

WHAT AIR TRAVELERS WANT IN AIRPORT CONCESSIONS

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The approach used by Host Marriott in planning concessions for air travelers at international airports is based on a relatively simple game plan:

- Review the research on passenger needs and expectations. (Host Marriott has carried out a very active research program on these matters for several years, interviewing thousands of people in a variety of settings.)
- From this information form hypotheses about the needs of international travelers in specific circumstances and locations.
- Conduct additional research to confirm these hypotheses.

This approach can lead to useful and sometimes surprising insights into the appropriate types of concessions to be offered: duty-free merchandise, duty-paid merchandise, food and beverage, and other amenities that travelers might want at an airport. What is the appropriate proportion and mix of these types? Take food and beverage facilities for example. What should be the mix of lounges and food facilities? Are fast-food facilities appropriate? Should there be sit-down restaurants? What should the menu items be? What range of meals should be offered? What are the price points? What should be the mix of relatively high-priced and low-priced products?

Similar sets of questions apply to the planning of merchandise shops and other amenities and facilities for passengers. In the interest of simplification, however, the focus of the discussion here will be food and beverage concessions.

The process used by Host Marriott in selecting food and beverage concessions is based on two principles:

- All decisions should be customer-driven. The goods and services provided should be determined by what customers want to buy.
- All decisions should be fact-based. The selection of concepts, products, and services must be based on hard objective data not opinion, speculation, or the personal taste of planners.

Experience has shown that these two principles eventually lead to one important implication. Each

airport, and sometimes each location within an airport, demands a unique solution. The assumption is that success will be assured only by providing the products and services that meet customers' needs. Selecting offerings based on customer needs may seem so obvious that it is hardly worth mentioning, but it is frequently overlooked. People in the concession industry have often told me that the selection of products and services has been based on the personal taste of the concessionaire or the airport management. There is little reason to believe these tastes are representative of customers at the airport.

Host Marriott is dedicated to the proposition that revenue can be maximized and customers satisfied only if the selection is based on directly measured of the people who will use the concessions — travellers, meeters and greeters, and airport and airline employees.

When the selection is made on facts about the customer's point of view, when everything is passed through a customer screen, the inescapable conclusion is that not all customers are the same and that these differences lead to very different concession needs.

International travelers come from a variety of cultural backgrounds with a variety of food preferences. Not everybody wants to eat the same kind of food. To make matters even more confusing, sometimes travelers want a touch of home and familiar foods. Sometimes they want to experiment and try something representative of the country they are visiting. For example, Japanese travelers to the United States are strong customers for both traditional Japanese foods (such as udon) and American hamburgers. Determining which the traveler might want in any given situation is a daunting task.

Parenthetically, there is one nearly universal guideline. Nobody likes to be too adventuresome at breakfast. Breakfast is when people want familiar food. People are more willing to experiment for lunch or dinner, but breakfast is when people want to follow the waking up ritual to which they are accustomed.

Customers can also vary dramatically in their familiarity with national brands. U.S. brands work well at domestic airports because they have wide appeal and recognition. The selection of brands to use in an international airport must take into consideration the brands that are strong in the foreign traveler's home country. Some brands that are familiar domestically are

international in nature and easily recognized by people from many countries. Other brands are not.

Customer preferences can also vary according to flight patterns. For example, United Airlines has several flights on North Atlantic routes at Dulles International Airport. Many of the passengers are making connections. They started their trip in some other U.S. city served by United and change planes in Washington for the next portion of their journey. Many of these flights are "red-eyes". Between 5 and 6 p.m. on any given afternoon at Dulles airport United has flights to Frankfurt, Madrid, Amsterdam, London, and Milan. These flights will not land at their destinations until the next morning. In other places, on the West Coast for example, there are many early morning flight taking off to the Far East.

Is it reasonable to assume that an American family on vacation red-eye flight to London will have the same needs as a Japanese businessman returning home on a flight leaving Los Angeles in the morning? Obviously they will have different needs. The trick is to determine these needs and how to satisfy them.

How can the concession planner effectively think about all of the customer differences and arrive at a correct solution? The first step is, make no unwarranted assumptions. Start out believing that each situation is unique. More trouble can arise from making inappropriate generalizations than from spending some extra time thinking through an issue. You cannot always trust the past. Things change. An example is the experience of Host Marriott at the Anchorage airport, which for many years had been a transfer point for traffic to and from the Orient. When political conditions changed in the former Soviet Union, traffic at the airport changed dramatically and quickly. What once was an airport bustling with business people going to and from the Orient is now much quieter. Anchorage is an extreme example but it makes the point.

The best way to avoid the problems associated with making inappropriate generalizations is to count the teeth. Let me explain by telling a little story. My son asked me, as all children do, what I did at work. If I were a fireman or a policeman the answer would have been easy, he could understand that. When I told him that I am a market researcher, he asked what that meant. To answer that question I told him a story attributed to Francis Bacon and the founding of the scientific method.

Some monks were sitting in a monastery debating how many teeth a horse had. One monk said the answer is 31 because Aristotle said so, and he quoted chapter and verse proving that this is precisely what Aristotle had said. Aristotle, of course, could not be wrong.

Another monk maintained that a horse had 33 teeth because Socrates said so, and Socrates was obviously a better source than Aristotle because he knew more about horses. The debate continued until a young monk — a kind of out-of-the-box thinking, creative monk — said he was going down to the stable, open up the horse's mouth, and count the teeth. Thus the beginning of the empirical scientific method.

I tell my son is that I spend my life going down to the stable and counting the teeth. And that is what you need to do. Don't make assumptions. Don't trust the past. Don't rely on experts. Count the teeth. Go talk to travelers in the airport. Ask them what they want. Be fact-based. Gather objective data to guide decisions about airport concessions. Count the teeth and be prepared for surprises. The answers you get will not always be the answers you expect.

Two case studies show how customer differences result in different concession plans. One case is the United Airlines flights at Dulles airport mentioned earlier. This traffic is mainly North Atlantic flights. Most of the travelers are U.S. citizens connecting from a domestic flight. There is mix of business and pleasure travelers. Travelers are in small groups or alone. They have been fed on a plane coming to Dulles, and they know they are going to be fed going to their final destination. These are red-eye flights.

The other case is the Host Marriott concession at Kennedy International Airport in New York. This is a location that has a high volume of Latin American travel, primarily to and from Puerto Rico. In contrast with Dulles airport, many of the JFK customers are Hispanic from the Caribbean and Latin America. The mix is heavily pleasure travel. Many of the passengers have large groups of people who come to the airport to meet them or see them off. Frequently the meeters and greeters spend a protracted amount of time in the airport. These are mainly O&D flights, not transfers. Departure times are spread out during the day. The size of the traveling group can be large.

This is a very different group of people. If you ask these people what they want — if you count the teeth — they turn out to have different needs.

The Dulles passengers want light snacks, healthy food, gourmet coffee, and quick national brands. Somewhat surprisingly, these people do not want an international cafe that serves heavy food representative of either the United States or the European country to which they are going. They are getting ready to go to sleep. They have had a hard day, and they know they will have to wake up at 6 o'clock the next morning and get off the flight and do something. They just want a little something to tide them over. This is a very

unusual pattern for what we tend to think of as international travelers, but that is what the Dulles passengers want. This is what is right for these passengers.

At Kennedy airport people want heavier entrees. They want a bigger meal and the opportunity to buy beer. These passengers want a bar in addition to the food offerings. Among the entrees chicken is a favorite. National brands are somewhat less important than at other locations.

Here we have two sets of international travelers, two very different passenger groups, and two very different set of food and beverage concession needs. There is no a priori guidelines to tell what concessions are appropriate at each of these two airports.

To return to the point made at the beginning of this presentation. It is hopelessly naive to think in terms of universal guidelines. There is, however, a universally applicable process that can be recommended. Be customer-driven, and count the teeth. Ask customers what they want and be prepared to offer them what they ask for even if it conflicts with initial hypotheses.