

Marketing Policy for the Development of Traffic at the Naples Airport

Routes activated IATA summer season 2018 / winter season 2018-19

In recent years the European air transport sector has been subject to some uncertainty, due to a variety of mutually connected factors, such as the unstable international scenario, which impacts on the future development of traffic demand, and the competition of high-speed rail travel. Furthermore, intensive competitive pressure is exercised by other airports in Europe and Italy.

Given this outlook, Naples Airport must necessarily take whatever initiatives it can to develop air connections to and from Naples, to ensure that its infrastructure is used in the most efficient way possible, with the major objective of the increase of year-round traffic, in order to provide the surrounding territory with a wider range of opportunities and increasingly satisfying service while facilitating the development of new business activities able to contribute to the development of tourism and economic growth of the Campania Region.

The improvement sought could take the form of direct intercontinental routes, flights to the major European hubs that serve all destinations worldwide, an increasing number of short to medium-range destinations in Europe and the Mediterranean and, last but not least, remedies for the highly seasonal nature of traffic at the Naples Airport. Further objectives are an increased offer on European high traffic demand point-to-point routes, as well as agreements with Carriers willing to provide a solid multi-year growth in NAP, in order to counterbalance the strong competition of other airports.

To this end, in compliance with the New Guidelines published on the 11th of August 2016 by the Italian Ministry of Transportation the Naples Airport has decided to offer incentives for the development of traffic to air carriers that decide to invest in NAP by introducing new regularly scheduled routes and/or significantly increasing existing ones.

The purpose of the present policy, therefore, is to make known, in transparent fashion, the guidelines under which agreements shall be reached with the airlines, with the goal of making a significant contribution to the growth of Naples Airport.

Objectives of the policy:

- Increase the level of intercontinental connectivity of the Naples Airport, both through direct flights and by improving the services of the hub carriers to and from their own hubs;
- Increasing the range of point-to-point connections, meaning the number of European routes served;
- Render traffic at the Naples Airport less seasonal;
- Increase capacity on European point-to-point routes already served with high traffic demand.

The policy regards implementation of the following 6 categories of connections starting from the IATA summer season 2018 or by the end of the IATA winter season of 2018-19, provided that they are not scheduled in peak times:

- New intercontinental routes;
- New routes towards the hubs (to be operated by carriers that have a hub at a connected airport that would allow passengers to benefit from connecting flights);
- New European/Mediterranean routes of interest to the Airport of Naples, operated year-round;
- New European/Mediterranean routes of interest to the Airport of Naples, operated for the whole IATA Summer seasons;
- De-seasonalisation – increased traffic during the period November-March on existing routes by carriers already operating flights;
- Multiple Route programs based on growth of passenger volumes.

The list of the destinations falling under each of the first 4 categories indicated is found in Appendix A.

THREE-YEAR INCENTIVE PLAN

Passenger incentives

A three-year incentive plan is to be drawn up for each category of incentives shown on the table regarding paying passengers departing from Naples.

	Type of route	Range	Objective	Percentage incentive on the Aerocharge fee *		
				Year 1	Year 2	Year 3
Cat.1	New	Intercontinental		50%	40%	30%
Cat.2	New	Hub		40%	35%	30%
Cat.3	New	Europe/Mediterranean	Year-round new routes	35%	30%	25%
Cat.4	New	Europe/Mediterranean	Full IATA Summer new routes	30%	25%	20%
Cat.5	Existing	All	De-seasonalisation (additional passengers November-March)	40%	30%	20%
Cat. 6	Multi-route programs based on volume growth		<ul style="list-style-type: none"> • Continuous and considerable yearly growth; • New Routes and/or capacity increase on routes already served by the Carrier; other Routes to be evaluated by GESAC. • Predominantly year-round/off-peak operations 	Level of incentives depending on how the business cases meet NAP network development objectives		

* The Aerocharge fee includes the following items: a) aircraft landing and take-off charges; b) aircraft layover charges; c) passenger boarding charges; d) passenger security fees; e) hold luggage security fees; f) PRM (passengers with reduced mobility) fee.

The "Aerocharge fee" does not, therefore, include the following items (listed here only as possible examples): i) regional and municipal supplements; ii) accessory security services or of any other type not contemplated in the preceding paragraph.

The minimum required conditions are:

- Category 1- New intercontinental routes: 2 flights a week for a minimum of 12 consecutive weeks;
- Category 2- New Hub services: minimum 5 flights a week for a minimum of 30 consecutive weeks;
- Category 3 - Year-round new routes": 2 flights a week, year-round;
- Category 4- Full IATA Summer new routes: 2 flights a week for at least the whole IATA Summer season;
- Category 5- De-seasonalisation - increased traffic during the period November-March on existing routes by the carriers already operating flights. Compared to the 12 months preceding the start of the agreement, capacity increase must be considerable and total traffic throughput of the air carrier to/from NAP must be at least on the same level.
- Category 6-
 - continuous and considerable yearly capacity and passengers growth for a minimum of three years;
 - new routes or capacity increase on routes already served by the Carrier; further routes to be evaluated by GESAC.
 - Predominantly year-round/off-peak operations.

The incentive will be offered on an "ad hoc" basis and will depend on how the business case meets NAP network development objectives.

Bonus

Additional bonuses and/or longer duration contracts can also be offered when certain thresholds of traffic are exceeded, or in case of programs showing strong de-seasonalisation.

The negotiations may also address soft-marketing supports, including initiatives in the local territory (such as advertising campaigns, press conferences, roll-out events etc.), in cases where the offer proves to be of particular interest.

The Development Plans must indicate the proposed new routes and/or the increases in existing routes, listing:

- the start-up dates
- the period of operation
- the weekly frequency
- the type of aircraft.

GESAC must receive the Plans by the **15th of January 2018** at the e-mail address aviation_business@gesac.it.

GESAC reserves the right to consider any additional proposals that arrive past the dates indicated above.

GESAC shall assess and select the Plans presented by airlines on the basis of the overall added value generated for the airport.

In order to be eligible for incentives,

- a "new" route (categories 1, 2, 3 and 4) shall not have been operated by the Carrier presenting its Development Plan for at least 24 months preceding the start-up of the program;
- an existing route(category 5) shall not have registered any decrease in frequency and passengers per year in the 24 months preceding the start-up of the program.

Any agreements concerning Development Plans presented within the deadlines indicated above and selected by GESAC shall be formalised under dedicated contracts agreements that shall be kept confidential and shall not have a cumulative effect with any previous agreement between the carrier and GESAC.

Should more than one carrier present proposals for the same route, then the decision on which carrier is to benefit from the incentives shall be made considering the size of the operation, the number of routes, the total additional seat capacity and the potential market stimulation, according to GESAC analysis and evaluation.

The agreements signed by the carriers and GESAC shall only be valid if the planned flights are offered for sale at least 60 days prior to the planned start of the initiative.

The selected carriers will benefit of the offered incentives provided that they will prove to be compliant to the anti-mafia as well as fiscal legislation, as required in their home base countries.

The list of destinations to be incentivized will be up-dated, enlarged or narrowed, following any discontinuity of routes previously served or the start-up of new routes.

In case of questions please contact the Business Development department at the e-mail address aviation_business@gesac.it

Appendix A

List of NEW destinations to be addressed by incentives

1) Intercontinental

All intercontinental, excluding destinations in the Mediterranean Area included in points 3 and 4;

2) Hubs – flights to hubs meant for connecting traffic (minimum 5 flights a week for a minimum of 30 consecutive weeks).

Hubs in Europe or the Mediterranean Basin not served with connecting operations: (listed here only as possible examples) Lisbon, London Heathrow, Prague, etc.;

3) and 4) Point-to-point connections on European/Mediterranean routes :

Albania: all destinations excluding Tirana;

Algeria: all destinations;

Armenia: all destinations;

Austria: all destinations excluding Vienna;

Azerbaijan: all destinations;

Belarus: all destinations;

Belgium: all destinations excluding Brussels (all airports);

Bosnia Herzegovina: all destinations excluding Mostar;

Bulgaria: all destinations excluding Sofia;

Croatia: all destinations excluding Dubrovnik and Split;

Cyprus: all destinations;

Czech Republic: all destinations excluding Prague;

Denmark: all destinations excluding Copenhagen;

Egypt: all destinations;

Estonia: all destinations;

Finland: all destinations excluding Helsinki;

France: all destinations excluding Bordeaux, Carcassonne, Lille, Lourdes, Lyon, Nantes, Nice, Paris (all airports), Toulouse.

Georgia: all destinations;

Germany: all destinations; excluding Hamburg, Berlin, Bremen, Koln, Dusseldorf, Frankfurt, Friedrichshafen, Hannover, Karlsruhe-Baden Baden, Lubeck, Memmingen, Munich, Munster, Nurnberg, Stuttgart.

Great Britain & Northern Ireland: all destinations excluding Belfast, Birmingham, Bristol, East Midlands, Edinburgh, Glasgow (all airports), Leeds Bradford, Liverpool, London (all airports), Manchester;

Greece all destinations excluding Athens, Chania, Corfu, Heraklion, Kefallinia, Mykonos, Rhodes, Santorini, Skiathos and Thessaloniki;

Hungary: all destinations excluding Budapest;

Iceland: all destinations;

Ireland: all destinations excluding Dublin;

Israel: all destinations excluding Tel Aviv;

Italy: all destinations excluding Alghero, Bari, Bergamo, Bologna, Brindisi, Cagliari, Catania, Comiso, Genoa, Milan (all airports), Olbia, Palermo, Rome, Turin, Trapani, Treviso, Trieste, Venice, Verona.

Latvia: all destinations;

Lithuania: all destinations excluding Kaunas;

Moldavia: all destinations;

Montenegro: all destinations;

Morocco: all destinations excluding Casablanca and Marrakech;

The Netherlands: all destinations excluding Amsterdam, Eindhoven, Maastricht, Rotterdam;

Norway: all destinations;

Poland: all destinations excluding Gdansk, Katowice, Krakow, Warsaw (all airports), Wroclaw;

Portugal: all destinations excluding Faro, Lisbon and Oporto;

Romania: all destinations excluding Bucharest and Timisoara;

Russia: all destinations excluding Moscow;

Serbia: all destinations;

Slovakia: all destinations excluding Bratislava;

Slovenia: all destinations;

Spain: all destinations excluding Barcelona (all airports), Granada, Ibiza, Madrid, Malaga, Menorca, Palma de Mallorca, Seville, Tenerife Sud, Valencia;

Sweden: all destinations excluding Stockholm;

Switzerland: all destinations excluding Basel, Geneva, Zurich;

Tunisia: all destinations excluding Tunis;

Turkey: all destinations excluding Istanbul;

Ukraine: all destinations excluding Kiev and Lviv;

Naples, December 13th 2017.