

# Hubs of activity

Operating a hub airport can pay huge dividends for a city, country and national airline.

**Alex McWhirter** reports on the ones getting it right

**W**here would we be without our hubs? I ask because it is an aviation fact of life that national airlines neglect regional cities when it comes to international flights, even though they may be centres of finance, trade and industry. This applies especially to long-haul services. It's just as true in the UK as it is in Germany or Sweden, France or Italy, India or Japan, Australia or South Africa.

National airlines devote resources to hub airports such as London Heathrow in the case of British Airways, Frankfurt or Munich in the case of Lufthansa, Copenhagen for SAS, Paris Charles de Gaulle for Air France, Mumbai for Air India and Jet Airways, and Tokyo for JAL and ANA.

What it means is that business travellers located in regional cities as important as Manchester, Edinburgh, Hamburg, Lyon, Turin and so on – and even capitals such as Berlin, Stockholm and Oslo – often find it easier to fly long-haul by changing planes in another country. Consider that:

- The Edinburgh-based financier needing to visit regional cities in mainland China will find it easier to fly via Amsterdam, Paris or Frankfurt than via London.

- The Mancunian bound for Sydney can save three hours by opting to change in Dubai in preference to

London. Also, there is only one en route stop and no need to change terminals (as at Heathrow).

- The Bavarian engineer heading for Kuala Lumpur saves time routing via Singapore rather than Frankfurt.

- An executive of a major car firm in Gothenburg has swift access to the Shanghai head office by flying via Helsinki rather than via national carrier SAS's Copenhagen hub.

- The IT specialist located in Bengaluru can reach Los Angeles in under 24 hours with one plane

change in Dubai or London. Flights connect in the same terminal.

Flying via Mumbai involves two transfers, an awkward change of terminal and a journey time of more than 29 hours.

So why do our national carriers neglect what they term to be "secondary" destinations? "It's not an airline conspiracy," says John

**Main picture:** Dubai International. **Above from left:** London Heathrow, Helsinki-Vantaa





Travellers in regional cities often find it easier to change planes in another country

Strickland, director of aviation specialist JLS Consulting. "It's usually because there is an insufficient volume of passengers, especially high-fare business people, to make regional routes profitable. Some airlines can make these routes pay but some cannot."

UK-based travellers are especially disadvantaged since BA no longer flies overseas from any airport other than London. It means a Manchester executive must book a foreign carrier for a global trip. Every day, thousands of potential BA customers fall into the arms of Emirates, Etihad, Qatar, Singapore Airlines (SIA), KLM,

Lufthansa, and so on. The Gulf carriers alone operate up to seven daily wide-bodied flights out of the northwest's premier airport. Emirates finds sufficient demand at Manchester to roster an A380.

For commercial and aeropolitical reasons, airlines are coy about releasing passenger statistics. Emirates told *Business Traveller* that it was "unable to provide specific passenger figures for flights departing the UK". But it did say Mancunians could make connections in Dubai for no fewer than 120 onward destinations. Popular points include the Gulf, Australasia, South Africa, India, Thailand and China.

Gulf rival Etihad was more forthcoming. It claims that Manchester-Abu Dhabi is its eighth-busiest route. Last year, Etihad carried 222,500 passengers on its twice-daily service, representing a growth of 29 per cent over the same figure for 2010.

So why is BA saying goodbye to all these passengers? Strickland says: "Foreign carriers can make these regional cities work because they are feeding their hubs. In the case of the Gulf carriers, roughly 70 per cent of their passengers are making onward connections."

It works like this. Etihad rosters a two-class, 262-seat A330-200 on the route. It need fill only 80 or 90 seats between Manchester and Abu Dhabi to make the flight profitable, because the remaining seats are filled by passengers travelling onwards to Asia, Australia and so on. So BA is operationally disadvantaged. It lacks "feed" (ie, passengers cannot continue onwards with BA) at either end of the route, so even if it were to operate a nonstop Gulf flight, it could not fill the seats.

It is true that there is nothing to stop BA from operating a one-stop Manchester-London-Dubai service – any empty seats could be filled by passengers joining or leaving at Heathrow – but that would be an inefficient use of an aircraft because of the time wasted on the ground. There's also the risk the flight could get delayed during its Heathrow stopover.

"Hubbing" in the Gulf provides the region's national carriers with another priceless advantage. Almost all of their transit passengers are making two long-distance connections, and these are the most lucrative. Strickland says: "If a passenger travels Manchester-Dubai-Hong Kong then

**Clockwise from top: Abu Dhabi International, Dubai International, Singapore Changi, Amsterdam Schiphol**

Emirates gets two decent chunks of revenue."

Conversely, passengers boarding a KLM or Lufthansa flight at Manchester are just as likely to be heading to mainland Europe as farther afield, and so profitable revenue from every traveller cannot be guaranteed.

Will secondary cities continue to be neglected? "The big hope for the future," maintains Strickland, "is the B787 Dreamliner and planned A350. Both of these long-range planes will help the airlines to operate less busy routes more economically [because they may accommodate fewer passengers]."

### Why have a hub?

Operating a hub airport is difficult and complex but, done properly, will be a win-win for the city, the country and the national airline. When I interviewed Emirates' founding chief executive, Sir Maurice Flanagan, in Dubai during the mid-eighties, it was made clear that the rationale

behind the city-state's fledgling airline was to develop connectivity with the outside world.

It was a time when Gulf Air (the then national carrier of Bahrain, the UAE, Oman and Qatar), favoured one airport – its home base of Bahrain – over those of its other owners. So most direct international flights departed from Bahrain rather than Abu Dhabi, Dubai, Muscat or Doha.

Another reason was the advent of the long-range B747-400 in the late 1980s. This was the first long-distance plane that could tackle 12- to 14-hour nonstop flights between Europe and Asia. Before then, all the main European and Asian carriers used to touch down for refuelling in the Gulf. The glut of flights arriving during the early hours in Abu Dhabi, Dubai and Bahrain provided these places with links to cities such as London, Singapore and Hong Kong.

Connectivity enables a country to develop business and trade

With the likes of BA, Qantas, Singapore Airlines and Cathay Pacific now overflying the Gulf, it was essential that the local countries developed their own world links rather than rely on foreign carriers. So Emirates was founded to put Dubai on the map. And what it did in 1985 was copied in subsequent years by Abu Dhabi, Oman and Qatar.

What has helped the Gulf carriers take off is the "new world order" (see special report, [businesstraveller.com/archive/2010/december-2010-january-2011](http://businesstraveller.com/archive/2010/december-2010-january-2011)). When Emirates was founded, who could have foreseen that China would open itself up to the outside world? Or that India would realign itself with the West? Who could have predicted the enormous growth in trade between Asia and Africa?

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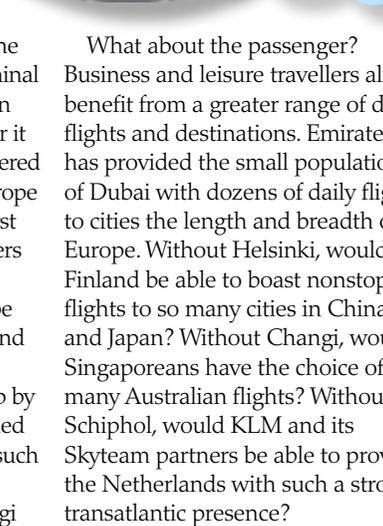
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Clockwise from left: Helsinki-Vantaa, Paris-Charles de Gaulle, London Heathrow



Connectivity means nonstop flights to the world's most important markets for business and leisure travel. It enables a city or country, no matter how small, to develop business and trade.

The modern concept of an international hub is believed to have been instigated by the Dutch when they opened the present Amsterdam Schiphol terminal in 1967. I first used the facility as an impressionable teenager soon after it opened. At that time, it was considered years ahead of anything else in Europe because Schiphol was designed first and foremost for transfer passengers rather than end-to-end users (national carrier KLM would not be such a large airline were it to depend solely on the Dutch market).

Schiphol's concept was taken up by the Singaporeans when they opened Changi in 1981. SIA and its rivals such as Qantas have used the facility to great effect and have turned Changi into the leading gateway for South East Asia and Australia.

Airlines benefit from a hub because it enables them to expand. Emirates is a prime example – Dubai's flag carrier started life with a couple of leased planes from Pakistan Airlines, and today is the world's largest carrier in terms of flown passenger kilometres, boasting a mammoth fleet of more than 160 wide-bodied planes.

What about the passenger? Business and leisure travellers alike benefit from a greater range of direct flights and destinations. Emirates has provided the small population of Dubai with dozens of daily flights to cities the length and breadth of Europe. Without Helsinki, would Finland be able to boast nonstop flights to so many cities in China and Japan? Without Changi, would Singaporeans have the choice of so many Australian flights? Without Schiphol, would KLM and its Skyteam partners be able to provide the Netherlands with such a strong transatlantic presence?

### Differing hubs

No two hubs are alike. Some, such as London Heathrow, Amsterdam, Frankfurt and Paris Charles de Gaulle, are mega-affairs switching thousands of passengers between global cities every hour. Others are smaller, more niche facilities that provide faster, simpler transfers but specialise in certain regions of the world.

Take Helsinki. It lies astride the Great Circle route linking Europe with Asia, so flight times from here are among the shortest. All told, national airline Finnair covers 11 destinations in Asia, including three in mainland China (Beijing, Shanghai, plus Chongqing starting in May) and three in Japan (Tokyo, Osaka and Nagoya). Helsinki's attractive location has prompted JAL to announce a new service to Tokyo Narita, which will start early next year.

Or how about Vienna? Austrian neutrality in the Cold War era enabled Vienna to forge some of Western Europe's first links with Eastern Europe, Ukraine and other former Soviet republics. These have continued to this day.

Brussels scores with its links to sub-Saharan Africa, a legacy of Belgium's past history. They include difficult-to-reach cities such as Bamako (Mali),

Yaoundé and Douala (Cameroon), Ouagadougou (Burkina Faso) and Kinshasa (Democratic Republic of Congo).

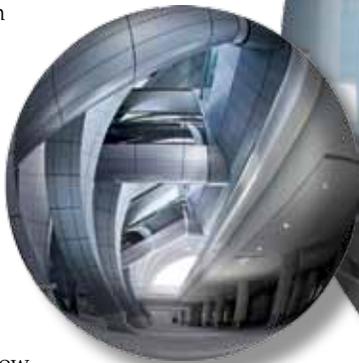
The most successful hubs are those where the government works in tandem with the national airline. Look no further than Singapore Changi – voted the best airport worldwide by *Business Traveller* readers for 23 years running – or Amsterdam Schiphol, which has been winning our European airport award for two decades. Dubai is another success – perhaps it, too, will be a reader favourite when the new Al Maktoum International airport opens to passengers (the date for this has yet to be confirmed).

By contrast, “Heathrow became a hub by accident,” claims John Strickland. “It hasn’t the infrastructure to operate ‘waves’ of incoming flights like Schiphol.” Nor is Heathrow, with its different terminals scattered around the airfield, an easy airport to understand. Where it does score is with its transatlantic route network, unequalled by any other airport in Europe. It also does well with the Middle East and boasts the only direct links with both Australia and New Zealand.

When it comes to airline service, Heathrow again scores. Viewed as Europe’s leading gateway, its affluent catchment area and high-fare paying passengers mean the carriers wheel out their best products. It’s the only European airport where, when flying long-haul and choosing one of our two national airlines, you are certain to have fully-flat seating in business class.

But more could be done, and Heathrow will not develop as a hub without more runway capacity. Why can’t the government understand this? Says an industry expert: “When in opposition, the Conservatives didn’t see that

From left: Dubai International, Helsinki-Vantaa, Amsterdam Schiphol



## Heathrow will not develop as a hub without more runway capacity

Heathrow needed a third runway. Only over the past year has the penny dropped and Number Ten now realises it has put itself into a policy corner. Now it wants to maintain Heathrow’s hub status but without having a third runway.”

### Changing fortunes

A hub needs government backing, political and labour stability and a progressive national airline to prosper. If any of these things are missing then it will fail.

Look back to the seventies – how many readers remember the time when Rome and Athens were leading hubs both for Southern Europe and farther afield? Or how about Beirut and Tehran? The former was the main hub for the Middle East, while the latter was an airbridge linking Europe to Asia. How times have changed.

New hubs are coming along. Look at how Doha is growing, with its new international airport due to open at the end of this year, and all phases to be completed by 2015. See how Istanbul is setting itself up as a rival to the Gulf. Berlin is set to become a mini hub in the years to come – its

out-of-town Schoenefeld facility is being expanded and will be relaunched as Berlin Brandenburg airport on June 3, replacing the current main international airport, Tegel, which is to close the day before.

### Drawbacks?

Hubs are great for passengers when conditions are ideal – their big downside is when things go wrong. A hub such as Heathrow or Frankfurt can be reduced to chaos in a short time. Remember trying to change planes in Frankfurt on a foggy November morning? Or being stranded by snow at Heathrow in December 2010?

It is not just the fact that passengers might miss their flights and have their luggage go astray. It is that, all too often, the airlines and airports cannot cope with large-scale disruption. As long as Europe’s big hubs have little spare capacity, this is a problem that will not go away.

For such airports, there is no solution in sight, but expansion in the Gulf should mean a more pleasant experience in Dubai and Doha when their new facilities come on line. ■