



2019 ACI-NA Concessions Benchmarking Survey

June 2019

Overview

The ACI-NA Concessions Benchmarking Survey is designed by the ACI-NA Concessions Benchmarking Working Group to collect important airport concessions data. The goal is to build a comprehensive database of key industry measures that member airports can use for comparing and contrasting with their peers.

- **Survey Methodology**
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- **Concessions Statistics Overview**
- **Commercial Management Operations and Programs**

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Survey Methodology

The ACI-NA Concessions Benchmarking Survey was launched in January 2019 and sent to all ACI-NA airport members. Data was collected during February – April 2019 using an online survey tool for CY2018.

Survey questionnaire in three parts:

- Part 1 General Information
- Part 2 Food & Beverage
- Part 3 Duty Free, News, Gift and Specialty Retail

Survey Sample

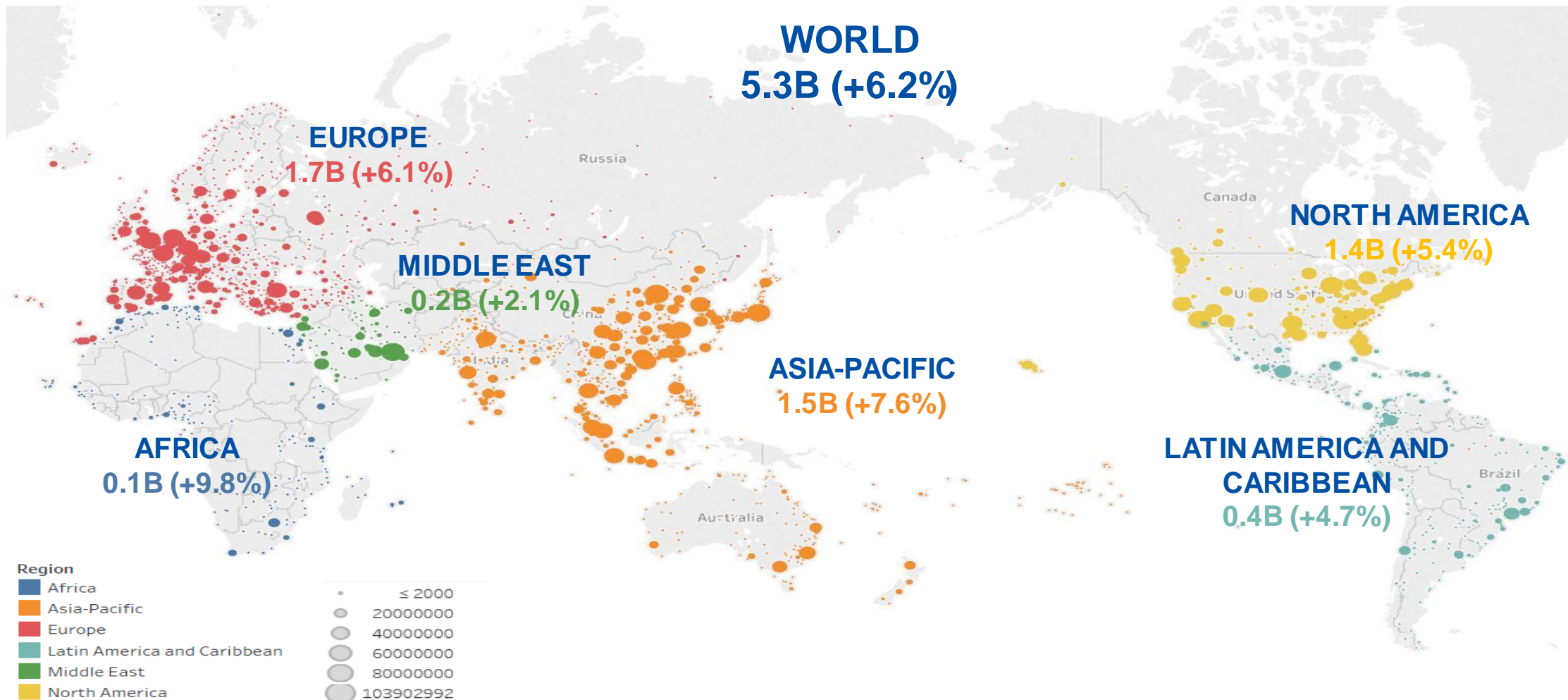
Hub Category	2015	2016	2017	2018	2019
Large	26	28	27	25	23
Medium	21	22	21	20	20
Small	19	33	24	22	22
Canadian	10	9	9	9	9
Other	4	-	4	4	2
Total	80	92	85	80	76

The 2019 survey incorporates data on concessions revenue from 76 airports, reflecting 68% of passenger traffic in the United States and 52% of the traffic in Canada.

Source: FAA Enplanements 2018, ACI World Traffic Report 2017

General Information

World Passenger Traffic Growth in 2018



Source: ACI World 2018 World Annual Traffic Dataset

Distribution of Non-Aeronautical Revenue

Region	Retail concessions	Food and beverage	Car parking	Rental car concessions	Advertising	Fuel and oil	Aviation catering services	Utility pass-through charges	Property and real estate revenue or rent	Other non-aeronautical revenue
Africa	31.9%	1.5%	10.7%	3.2%	3.5%	2.5%	0.3%	4.9%	12.7%	28.8%
Asia-Pacific	45.4%	3.7%	7.1%	0.8%	3.7%	2.7%	0.8%	1.8%	22.2%	11.8%
Europe	35.7%	4.7%	16.1%	2.3%	1.9%	2.3%	0.5%	5.0%	16.4%	14.9%
Latin America-Caribbean	26.9%	6.9%	10.6%	4.0%	4.5%	4.4%	1.7%	1.3%	9.8%	29.8%
Middle East	52.9%	3.9%	9.1%	1.3%	1.7%	4.6%	1.6%	3.1%	13.6%	8.1%
North America	8.0%	7.7%	40.7%	17.1%	0.6%	3.0%	0.0%	0.0%	7.4%	15.5%
World	30.2%	5.3%	20.1%	6.2%	2.2%	2.8%	0.5%	2.5%	15.0%	15.2%

Source: ACI Airport Economics Survey 2018

**Car Parking revenue includes revenue from airport-operated parking lots and car parking concessions revenue

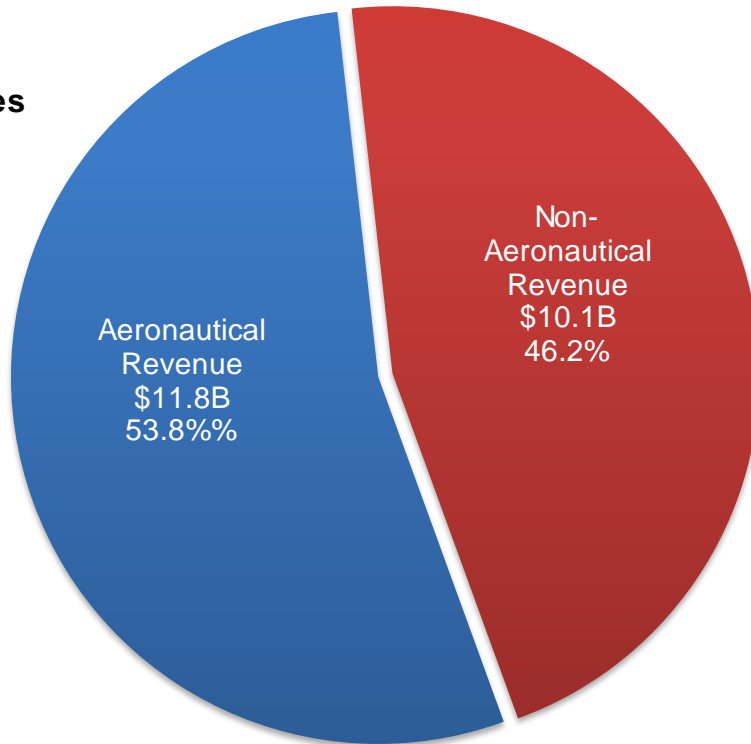
*** Other non-aeronautical revenue includes revenue from other unspecified concessions.

Big Picture of U.S. Airports

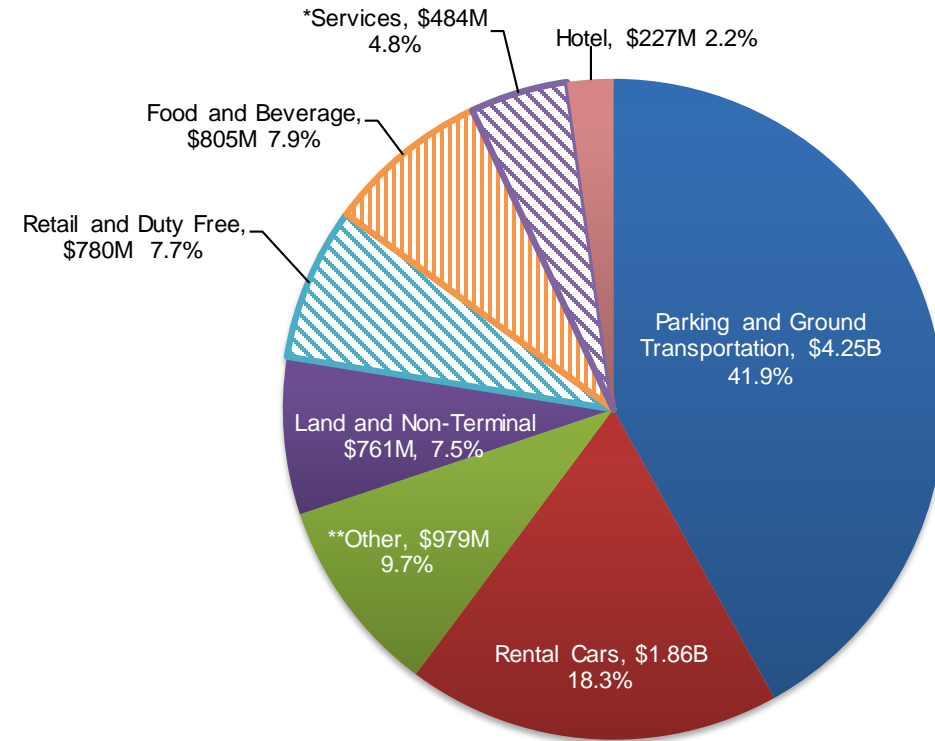
Aeronautical vs. Non-Aeronautical Revenue

FAA – Operating and Financial Summary 2017
Revenue to U.S. Airports

Total Operating Revenues
\$21.9B



Total Aeronautical Revenues
\$11.8B



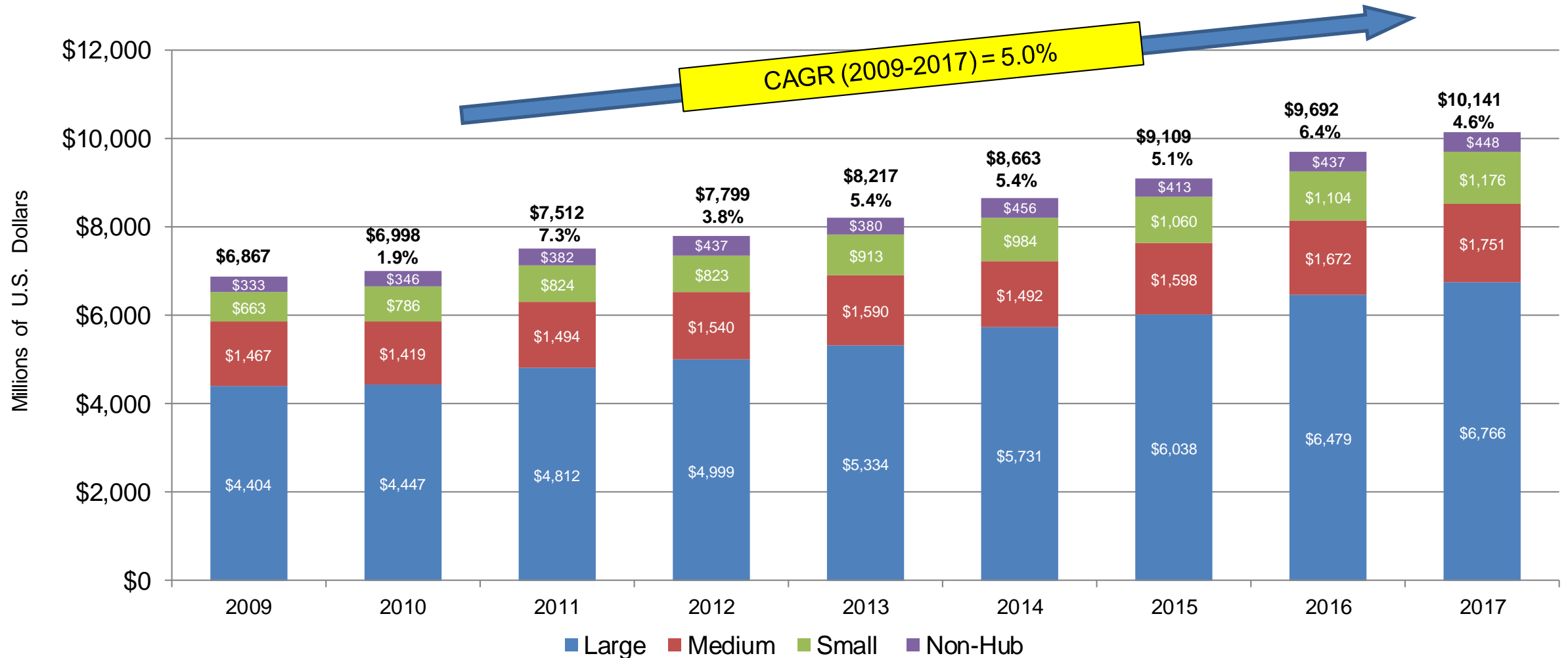
Total Non-Aeronautical Revenues
\$10.1B

*For example, includes revenues for services such as telecommunications, internet access, advertising, barbershops, shoeshine stands, spas.

**All other non-aeronautical operating revenues earned from the non-aeronautical use of the airport

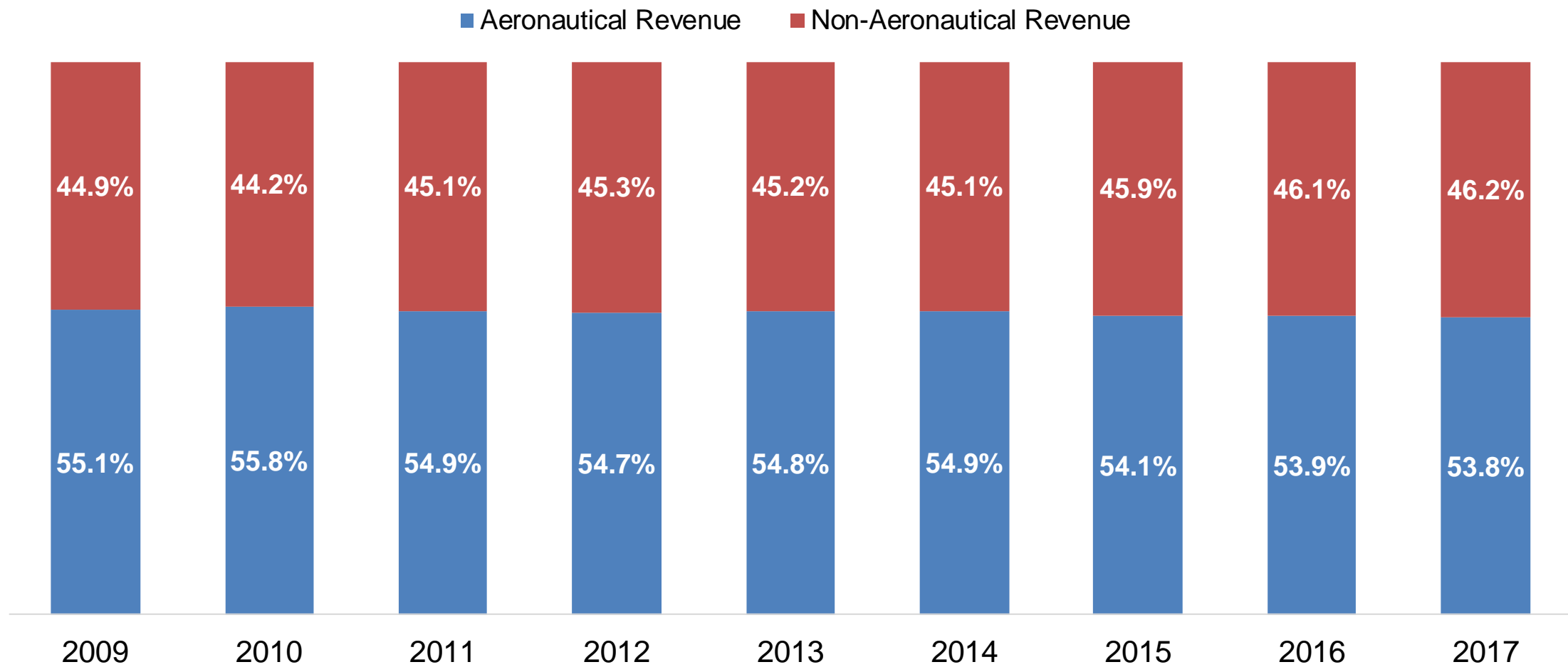
Source: FAA, CATS: Report 127

Non-Aeronautical Revenue Annual Growth



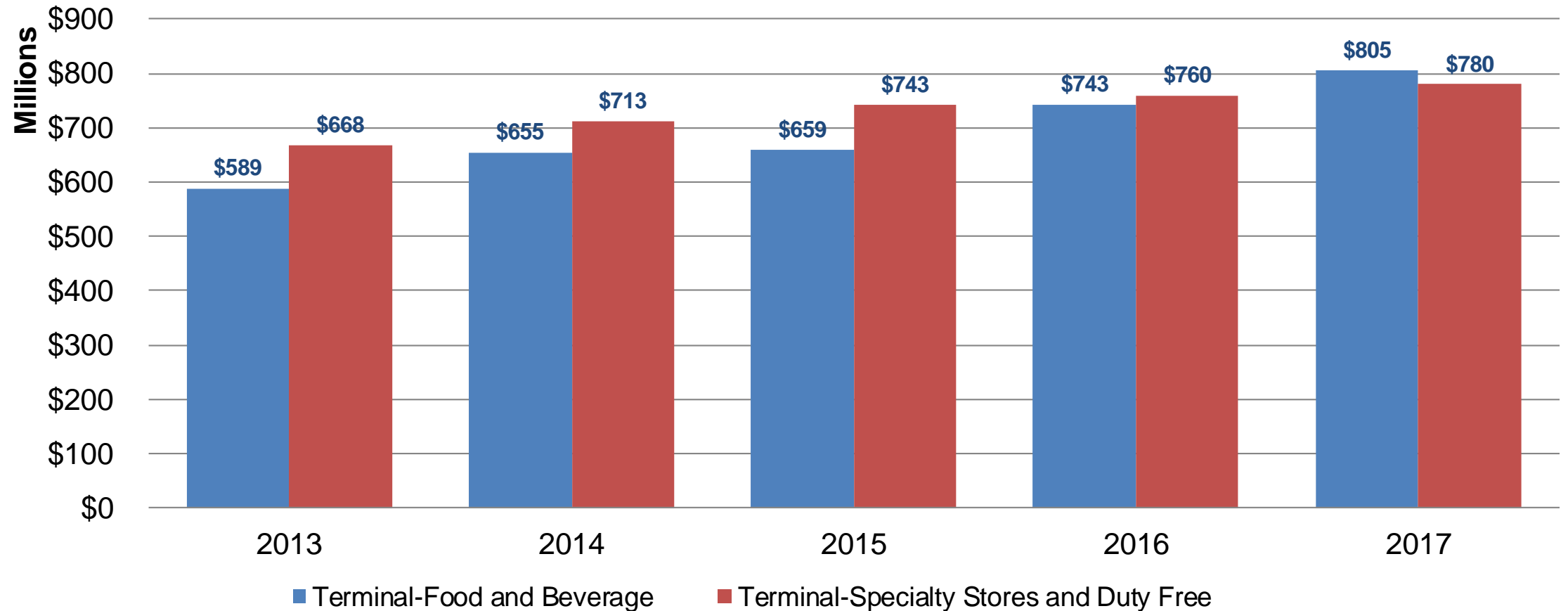
Source: FAA, CATS: Report 127

Aeronautical vs. Non-Aeronautical Revenue



Source: FAA, CATS: Report 127

Food and Beverage Revenue & Retail and Duty Free Revenue



Source: FAA, CATS: Report 127

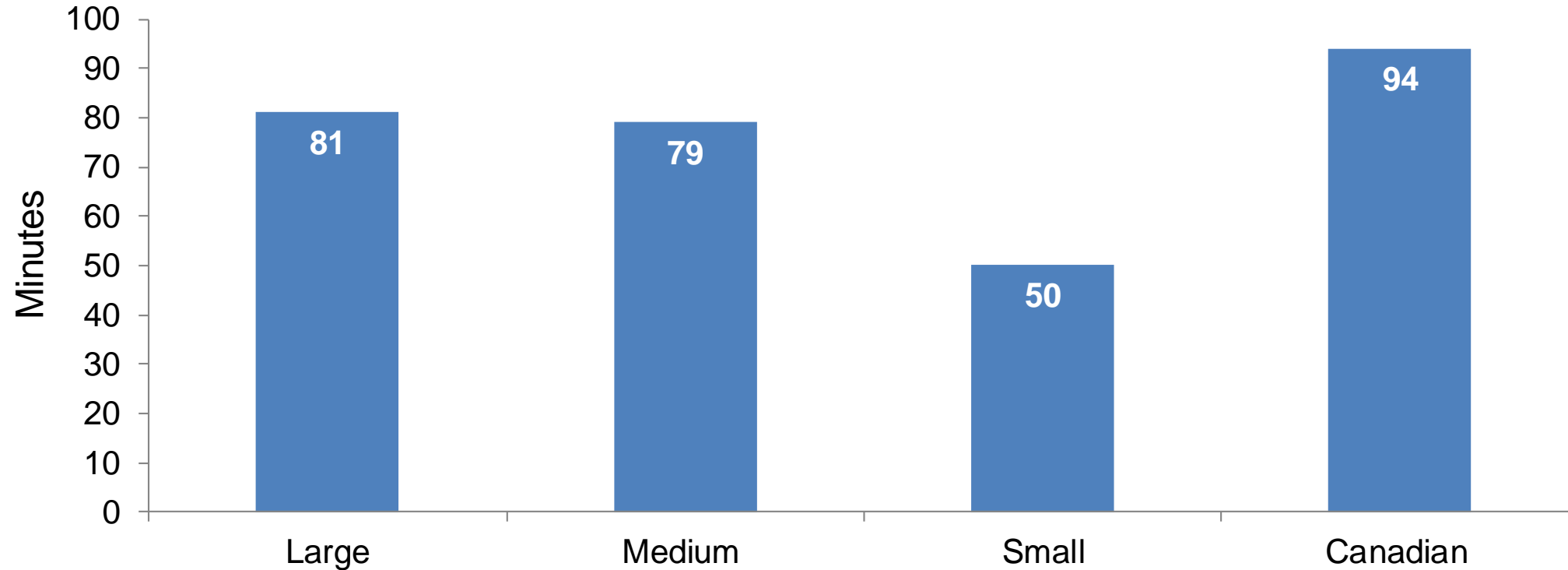
Concessions Statistics Overview

2018 Passenger Demographics

- 81% of airports have collected passenger demographic information in the last two years.
- The median age band of passengers is 45-54.
- The median household income is \$75,000 to \$99,999, which is significantly higher than the national median of \$61,372*.
- Only 8 out of 76 airports reported more business travelers than leisure travelers.

** Source: 2017 data from United States Census Bureau*

Average Dwell Time CY2018

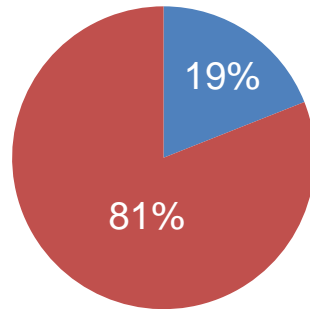


The average dwell time is much higher at Canadian airports as well as Large and Medium U.S. airports due to higher proportion of international traffic, which requires an earlier check-in time. Small hubs have relatively shorter dwell time due to the point to point traffic.

Concessions Square Footage Relative to Security CY2018

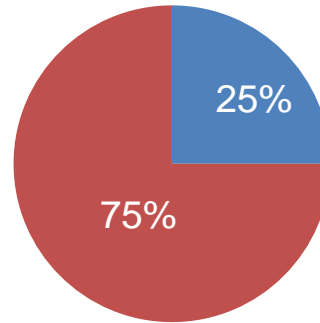
Large

■ Pre Security ■ Post security



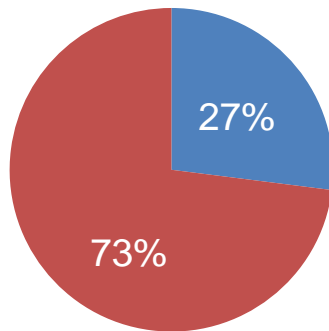
Medium

■ Pre Security ■ Post security



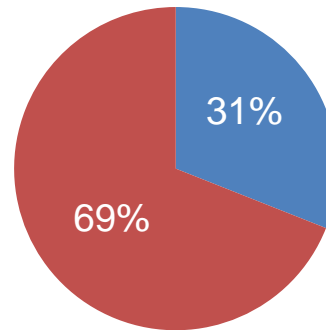
Small

■ Pre Security ■ Post security



Canadian

■ Pre Security ■ Post security



- The majority of concession space is located post security, regardless of hub size.
- Canadian airports have the highest percentage of concessions square footage before security, on average, standing at 31%.

Where Passengers Spend...

Median* Amount per Enplanement Spent at Airports in 2018

Food & Beverage

\$7.08

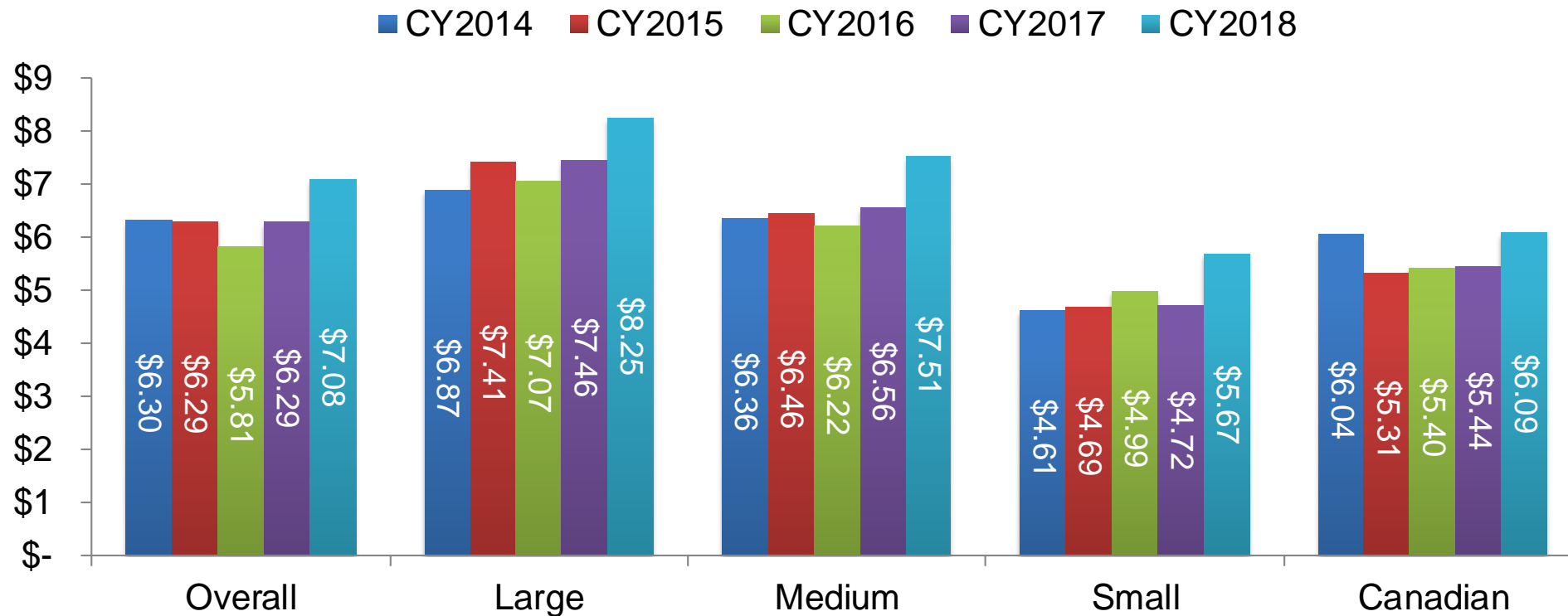
**Duty Free, News,
Gift and Specialty
Retail**

\$3.94

**Median is determined by ranking the data from largest to smallest, and then identifying the middle value so that there is an equal number of data values larger and smaller than the number.*

Food & Beverage

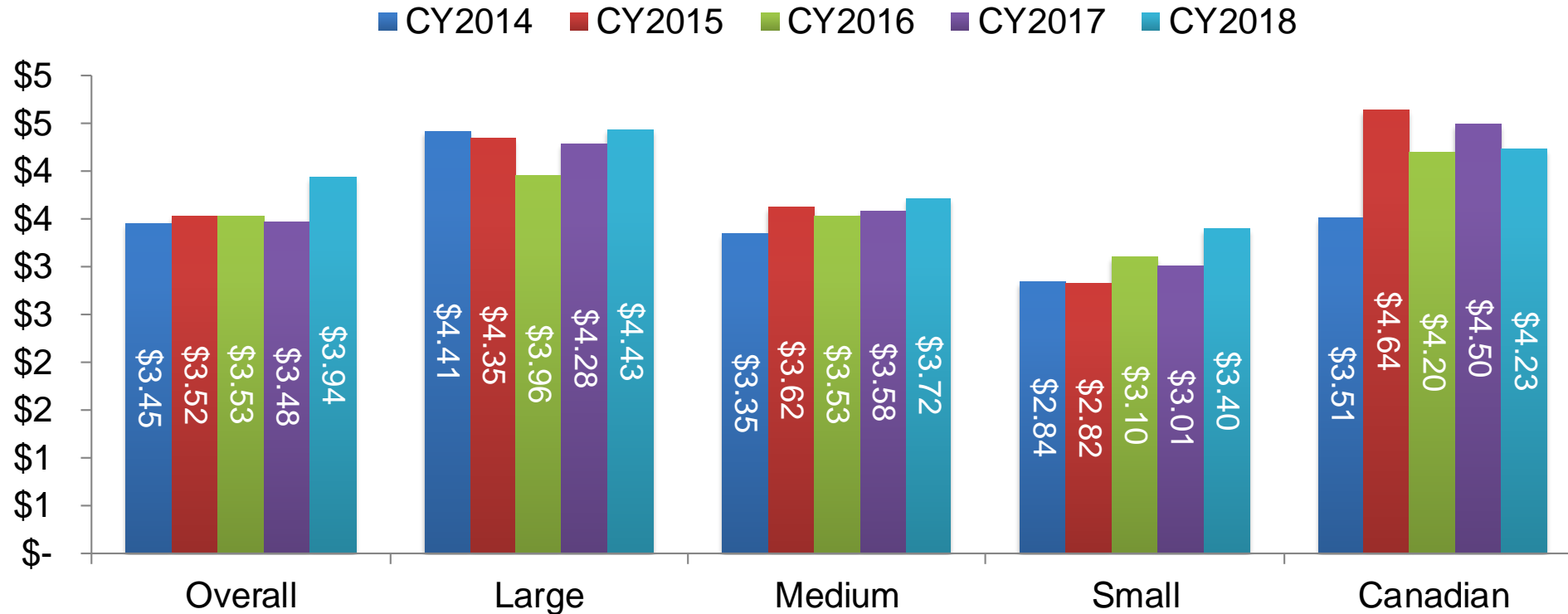
Median Gross Sales – Per Enplanement



The overall Food & Beverage median gross sales per enplanement is \$7.08 compared to \$6.29 in 2017 primarily due to the slight increase across all hub sizes that participated in the survey.

Note: Included separate airport responses from airports with different terminal management (i.e. JFK Terminal 8) All figures in USD (\$)

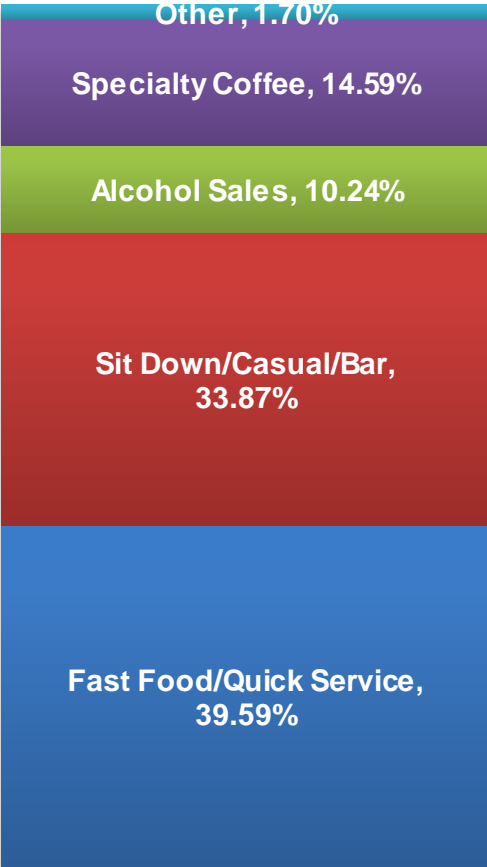
Duty Free, News, Gift & Specialty Retail Median Gross Sales – Per Enplanement



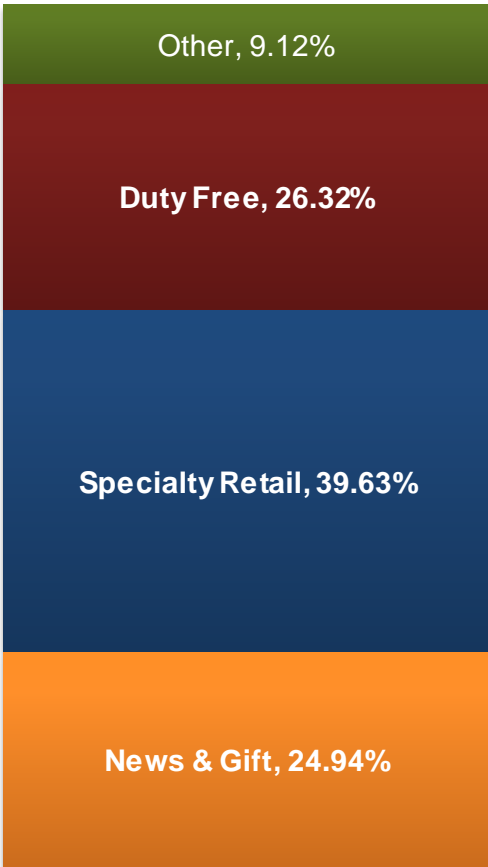
The overall Duty Free, News, Gift & Specialty Retail median gross sales per enplanement is \$3.94 compared to \$3.48 in 2017. Large, Medium, and Small airports saw slight increase in their Duty Free, News, Gift & Specialty Retail gross sales per enplanement.

Note: Included separate airport responses from airports with different terminal management (i.e. JFK Terminal 8) All figures in USD (\$)

Percentage Breakdown of Gross Sales by Category

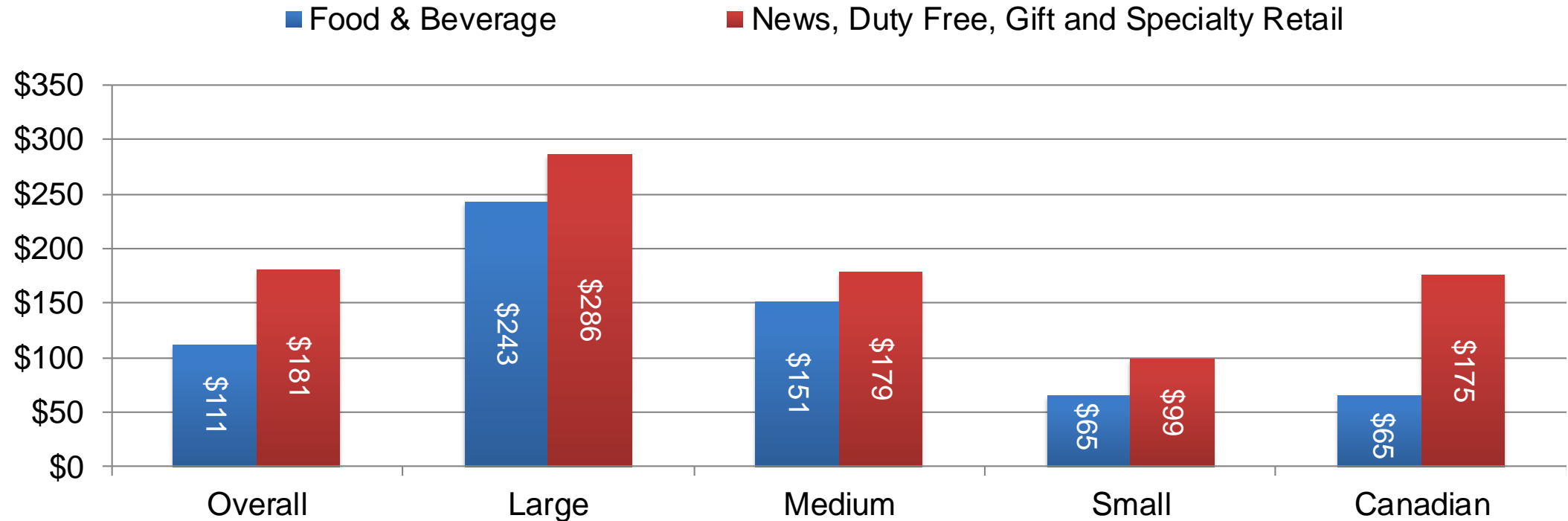


Food & Beverage



Duty Free, News, Gift and Specialty Retail

Median Total Rent Per Square Foot

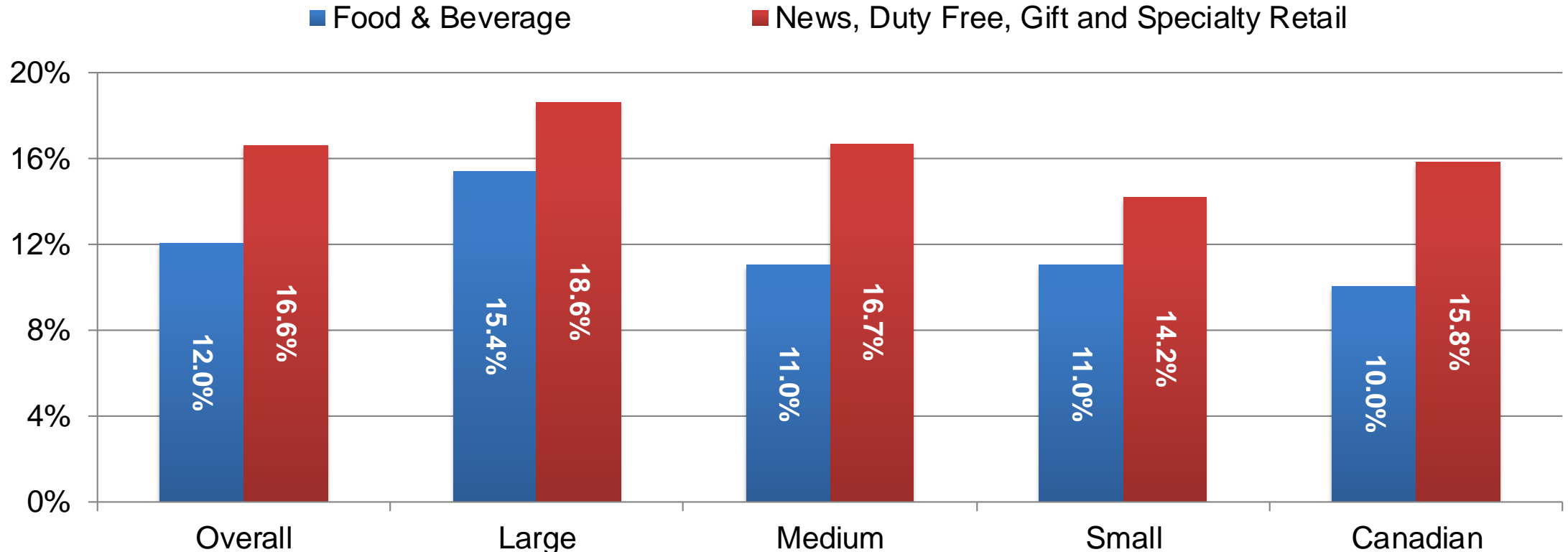


Overall, the median total rent per square foot is \$111 for Food and Beverage, while the median total rent per square foot for Duty Free, News, Gift and Specialty Retail is \$181. Across all North American airports, Duty Free, News, Gift and Specialty Retail has a higher median rent per square foot.

Note: Included separate airport responses from airports with different terminal management (i.e. JFK Terminal 8) All figures in USD (\$)

Note: Some U.S. airports indicated that they don't have the information broken down into categories ACI-NA provides. Also, Canadian airports are restricted to disclose specific financial information such as concessions rent, that can be deemed confidential.

Rent Percent of Gross Sales

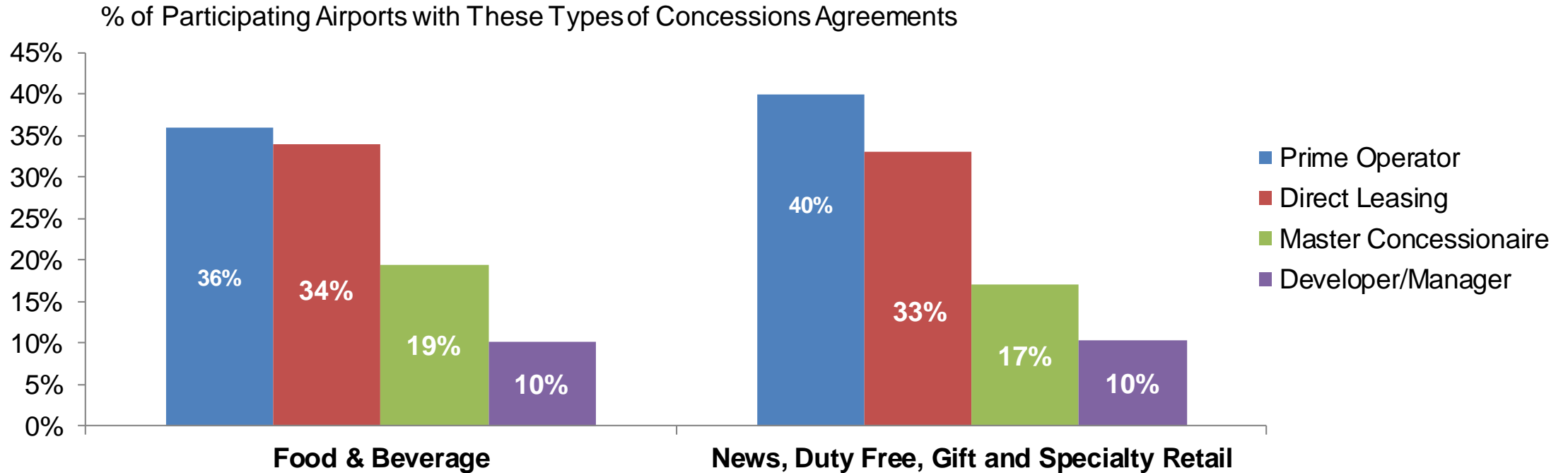


Duty Free, News, Gift and Specialty Retail have a higher rent percentage of gross sales across all hub sizes. The average rent of Food and Beverage is 12% of its gross sales, while Duty Free, News, Gift and specialty Retail accounts for 16.6% of its gross sales.

Note: Included separate airport responses from airports with different terminal management (i.e. JFK Terminal 8) All figures in USD (\$)

Note: Some U.S. airports indicated that they don't have the information broken down into categories ACI-NA provides. Also, Canadian airports are restricted to disclose specific financial information such as concessions rent, that can be deemed confidential.

Type of Concessions Agreements



- 1) Direct leasing - Airport leases individual locations or small groups of locations (no more than 3) directly to the operators.
- 2) Prime operator - Airport leases packages of locations to two or more operators, each of which has multiple locations (more than 3) within the airport.
- 3) Master concessionaire - Airport leases all food service concessions to a single operator, who may or may not also operate retail. The Master Concessionaire may sublease some of the locations to other operators.
- 4) Developer - Airport has agreement with a third party to develop/lease and manage the concessions without operating any directly. Developer invests in facilities directly.

Concessions Contract Length

- The most common contract length of airport concessions is 10 years

	Minimum	Median
Fast Food/Quick Service	1 Year	10 Years
Sit Down/Casual/Bar	3 Years	10 Years
Specialty Coffee	4 Years	10 Years
News & Gift	3 Years	10 Years
Duty Free	2 Years	10 Years
Specialty Retail	3 Years	7 Years
Other	2 Years	6 Years

Carts & Kiosks Program

Total Percent of Airports With Carts & Kiosks Programs



Airports' carts and kiosks programs provide small businesses the opportunity to have an increased presence in concession programs as well as enable airports to cater to ever-evolving market trends and demands.



Carts & Kiosks Program

	Food & Beverage	News, Gift & Specialty Retail
Presence at the airport	➤ 45% Yes	➤ 42% Yes
Status	<ul style="list-style-type: none"> ➤ 62% Permanent ➤ 15% Temporary (Seasonal) ➤ 24% Both 	<ul style="list-style-type: none"> ➤ 52% Permanent ➤ 10% Temporary (Seasonal) ➤ 38% Both
Management Options	<ul style="list-style-type: none"> ➤ Master Concessionaire/Prime Operator operates them directly ➤ Airport leases directly to vendor(s) ➤ Master Concessionaire/Prime Operator/Developer leases directly to vendor(s) 	
Median Gross Sales	➤ \$618,498	➤ \$1,172,624

Automated Retail

Percent of Airports with Automated Retail Units



62%

2018 Average Annual
Gross Sales per Unit = \$77,682



Automated retail units are becoming increasingly visible at airports. They help airports generate revenue from spaces that otherwise are too small to accommodate traditional retail outlets. These units provide immediate access to essential items any time of day: envision upscale vending machines where you can buy cosmetics or personal electrical items at the press of a button.

Duty Free

Responding Airports Have Duty Free Stores

49%

Offer Duty Paid Stores to Domestic Passengers

69%



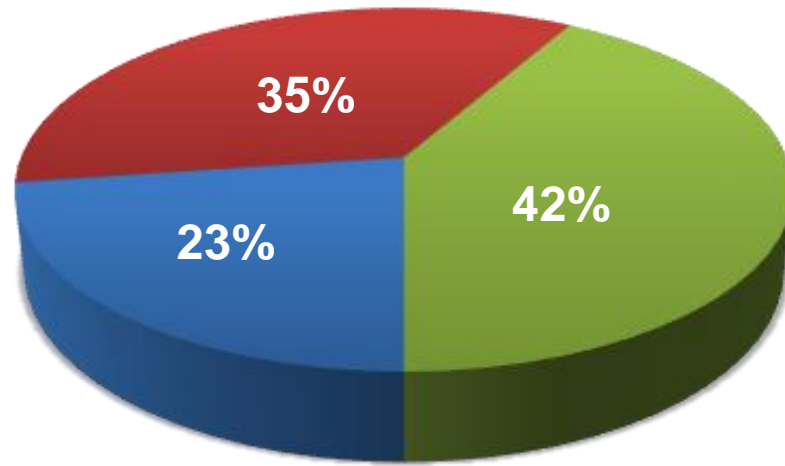
Duty Paid Stores are for all passengers:

- International passengers can purchase all goods exempt from sales taxes.
- Domestic passengers can purchase anything except liquor and tobacco. Domestic passengers are not exempt from sales taxes.

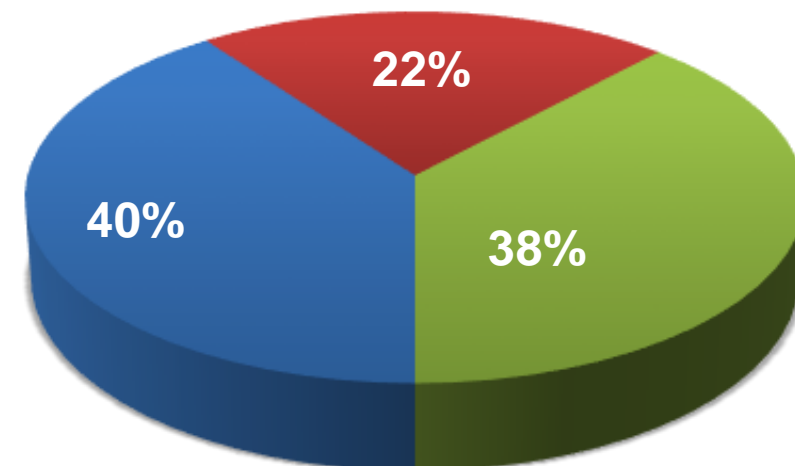
Concessions Branding

■ Airport Brands/Non Brands ■ Local/Regional Brands ■ National/International Brands

Food & Beverage



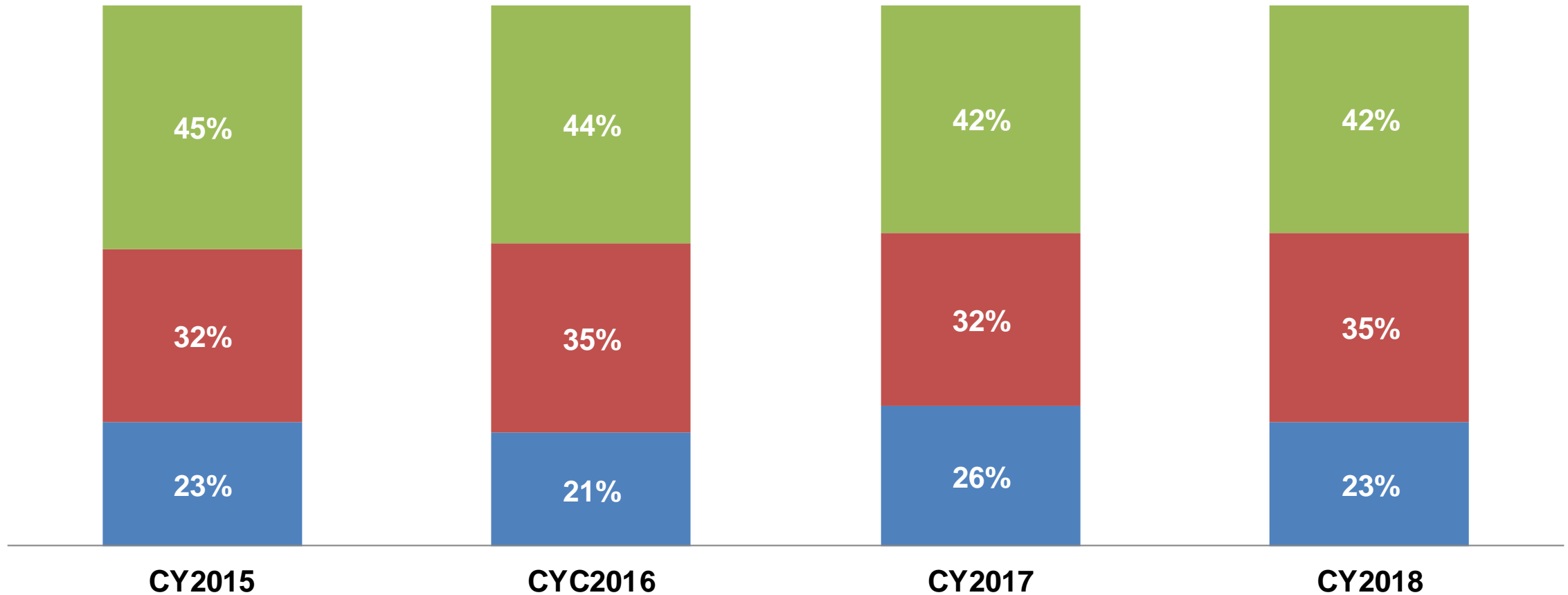
Duty Free, News, Gift and Specialty Retail



- Airport Brand/Non Brand - A generic brand relative only to the airport.
- Local/Regional Brand - A brand that is developed, distributed and promoted within a defined geographical area.
- National/International Brand - A brand that is marketed and distributed nationally/internationally.

Food & Beverage Branding

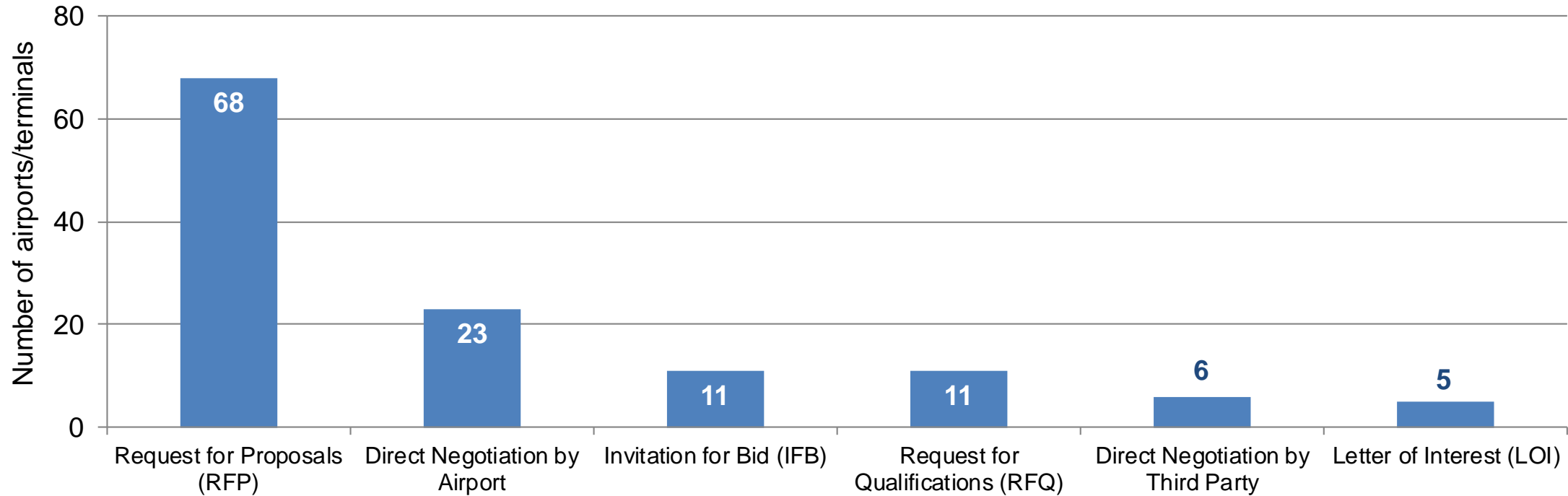
■ Airport Brands / Non-Brands ■ Local/Regional Brands ■ National/International Brands



Commercial Management: Operations and Programs

Concessions Planning

Methods of soliciting & awarding concessions contracts



The most common method of soliciting and awarding concessions contracts is by Request for Proposals (RFPs). However, many airports often use a mixture of methods. In addition, 53% of airports require minimum staffing levels, while 73% of airports define & control product lines sold.

Concessions Marketing Program

- **47% of participating airports have a marketing program for airport concessions.**
 - 89% of these airports collect a concessions marketing fee.
 - The majority of airports calculate their concession marketing fee by a percent of gross revenue to the airport.
- **Top 3 in-kind services airports contribute to the marketing of the concessions program:**
 - In-terminal advertising
 - Marketing materials preparation/printing/distribution
 - Out of terminal advertising
- **Top 5 items airports spend marketing funds on:**
 - Second language training
 - In-terminal advertising (CNN monitors, etc.)
 - Social media
 - Shopper service (mystery shopping/award)
 - Customer service training

Monitoring Customer Satisfaction

Airports use a range of customer satisfaction monitoring programs for concessionaires

Routine Meetings with
Concessionaires

99%

Social Media

96%

Website Feedback

92%

Customer Surveys

78%

Customer Comment
Cards

67%

Tenant Recognition
Programs

66%

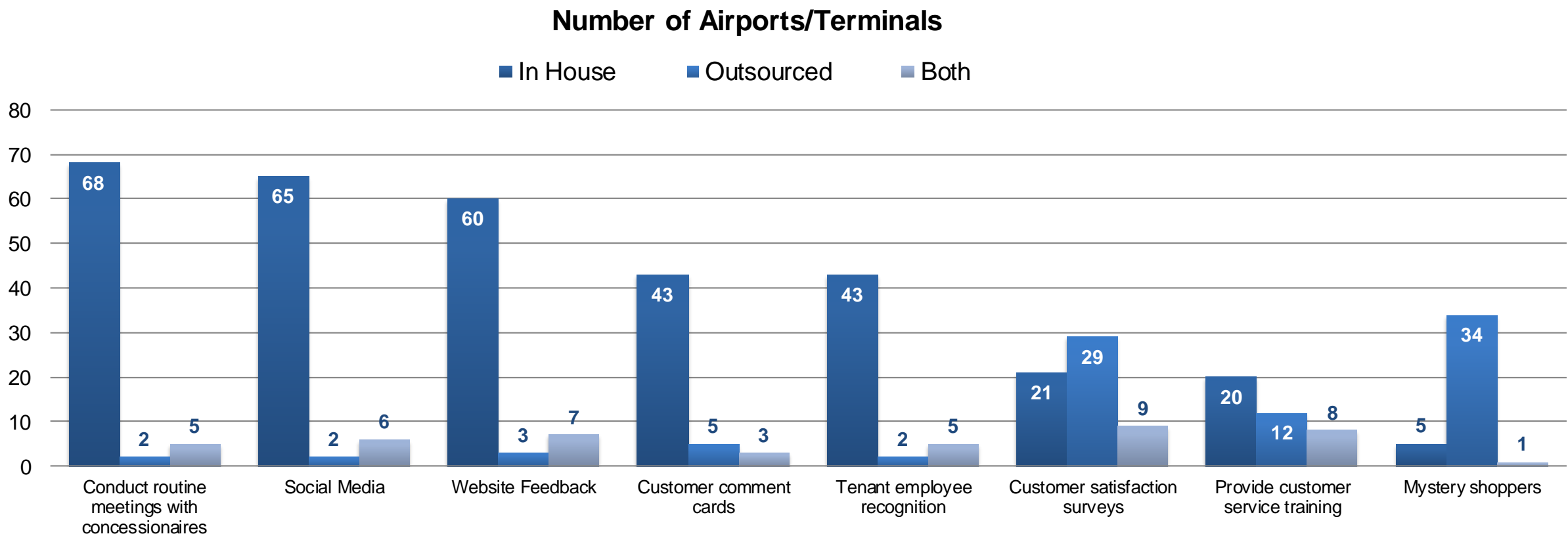
Customer Service
Training

53%

Mystery Shoppers

53%

Customer Satisfaction Monitoring Programs

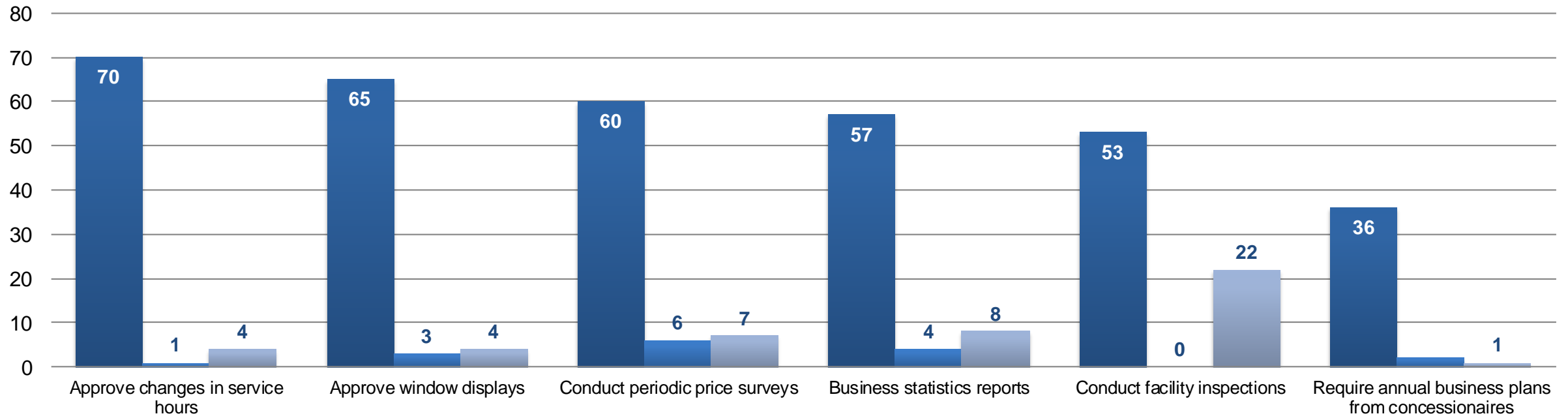


Airports use a variety of customer satisfaction monitoring programs for concessionaires. The most common ones include frequent meetings with concessionaires, website feedback, customer comment cards and social media. Social media is now the second most popular customer satisfaction/monitoring programs for airports.

Operations & Performance

Number of Airports/Terminals

■ In House ■ Outsourced ■ Both

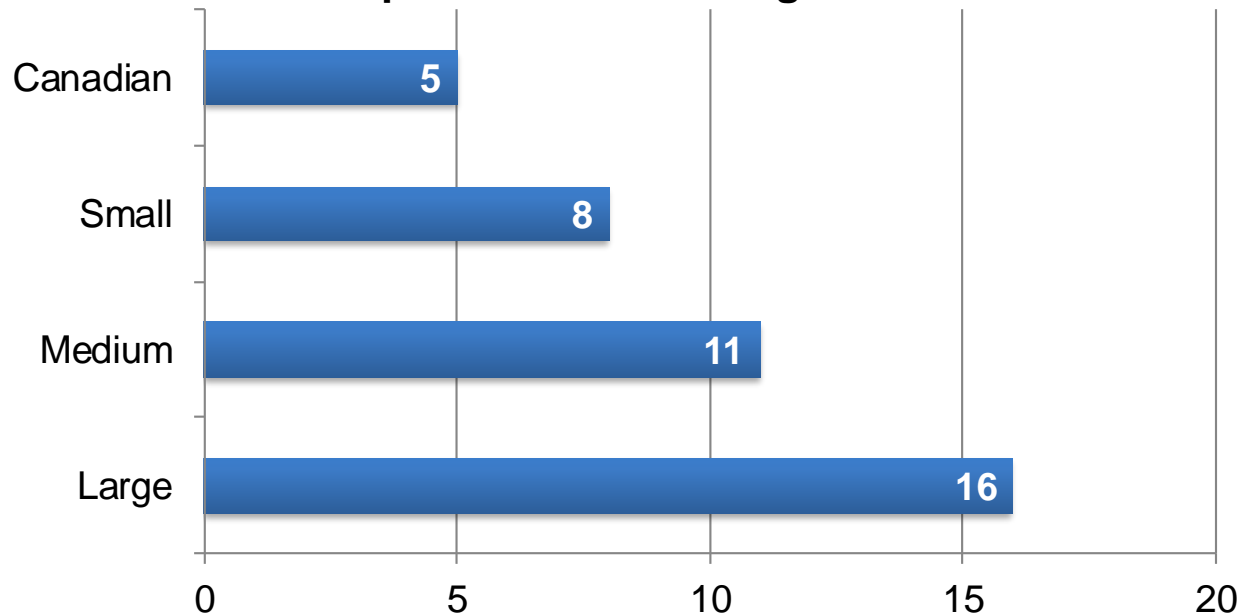


All respondents perform operational/performance audits. Fewer respondents require annual business plans from concessionaires, while most of them approve changes in service hours and window displays, and they also conduct periodic price surveys and facility inspections. 39% of airports have fines tied to these audits for non-compliance.

Customer Experience/Guest Program

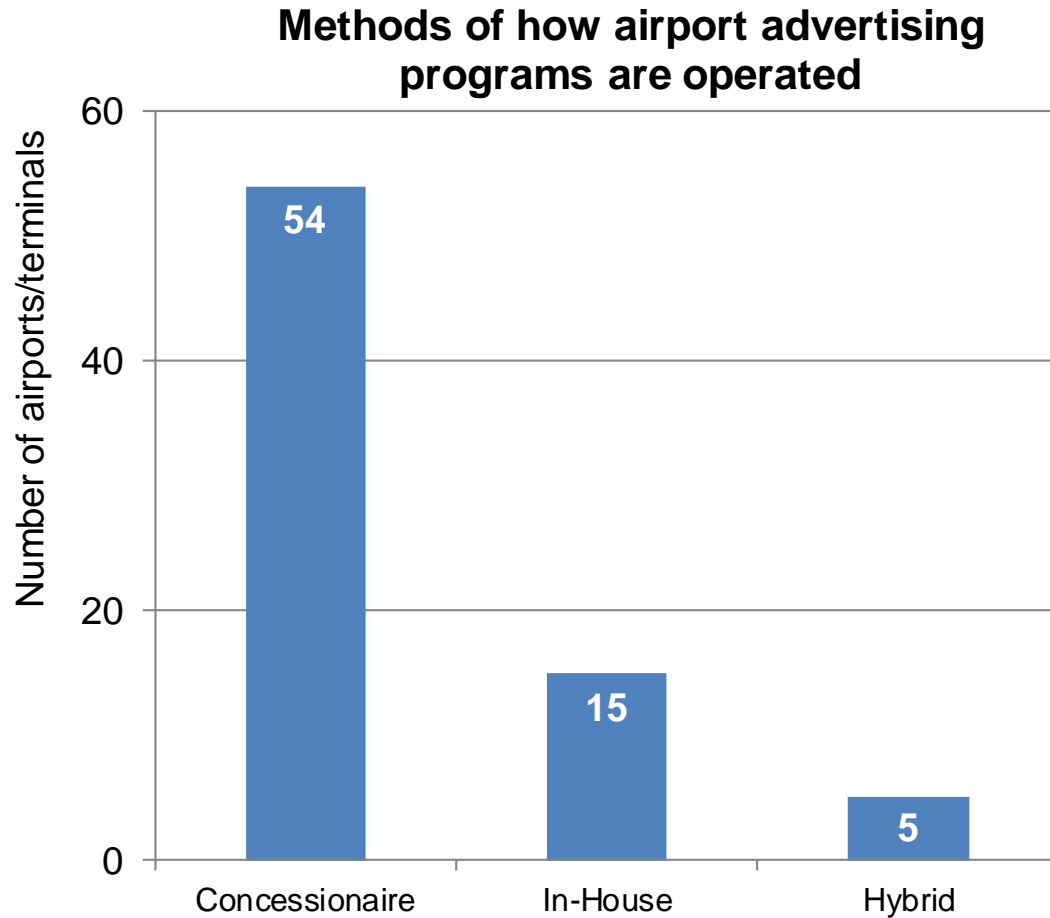
62% of Airports have a Customer Experience/Guest Program

Number of Airports that have Customer Experience/Guest Program



Airports that have a Customer Experience/Guest Program are most likely to have at least one FTE and ambassadors/volunteers.

Airport Advertising



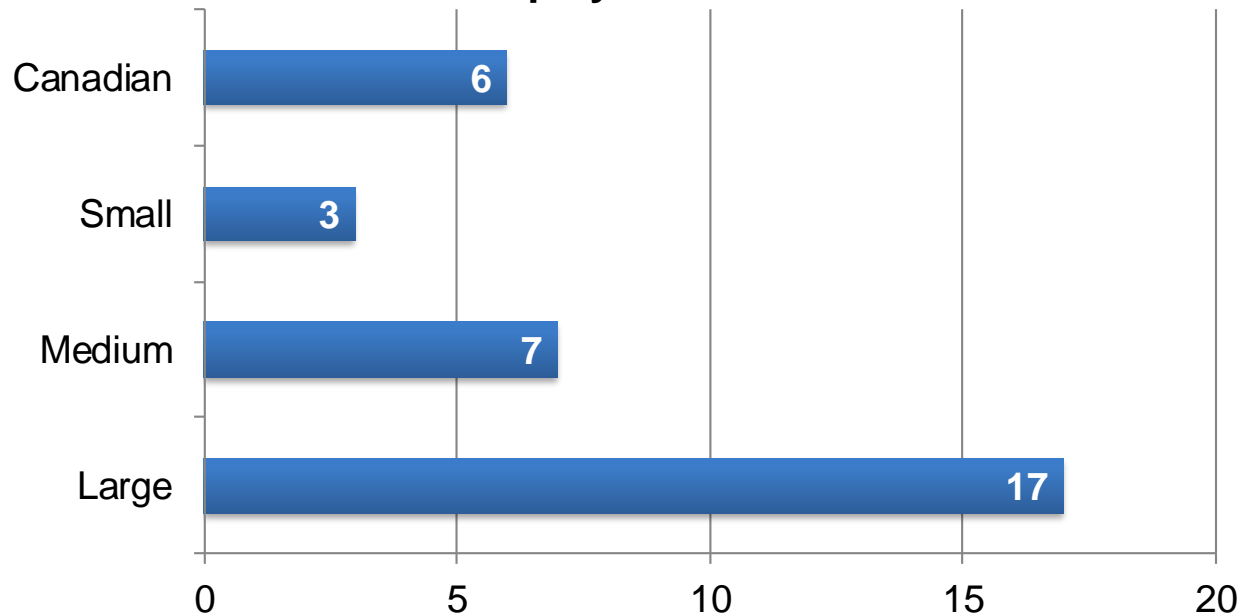
2018 Median Airport Advertising Revenue* = \$700,000

**CY2018 Revenue to the Airport from the advertising program*

Concessionaire Employee Recruitment

46% of Airports support concessionaire employee recruitment

Number of Airports that support concessionaire employee recruitment



Work at MSP Airport!

JOB FAIR

Monday, May 6th
1pm-4pm

Minneapolis Central Library
300 Nicollet Mall, Mpls, MN 55401

For more information visit
MSPAirport.com/employment



Airports use a range of methods to support concessionaire employee recruitment, such as:

- Advertisements
- Job Fairs
- Social Programs
- Airport Committee
- Social Media/Website

Food Delivery/Pick-up Mobile Apps

35%

Airports have digital/self-service ordering systems

92%

Airports have a customer mobile app/mobile-friendly website

61%

Airports websites promote airport concessions offerings

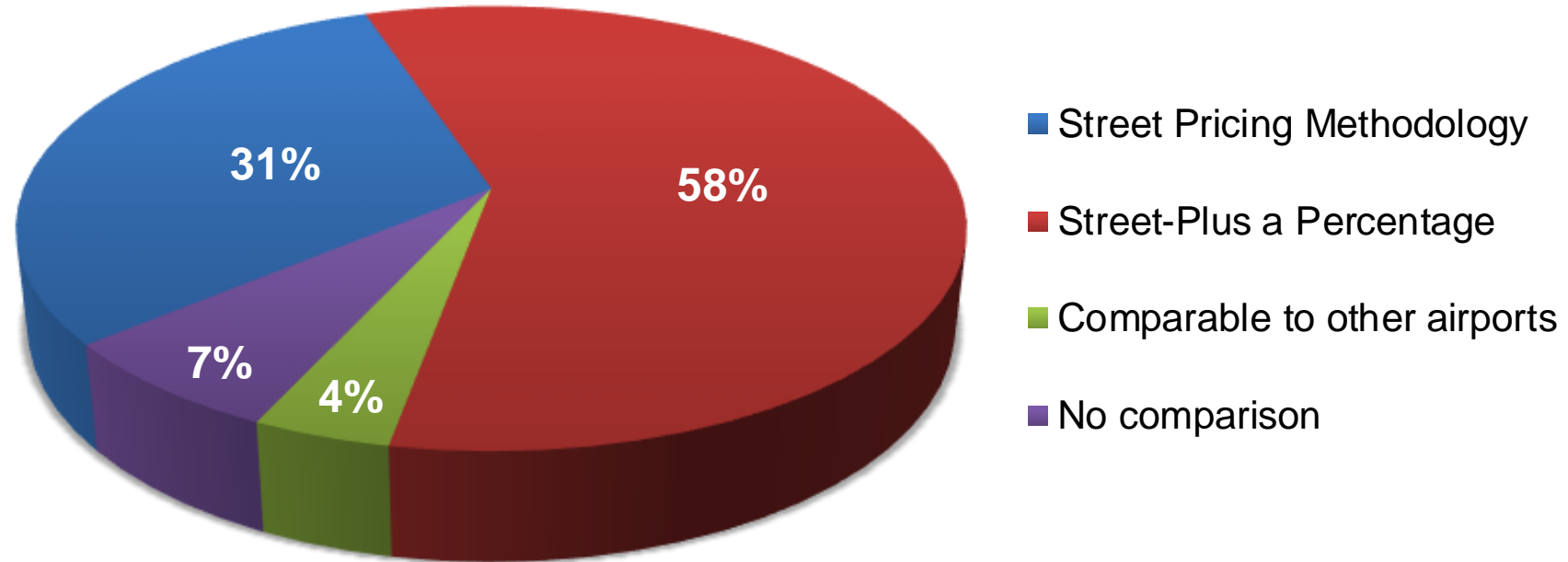
29%

Airports have food delivery/pick-up passenger mobile apps operate at the airport (e.g. Grab)

11%

Airports/concessionaires have common use stand-alone kiosks that allow passengers to order food within the terminal

Pricing Methodologies

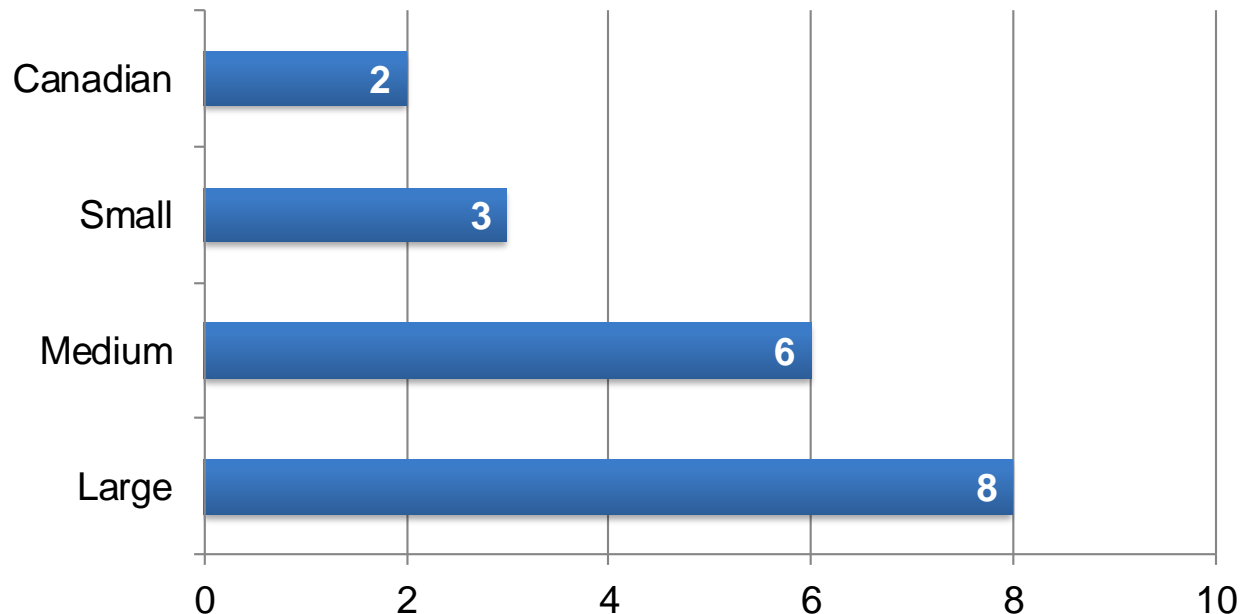


The majority of airports use street-plus or street pricing methodologies. These two pricing methodologies are used by 89 percent of responding airports. Only six airports have no comparison, all of which are small hub airports. Street pricing or street-plus pricing methodologies are often used in conjunction with other airports based on airport size or geographic location. 10 percent is the average amount for “Street Plus a Percentage”.

Central Distribution Center

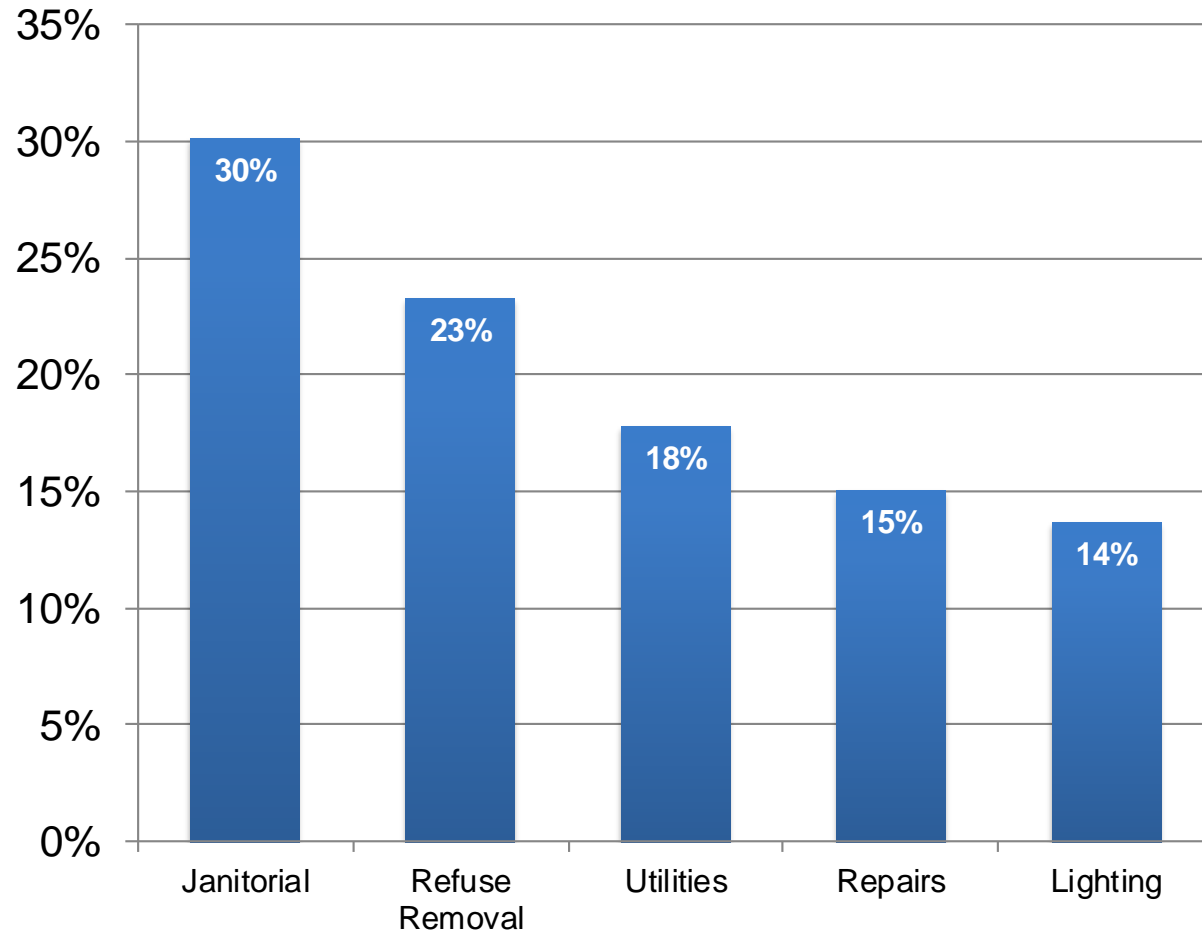
Central Distribution Center is defined as a location for the receipt, staging, and handling of most goods and supplies delivered to the airport and the distribution of the goods and supplies to all concessionaires, other tenants, and aviation departments as deemed appropriate, whether operated by an airport, third party tenant or other.

Number of Airports that have a Central Distribution Center



- Only 18 out of 76 airports have a Central Distribution Center.
- 72 airports have a **recycling program** for airport concessions
 - Both Airport & Tenant – 48
 - Airport – 19
 - Tenant – 5

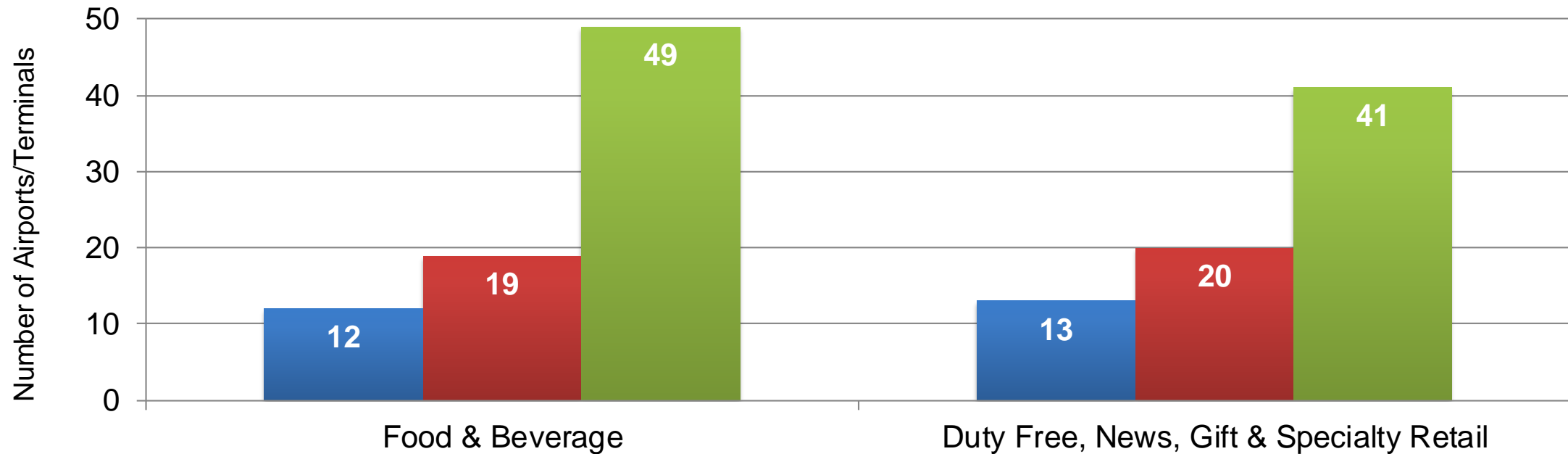
Common Area Maintenance Charges



- **Common Area Maintenance Charges** are paid to the airport or to another concessionaire as reimbursement for the maintenance of common (shared) areas, such as food courts.
- A large number of airports/terminals levy a Common Area Maintenance Charge on food and beverage concessionaire(s).
- The most common charge is for janitorial services, which accounts for 30% of all airports/terminals that levy this charge.
- Other Common Area Maintenance Charges include Refuse Removal, Utilities, Lighting and Repairs.

Refurbishment Requirements

■ No agreements have mid-terms ■ Some agreements have mid-terms ■ All agreements have mid-terms



Airport concession agreements usually have mid-term refurbishment requirements, particularly for Food and Beverage. Airports prefer mid-term requirements rather than annual refurbishment requirements for Food & Beverage and New, Gift and Specialty Retail.

Survey Data

- Use survey data with caution, because airports may have different reporting mechanisms.
- Choose your peers for comparison based on a number of factors such as airports size, hub status, and geographical location.
- When making decisions consider your local situation as well as what is going on nationally.
- Airports who participated in the survey are provided with an interactive database of key industry metrics and measures for benchmarking with peer airports.
- Airports will be able to filter raw data responses for all questions.

Participating Airports

Large Hub 23 Airports		Medium Hub 20 Airports		Small Hub 22 Airports		Non-Hub 2 Airports	Canadian 9 Airports
BOS	MCO	AUS	MKE	AVL	IWA	LAN	YEG
BWI	MDW	BUR	MSY	BOI	LGB	STS	YHZ
CLT	MSP	CLE	OAK	COS	MEM		YMM
DFW	ORD	CMH	PBI	ELP	MSN		YOW
DTW	PDX	CVG	PIT	FAI	MYR		YUL
EWR	PHL	DAL	RDU	FAT	PIE		YVR
FLL	PHX	HOU	RSW	GEG	RNO		YWG
IAH	SAN	IND	SAT	GRR	SAV		YYJ
JFK	SEA	JAX	SJC	GSP	SDF		YYT
JFK-T4	SFO	MCI	SNA	HSV	SRQ		
LAX	SLC			ICT	TUS		
	TPA						

Note: (*Separate Responses)

EWR– Terminal A&B

EWR– Terminal C

JFK– Terminal 4

JFK– Terminal 8

Definitions

Developer - Airport has agreement with a third party to develop/lease and manage the concessions without operating any directly. Developer invests in facilities directly.

Direct leasing - Airport leases individual locations or small groups of locations (no more than 3) directly with the operators.

Fast Food/Quick Service - Food is served at counters or is pre-prepared for "grab and go." Food may be quickly prepared to order, and may be branded or non-branded.

Fee Manager - Airport has agreement with a third party to develop/lease and manage the concessions without operating any directly. Fee manager does not invest in facilities.

Master concessionaire - Airport leases all food service concessions to a single operator, who may or may not also operate retail. The Master Concessionaire may sublease some of the locations to other operators.

National/International Brand - A brand that is marketed and distributed nationally/internationally.

News/Gift (also referred to as Convenience Retail, Newsstand or Sundries Retail) - A type of Concessions Operation that specializes in the sale of magazines, newspapers and other periodicals, candy, gum, snacks, sundries, magazines, paperback books and souvenirs. Some news/gift stores may sell hardcover books as part of its product mix, but such books are not the primary item offered. Single-serve canned or bottled drinks may also be sold at such locations.

Prime operator - Airport leases packages of locations to two or more operators, each of which has multiple locations (more than 3) within the airport.

Sit Down/Casual/Bar - Typified by table service, although there may be carry-away or "grab and go" components. Food is prepared to order and restaurants of this type often include a bar. Examples include TGIFridays, Carabbas, Outback, Max & Ermas, Chili's, etc.

Specialty Coffee - These venues focus on coffee & may offer other beverages as well along with pastries, bakery items or other light food. The venue may have take away items such as sandwiches & bottled beverages. Includes Starbucks, Seattle's Best, Peet's Coffee or a local specialty coffee concept.

Specialty Retail - A type of Concessions Operations that specializes in the sale of a particular category of consumer products such as clothing, sporting goods, electronics, travel accessories, books, leather goods and luggage, souvenirs, lotions and personal care items, and home accessories. Automated retail of a good that would generally be sold in specialty retail shops may also be included in this category; may be individual locations or small "stores-within-a-store" that are accounted for separately from the larger location. Stand-alone bookstores should be included as specialty retail.

Total Rent - Consideration received by the airport for the right to operate at your airport, not including fees paid for parking, security badging, deliveries, marketing, etc.



2019 ACI-NA Concessions Benchmarking Survey

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