

# Active in emerging regions

**Lufthansa Consulting highlights some of its activities in emerging markets – focusing on network management, fleet development and air service development in the CIS and airport privatisation in Africa.**

Despite the world's volatile economic conditions and some serious constraints, the aviation market in the former USSR has made great strides since the late 1990s. Even after a deep decline in demand in late 2008, the CIS airlines and airports are recovering passenger numbers and freight volumes more quickly than expected.

The CIS region is seeing rapid consolidation in aviation, most notably Aeroflot's ongoing merger with a number of regional carriers. Meanwhile, new entrants such as Avianova are carving themselves niches in the market, with this new carrier aspiring to become Russia's leading no-frills carrier.

Amid this background, modernisation and fleet growth continue at an impressive pace and many airlines are experimenting with new routes to connect regions without a stopover in Moscow. With so many new developments taking place in the CIS, Lufthansa Consulting has advised several customers in various countries in the region.

## **Network management & fleet development**

Lufthansa Consulting was assigned on behalf of United Aircraft Corporation, Russia's well-known aviation holding company, to find the ideal network and fleet structure for a major Russian airline. This included providing a detailed market analysis to identify the best possible network and hub options, along with analysing optimal capacity requirements and developing a plan with the most favourable fleet mix. The main aim was to form a solid basis for major fleet and network expansion plans for the Russian carrier.

With their long-standing relationship, Lufthansa Consulting also worked together with UTair to identify new network growth opportunities for the Russian carrier. The strategic project evaluated the potential of UTair entering and developing new markets. Going beyond a classic market potential analysis, the work also examined hub optimisation, which aimed to improve UTair's network coverage, create synergies and offer the best and most convenient product to its passengers.

Regarding airport projects, Lufthansa Consulting was commissioned by the regional government of Perm Krai to develop a strategy for the Perm Bolshoe Savino Airport. This project focused on defining the strategic traffic segments and identifying opportunities for traffic development.

## **Air service development in CIS**

Sheremetyevo International Airport contracted Lufthansa Consulting to provide air service development support, which included an in-depth analysis of new business opportunities plus the development and implementation of route studies.

A project that had a different set up from the work at Moscow Sheremetyevo was at Arkhangelsk. This was initiated by the airline Aeroflot Nord and saw the carrier and the Arkhangelsk Airport (ARH) working together as a team. Lufthansa Consulting was responsible for conducting an analysis of potential international markets and profitable new routes to and from ARH, with a significant demand potential for new direct services offered and operated by Aeroflot Nord.

In light of the Russian Ministry's decision to develop 10 Russian gateways in to hub

airports, Koltsovo International Airport in Ekaterinburg recently decided to actively progress with its business development and regional hub concept. To enhance the airport's market position Lufthansa Consulting defined a programme focused on attracting international airlines and air services. Koltsovo's integration into the worldwide air services network will be advanced by introducing a proactive air service development and airline marketing strategy.

## **Air transport: Africa's growth engine**

At a time when markets are becoming more globally interconnected, the focus is increasingly shifting to Africa. Air transport plays an important role in economic development, strengthens tourism, drives the exchange of goods and aids investments from Europe, the United States and Asia. The prospects in Africa are promising: passenger numbers are set to rise by nearly 6% a year until 2025 and airlines and airports are investing in essential transport development to ensure that infrastructure and services keeps pace with growth.

Lufthansa Consulting has contributed to a number of projects on the continent in recent years and has, as a result, gained extensive experience and proved its expertise in many areas, particularly in airport privatisation.

After three years of comprehensive project work, the Government of the Republic of Congo signed a concession agreement for the development, operation and management of the country's international airports – Brazzaville, Pointe-Noire and Ollombo. The overall preparation of the strategy and the tendering process,



*Lufthansa Consulting's partner and principal in the airport division, Marco Villa, during the reception by the President of the Republic of Congo, Denis Sassou Nguesso, at the signing of the concession agreement for the development of the airports at Brazzaville, Pointe-Noire and Ollombo.*

including the search for investors and concession agreement negotiations, were completely managed with the support of Lufthansa Consulting on behalf of the Congolese Government.

The current follow-up project between the Government of the Republic of Congo and Lufthansa Consulting involves the development of an 'airport city' concept at Brazzaville Airport. Additional infrastructure will be developed near to the terminal, including a commercial centre and a conference venue. Plus, a hotel is already under construction.

In addition to its airport-related activities, Lufthansa Consulting continues to assist the Congolese Government in starting up a new airline. A comprehensive five-year business plan, including the future network and fleet structure, has already been developed.

The consultancy is also supporting the start-up implementation of the new airline and ensuring adherence to international standards.

In West Africa, Lufthansa Consulting is leading a Franco-German consortium in Mali to implement a public-private partnership concept for the country's airports. As part of a financing agreement with the US Government aid organisation, Millennium Challenge Cooperation, the Government of Mali has committed to developing Bamako-Senou, the capital's main airport, and to implementing the privatisation programme. Now that the decision on the strategic approach has been taken, the tendering process and the search for potential investors for Bamako-Senou Airport will soon be initiated.

Staying in West Africa, Lufthansa Consulting has for many years advised the

Government of Burkina Faso in the privatisation of the airport at Ouagadougou within a public-private partnership framework. With its comprehensive expertise in privatisation projects the consultancy is assisting with the preparations and negotiations of the concession, as well as with the creation of the business plan, including traffic forecasts. Plus, Ouagadougou is set to get a new airport as the current airport is located close to the city. The new airport will be outside the city and Lufthansa Consulting is drawing up the master plan and necessary investment appraisals.

It is clear that there are many exciting opportunities in these emerging regions and Lufthansa Consulting is sure to be at the forefront of future aviation developments in CIS and Africa.