



الاتحاد العربي للخطوط الجوية
Arab Air Carriers Organization

Arab & European Regions' Airlines .. Opportunities for cooperation

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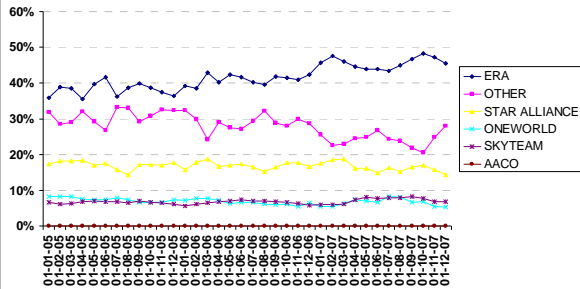
Overview

- Brief about AACO
- Arab Aviation Growth
- Market Share for Arab airlines
- Online Markets for AACO: Capacity, market shares & average yield
- ERA Online Markets: Capacity, market shares & average yield
- AACO Offline Markets: Capacity, market shares & average yield
- Synergies in the offline Markets

Brief About AACO

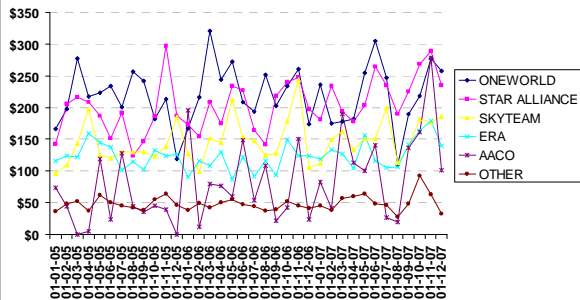
- Joint Projects
- Database Management
- International Representation
- Networking
- Members

ERA Online Markets- Market Share (RPKs)



ERA carriers have seen their market share increasing over the last three years in most of their market. Part of it is related to the slightly lowest market size of the destination operated by the ERA carriers, but also to the hub and spoke structure of the major alliances spilling point to point passengers to capture flow traffic.

ERA Online Markets- Average Yield



Similarly to the online AACO markets, Global Alliances applies a yield premium on the market they operate against ERA carriers. ERA carriers are commercially aggressive from a revenue management perspective, but have also to face a fierce fare competition from other airlines with an average discount / fare gap of about 50%.

ERA Online Markets

- ERA Carriers hold a third of the total capacity over the last three years, but have seen their market share increasing. ERA carriers enjoy a growing and positive share gap of 10% as a consequence of the dynamic commercial approach followed by most ERA members against Global Alliances
- With the very aggressive pricing approach by other carriers on the point to point markets, and with a share gap levelling up to its current level, the risk of revenue decrease by ERA carriers might increase soon
- To generate incremental revenue, ERA carriers should envisioned code-sharing with other non-aligned carriers that will complement their current service and will not generate any substantial extra-costs

AACO Offline Markets

- Global Alliances have a significant market share on all off-line markets, and are enjoying a fare premium against non aligned airlines despite a lower market share
- AACO and ERA carriers should join forces since both association will benefit:
 - ERA carriers by capturing a new market at no cost, with potentially a higher yield due to the dominant position of AACO members in the Middle-East region
 - AACO carriers by increasing their market footprint on their offline European markets and therefore enhancing their competitiveness against Global Alliances

Conclusion

- Arab Airlines will play a bigger role
- Arab hubs will be the 21st century hubs
- Opportunity for networking with Arab airlines specifically in Europe
- AACO & ERA can be the vehicles

Thank You...
