Toward the Airport City

24 November 2015
The Story behind Incheon’s Birth

Limitations of Gimpo Airport that could not meet the rising aviation demand → Construction of **Incheon International Airport**

- Aviation demand surge due to 1988 Seoul Olympic → New Airport in Need!
- Selection of Location in 1989 among 22 candidates
- On the Final List: Yeongjong, Sihwa
- Noise, Reclamation area, Accessibility → Yeongjong!
Fly High @ Incheon Airport

Challenging Airport Construction

- 1992: Defining area
- 1994: Completion of dyke
- 1996: Completion of facility
- 2000: Opening of Airport
- 2001: Opening of 2nd Phase
- 2008: Successful grand opening

Summary of Construction

- Total cost (in trillion): 5.6 (2000), 3.0 (1994)

Major Issues

- History: The largest civil construction in Korea
- Successful Opening: Government support, Successful grand opening
Successful Opening, but Low Service Quality

Example of value conflict

- Short-term profit maximization
- Cost reduction
- Overlapping resource allocation
- Work execution around suppliers
- Airport facility↑, Human service↓
- Service imbalance

Low service quality

- Lack of communication
- Facility rank: 3~5
- Service rank: 15~20

Facility rank: 3~5
Service rank: 15~20
Strategy for Service Improvement

Incheon airport CSF (Critical Success Factor)

- Core Value
- Challenging Goals
- Collaboration
- Execution Channel

Creating Core Value
- Safety
- Speed
- Convenience
- 2SC

Setting Challenging Goals
- IIAC service goal and standard
  - Departure: 45 min, Arrival: 40 min

- Slogan: One Spirit, One Airport
- One family program
- Work environment improvement

Strengthening collaboration

Building Strong Execution Channel
- Top-level decision making body
- Working-level execution body
ASQ # Award for 10 Consecutive Years

- **BBC (U.K.)**
  “The airport that Heathrow should pay attention”

- Sankei Shimbun (Japan)
  “World’s Leading Airport”

- **USA TODAY (U.S.)**
  “Why can't all airports be like Incheon”
Outcomes for the Strategy

**Airlines**
- (2002): 47
- (2014): 88

**Cargo (thousand tons)**
- (2002): 11.9
- (2014): 25.6

**PAX (million)**
- (2014): 45.5

**Transfer PAX (million)**
- (2002): 1.62
- (2014): 7.25
National/Regional Impacts

**Economic Effects**

- **Incheon Airport**
  - $1.7B (1,000 Jobs)

- **Logistics/Airlines**
  - $13B (13,000 Jobs)

- **Concessions**
  - $2B (8,000 Jobs)

- **Airport Related**
  - $3B (18,000 Jobs)

- **R.O.K**
  - $1,099B

- **Trade Volume**
  - $250B

- **Govt. Dividend**
  - 2012: $106.65M, 2013: $118.01M, 2014: $169.20M

**Recognition**

- ASQ World’s Best Airport 10 Consecutive Years (2005~2014)

- Korea’s Most Respected Brand Awards
  - (9th place, 1st within public enterprises)

- Korea’s Master Brand Awards
  - (4th place, 1st within public enterprises)

- Overseas Business: 20 cases, USD 71.82 Million
Sustainable Growth

Back to basic, improve Immigration

Demands

- Annual growth of 6%

2002: 20M
2015: 49M (expected)

234% growth

Capacity (44M) overload

111% contrast to capacity

Automate whole departure process

Self Check-in
Self bag drop
Fast Track
The Birth of IFEX

◆ Brand Value ↑ with IIAC
Songdo International Business District

◆ 2015 Presidents Cup
**Fly High @ Incheon Airport**

**IIAC’s Future – Airport City**

- Successfully **attracted large-scale investment (approx. US$ 2.3 billion)** for the Air City project
- The Air City project will increase **ICN’s air traffic demand** and attract more customers

**Airport Support Complex**

1. **IBC-I 1st Phase (165,000㎡)**
   - Hotels(3)·Offices(4)·Commercial(1)·Hospital(1)
   - Grand Hyatt grand-opened in September 2014

2. **IBC-Ⅲ Area (161,000㎡)**
   - Hotels, Office, Commercial, etc.
   - Expected to open in 2018

3. **IBC-I 2nd Phase (330,000㎡)**
   - Hotels(814 rooms), casino, convention, commercial, spa, plaza, etc.
   - Under construction(‘14.11~), open in 2017

4. **IBC-Ⅱ Area (3,274,000㎡)**
   - Integrated Resorts. Attracting investment
   - Expected to open in 2020

**Leisure Town**

5. **Water Park (151,000㎡)**
   - 1st Phase(Motorboat Racing) : Operation by KSPO (‘07.4 open)
   - 2nd Phase(Hotel) : 370 rooms(‘14.9 open)

6. **BMW Driving Center (236,000㎡)**
   - Tracks, Training Center, Museum, etc.
   - 1st BMW Driving Center in Asia

7. **Golf Course (3,931,000㎡)**
   - 72 holes
   - Temporarily Operated until 2020

**Sports Complex**
Thank You

J.J. AHN
Executive Director of Incheon Airport
jjahn@airport.kr