

## Airport Dependency Index (ADI): A Conceptual Framework

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### Abstract

Assessing the impact and added value of air transport and tourism, is of great importance for Europe. The economic crisis that started in 2008 possesses not only cyclical but also structural characteristics. European economies are in a state of transformation: the role of state is changing and austerity measures are introduced across the continent rendering budget spending priorities a very important issue. Hence, direct and indirect subsidies for airport infrastructure or other purposes have to be fully justified and ensure a good return for European taxpayers' money. From a strategic and risk management perspective, airport dependence is important to know and tackle in order to provide further insights on the sustainability and worthiness of financing airport projects. In this context, the measurement of airport dependence can provide a useful benchmark for airports on whether they should diversify further their activities investing accordingly in the expansion of their network and commercial agreements. This paper provides the conceptual framework behind the design of the Airport Dependency Index (ADI), i.e. a synthetic index that may be used to rank airports according to their overall dependence. The lower the value of the ADI is the lower the overall dependence and associated risk of an airport is. Moreover, the ADI can be cross-tabulated with airport EBITDA, airport growth and airport market share at a regional and country level to provide further policy insights on the sustainability of operations and worthiness of infrastructure investment.

**Keywords:** tourism, airport, dependency, Gini coefficient, risk management