
International Cargo via Regional Airports: Case Study of Zaragoza Airport

Marija Milenković

EXECUTIVE SUMMARY

In an era when low-cost airlines are revolutionizing passenger traffic and creating a parallel airport network in Europe, a few regional airports have seen an exceptional growth in the number of passengers. However, the same result has not been noted for cargo traffic at European regional airports. Thus, regional airports such as Zaragoza need to search for innovative ways to increase the amount of cargo handled.

Zaragoza has a good geographical position at the Iberian Peninsula. It is centrally located between major industrial centers and consumer markets in Spain - Madrid, Barcelona, Bilbao and Valencia. Within the range of 350km of road distance Zaragoza reaches to areas that represent 55.3% of Spanish GDP. Moreover, the airport is adjacent to the largest European logistics park, Plataforma Logística de Zaragoza (PLAZA). However, Zaragoza faces fierce competition from airports in Madrid and Barcelona that have two major competitive advantages:

- **Proximity of major consumer markets:** If we consider an area of 200km around a city, Madrid captures 22.3% of the GDP of Spain, Barcelona 18.8%, while Zaragoza only 6.9% in that kilometer range.
- **Established services by regular and all-cargo airlines:** Madrid and Barcelona are Spanish air hubs and both airports have established relationships with air carriers on short as well as long-haul routes.

In order to be able to distinguish itself from two major Spanish hubs and Paris, another major European air hub in close proximity, Zaragoza needs to develop competitive advantages that would attract full service, low-cost and dedicated carriers and increase its cargo traffic. We believe that the following recommendation would help in obtaining relevant competitive advantages:

- **A differentiation strategy with specialization in security:** Zaragoza is attractive when we consider the total cost of transportation, security, and loss due to frequent thefts of high-value products at congested hubs (e.g., Paris and London). Designing a “Secure Cargo Corridor” with new facilities, personnel, and processes would make the Zaragoza airport attractive for shipments of high-tech products from manufacturing regions in Asia. This specialized service would attract dedicated carriers and bring cargo handling to Spain from other major European hubs.

- **Target specific industries:** Zaragoza airport needs to identify large shippers in order to stimulate service that is profitable for carriers. Industries that satisfy both location and product value-density requirements for air freight are the textile and pharmaceutical industries. Zaragoza should leverage the presence of a major textile exporter, Inditex, which ships cloth to Europe, as well as solicit unique opportunities from a pharmaceutical company like Medtronic, which requires stringent short lead-times from Zaragoza to Los Angeles.
- **Develop cargo carrier options:** The role of the existing regional cargo airline, PLAZA Cargo, should be communicated to companies since many are unaware of its existence. Zaragoza airport should be an early-mover and create relationships with low-cost carriers that are already working within both the passenger and cargo segments, SkyEurope and Air Berlin. SkyEurope has hubs in Central and Eastern Europe, growing manufacturing regions attractive for air freight. Air Berlin would provide links to northern Europe, which is a major consumer market not reachable by truck in 2 days. A case for a stop-off at Zaragoza on the routes from Asia should be presented to global cargo carriers such as Cargolux or Air France/KLM.

If the above recommendations are implemented, Zaragoza airport would unite the demand for cargo at the airport influence area and the supply of cargo services. Furthermore, with specialization in security, Zaragoza would build a competitive advantage in a market niche not served by any other airport in Spain. An opportunity that needs to be researched further is a stop-off service for international cargo airlines.

