – freight and mail – is transported in and out of the UK on air freighters and in the bellyholds of passenger aircraft.

The quarterly year-on-year cargo tonnage at UK airports rose by 2.2% in quarter 4 2010. London airports saw an increase of 3.1% whereas regional airports saw a fall of 0.6%.

Bellyhold cargo tonnage increased by 3.5% in quarter 4 2010 compared to quarter 4 2009. Over the same period, air freighter tonnage fell by 0.3%.

Cargo Share (year to date)



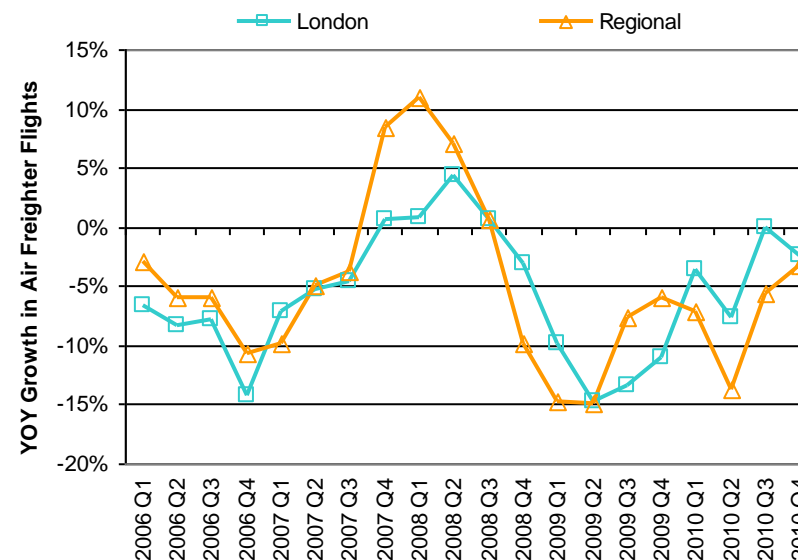
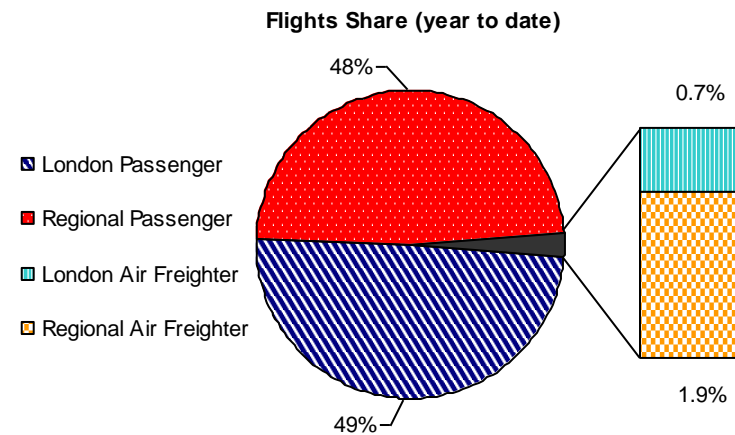
6. All commercial flights to and from UK airports^{5,7,10,11}

Flights (000s)	CURRENT QUARTER					ROLLING YEAR				
	Q4 2010		Q4 2009		+/- %	Q1 10 – Q4 10		Q1 09 – Q4 09		+/- %
	Flights (000s)	% of total	Flights (000s)	% of total		Flights (000s)	% of total	Flights (000s)	% of total	
Air freighter	12.7	3%	13.1	3%	-3.1%	49.6	3%	52.9	3%	-6.3%
London	3.4	1%	3.5	1%	-2.3%	13.9	1%	14.4	1%	-3.4%
Regional	9.3	2%	9.6	2%	-3.3%	35.7	2%	38.5	2%	-7.4%
Passenger flights	432.8	97%	453.6	97%	-4.6%	1,858.4	97%	1,969.0	97%	-5.6%
London	223.7	50%	233.1	50%	-4.1%	940.4	49%	989.2	49%	-4.9%
Regional	209.2	47%	220.5	47%	-5.1%	918.0	48%	979.9	48%	-6.3%
Total flights	445.5	100%	466.7	100%	-4.5%	1,908.0	100%	2,022.0	100%	-5.6%
London	227.1	51%	236.6	51%	-4.0%	954.3	50%	1,003.6	50%	-4.9%
Regional	218.4	49%	230.1	49%	-5.1%	953.7	50%	1,018.4	50%	-6.4%

Source: CAA Airport Statistics

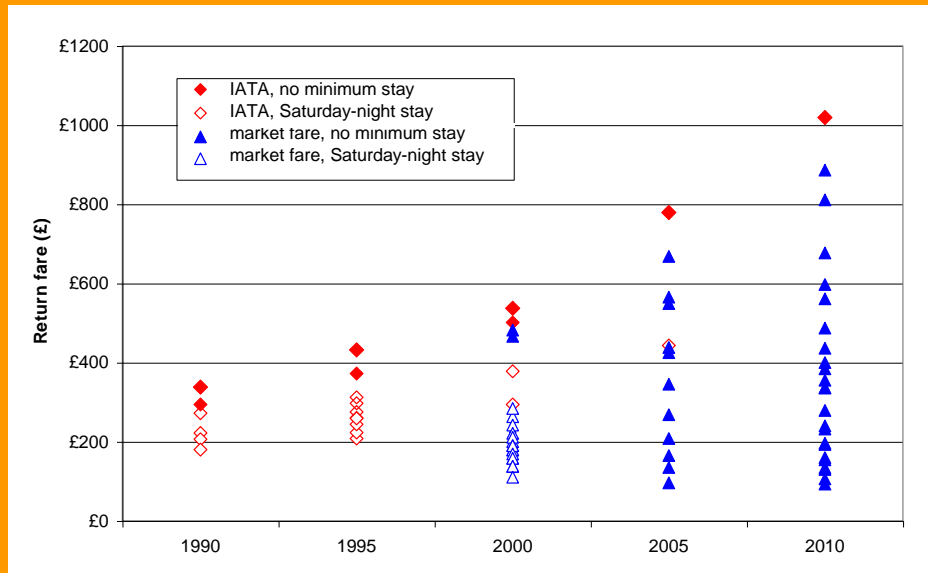
The number of commercial flights at reporting UK airports is a measure of commercial aviation activity in the UK. It includes both passenger and cargo flights, but excludes military flights, general aviation and aircraft that pass through UK airspace without landing.

Total commercial flights in the UK decreased by 4.5% in quarter 4 2010 compared to quarter 4 2009. The decline in passenger flights (4.6%) was greater than that of air freighter flights (3.1%).



Did you know? Short-haul pricing strategy of network airlines over the past two decades

BA return fares London–Milan 1990–2010



Source: Airline Tariff Publishing Company, CAA records, in ["Flying on Business"](#)

Note: The Chart shows generally available "published" fares for the city-pair and are not adjusted for inflation. Fares include UK Passenger Service Charge and fuel/insurance/security charges, but exclude government taxes.

This analysis was drawn from a recent study published by the CAA: "Flying on Business – A study of the UK Business Air Travel Market". The study is available on [this link](#).

This chart illustrates how the fare structure has changed on a typical short haul route – in this case BA's London–Milan route – since the EU market was liberalised.

It shows that, over the past two decades, BA has widened the range of fares on general sale, and that the market has shifted from one where fares were set collaboratively between airlines through the IATA tariff coordination process to one where fares are determined by market forces.

BA has also removed the requirement that passengers may only buy cheaper fares if their trip includes a Saturday night, a device which was common practice as a way of price-discriminating business passengers. The removal of the Saturday-night rule in 2002 was probably the most significant change from the UK business passenger's perspective. At a stroke this made the full range of cheaper fares available to short-haul business travellers who were prepared to accept the other conditions of cheaper fares (such as reduced choice of flights, booking early, and penalties for reservation changes) but whose travel plans could not include a Saturday-night stay.

These changes in pricing strategy were not unique to BA, but were observed across a wide range of network airlines which were faced with increased competition from no-frills airlines.

Notes

1. The Civil Aviation Authority data is prepared with the co-operation of the United Kingdom airport and airline operators. The assistance from all these organisations is gratefully acknowledged.
2. The information contained in this report has been compiled from various sources and it is not possible for the CAA to check and verify whether it is accurate and correct, nor does the CAA undertake to do so. Consequently the CAA cannot accept any liability for any financial loss caused by any person's reliance on it.
3. More detailed data are available from the Civil Aviation Authority website at the following address - www.caa.co.uk/aviationintelligence.
4. The CAA is the UK's specialist aviation regulator whose regulatory activities range from ensuring the aviation industry meets the highest safety standards to preventing holidaymakers from being stranded abroad because of tour operator insolvency.
5. Graphs 2, 3 and 5: London airports are Heathrow, Gatwick, Stansted, Luton and London City. Regional Airports are all other UK airports, a category which excludes the Channel Island Airports – Jersey, Guernsey, and Alderney – and the Isle of Man, which are not formally part of the UK.
6. Graphs 1, 2 and 4: Terminal passengers are those commencing their journey or connecting between flights at the airport, but exclude transit passengers who do not disembark.
7. Graphs 2, 3, 4, 5 and 6 exclude traffic to and from North Sea oilrigs.
8. Graph 4: For the purposes of this report, World Areas are defined as follows:
 - Domestic - the United Kingdom, the Channel Islands and the Isle of Man (these numbers are not adjusted for the double counting which occurs when both airports report arriving and departing passengers to the CAA);
 - Europe - geographical Europe including Turkey and the former Soviet Union states;
 - North America - USA, Canada and Puerto Rico;
 - Rest of World - all other countries.
9. Graph 4: a destination is defined to be where a passenger boards or alights the aircraft on which they arrived or departed from the reporting airport; it is not necessarily the first or last stop of a multi-sector flight.
10. Graph 5: Cargo comprises mail and freight.
11. All data excludes the activity of Air Taxis – those aircraft with maximum take-off weights of less than 15 tonnes flying non-scheduled services.