



AIRPORT CITIES 2016
SHANGRI-LA HOTEL, QINGDAO | CHINA
15-17 NOVEMBER 2016
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FACE-TO-FACE WITH:



David Stroud
Managing Director
Airport Strategy and Marketing (ASM)

David Stroud is the Managing Director of Airport Strategy and Marketing (ASM), the global consulting company specialising in route development.

Educated at the University of Nottingham, he has over 30 years of aviation industry experience in the fields of route development, marketing, and airport infrastructure development. Formerly of BAe Systems, Manchester Airport and London City Airport, David has been a senior manager with ASM and the Routes event business since 1998, he has held leadership positions across both businesses. Following the acquisition of Routes and ASM by UBM, David led the integration of the Global Airport Cities event into the company.

Within ASM David has led many projects addressing the route development strategies of airports as well as being a key advisor to airport acquisitions. He is also driving the connection between the growth of air routes at airports and the advancement of Airport City developments.

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What are the essential components in air route development strategies to achieve positive airport city growth?

Air route development strategies are fundamentally driven by the nature of the markets airports serve, the competition they face, and the strategies of existing and potential customer airlines.

I have always seen a virtuous circular relationship between the development of airport cities and the air route development strategy. Business's choosing to locate within an airport city development invariably reference the proximity to the airport and the connectivity they can access through its air services; airlines choose to operate from an airport as a result of the market available to them. As such, if an air route network grows then this would make the airport city are more attractive location; at the same time as the airport city grows, the airport becomes more attractive to airlines.

From a passenger perspective airlines consider how an airport's market fits with its position, they will look at how they serve this market currently and how they can improve their penetration through additional new services. They will consider a market's directionality and if, as most network carriers are, they have a business/premium cabin focus, they will want to understand the nature of corporate travel and how they can capture it. Often a particular air route may be underpinned by a dominant corporate customer, in such cases the airport city is likely to expand through the influence of both the dominant corporate business and the air service it is driving.

When an airport becomes a true centre of gravity for airlines either as a connecting hub, an operating base, or a key spoke to world hubs; then the airport city would be expected to expand quickly given the high global connectivity the airport offers.

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What do you feel are the most likely scenarios or changes that the airport city or aerotropolis industry will face in the next 5 years?

Answering this from an air route development perspective, the introduction of the latest and future aircraft 787, A350, 777 Long range variants, is expanding the possibilities of city pair connections, particularly from a range perspective. A good example of this being the recent introduction of non-stop San Francisco-Chengdu flights.

This trend is taking us to a point where most city pairs will have the technical capability to be linked directly without connecting through hubs, the strongest airport cities which attract these services will truly be able to have a global outlook.

At the same time we would expect a significant rise in true Low Cost Carrier flights in China as a result of the relaxing of the minimum ticket price rules from CAAC. We would expect to see a large increase in domestic and regional flights, those airports that can command the emergent LCC bases will strengthen their airports cities particularly for SME's and price conscious business travel.

At present, the international flights policy in China is "One Airline, One Route", as a result there is no direct competition amongst Chinese carriers and a wide range of new services are opening up. If this changes in the next five years we would expect to see a concentration of routes into major city airports which would concentrate airport city development further around these market leaders.

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What do you think is the role of UBM Airport City (ACE) and how does this benefit the industry?

The development of Airport Cities is a key part of the growth that the aviation industry brings and the event should play a part both in help educate the industry to best practices globally but also to help foster real business transactions.

The event should also provide the links between other aspects of the aviation industry, such as route development, and be a place for investigating the synergies of these.

Given the expansion of airports in China, a further 50 by 2020 according to the 13th Five Year plan, and the key policies within this of building increase air routes, and expanding the airport city developments, it is appropriate that the event is located in China and should serve as a platform for the industry to determine how best to navigate through the challenges of delivering the targets of the 13th plan and the industry beyond.

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