

# Session II

## The Changing Dynamics of Airport Commercial Revenues

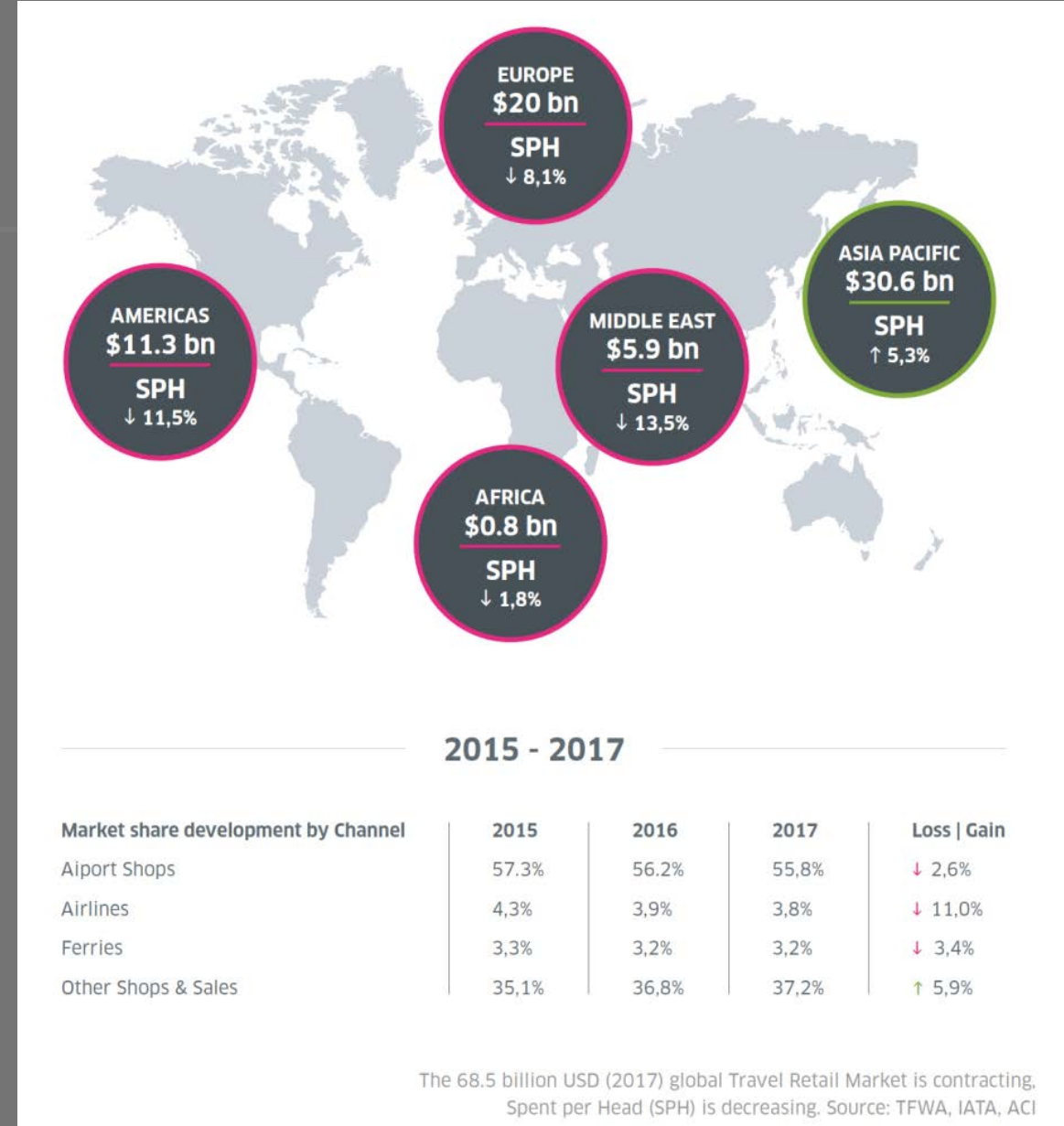
Panel Chair: Elias Liolios

Hermes Airports Senior Manager Commercial & Business Development

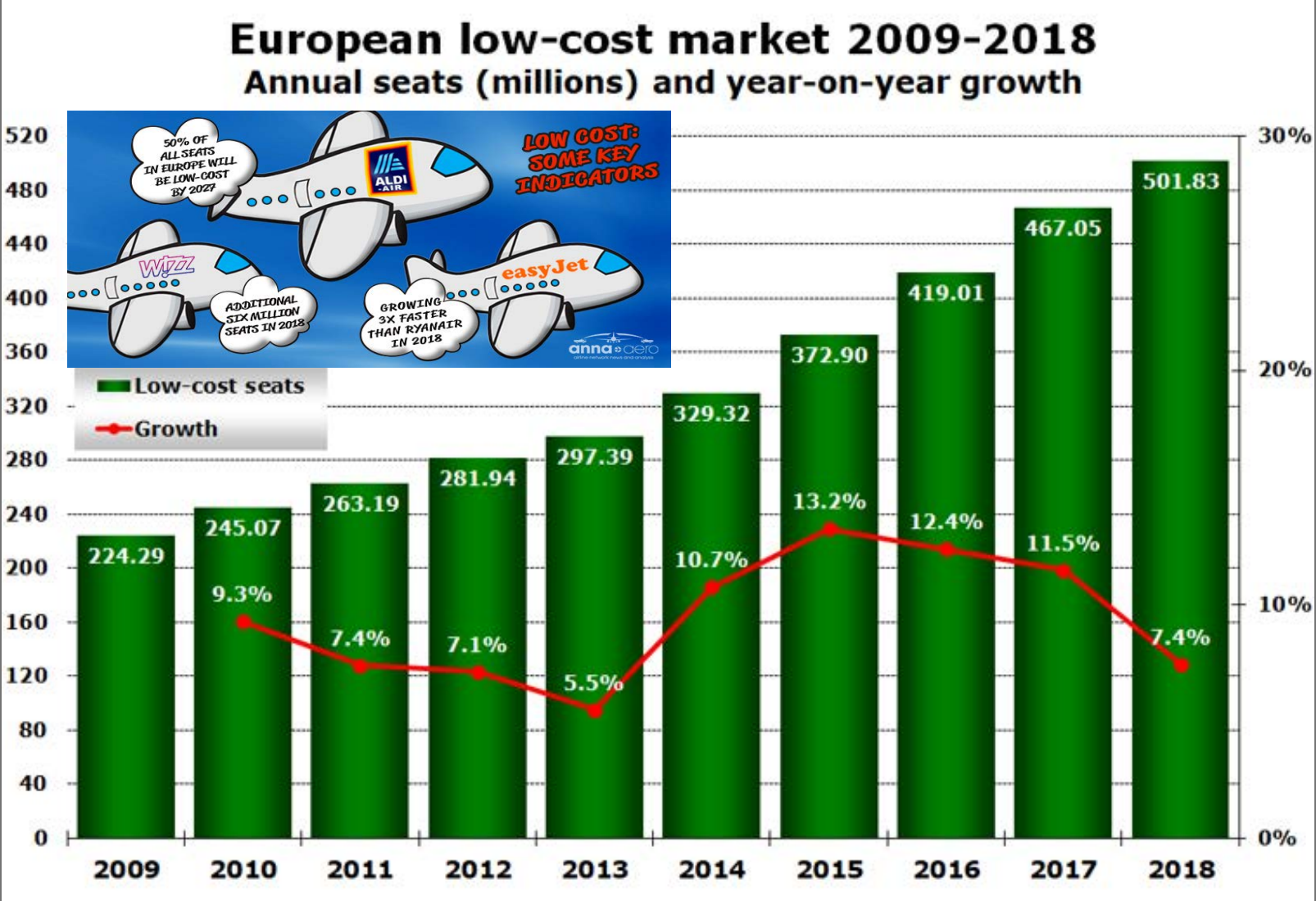
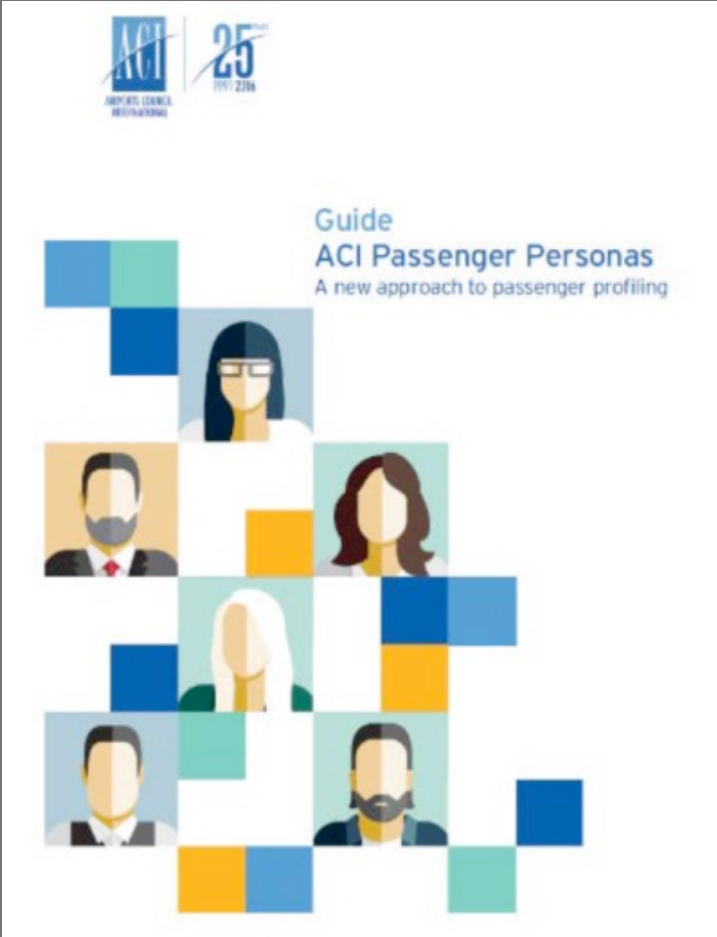
Chairman – ACI Commercial Forum

# Why is this Topic of Interest to us?

- The Travel Retail Market is contracting
- SPH is decreasing
- Up to 50% of Total Airport Revenues come from Non-Aviation Activities

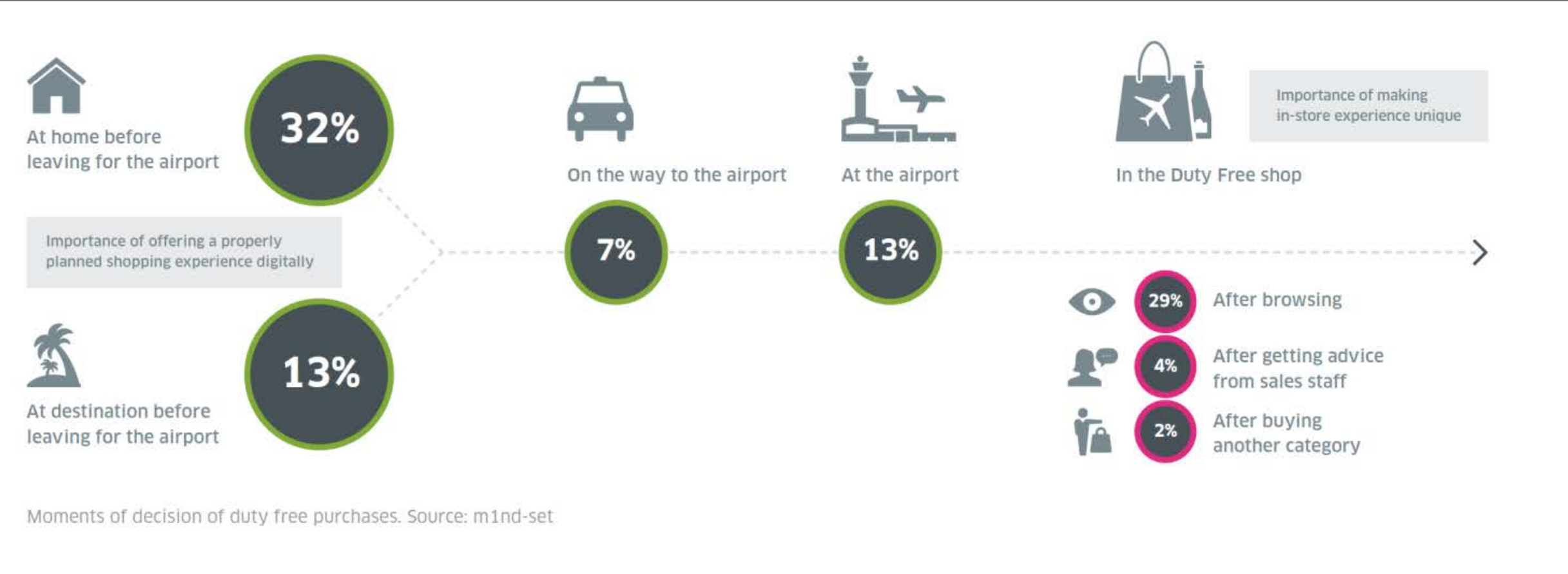


# Changing Passenger Profile & Growth in LCC

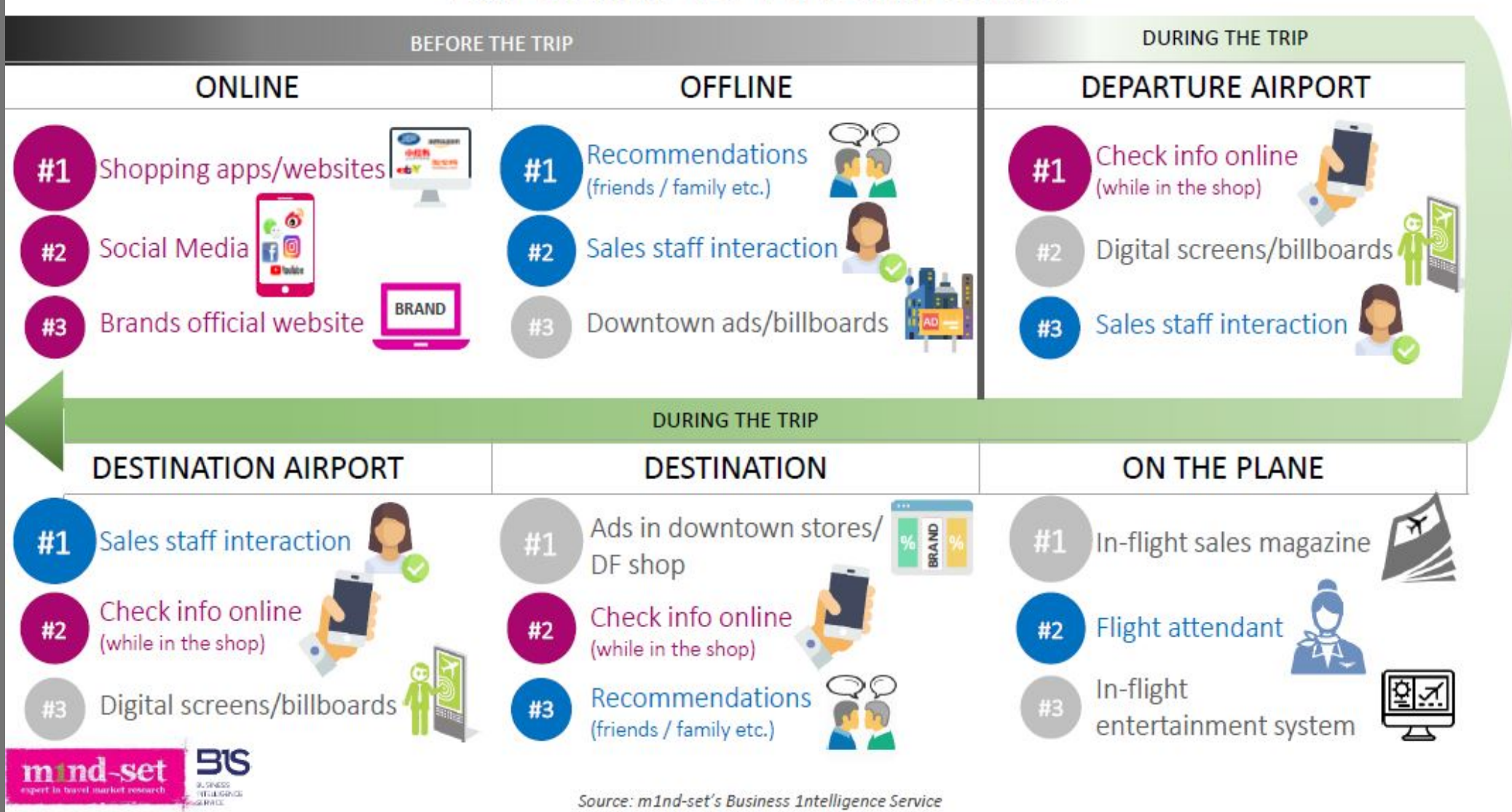


Source: OAG Schedules Analyser data

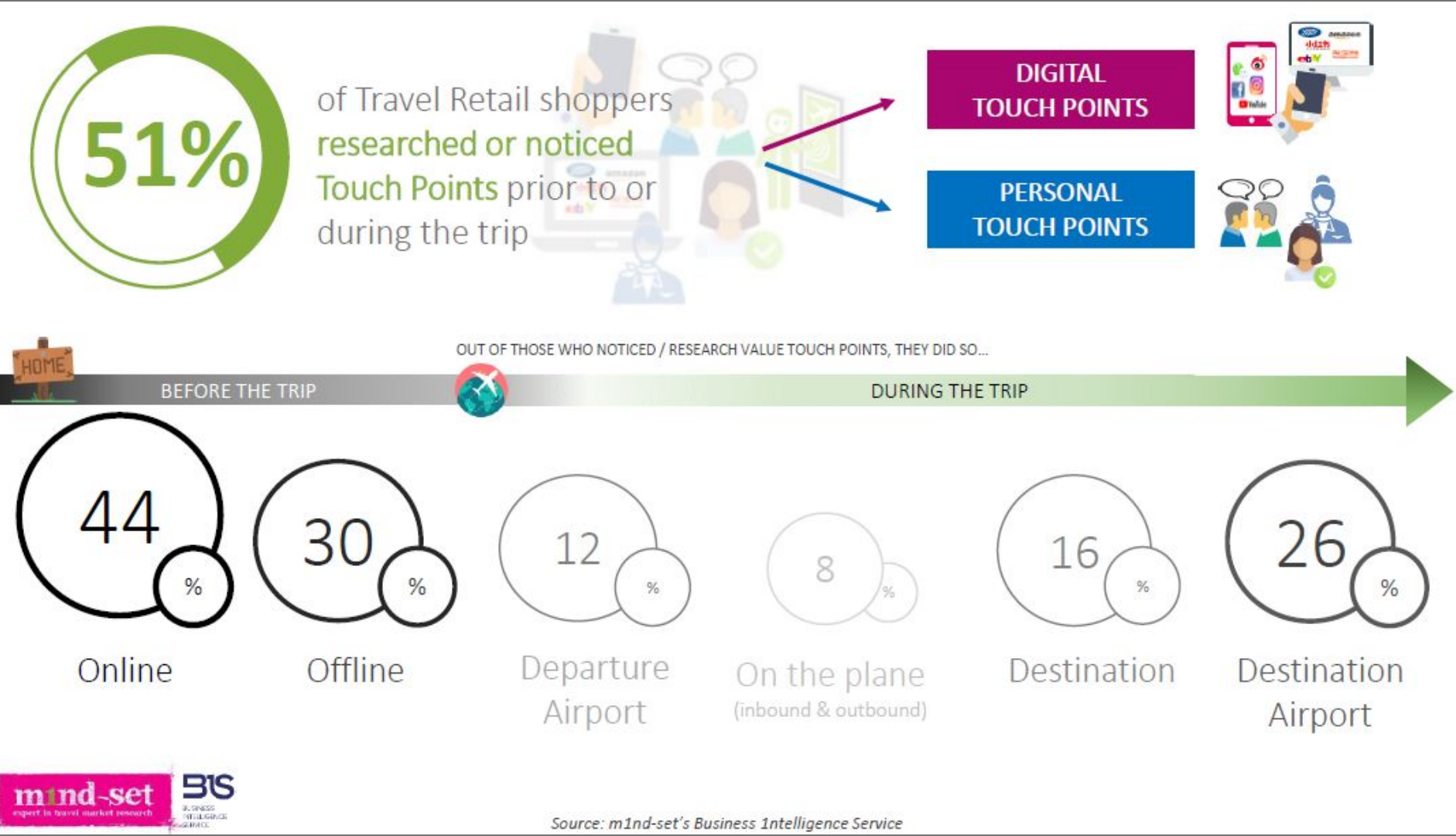
# DF Purchase Decision



# DFWC KPIs - Exposure to Touch Points



# DFWC KPIs - Exposure to Touch Points



# Online Search



Search Online / Buy Online

Search Online / Buy In-Store

Search Online and In-Store / Buy In-Store

Search Online and In-Store / Buy Online

Search In-Store / Buy Online

**79% of today's purchasing methods involve Online Search**

Source: Gartner

# “Quaternity of Travel Retail”





# Duty Free World Council KPIs

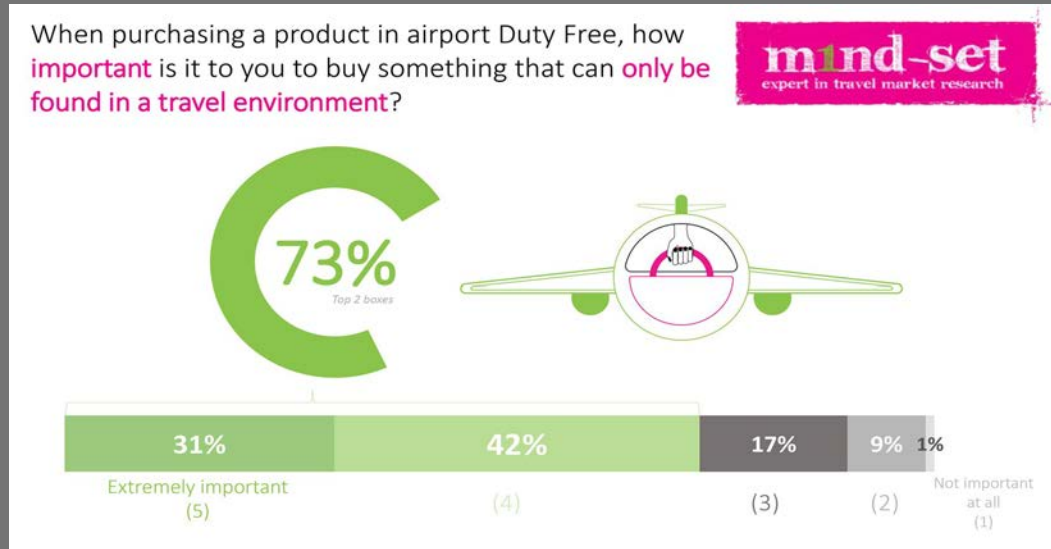
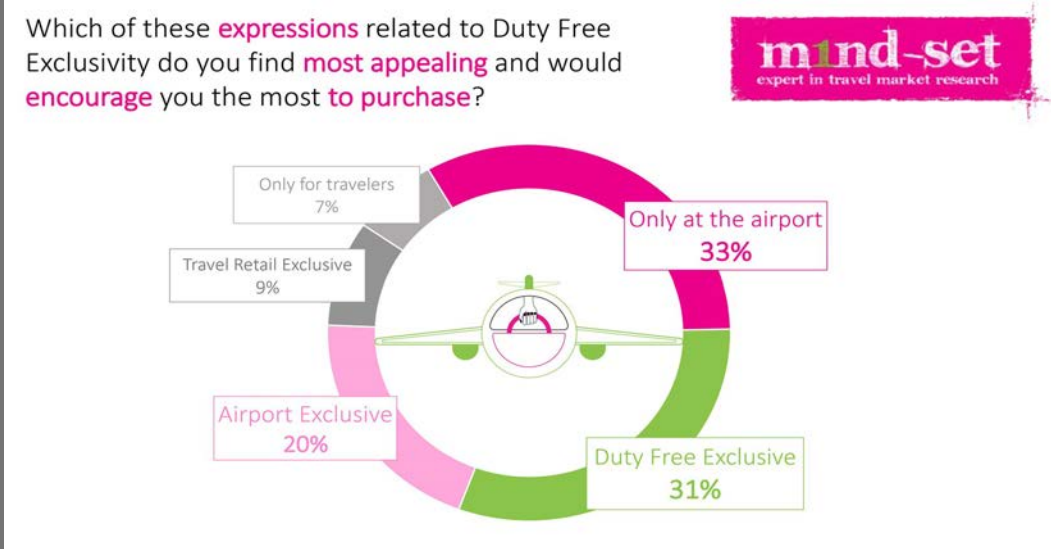


## PERCEPTION OF DF SHOPPING

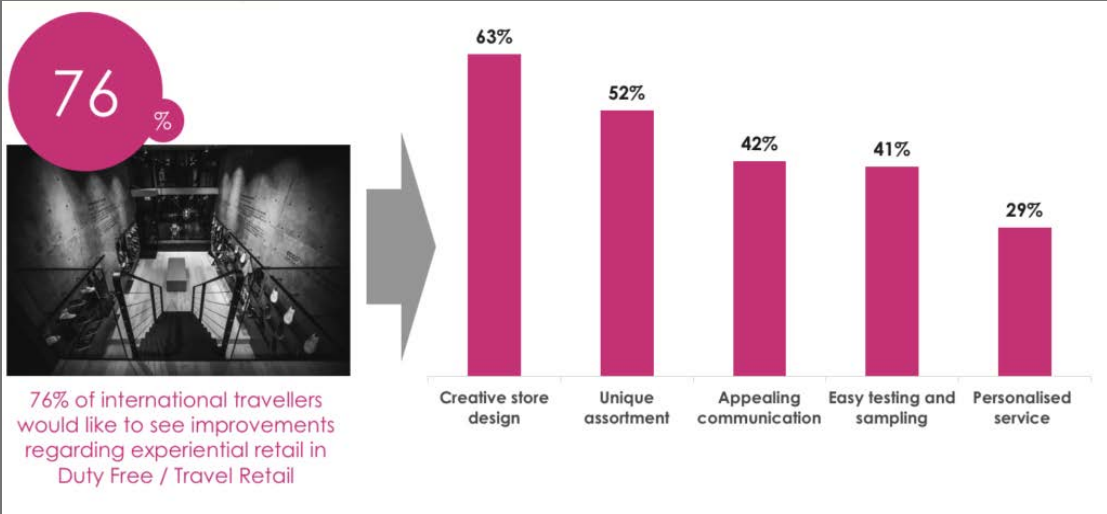
(Q4 2018 & trend over last 4 quarters)

| % OF TRAVELLERS WHO AGREE                                |  | GLOBAL | TREND | % OF TRAVELLERS WHO AGREE     |  | GLOBAL | TREND |
|--|--|--------|-------|-------------------------------|--|--------|-------|
| Part of the travel experience                            |  | 47%    |       | Great place to try new brands |  | 36%    |       |
| More motivated to buy "DF exclusives"                    |  | 45%    |       | Truly different experience    |  | 33%    |       |
| Variety of products makes DF a great place for shopping. |  | 44%    |       | Exclusive and unique products |  | 31%    |       |
| Great place to buy gifts                                 |  | 41%    |       | Prices are usually cheaper    |  | 23%    |       |

# EXCLUSIVITY – A reason to purchase DF



# How important is the EXPERIENCE?



# Duty Free World Council Comments on 2018 KPIs

“We see from the research that experiential retail is among the top reasons for shopping in airports. It’s important to note that a lack of experiential retail is also what is keeping shoppers away.”

- DFWC President Frank O’ Connell

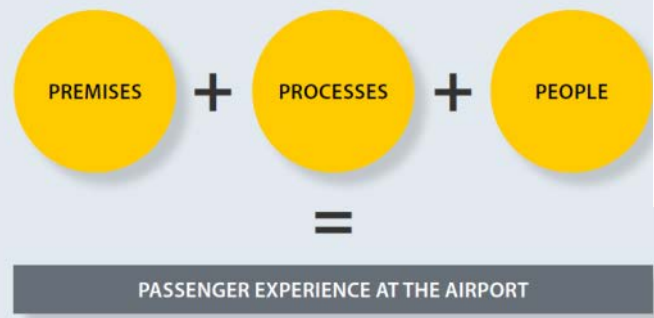
“Our research also indicates that footfall would definitely increase if travellers knew they could find more unique experiences when shopping in airports. This should be reflected in store design, with greater focus on sense of place, a more personalised customer service approach and more proactive use of technology in-store, as well as in the way the stores communicate with shoppers, for example highlighting testing and sampling opportunities.”

- M1nd-set owner and CEO Peter Mohn

# ACI - Emphasis on the Passenger Experience



PICTURE 5 - THE 3Ps CONSTITUTING THE PASSENGER EXPERIENCE



- An increase of 1% in passenger traffic leads to growth of non-aeronautical revenues ranging from 0.7% to 1%.
- An increase of 1% in the size of the commercial area leads to growth of non-aeronautical revenues of 0.2%.
- An increase of 1% in the global passenger satisfaction (as defined in the ASQ Survey) generates, on average, growth of non-aeronautical revenues of 1.5%.

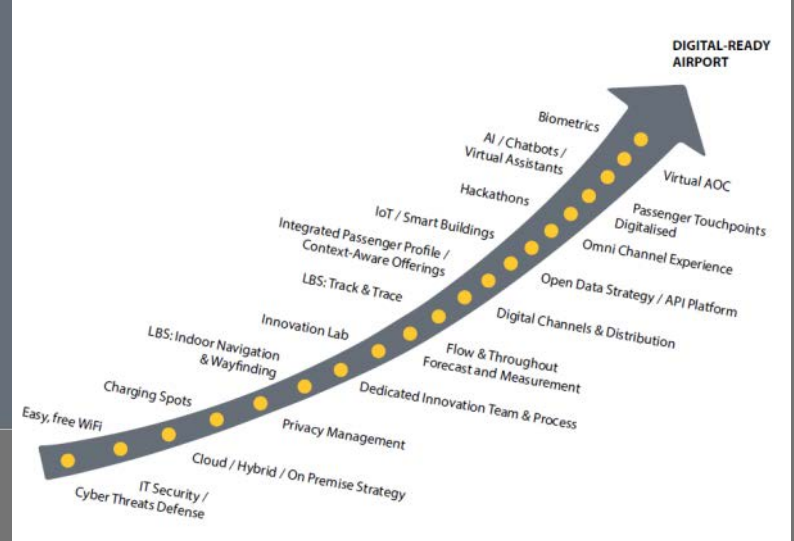
PICTURE 13 - INTERACTING FEELINGS IN THE RELATIONSHIP BETWEEN STAFF AND PASSENGERS



TABLE 6 - PASSENGER CATEGORISATION: THE MULTIDIMENSIONAL MODEL

| BASIS            | CATEGORISATION  |                  |                     |                                | BEHAVIOURS       | COMBINED CATEGORIES    |
|------------------|-----------------|------------------|---------------------|--------------------------------|------------------|------------------------|
|                  | IMPLICATION     |                  |                     |                                |                  |                        |
| Airline products | First class     | Business         | Economy             | Travelers on Low Cost Carriers | Long stayers     | Efficient consumers    |
| Personal needs   | UM              | Elderly          | Cultural background | PRM                            | Short stayers    | Positive life enjoyers |
| Travel frequency | Frequent flyers | Few times a year | Seldom              | First time travellers          | Long travellers  | LCC generation         |
| Number of people | Groups          | Family           | Cruise hub          | Alone                          | Short travellers |                        |
| Process oriented | Arriving        | Departing        | Transfer            | Multimodal                     |                  |                        |

PICTURE 28 - ENABLING TECHNOLOGIES FOR BECOMING A DIGITAL AIRPORT



Source: Adapted from ACI (2017).

# Airport Parking Revenues

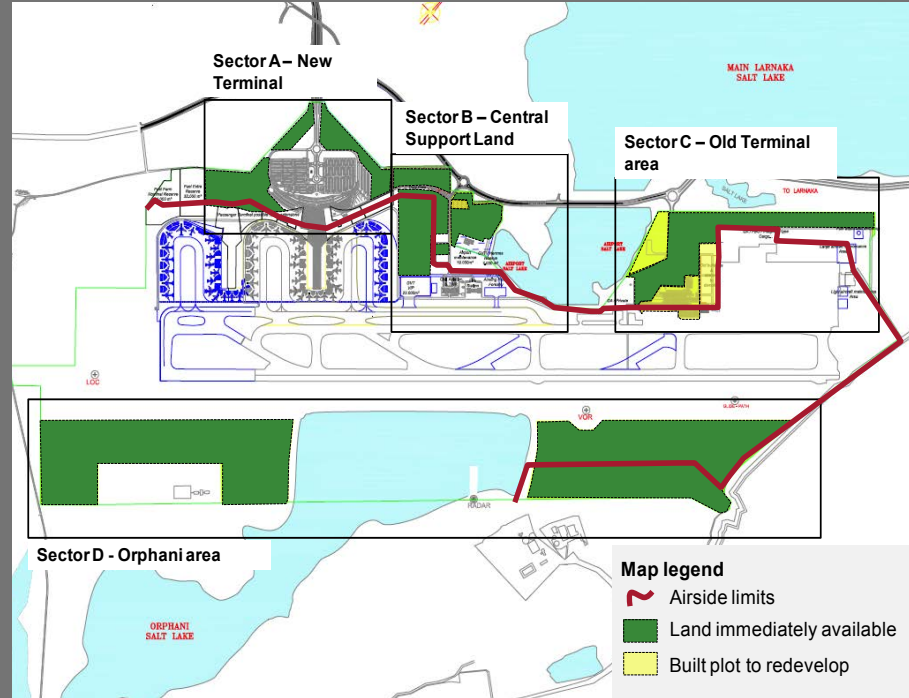


20% – 40%  
Of Non-Aviation  
Revenue

# Airport Land Revenue Prospects



15% – 25%  
Of Non-Aviation  
Revenue



# Session II - Some Key Questions for our Panel

- How important is the digitalization process?
- What is the role of Travel Retail within the new and future Retail Landscape?
- What is the outlook for Airport Parking Business?
- Are there other revenue sources that need consideration?



# Session II - PANEL

## Changing Dynamics of Airport Commercial Revenues



**Eugenio Andrades**

Chief Executive Officer  
Europe, Africa and  
Strategy, Dufry



**Kian Gould**

Founder and  
Chief Executive,  
AOE



**Andrew Perrier**

Chief Business  
Development Officer,  
National Parking  
Company (Magwif)



**Arturs Saveljevs**

Member of the Board  
(CCO), Riga  
International Airport and  
Chair, ACI Europe  
Airport City and Real  
Estate Task Force