



## FACT SHEET NETWORK AND HUB SYSTEMS

PDF with 'KLM on Schiphol' on KLM Corporate website

# KLM network makes Schiphol into a mainport

With the Netherlands as its relatively small home base, KLM has maintained an international orientation from the beginning. KLM's strength lies in the tightly knit, worldwide network it has built up, initially alone, and since 2004, with Air France and its SkyTeam partners. From Schiphol, KLM directly connects 130 destinations. This represents practically all of the most important economic regions in the world and makes Schiphol into a mainport. As a member of the SkyTeam airline alliance, KLM forms part of a network that connects 898 destinations in 169 countries.

KLM always responds swiftly to demand in different regions throughout the world, focusing on growth markets. That KLM can justifiably be called a global player is illustrated by its inclusion of Xiamen (China) in the network effective March 2011. Offering more than 40 flights a week, this scheduled service makes KLM the biggest European provider of flights to China, Hong Kong and Taiwan.

Travelling via KLM's Schiphol hub, passengers are offered swift and seamless transfer options. Practically every destination in the world is easily accessible for cargo operations too. A vast majority of close to 18.7 million transfer passengers at Schiphol last year flew with KLM or one of its partner airlines. Up to 70% of the people who choose to fly KLM are transfer passengers.

### Infrastructure and contribution towards Dutch business community

With its network of connections, KLM provides a significant contribution towards the Netherlands' accessibility. It provides an airborne infrastructure, carried by its extensive, worldwide, high frequency top-quality network.

In so doing, KLM contributes towards the regional and national economy, the country's competitive edge and its suitability for businesses considering establishing themselves on Dutch soil.

KLM hopes to achieve growth in airspace and runway capacity, while shortening transfer times for passengers and keeping the airport accessible through an adequate road network and good public transport. KLM solicits broad support for this approach amongst Dutch decision makers within government and the provincial and municipal authorities.

For all these reasons, KLM is opposed to any further taxation of transfer traffic at Schiphol and the allocation of airspace capacity to 'qualitatively inferior' connections such as those offered by low-cost carriers to holiday destinations. Only the selective allocation of capacity will contribute towards the function and further growth of the Schiphol mainport.

### Hub system

The hub-and-spoke model first emerged in the United States at the start of the 1980s. This model makes it possible for airlines to offer a connection between a 'city pair' via the hub, where a direct connection between the two would not be profitable. KLM was one of the first carriers to introduce this model to Europe. In this model, an airport (hub) is set up in such a manner as to facilitate the arrival and subsequent departure of lots of flights within a short space of time. This offers passengers a wide choice of transfer options. The hub offers several 'waves' a day.

### Competition

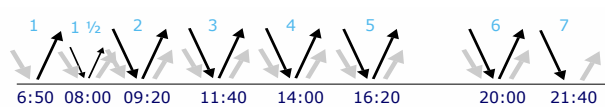
Passengers can of course reach their final destinations via alternative hubs. This fuels competition between the different hubs systems. Competition is fierce: no punches are pulled in the battle to win favour amongst transfer passengers. Cargo traffic is subject to the same competitive forces.

### Dual-hub system

By cooperating closely, KLM (with Schiphol as its home base) and Air France (with Charles de Gaulle) benefit from both hubs. The consequent dual-hub system makes it possible to offer passengers and cargo carriers loads of destinations, separated only by an en route transfer. In airline jargon, this is referred to as 'connectivity'. Without transfer passengers, KLM would only be able to offer a few direct connections from the Netherlands, such as those to Paramaribo or Curaçao. Because of the excellent quality of its airline product, KLM is one of Europe's Top 4 carriers. The same applies to cargo traffic; cargo and passenger aircraft with cargo holds offer the same high level of quality to cargo carriers.

### Seven wave system (see illustration)

The pattern of arriving and departing KLM aircraft at Schiphol is concentrated into seven peaks of an hour and a half to two hours. These peaks are referred to as 'waves' in airline jargon. The waves are in sync with the arrival and departure patterns of passengers in Western Europe. This carefully coordinated balance between arriving and departing flights during the day forms the basis (hub) of KLM's worldwide network.



This is how the finely woven network of flights at the hub is organised. Spread across the day, KLM maintains a broad seven-wave system of arriving and departing aircraft at Schiphol. The first intercontinental flights arrive early in the morning (light grey arrows) and passengers (and cargo shipments) transfer to connecting flights to European destinations (black arrows). European flights then arrive, followed by intercontinental transfers.

### Alliances and SkyTeam

Most transfer passengers at Schiphol either fly with KLM or one of its alliance partners. Thanks to alliances, the networks operated by different airlines are connected with one another. Air France and KLM are both members of the SkyTeam airline alliance, which connects more than 898 destinations in 169 countries. Schiphol is an important hub for SkyTeam, also because of the dual-hub function of Paris, Charles de Gaulle.

Each week, hundreds of thousands of passengers transfer to connecting flights at our national airport. If passengers cannot quickly and easily - and at a reasonable price - transfer at Schiphol, there are likely to choose another transfer airport. The other options include Frankfurt, London, Madrid or Dubai, and the negative impact of this on maintaining KLM's network is obvious. And the consequences would also have a direct affect on the Netherlands' competitive clout and economic well being. ■

#### What is a mainport?

A mainport not only functions as an airport, but as a mutually reinforcing business centre. Together, these companies and activities ensure that the airport and region forms an international junction, accommodating people, goods, finances, information and culture. Schiphol mainport is indispensable to the Netherlands' competitive strength, offering numerous employment opportunities as well.

#### What is a hub?

An airport like Schiphol that depends on transfer traffic is known as a hub. Aircraft carry passengers to the hub. The passengers then fly from the hub to their final destinations. The 'hub-and-spoke' model is also used to describe this concept.

