

# CHANGE IN THE AIR?

A Ground Handling Trade Association... why bother? asks Jon Conway.

ASA

AIRPORT SERVICES ASSOCIATION



A recent membership drive for the Airport Services Association (ASA), successfully generated a number of applications from new members. It would, however, be fair to say that the number of new applications was a little disappointing, especially when one considers the total of ground handling businesses around the world.

This was despite the introduction of new entry level subscription fees – as low as €150 (US\$185) per annum for smaller companies – and a refreshment of criteria to better reflect the “independent” nature of our association.

For those of you reading this and possibly thinking that your small ground handling business, perhaps operating at a single airport, doesn't need to be part of a global trade association, it's perhaps worth looking at our industry from a wider perspective and reminding oneself that much of what is agreed in high rise offices in Montreal will invariably filter down to YOUR business.

## A fundamental change

Firstly, let's be very clear – the airline industry has, over the last 25 years, fundamentally changed its position on ground operations.

Once deemed a core activity by most airlines, a recent KPMG study estimated that in 2007 some 76% of all ground

handling was performed by airlines themselves (self-handling) or by airport owned/operated handlers. Just 24% was outsourced to independent ground service providers.

Move forward 15 years, and the same study forecasts this 24% to exceed 70% by 2022, with self-handling airlines and airport owned/operated handlers accounting for less than 30%. It's a trend which shows no signs of slowing down.

KPMG also estimates that, in 2017, the size of the global ground handling market (for independents alone) exceeded US\$30bn. It also forecasts a 13.75% CAGR. Employing hundreds of thousands of men and women globally, ours is not an insignificant sector.

Airlines, in general, continue to experience significant volatility in terms of profitability, with the decline in oil prices undoubtedly helping to deliver improved financial performance in recent years.

A healthy airline industry is, of course, welcomed by the GSP community but their challenging business environment continues to see carriers re-evaluating the strategic fit of their ground and cargo operations. The drive to convert fixed into variable cost shows no sign of abating and moving to third party providers is, typically and increasingly, seen as a smart solution,

especially when operating away from hub locations.

## Challenges and opportunities

Our own sector has its own challenges... and opportunities: staff attrition in some regions, constant price pressure from our customers, the emergence of the digital traveller with the potential for major changes to the above wing service proposition (for that, read impact on GSPs), robotics, congested airports, autonomous GSE, new technologies... the list goes on and on.

So... why do we need a strong and representative trade association?

Let's look at the mission statements of just two of the other major stakeholders.

IATA – “Our Mission is to represent, lead and serve the airline industry.”

Airports Council International – “ACI advances the collective interest of, and acts as the voice of the world's airports and the communities they serve, and promotes professional excellence in airport management and operations.”

We also work with the European Aviation Safety Agency at an EU level, a body taking an increasingly active interest in European ground handling, and whose budget in 2016 was €140m (US\$173m).

As I have written elsewhere, these organisations are large, effective and very well funded.

Our primary relationship is with IATA and is generally collaborative. We share several common objectives in terms of ground operations standardisation and excellence (IGOM) and, eventually and hopefully, we will have a robust, standardised and equitable audit model for ground operations, namely ISAGO.

However, we should not

forget the IATA mission statement, which clearly states which industry it serves - and be mindful of the legacy governance structure in place, based on a model which, as we have seen above, is no longer reflective of reality.

## Recognising the ground handler

Our engagement with ACI, and indeed ICAO, is less mature, but recently we have seen some recognition that the ground handler is an important part of the aviation equation. This would encompass Airport Collaborative Decision Making (A-CDM), consultation with end users (ground handlers) when it comes to airfield design and/or development, environmental issues, safety campaigns and airport quality and customer service initiatives.

ASA affiliates, the Airline Service Provider Association (ASPA) in the US and our colleagues at Associação Brasileira das Empresas de Serviços Auxiliares de Transporte Aéreo (Abesata) based in Brazil, are equally busy, working hard to ensure the ground handling industry is energetically and robustly represented, especially in the light of the sometimes unique challenges of the Americas.

So... whilst it is certainly incumbent upon those of us working for ASA to communicate the value that is being provided to both current and potential members (and we perhaps need to do a better job on this front), we are not idle. Ours is now a mature, very large industry, with global players - and perhaps there is a dawning realisation that there might just be some merit in an aligned and co-ordinated approach from our sector on key technical, policy and industry matters?

Let's hope so... **ghi**



Jon Conway