Evolving Airport Concessions

Modernized concepts increase revenue

BY JODI RICHARDS

Better concessions mean more bucks for airports.

And, as airport concession operators scan the horizons, better, more sophisticated retail choices translate into more satisfied customers.

Passengers should see more variety in airport food offerings, said Alan Gluck, aviation business manager with the Broward County Aviation Department. "Our industry has gotten beyond the 'these are captive people and we can just give them junk and they'll pay for it.' People aren't doing that anymore," he said. "They'll bring their own; they'll eat before they get to the airport; they'll eat when they get out of the airport.

"I think everyone is trying to be more responsive to demographics and making sure that they're serving all of their passengers," Gluck said. "And in the end, my job as a concession manager is to separate people from their money. but also to make sure that they get something for their money. And make it a very positive experience that reflects well on the airport."

The last several years, food service concessions have been modernizing concepts and improving food quality, and that is showing in the numbers. Kent Vanden Oever, associate director at AirProjects Inc., an Arlington, Va., retail consulting firm, said.

"It was just five years ago maybe, getting over $5 per enplanement was really great," he said. "Now we talk about programs doing $6.50 to $7 per enplanement, even possibly more. Well, 40 percent growth at the top in five years is not just inflationary. Something else good is happening."

Customers are becoming more discriminating about what they expect to see at airports. "I think they have very high expectations for something unique and high quality, both in food and retail offerings," said Tamie Fisher, deputy aviation director at Phoenix Sky Harbor International Airport. "There are still a lot of T-shirts and shot glasses being sold, but there is a whole other segment of the customer base that is looking for something artistic, unique or reflective of the local community."

Concessionaires are challenged to meet those needs in a confined space, Fisher said. In order to do that, they need flexibility. "We can't change concessions only when contracts get rebid," she said. "Concessionaires need to refresh products regularly, throughout the term of their contract."

Newsstands will be changing as well, Fisher said, following the main street community shift from periodicals to technology. "I'm interested to see how that translates into the airport environment," she said. "I think many of our concessionaires are rethinking what the offerings are in the newsstands."

In 2010, Vanden Oever said passengers became more comfortable with security procedures — so much so that many no longer pad their time as much, reducing the dwell time and leading to a reduction in concessions sales. To address

![The Mosaic Fine Art & Craft Gallery in Phoenix brings an artistic touch to retail offerings.](image-url)
this trend, he said retailers might consider carrying merchandise that people can think about, see and choose to buy quickly.

“The negative example is apparel,” he said. “Apparel can sometimes be challenged because people don’t often go in, see something and buy it. They browse; they hold things up to each other to see which they like better. So, maybe apparel is something that suffers when people are putting less dwell time in their travel.”

Food trends

“There seems to be a focus on natural and healthy foods in airport concessions,” said Gary Davies, associate director at LeighFisher. “This isn’t brand-new stuff, but it is certainly a change from the old days when you could only get a hotdog or a hamburger.”

“Younger travelers — generations X and Y — tend to eat healthier than the Baby Boomers before them, and operators are responding through their food concepts,” Vanden Oever said. “You’ve got to respond to your customer,” Gluck said. “The customer is not going to buy this hotdog and like it. They may want a chicken apple sausage because that’s what they eat at home.”

Hudson Group witnessed travelers’ growing desire to find healthy alternatives in the airport and recently partnered with UFood Grill to bring healthful, delicious cuisine to travelers. All menu items are low-fat and made with natural and organic ingredients.

There are two parallel trends developing with food operations — local brands and celebrity chefs. Celebrity chefs have become so popular because they are good television, Susan Stockton, senior vice president of culinary production with Food Network, said. They have something to say, they have an opinion about food and they teach something in a fun way.

“When you see that name, you expect some element of unique food that you don’t get at your regular corner store,” Stockton said.

Delaware North Companies has a partnership with Food Network, said Matt King, president, airport division, which will help it keep up with food trends. “If there’s one thing that Food Network is great at, it’s keeping its finger on the pulse, the trend of food, throughout the different regions of the country.”

Local concepts are becoming more popular as well, Davies said, providing that “sense of place” that so many airport operators desire. “We’re starting to see, even with some of the larger master concessionaires who have been operating for years in airport terminals, they are introducing them as part of their bid package.

“You’re seeing them partnering with local brand operators … they’re trying to diversify their programs and react to what airports want and what the public wants.”

National brands are not going away, he added, but as airports try to make statements about their community through retail and concessions offerings, local and regional concepts will continue to grow.

Gluck said for master concessionaires, there is more focus on developing a unique program for the client airport. Concessionaires are looking at what is popular in the community and working on translating that to the airport. “It gives customers comfort, but also allows you to differentiate your airport from the other airports,” Gluck said.

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**Take Off at Vancouver**

Taking what was learned from the Olympics experience, Vancouver International Airport — the winner of the 2010 ACI-NA Richard A. Griesbach Award of Excellence — has rolled out Take Off Fridays in its domestic terminal, which include entertainment in the terminal, tenants hosting “sidewalk sales” and food on-the-fly packages. Susan Stiene, the director of retail and passengers services, said the airport will improve on the program and carry it into 2011 while expanding it to include the international terminal.

“We’re bringing our merchandise outside of the store; we’re bringing in book signings so that it gets people buying more books. We’re doing things that are probably things you do once in a while, but now we’re taking it to the next step — making it more of a routine — but we’re constantly changing it up so that the environment is always exciting,” Stiene said.

Take Off Friday deals also encourage employees to try new food and beverage outlets.

This excitement has led to a lot of local press for the airport, which has increased non-passenger traffic to the airport. The general public is coming to the airport as a destination. “They’re bringing their families. We’ve been trying to do that for years and we haven’t been successful,” Stiene said, “but I’m happy to say it’s really working for us now.

“We are focusing on giving the passenger something to do,” Stiene said. “Entertaining them, but trying to get money out of them while we’re entertaining them.” A new observation area adds to the entertainment available at the airport.

While the Olympics were a high point for Vancouver, it was not immune to the economic conditions affecting the world. To promote retailers in the airport and help turn over seasonal product, tenants were offered warehouse sales, which generated new interest from employees and allowed them to purchase merchandise for reduced prices, Stiene said.
Delaware North recognizes the importance of creating that sense of place and continues to work toward bringing in a mix of both national and local brands to help maximize concessions revenue.

Passengers still want to see local and national brands, said Roger Fordyce and Brian Quinn, both executives with Hudson Group. For example, Hudson has been successful in pairing its Euro Café coffee brand with a series of fine local bakeries.

In addition, alternatives to the classic food court layout are being explored, such as George Bush Intercontinental Airport’s Real Food Company, a 6,000-square foot marche-style restaurant that provides eight different menus at once.

“...It is a solution for the modern day traveler that addresses the desire of healthier food options while providing a

Griesbach Winners

ACI-NA Richard A. Griesbach Excellence in Airport Concessions Winners 2010
Vancouver International Airport wins Award of Excellence

The ACI-NA Excellence in Airport Concessions contest honors the contributions of Richard A. Griesbach, whose influence on the commercial development of airports extended far beyond his employment with the Metropolitan Washington Airports Authority.

The purpose of the contest is to inspire creativity in the industry and recognize innovative and outstanding airport concessions. These awards help demonstrate the growing importance of concessions to the total airport experience.

2010 WINNERS

• Richard A. Griesbach Award of Excellence: Vancouver International Airport
• Concession Person of the Year: Dick Dickson, The Paradies Shop
• Best New Food and Beverage Concept: 1st Place: Nonna Bartolotta’s, General Mitchell International Airport
  2nd Place: Tigin Irish Pub & Restaurant, John F. Kennedy International Airport
• Best “Green” Concession Practice or Concept: 1st Place: Alterra Coffee, General Mitchell International Airport
  2nd Place: Clear Channel, Denver International Airport
• Best New Retail Concept: 1st Place: Kiehl’s Since 1851, Hartsfield-Jackson Atlanta International Airport
  2nd Place: Victoria’s Secret, John F. Kennedy International Airport
• Best Consumer Services Concept: 1st Place: Secure Wrap, John F. Kennedy International Airport
• Best Food and Beverage Program: 1st Place: John F. Kennedy International Airport
  2nd Place: Baltimore/Washington International Thurgood Marshall Airport
  Honorable Mention: LaGuardia Airport, Central Terminal
• Best Convenience Retail Program: 1st Place: Louisville International Airport
• Best Specialty Retail Program, Large Airport: 1st Place: Newark International Airport
  2nd Place: LaGuardia Airport, Central Terminal
• Best Specialty Retail Program, Medium & Small Airports: 1st Place: Edmonton International Airport
  2nd Place: Vancouver International Airport, Concourse C
• Honorable Mention: Raleigh-Durham International Airport, Terminal 2, Concourse 2

ACI-NA President Greg Principato and ACI-NA Chief Financial Officer Brett McAlister present the 2010 Richard A. Griesbach Award of Excellence in Concession Management to Sue Stiene, director of retail and passenger services at Vancouver International Airport. The presentation was made on Nov. 9 in Phoenix at the ACI-NA Airport Concessions Conference.

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• Honorable Mention: Nashville International Airport
staggering variety within one common dining room,” said Darleen Nascimento, SSP America spokesperson.

**Entertainment**

Delaware North has had great success with a music program in some of its airports, including Nashville International and Austin-Bergstrom International, and plans to bring it to another great music-city airport, Louis Armstrong in New Orleans. “It’s a great experience for the traveling public,” King said. “When we have somebody come in and perform, people just pack those places up — they love it.”

Bringing live entertainment into Vancouver International Airport during the 2010 Winter Olympics was a tremendous success for Vancouver, said Susan Stiene, director of retail and passenger services. It helped take some stress out of the traveling experience. And because employees were excited to be at the airport, Stiene said they were up-selling and the airport generated more sales.

The airport sold about CAN$6.4 million just in Olympic merchandise and had a record day of concessions sales. The day after the closing ceremonies, March 1, when the vast majority of Olympic participants were leaving Vancouver, the airport sold more than CAN$1.5 million in merchandise, food and beverage that day alone.

**Other trends**

Traditionally, Fisher said, airports have not offered much in the way of concessions in the baggage claim areas, and she expects this to change. “Customers are meeting and greeting more in the baggage claim so we’re looking at offerings there.”

Phoenix has a food and beverage/convenience offering in its rental car center that serves not only people renting cars, but employees as well.

Hudson Group’s Fordyce and Quinn have seen its Tech on the Go concept take off as both a standalone store and a special section in Hudson News locations. Here, the tech-savvy travelers that airports are seeing today can pick up the latest and greatest in cell phones, digital cameras, GPS devices or headphones.

Mobile applications for smart phones are becoming more prevalent as well, Davies said. Several airports have mobile applications directing people through the terminal and providing airport concessions and retail location information.

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**WHAT is ACI-NA DOING?**

- ACI-NA’s Commercial Management Committee sponsors an annual contest for concession operators and hosts the annual Concessions Conference.
- ACI-NA conducted a benchmarking survey in 2010 permitting airports to measure their concession operations against their peers.
- Concession and revenue generating topics are discussed each spring at the Airport Economics and Human Capital Conference.

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**Passenger Demographics: Age Creates Different Demands**

In 2011, the first wave of Baby Boomers will turn 65 and begin to retire. “The face of the business traveler is going to begin to change,” said Matt King, president of Delaware North’s airport division. “They’re going to be replaced by Generation X, Generation Y and Millenials.”

Concessions programs will need to make sure that they are not only appealing to today’s traveler, but the traveler 10 years from now.

“We’re going to go through a dramatic change as an industry and as a society,” King said. As younger people who tend to eat healthier begin to replace the Baby Boomers, the concessions offerings at airports need to meet the desires of the changing demographics.

“As opposed to three square meals per day,” King said, “they’re eating five meals, they’re smaller, they’re healthier, more tapas style.” Younger generations are more into experience and taste than their parents were, he said, and they are certainly more into technology than previous generations.

At Phoenix Sky Harbor International, Janice Jacobo, aviation superintendent, landide operations, sees firsthand how travelers are changing and has observed that there are “more and more customers that come to the airport that require a few extra minutes at the curb,” because of special needs.

Phoenix has developed tools to be able to work with those passengers, including a special needs permit for those who need extra time at the curb. Inside the terminal, there are designated waiting areas for passengers who require a wheel chair or extra assistance through security and to their gates.

Fisher agrees that while demographics might be changing, the concessionaires are still tasked with meeting the broad range of age groups that come through the airport. “We need high-tech, convenient, fast, self-serve offerings for the younger generation, and then we still need the full-service, easy-access, open environment for the older population,” she said.