

Airport Concession Revenues and Options



***Planes, Trains, and Automobiles: Common Challenges and Opportunities in
Surface and Air Transportation Revenue and Finance***

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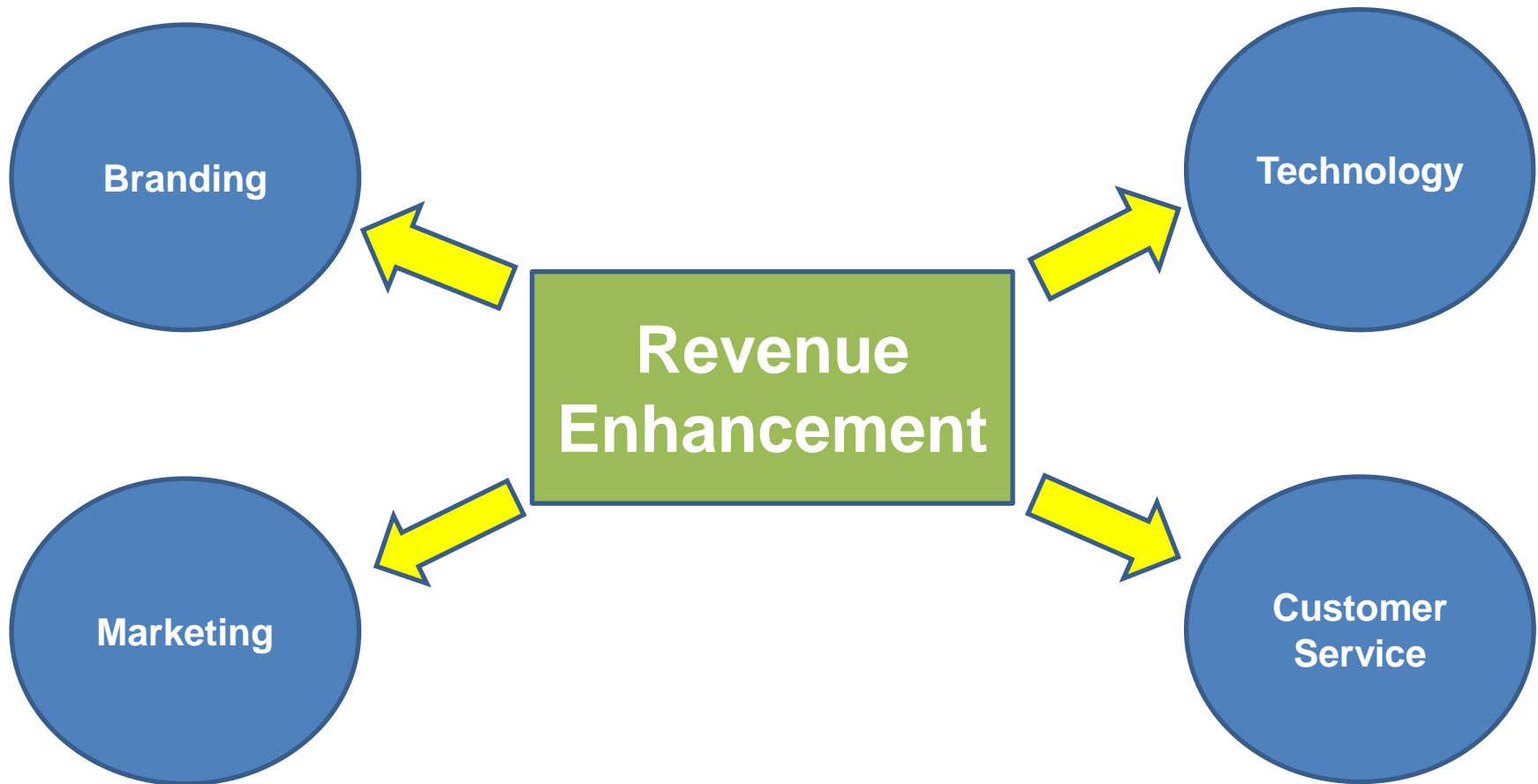
Airport Overview of Non-Aeronautical Revenue

- Revenue Tools
- Non-Aeronautical Revenue
- Emerging Technologies
- Car Parking
- Partnerships
- Summary – Future of Airports

“Publicly owned airports do not seek to maximize profits because they do not have the same economic incentives as private investors.”

– US DOT

Revenue Tools

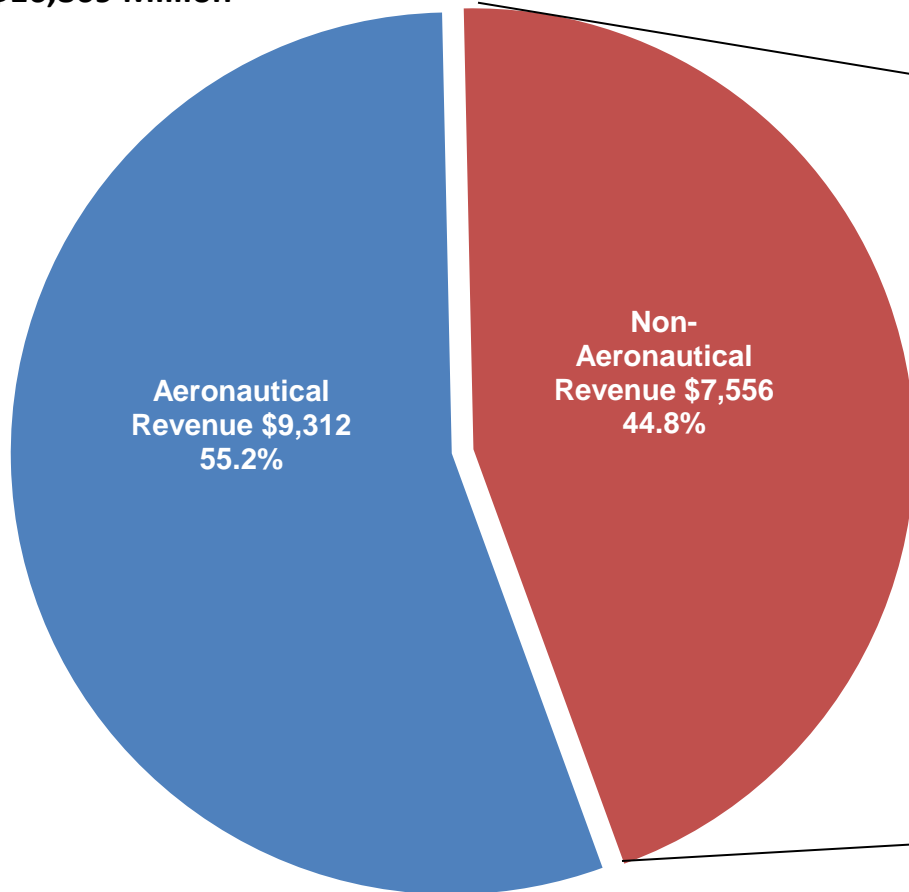


Big Picture of U.S. Airports

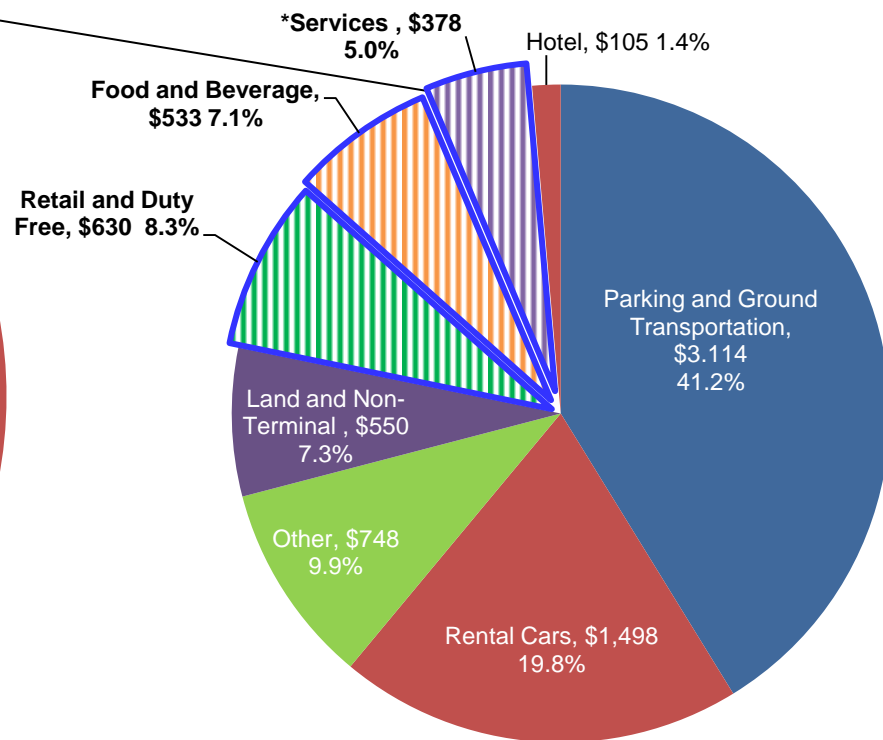
Aeronautical vs. Non-Aeronautical Revenue

2012 (In Millions of U.S. Dollars)

Total Operating Revenues
\$16,869 Million



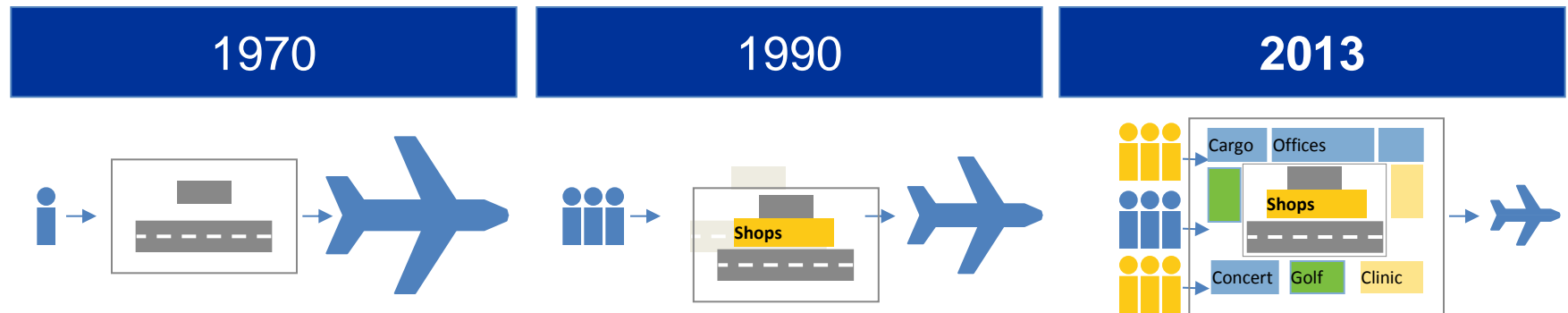
Total Non-Aeronautical Revenues
\$7,556 Million



*Includes revenues for services such as telecommunications, internet access, advertising, barbershops, shoeshine stands, spas, and revenues from other non-aeronautical terminal uses not otherwise listed.

Growth of the Airport Business

Many airports today are developing their non-aeronautical revenue



Goal	<ul style="list-style-type: none"> Handle aircraft and passengers 	<ul style="list-style-type: none"> Increase revenue and profitability 	<ul style="list-style-type: none"> Reduce dependency from aviation business cycles
Target customer	<ul style="list-style-type: none"> Passengers 	<ul style="list-style-type: none"> Passengers 	<ul style="list-style-type: none"> Beyond passengers
Relevance Non-Aviation	<ul style="list-style-type: none"> <5 % 	<ul style="list-style-type: none"> >30 % 	<ul style="list-style-type: none"> >70 %
Conclusion	<ul style="list-style-type: none"> Slow growth and reduced margins from cost pressure 	<ul style="list-style-type: none"> Higher margins but still high dependency from aviation business cycles 	<ul style="list-style-type: none"> Broad, risk-reduced portfolio of diverse income streams

Business & Leisure Customers

Retail Mindsets

What do we know about our best customers, and their spending profiles?

'License to Spend'



'Default Spender'



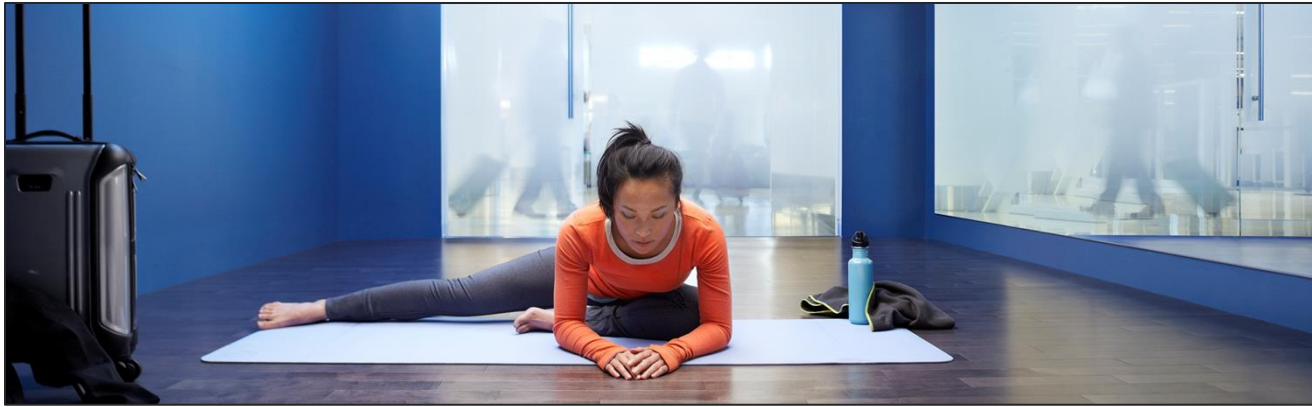
'Means to an End' or 'Time to Relax'



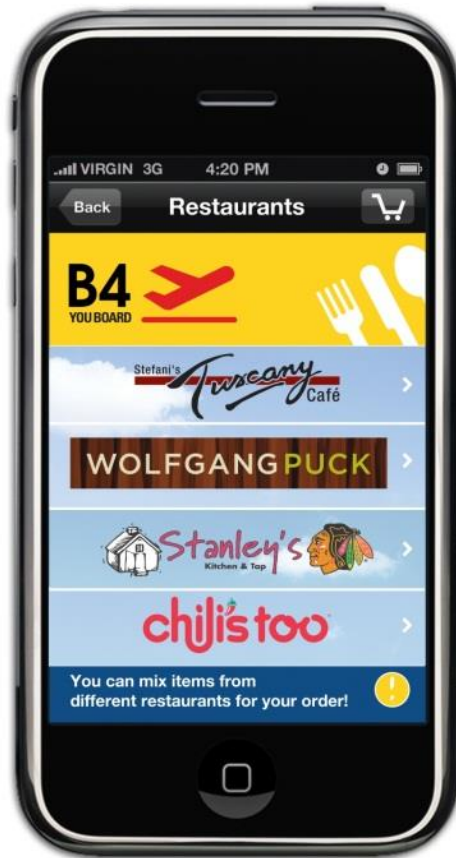
'Hassled and Harried'



Innovative Approach



Airports should be thinking like entrepreneurs...



Imagine walking into a terminal or retail area in a terminal and seeing a sign that says:

Turn on your Bluetooth or Wi-Fi and select Airport Mobile Rewards to receive specials offers on your phone.

Immediately after turning on your Bluetooth or browsing the Wi-Fi landing page, you receive the following on-screen coupon:

HMSHost News Rewards: Spend \$10 and get \$2 off of your purchase. Code HMS716. Valid until 7/24/13

You show your phone with the coupon to the cashier and she enters the code and you receive \$2 off of your purchase.

Car Parking Products & Services

Generic Airport Products

Valet

Short stay

Mid-stay

Long stay

2013 Airport Products

VIP valet

Short stay (Hourly)

Short stay (Daily)

Long Stay

Meet & Greet

Cell Phone Lots

Overflow Parking

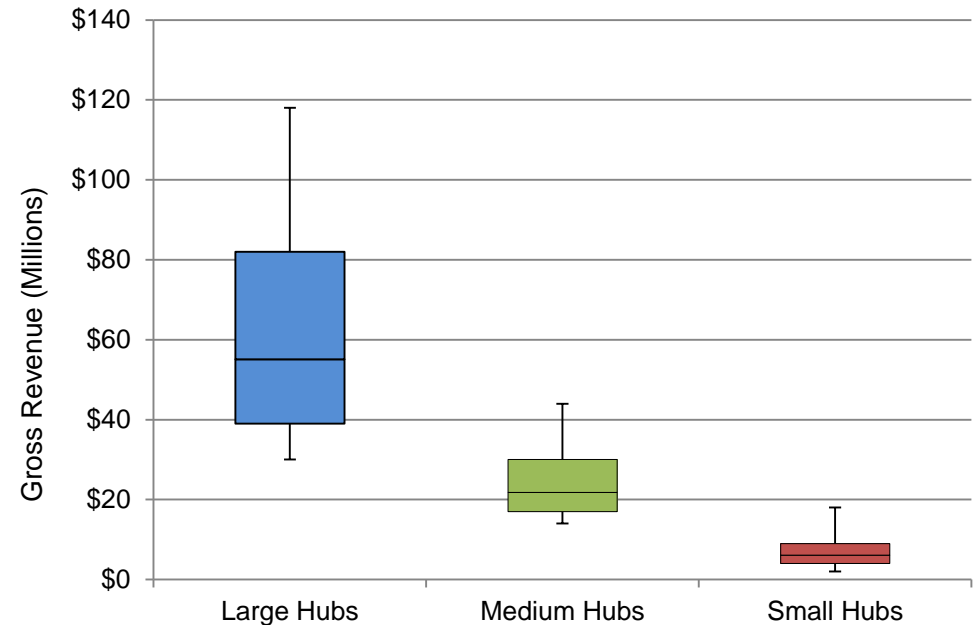
Shuttle parks

Low Cost - JetParks

- ➔ Complementary Customer Services
- ➔ Cashierless Transactions
- ➔ Parking Space Availability and Guidance Systems
- ➔ Revenue Enhancement Strategies

Improve Existing Car Parking Products

- Facilities Focus
- Pricing Focus
 - Yield Management
 - Capacity Management
- Reach and Awareness Focus
 - Loyalty Programs
- Operating Structure Focus



Median gross revenue:

- Large Hubs: \$55.1 million
- Medium Hubs: \$21.8 million
- Small Hubs: \$6.1 million

Cashing in on Passengers' Eyeballs

Boston Logan International Airport Examples

- ➔ Naming Rights
 - ➔ Right to rename the Logan Garage Structures
 - ➔ Million Dollar Naming Rights Package
- ➔ Sponsorships - Long Term Partnerships
- ➔ Long Term Advertising Partnership with Dunkin Donuts
 - ➔ Initially – 1 Year Agreement
 - ➔ 7 Years – \$1.7 Million
- ➔ Digital Signage
- ➔ Wi-Fi
 - ➔ Fee or Free???



Summary

- Understand and know your passengers
- Understand your own facilities
- Enhancing the customer experience
- Provide passenger friendly facilities & services
- Maximizing vacate airport space
- Embrace a commercial mindset
- Think like an entrepreneur
- Every airport is unique





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