11 THINGS YOU SHOULD KNOW ABOUT HOW PASSENGERS SHOP AT AIRPORTS
31% of non-aeronautical revenue comes from retail / F&B.

- North America: 15%
- Europe: 33%
- Asia - Pacific: 48%
- LAC: 39%
- Africa: 35%

Source: ACI Economics Survey 2011
BUT MOST AIRPORTS ARE NOT RUNNING DEDICATED RESEARCH ON RETAIL / F&B

- 64% of airports have no research or let concessionnaires manage retail
- 26% are strongly involved in retail development
- 6% do some research
- 5% stopped research

Source: Airport survey
WHAT TYPE OF AIRPORT WOULD YOU RATHER BE?
WITHOUT RESEARCH HOW CAN YOU HOPE TO KNOW:

1. Why passengers buy / don’t buy at your airport?
2. What levels of service your passengers expect?
3. How to get passengers to change their mind?

AND ULTIMATELY HOPE TO IMPROVE SHOPS AND RESTAURANTS AT YOUR AIRPORT?
THE TRUTH IS YOU CAN’T
THAT’S WHY AIRPORTS DKMA WORKS WITH HAVE ASKED FOR A SURVEY FOCUSING ON

AIRPORT SHOPS

AIRPORT F&B
IN 2012

13 OF THE WORLD’S LARGEST AIRPORTS SURVEYED OVER 20’000 PASSENGERS
AND WE’RE **EXCITED** TO SHARE WHAT WE LEARNED...
HERE ARE 11 OF THE RESEARCH’S MOST IMPORTANT FINDINGS
MOST PASSENGERS HAVE NO INTENTION OF PURCHASING BEFORE THEY COME TO THE AIRPORT.
BEFORE COMING TO THE AIRPORT:

- **F&B**
  - 35% of passengers had the intention of buying

- **NON-DUTY FREE RETAIL**
  - 14% of passengers had the intention of buying

- **DUTY FREE RETAIL**
  - 16% of passengers had the intention of buying

*Source: Airport survey of departing passengers*
HOW CAN YOU WORK TO MAKE PASSENGERS VIEW YOUR AIRPORT AS A PLACE TO PURCHASE?
PASSENGERS WHO COME TO THE AIRPORT WITH THE INTENTION OF BUYING ARE MORE LIKELY TO PURCHASE.
PASSENGERS WHO PLAN PURCHASES ARE MORE LIKELY TO BUY:

- **F&B:** 93% of passengers who had planned to purchase end up buying.
- **NON-DUTY FREE RETAIL:** 61% of passengers who had planned to purchase end up buying.
- **DUTY FREE RETAIL:** 58% of passengers who had planned to purchase end up buying.

Source: Airport survey of departing passengers
40% of passengers who come to the airport intending to purchase retail don’t buy
IT IS MUCH EASIER TO CONVINCE PASSENGERS TO BUY F&B THAN IT IS TO CONVINCE THEM TO BUY RETAIL.
To drive more sales, increase the number of passengers planning to buy

<table>
<thead>
<tr>
<th></th>
<th>Intended to buy</th>
<th>Of these, what percentage actually bought something?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>F&amp;B</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes:</td>
<td>35%</td>
<td>93%</td>
</tr>
<tr>
<td>No:</td>
<td>41%</td>
<td>31%</td>
</tr>
<tr>
<td>Undecided:</td>
<td>24%</td>
<td>62%</td>
</tr>
<tr>
<td><strong>Non-duty free</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes:</td>
<td>14%</td>
<td>61%</td>
</tr>
<tr>
<td>No:</td>
<td>69%</td>
<td>9%</td>
</tr>
<tr>
<td>Undecided:</td>
<td>17%</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Duty free</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes:</td>
<td>16%</td>
<td>58%</td>
</tr>
<tr>
<td>No:</td>
<td>71%</td>
<td>5%</td>
</tr>
<tr>
<td>Undecided:</td>
<td>12%</td>
<td>24%</td>
</tr>
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</table>

Source: Airport survey of departing passengers
ON AVERAGE, PASSENGERS SPEND 4 TIMES MORE ON DUTY FREE ARTICLES THAN THEY DO ON F&B.
AVERAGE PASSENGER SPENDS

<table>
<thead>
<tr>
<th>Category</th>
<th>Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>F&amp;B</td>
<td>$18</td>
</tr>
<tr>
<td>Non-Duty Free Retail</td>
<td>$33</td>
</tr>
<tr>
<td>Duty Free Retail</td>
<td>$76</td>
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</tbody>
</table>

Source: Airport survey of departing passengers
HOW MUCH ARE PASSENGERS SPENDING AT YOUR AIRPORT?
TO IMPROVE SALES PERFORMANCE AIRPORTS MUST GET BETTER AT CONVINCING PASSENGERS TO BUY
HOW CAN THEY DO THIS?

✓ Provide service which meets passenger expectations

✓ Fix the reason why passengers didn’t buy

✓ Make passengers change their minds
PROVIDING SERVICE THAT MEETS EXPECTATIONS
5. Passengers are more satisfied with duty free but this doesn’t necessarily translate into more sales.
AVERAGE PASSENGER SATISFACTION
(1 = POOR – 5 = EXCELLENT)

- F&B: 3.24
- NON-DUTY FREE RETAIL: 3.27
- DUTY FREE RETAIL: 3.40

Source: Airport survey of departing passengers
HOW CAN YOU INFLUENCE PASSENGER PERCEPTION OF YOUR COMMERCIAL OFFERING?
SATISFACTION WITH F&B IS DRIVEN BY **CHOICE NOT SERVICE**.
HIGHER SATISFACTION WITH F&B = MORE SALES.
THE MORE SATISFIED PASSENGERS ARE WITH F&B THE MORE THEY SPEND

Passengers who rate their experience with F&B as “Excellent” spend more than passengers who were less satisfied with the restaurants.

Source: Airport survey of departing passengers
MORE CHOICE IS KEY TO INCREASING PASSENGER SATISFACTION WITH F&B

WHAT IS MOST IMPORTANT TO PASSENGER SATISFACTION WITH F&B?

1) Menu selection
2) Selection of restaurants / bars
3) Quality of food and / or drinks
4) Speed of service
5) Value for money
6) Atmosphere of facilities
7) Friendliness of staff
8) Cleanliness of facilities
9) Availability of seating

Source: Airport survey of departing passengers
PASSENGERS ARE MOST SATISFIED WITH RETAIL STAFF BUT ARE DISSATISFIED WITH THE CHOICE OF SHOPS & PRODUCTS.
PASSENGERS WANT **MORE CHOICE, NOT NECESSARILY BETTER SERVICE**

<table>
<thead>
<tr>
<th>F&amp;B</th>
<th>What pax are most satisfied with</th>
<th>What pax are least satisfied with</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cleanliness</td>
<td>Choice of restaurants</td>
</tr>
<tr>
<td></td>
<td>Friendliness of staff</td>
<td>Value for money</td>
</tr>
<tr>
<td>Non-duty free</td>
<td>Ease of finding shops</td>
<td>Choice of shops</td>
</tr>
<tr>
<td></td>
<td>Friendliness of staff</td>
<td>Value for money</td>
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<td>Ease of finding shops</td>
<td>Value for money</td>
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</tbody>
</table>

Source: Airport survey of departing passengers
WHAT MIX OF RETAIL / F&B OUTLETS IS MOST SUITABLE TO YOUR PASSENGER MIX?
FIXING THE REASONS WHY PASSENGERS DON’T BUY
NOT BEING ABLE TO FIND WHAT THEY WERE LOOKING FOR IS THE MAIN REASON WHY PASSENGERS WHO HAD PLANNED TO BUY END UP NOT BUYING.
MAIN REASONS WHY PASSENGERS WHO HAD PLANNED TO PURCHASE RETAIL DID NOT:

- 53% did not find what I wanted
- 28% too expensive
- 9% did not want to carry
- 5% did not have time
- 2% queues too long
- 1% lack of choice
- 1% product quality

Source: Airport survey of departing passengers
HOW CAN YOU MAKE SURE THAT PASSENGERS FIND WHAT THEY ARE LOOKING FOR?
MOST PASSENGERS WHO ARE NOT PLANNING TO MAKE A PURCHASE SIMPLY DON’T WANT TO BUY.
MAIN REASONS WHY PASSENGERS WHO HAD NOT PLANNED TO PURCHASE RETAIL DID NOT:

- **70%** not interested in buying anything
- **10%** too expensive
- **7%** did not find what I wanted
- **7%** did not want to carry
- **3%** did not have time
- **1%** lack of choice
- **1%** queues too long

*Source: Airport survey of departing passengers*
IS IT POSSIBLE TO INFLUENCE PASSENGERS SO THEY CHANGE THEIR MINDS?
MAKING PASSENGERS CHANGE THEIR MINDS
HOW TO MAKE PASSENGERS CHANGE THEIR MINDS?

- Commercial offer
- Commercial area layout
- Passenger process
- Incentives/loyalty programs
- Branding
- Events

Making passengers change their minds
NEARLY ALL PASSENGERS WHO ENTER A RESTAURANT BUY SOMETHING VS. ONLY 1/3 OF PASSENGERS WHO ENTER A SHOP.
TO DRIVE MORE SALES YOU NEED TO GET MORE PASSENGERS INTO YOUR COMMERCIAL OUTLETS

% OF PASSENGERS ENTERING OUTLETS

% OF PASSENGERS PURCHASING

Nearly all passengers entering a restaurant purchase something, vs. only 1/3 of passengers entering shops.

Source: Airport survey of departing passengers
Dwell time is a key driver of passenger spending in retail / F&B.
HOW CAN YOU GET PASSENGERS TO SPEND MORE TIME IN YOUR COMMERCIAL AREAS?

Singapore Changi
KEY TAKEAWAYS.

1) Most passengers have no intention of purchasing before they come to the airport
2) Passengers who come to the airport with the intention to buy something are more likely to purchase
3) It is much easier to convince passengers to buy F&B than it is to convince them to buy retail
4) On average, passengers spend 4 times as much on duty free articles than they do on F&B
5) Passengers are more satisfied with duty free but this does not necessarily translate into more sales
6) Overall satisfaction with F&B offering is mainly driven by outlet selection and brands, less by service
7) Passengers are most satisfied with retail staff but are dissatisfied with the choice of shops & products
8) The main reason why passengers who had planned to purchase don’t is that they are not finding what they were looking for
9) Most passengers who are not planning to make a purchase simply don’t want to buy
10) Nearly all passengers who enter a restaurant make a purchase but only 1/3 of passengers who enter a shop buy something
11) The amount of time a passengers spends at the airport is a key driver of passenger spending
WANT HELP TRANSFORMING YOUR AIRPORT’S COMMERCIAL EXPERIENCE?

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