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TURNING PASSENGERS INTO SHOPPERS:

HOW TO MOTIVATE THE TRAVELING PUBLIC TO BUY

Stephen Freibrun, Managing Director of airport consultancy The Center for Airport Management, LLC, shares his insights into how to create an airport environment that effectively persuades travelers to stop and shop instead of walking straight to the gate and staying put until take off. CAM is a division of SH & E, the world's largest and oldest aviation consulting firm.

Once you have seen one airport, you have seen one airport. Each airport has a unique, distinctive set of passenger markets, all of whom use the airport differently, and have varying spend motivations and characteristics. Consequently, at the core of any solid concessions plan should be an understanding of the behavioral motivations of passengers. How do they move about? What are their dwell times? What are they buying and where, what aren't they buying and why?

Concessions Planning is not only a science, it is an art and at the root of this art is the study of passenger behavioral motivation. It is not entirely formulaic. It is not one million passengers equals "x" restrooms, and "y" stalls. It is in many ways a scientific process that requires an extensive database of sales productivity analyses by market segment, but effective concessions planning requires a complimentary understanding of what motivates passengers as well.

In some instances conditions are observed that motivate passengers to act in certain ways and then quality amenities planners can respond to the motivation and attempt to affect it.

Long-haul flights on airlines that provide minimal food service can motivate passengers to purchase food prior to their flight. The response to this behavior is to provide exciting, creative food venues that offer quality carry out. It is a cause and effect relationship.

The Center for Airport Management's amenities planning principles have, at the foundation, the study of passenger behavior and analysis, to convert travelers to shoppers.

There are five major principles, which

incorporate the latest trends and thought leadership in the industry. These include understanding the customer, deciding what they will buy, creating a shopping environment, motivating shopping behavior, and finally making it easy to buy.

Understanding the Customer

It is not enough to merely conduct an intercept survey and tabulate the demographics of the passengers. Sure it's important to know the ratio of males to females, age and household income, for example. More importantly, a comprehensive understanding of key passenger market segments will help form the foundation of amenities planning; segments like the mix of international and domestic passengers as well as the country of origin.

At airports like Miami, for example, an understanding of market segments is especially important due to the strong mix of international passengers from multiple continents. Shopping has been called America's number one participant sport and MIA knows this to be no different for many of their international passenger segments.

Travelers from different countries have different purchasing profiles, dependent on both the availability of specific brands and styles in their respective homelands, and any price differentials that might exist. The right product for the Japanese shopper is not necessarily the right product for a shopper from Hong Kong.

Other important market segments include the percentage of business versus leisure travelers, and connecting versus origin and destination (O&D) passengers. The O&D market cannot be grouped

together because the originating passenger, in essence a passenger from the city or region in which that airport resides, behaves differently than the destination passenger returning home. At O'Hare International Airport, a business traveler from the metropolitan Chicago area is unlikely to buy a Cub's hat on his way to Boston, but a Bostonian returning home might be more inclined to do so.

Stress is the number one barrier to shopping and dining

For many, airports can be a very stressful environment, yet it is here that we attempt to motivate shopping behavior amongst a group of people whose primary reason for being there is not to shop.

A passenger's stress level may be the biggest competitor to stores and restaurants. Because passengers are less likely to spend while stressed, CAM's focus during the amenities planning process is on creating environments that relieve the stress and fears of air travel with entertaining diversions in the right locations.

CAM also looks for opportunities to place concessions as close to hold rooms as possible to better leverage gate hugging travelers, who proceed directly to the gate and remain there for fear of missing their flight. Because more and more passengers will continue to congregate in the hold area as the boarding time approaches, locating concessions in close proximity to the hold room can yield additional last minute sales as well.

There is an interesting story that can be told about concessions/hold room interaction. Our study of passenger behaviors has shown that passengers need to remain "visually connected" to their

gates, monitoring boarding activities. Opening up food and beverage units adjacent or across from gates with café seating, for example, allows passengers to remain visually connected to the boarding activities at their gate. Rather than spending time in a capital expenditure seat costing the airline \$400, they can continue to dine, and spend money at a revenue generating seat that can, in essence, replace the hold room seat. Airlines may even be able to reduce the size of their hold room, thereby reducing their rates and charges. Similarly, retail units could build a glass wall with an entrance or window boxes when sharing a common wall with a hold room.

This is just one example of how passengers behave. As retail planners we have come to understand that behavioral shopping motivations in the airport are different than those in a mall.

A paradigm shift

In malls the necessities are the retail; food is the impulse. In an airport, news and food are the necessity, while retail is the impulse. When shoppers arrive at the mall, their intent is to shop. If they get hungry, they eat.

In an airport it is just the opposite. Passengers generally will look to eat before browsing through the retail stores. CAM has studied the behavioral hierarchy that helps passengers relieve stress, and have determined that passengers tend not to shop until they:

- Have their boarding pass
- Know where the gate is
- Know that the flight is on time
- Have checked voice mail or emails
- Have bought a newspaper
- Have bought food to satisfy hunger, not necessarily be entertained
- Have purchased duty free items.

Only then is impulse retail at the forefront of passenger minds. CAM has studied this unique phenomenon and considers such in its planning algorithms.

The importance of impactful design can't be forgotten either. Visual stimuli affect us powerfully. It is the strongest of the human senses. Visually appealing, open design promotes extended browsing and interior design can help reduce the inherent stress of air travel; best in class concessions programs can offer passengers a break from the turmoil of the terminal. Good design includes ensuring that individual



International Shoppes' post-security Boutique Row at JFK Terminal 1 is located near gates to provide passengers with a stress-free comfort level conducive to encouraging shopping.

concessions have adequate space and are easy to navigate. Fixture layout and easy to spot way-finding signage is critical to creating a comfortable shopping environment. Studies have shown that if a shopper is brushed from behind while looking over a shelf or rack of merchandise, he or she will immediately stop browsing, turning around to see what happened or check their purses or pockets for all of their belongings. This type of distraction may cause them to refocus on the time of their flight, causing some to abandon their browsing.

Understanding the customer is how travelers are converted to shoppers.

Determining what they will buy

In most airports there are as many as six different and distinct market segments. At Charles DeGaulle in Paris, for example, there may be US Tourists, European Tourists, business travelers, those with long dwell times, short dwell times connecting and O&D markets, among others. All of these markets must be analyzed and understood. They all have different spend characteristics and buying habits. For example, with designer fragrances, Carolina Herrera may have stronger appeal for the Latin American buyer, while Chanel has more pull with the Japanese.

The total square footage of the program and the sizes of stores must target the airport's distinct market segments. In an international airport with high dwell times for example, the percentage of space allocated to casual dining concepts versus walk-away should be increased.

In a Southwest Terminal, consideration is given to the percentage of space allocated to carry-out/quick service and packaging as no food service is provided, and there is a strong incentive for passengers to remain near the gate to ensure a front-of-the-pack position for the open seating policy used by this carrier.

The percentage of certain sub-types must target the airport's distinct market segments. The mix of necessity, demand and impulse items and services, the concepts, the locations, and finally the merchandise and price points all must target that airport's distinct market segments.

Determining what they will buy is how travelers are converted to shoppers.

Creating a shopping environment

Shops and restaurants need to be clustered together. A cluster or double loading of amenities creates enough of an impact to break potential customers out of their pre-determined stress induced habit of walking straight to the gate and then sitting down. Stress cannot be minimized with one store. A shopping neighborhood needs to be created, conveying to the passenger's subconscious that this is the place to shop or dine.

A density of shops and restaurants visually impacts the customers, and allows the passenger to realize that shopping is the norm. European airports like Frankfurt or Heathrow are great at this. The flooring, lighting, materials and colors must all be different to distinguish this shopping neighborhood from the terminal design.

Design criteria should be used to unify clustered concessions and create a visually separate, warm and inviting zone, apart from the terminal.

Planning store adjacencies

In planning adjacencies we'll look at a few things; using destination concepts to affect circulation, the male-female play and restrooms.

Concepts like newsstands and duty free are destinations. Passengers seek them out as part of the behavioral hierarchy of shopping. Therefore, they can be used to draw passengers from one end of a zone to another, especially where concepts with lower capture rates may be located.

Behaviors of couples have also been studied. It may be advantageous to place stores that will most interest men, like a Harley Davidson store, near stores that may most interest women, such as L'Occitane. This way couples can both shop rather than waiting for each other.

Stores located near restrooms may do particularly well as they offer the opportunity to shop while waiting for a companion. Often, men are found leaning against a wall while waiting for their female companion to come out of the water closet. Providing them with a wall-hugger kiosk provides a quick, impulse buying opportunity. A wall-hugger creates a shopping experience without leaving the public corridor.

Surrounding the shopper is how travelers are converted to shoppers.

Motivating shopping behavior

Unlike an off-airport mall where shoppers go with the intent of shopping,

passengers at an airport often arrive without any intention to shop, but they can be motivated to do so.

Converting passengers into shoppers can be done with the help of attention-capturing, impactful facades, and the use of shopping symbols.

The tenant design standards and criteria play an important role. An airport might have the most thoughtful concession plan, but if the storefronts are not interesting or inviting, the attention of a shopper will not be captured. Remember, retail shopping in an airport is impulsive, but that doesn't mean that the decision to enter a store should be made outside the store or restaurant.

Placing directories reminiscent of a shopping center's directories in the ticket lobby, bag claim and on the concourses is effective. It is suggested that distinctly different designs for the way-finding signage and the retail or "amenity awareness" signage be used. All concessions related directories and signage should be distinctively different from general airport way-finding signage.

Branding also stimulates shopping. Ensuring the appropriate mix of international and national brands is critical as well. Shopping behavior can be motivated with familiar, recognizable brands (either product brands, such as Coke, or operator brands, such as Burger King) or regional/local concepts like Powell's Books at Portland that tell a local story.

In airports today, brands are shorthand for definable quality or at least consistency.

American culture, like music and fashion, are also great motivators that

generate buying behaviors in and of themselves. This can be seen at Miami through the spending characteristics of the international passenger.

Local cultures can also motivate shopping. Airports need to bring a piece of the culture into their airports. Why must a vacation end at the hotel? In Las Vegas, slot machines at McCarran extend the gaming experience found on the strip.

The island culture of the Caribbean is also a key motivator. Look how many people come back from trips to the Caribbean with their hair braided. Would they get their hair braided in Cincinnati or Denver? On the islands, and in many other areas of the world, travelers are enveloped by the culture. It takes more than "I heart JFK mugs" to create a sense of place at the airport that tells a local story.

Lastly, the right products, like fashion apparel for example, can motivate shopping. A passenger from Japan may jump at the opportunity to buy Calvin Klein at more affordable US domestic prices. At CAM these are the types of concept and assortment considerations used to develop dynamic shopping environments. The duty free stores in Dallas change their merchandise depending on the destination of international flights at nearby gates.

Motivating shopping behavior is how travelers are converted to shoppers.

Making it easy to buy

In an environment where shopping is not something that is front of mind for many passengers, and most purchases are impulse in nature, it is critical that a concession program makes it as easy as possible for a passenger to buy. CAM's process focuses both the design and operational issues related to the four key factors that can make or break the shopping experience.

1. Open Access

Due to the smaller size of most airport concessions, access is key. The entrance should be open, well merchandised, uncluttered, with enough room for shoppers to easily enter and begin browsing. A customer, who may be in the mood for a magazine and a bottle of water, might decide against coming in to the shop if the storefront is cluttered with racks and there is not enough room to easily enter, or if a few other shoppers can effectively block access.



Boston Logan International Airport's impressive lobby welcomes passengers.

