

The significance of Schiphol for the Netherlands

Jan Veldhuis
Amsterdam Aviation Economics
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Amsterdam *A*viation *E*conomics

Measurement of significance of Schiphol

- **Destinations, frequencies**
- **Passenger numbers etc. or.....**

- **If particular segments are not accommodated, how bad is it for the Dutch consumers?**
- **Relevant in context of optimal use**
- **Measurement in consumer (dis)benefits (*welfare effects*)**

Consumer Benefits

- **Every new flight (or connection) leads to more consumer benefits**
 - New airlines (more connections, more competition)
 - Increasing frequencies
 - Better indirect service (ie. Emirates via Dubai)
- **Loss in *connectivity* is a consumer dis-benefit**
- **Consumer benefit expressed in changes in *general travel costs*, taking into account:**
 - Airfares, travel time and frequency

Example Amsterdam-Singapore

- **Say: Air France/KLM serves Singapore from Amsterdam only via Paris Charles de Gaulle**
- **Quality of product: Amsterdam –Singapore decreases (29 % of passengers would take direct flight of KLM)**
- **Quality loss expressed in more *generalised travel costs*: €16 one way, on average for all passengers**



Example Amsterdam-Singapore

- **Contribution to benefit:** *what is the loss if the product is not available anymore?*

<u>Route alternative</u>	<u>Share</u>	<u>Contribution</u>
KLM direct	29%	€16
S'pore Airl. Direct	50%	€34
Both direct connections	79%	€76



Value of Schiphol's network

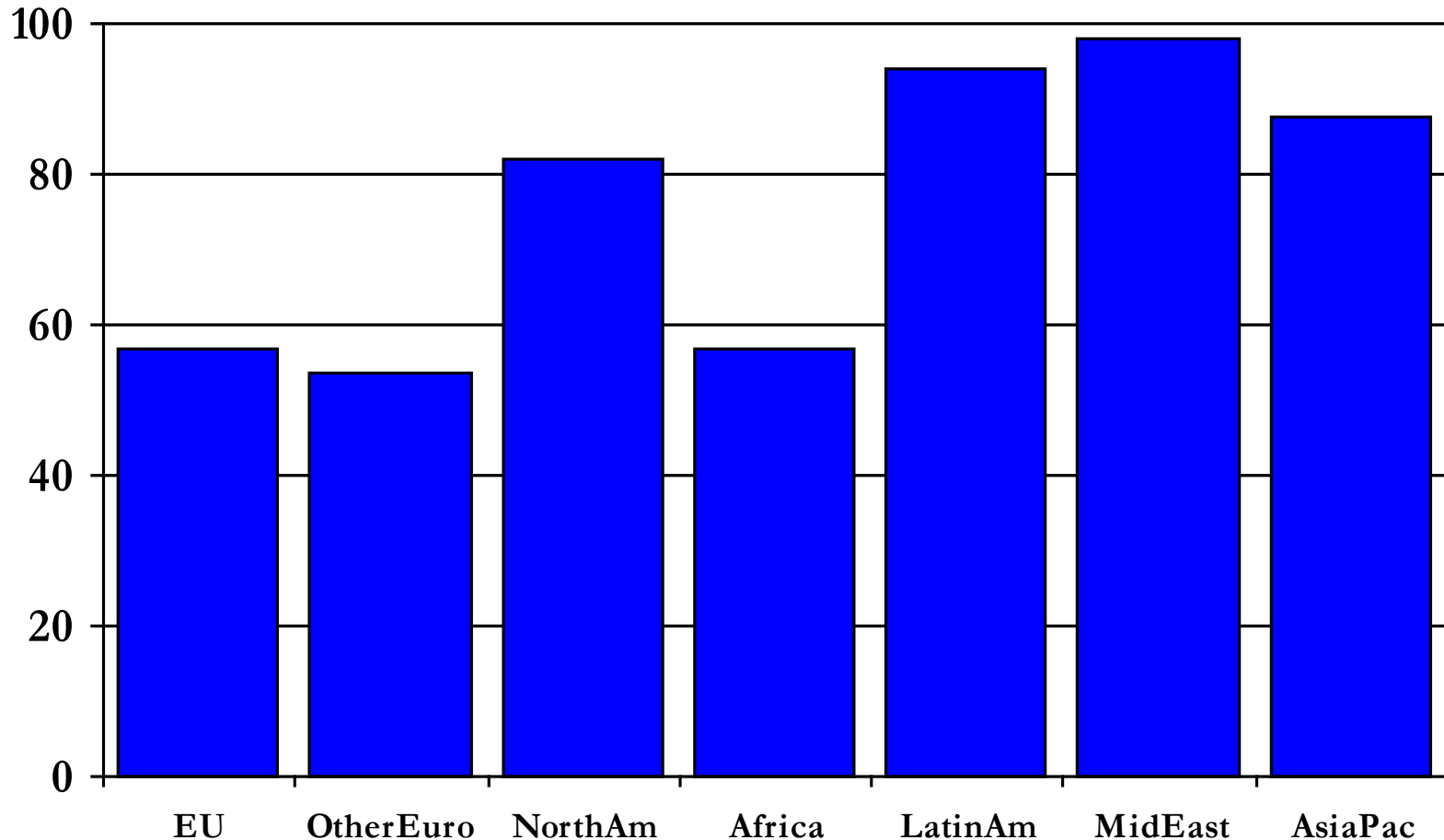
- **High for local market of Amsterdam**
 - Market is *captive* for Schiphol to a large degree
 - No easy available other airports with similar network quality
- **Low for local market of Maastricht**
 - More easy available larger airports (AMS, BRU, DUS)
- **“Average location” of local market in the Netherlands: Utrecht**



Consumer effects in Utrecht

- **Utrecht has more options if network of Schiphol is not available anymore:**
 - Eindhoven (EIN)
 - Brussels (BRU)
 - Paris (CDG)
 - Düsseldorf (DUS)
 - Frankfurt (FRA)
- **But consumer benefits decrease because of:**
 - Longer distances to other airports and hence higher costs
 - Generally lower *connectivity* from other airports to worldwide destinations

Value (in €) of network of **Schiphol**
for residents of Utrecht to destinations in:



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Value (in €) of network of **Eindhoven**
for residents of Utrecht to destinations in:



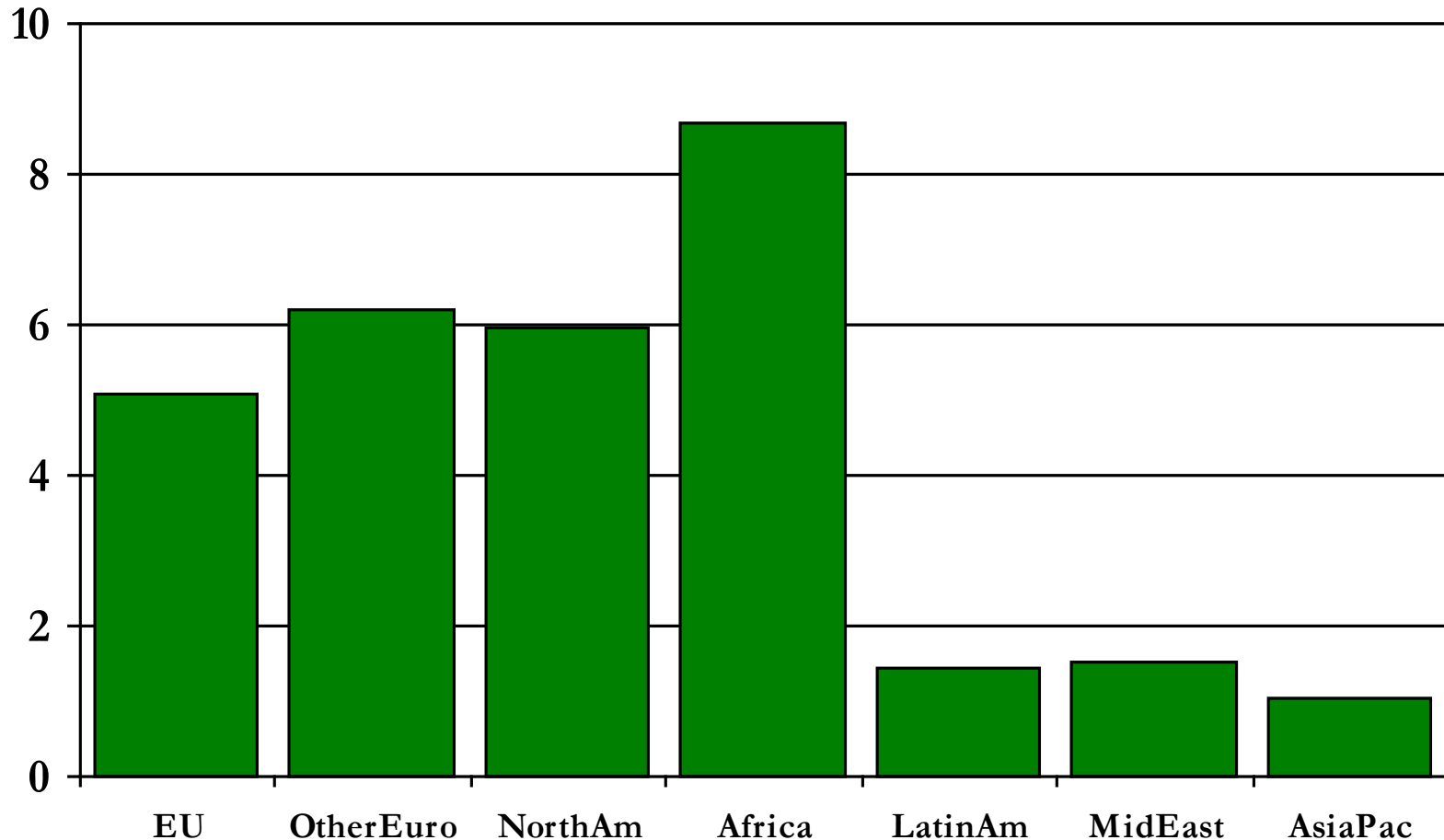
Value (in €) of network of **Eindhoven**
for residents of Utrecht to destinations in:



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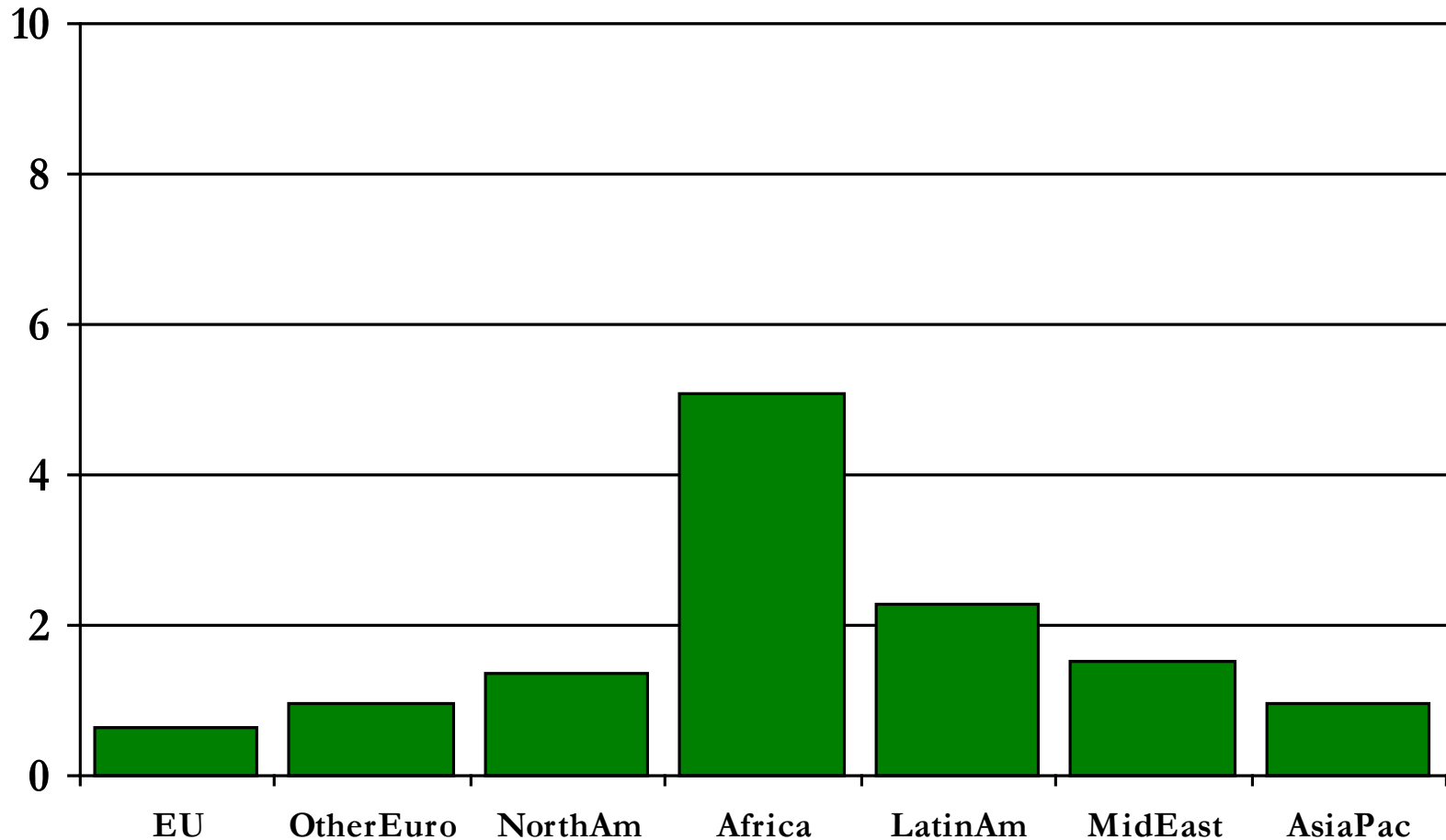
Value (in €) of network of **Brussels**
for residents of Utrecht to destinations in:



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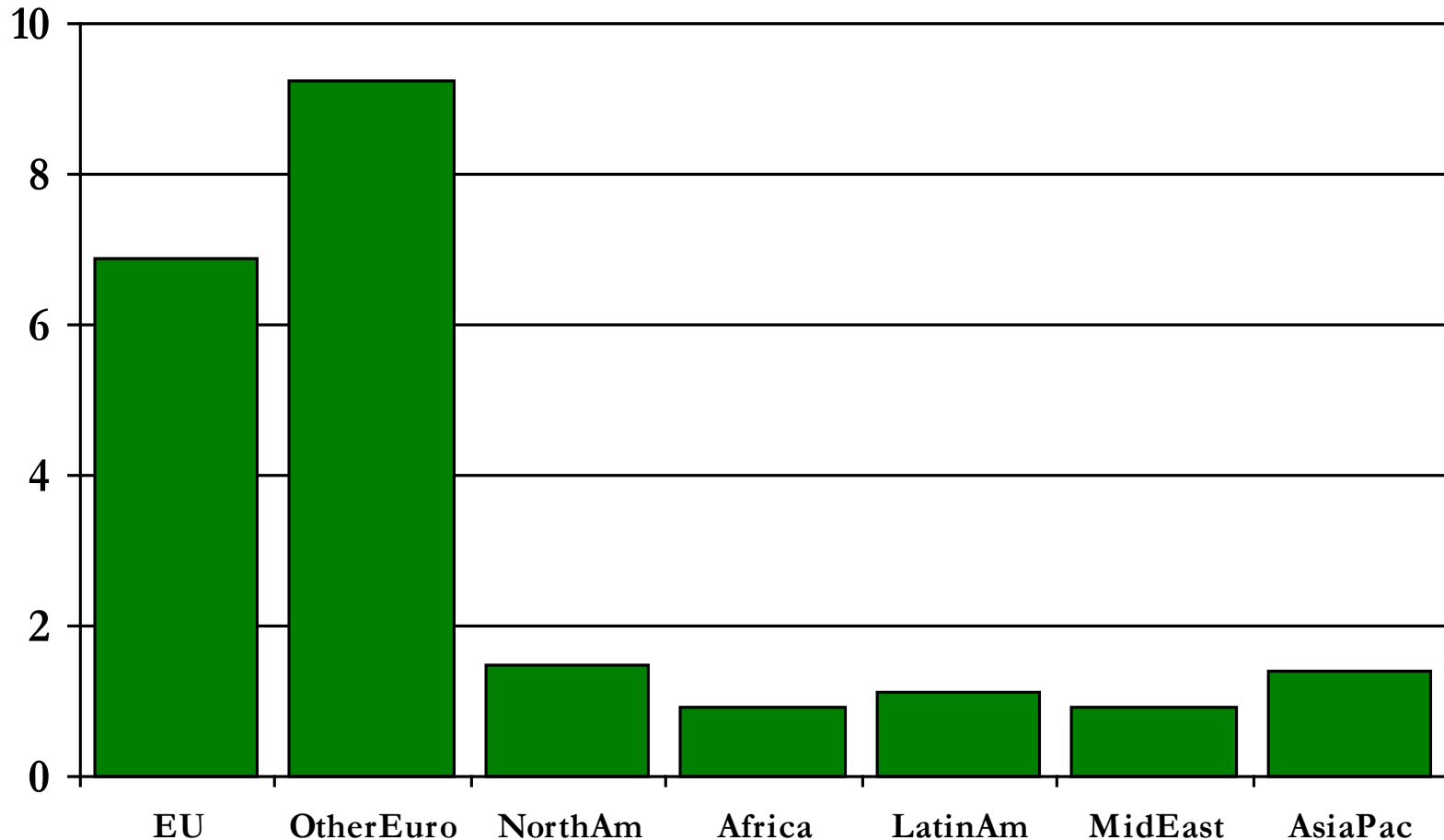
Value (in €) of network of **Paris CDG**
for residents of Utrecht to destinations in:



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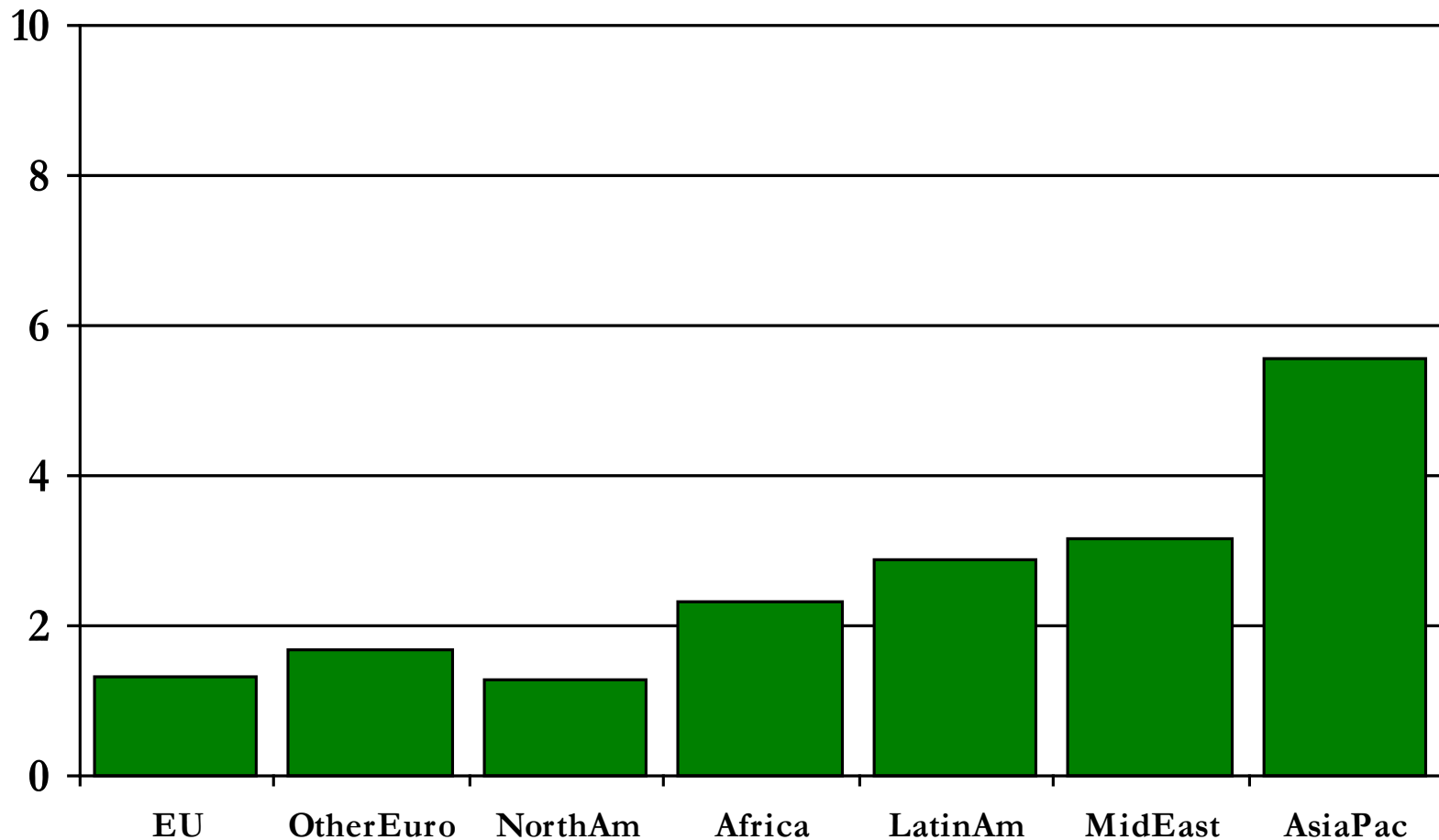
Value (in €) of network of **Düsseldorf**
for residents of Utrecht to destinations in:



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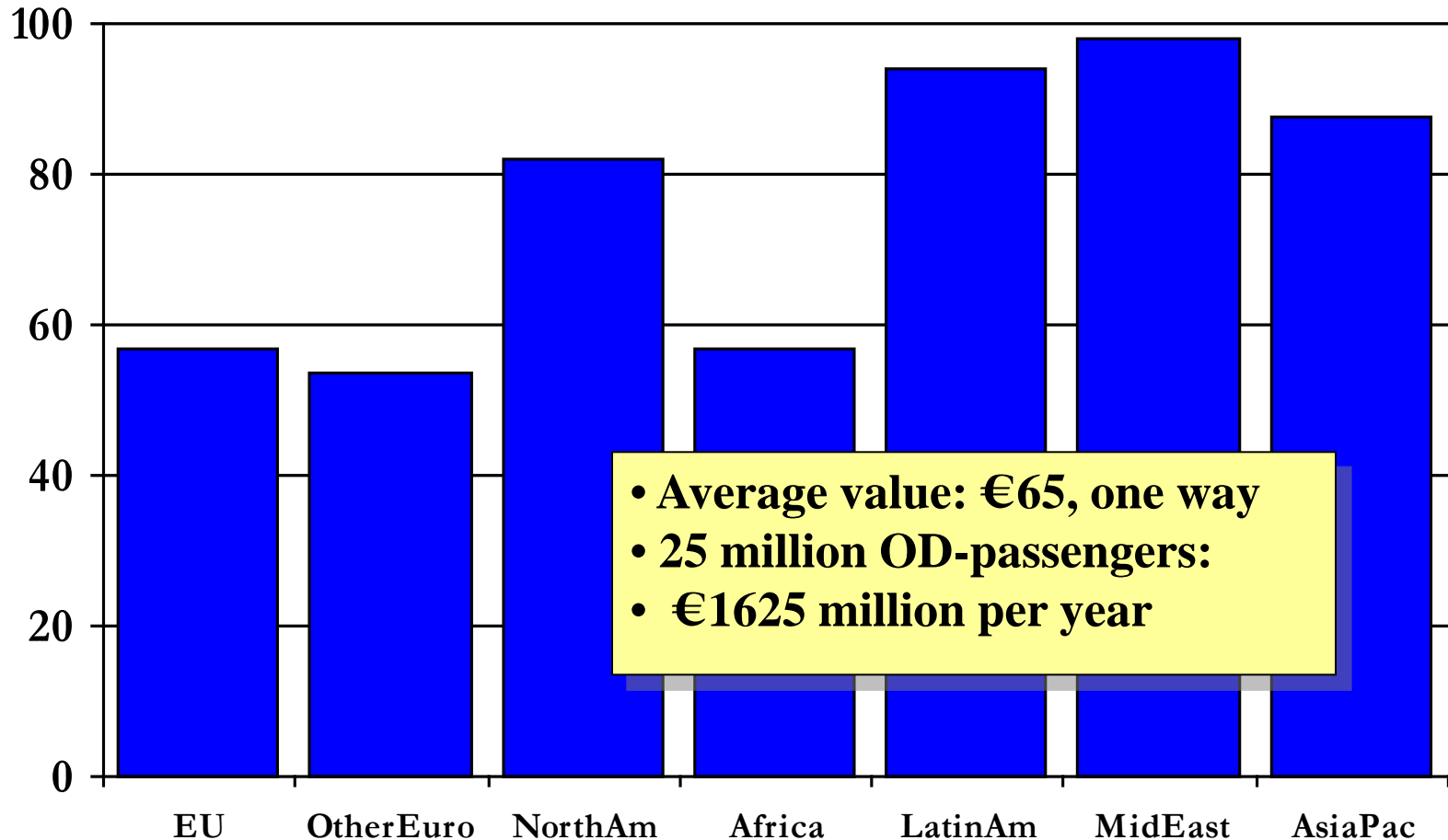
Value (in €) of network of **Frankfurt**
for residents of Utrecht to destinations in:



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Value (in €) of network of **Schiphol** for residents of Utrecht to destinations in:



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Value of Schiphol's network: Conclusions

- **Benefits of Schiphol for hinterland: €1.5 billion p.a.**
 - for local residents and visitors to NL (leisure market)
 - for business community
- **Conference theme: Optimal use of Scarce Capacity**
- **Relevant policy questions:**
 - which segments to accommodate at Schiphol and...
 - which segments to accommodate elsewhere
- **Methodology assesses implications for local market of network value of each individual segment at Schiphol (and other airports)**

