

New Marketing Policy for the Development of Traffic at the Naples Airport

Routes activated IATA summer season 2019/ winter season 2019-20

In recent years the European aviation industry has been subject 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.

Besides, environmental sustainability is evermore important, and has determined the need to rethink the approach to airport traffic development.

Given this outlook, Naples Airport has reviewed accordingly its business strategy and marketing policy aimed at developing connectivity to Naples, to ensure that its infrastructure is used in the most efficient way possible, and from now onward will pay specific attention to growing its route network in compliance with the requirement to keep environmental issues under control. Accordingly with this new strategy NAP will predominantly aim to increase the number of operations to/from NAP that deploy new generation aircraft and high seat capacity and incentives will be offered to the carriers that will cooperate with NAP to achieve this new objective. Moreover the reduction of seasonality and the increase of off-peak operations are among NAP main targets for 2019.

To this end, in compliance with the New Guidelines published on the 11th of August 2016 by the Italian Ministry of Transportation, Naples Airport has decided to offer incentives for the development of traffic to the air carriers that will cooperate with NAP to reach its objectives. The purpose of the present policy, therefore, is to make known, in full transparency, 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 Naples Airport, both through direct flights and by improving the services of the hub carriers to and from their own hubs;
- Increasing the flight programs that deploy new generation aircraft and high seat capacity, to ensure that the infrastructure is used in the most efficient way possible
- Making traffic at Naples Airport less seasonal and increase the number of off-peak operations;

The policy regards implementation of the following categories of connections starting from the IATA summer season 2019 or by the end of the IATA winter season of 2019-20, provided that they are not scheduled in peak times:

- New intercontinental long-haul routes;
- New routes towards hubs to be operated by carriers that have a hub at a connected airport that would allow passengers to benefit from connecting flights;
- Capacity increase, through the deployment of new generation larger aircraft.
- De-seasonalisation – increased capacity during the period November-March;

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 – Long Haul		50%	40%	30%
Cat.2	New	Hub		40%	35%	30%
Cat.3	Existing	All	Additional capacity: larger aircraft	The level of the incentives will change accordingly with capacity and efficiency improvements		
Cat.4	Existing	All	De-seasonalisation (additional passengers November-March)	40%	30%	20%

* 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 of 20 consecutive weeks;
- Category 3 – Additional capacity in terms of utilization of larger aircraft
- Category 4- De-seasonalisation - increased traffic during the period November-March on existing routes.

Should requests, regarding unserved routes to be operated year-round or during the Summer season, be presented, GESAC will evaluate the proposals only in case that the route has shown a strong increase in passenger demand.

Moreover, with regard to all request of incentives, Gesac will prioritize the flight programs that deploy new generation aircraft and higher seat capacity, to ensure that the infrastructure is used in the most efficient way possible.

Bonus

Additional bonuses and/or longer duration contracts can also be offered when certain thresholds of traffic are exceeded, or in case of programs of specific interest or 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
- the seat capacity.

GESAC must receive the Plans at least 2 months prior to the start-up of the air service at the e-mail address aviation_business@gesac.it.

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 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 3) shall not have registered any decrease in frequency and passengers per year in the 24 months preceding the start-up of the program;
- a "new" or existing route shall not have been discontinued completely by other Carrier(s) in the 12 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 that shall be kept confidential.

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 present Policy will not apply to Network Developments regulated by existing agreements.

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

Appendix A

List of UNSERVED destinations

1) Intercontinental – Long Haul

All intercontinental, excluding destinations in the Mediterranean Area;

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.;

Naples, November 26 2018.