



Diversifying Airport Revenue by
**CREATING UNIQUE
REVENUE
OPPORTUNITIES FOR
YOUR AIRPORT**

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Airports Are Funded On A User Pay Concept



***What is Changing?
How Much Users Are Willing (Or Able) To
Pay***

Airports Must Focus On Generating More Revenue From Non-Airline Sources

- ⊕ Airlines are less able now to pay for airport infrastructure than in the past
- ⊕ Airports must try to maximize non-airline revenue from both inside and outside the terminal
- ⊕ Forward looking airports must understand what is possible in terms of highest and best revenue use - *then proactively go after opportunities*

\$ Passengers



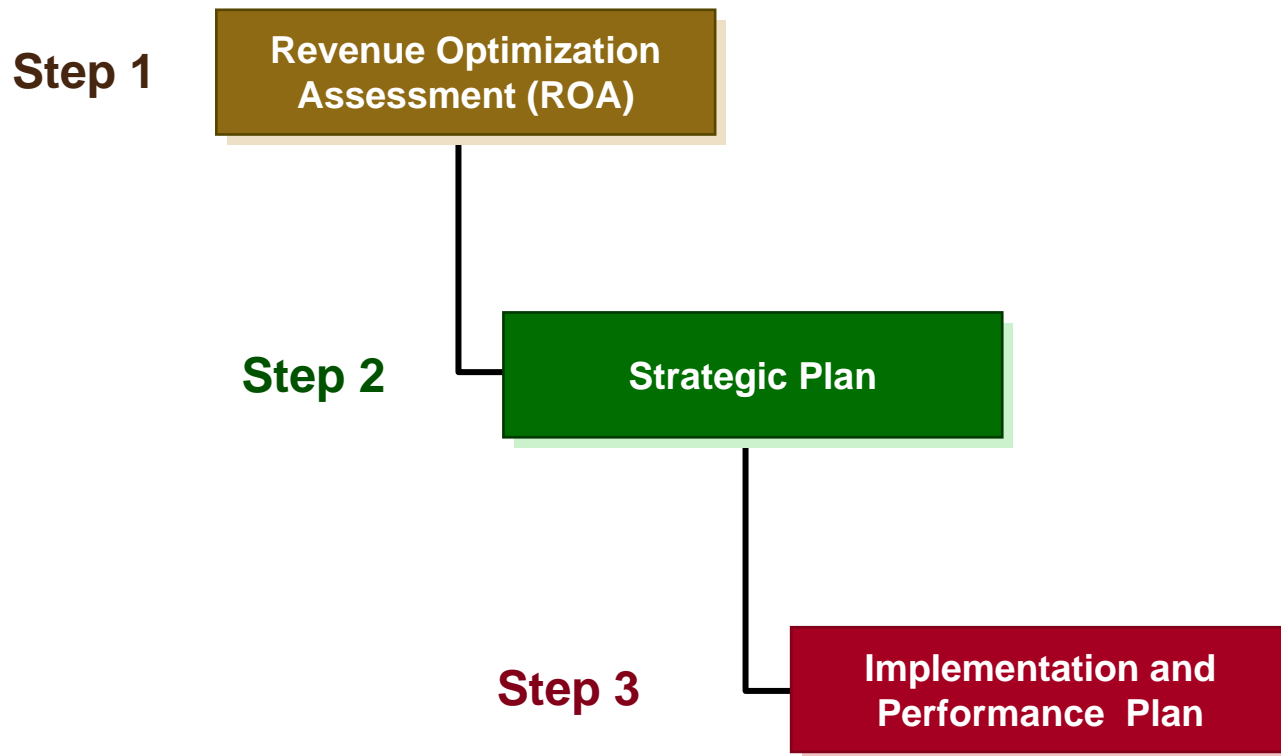
\$ Ground Tenants



SH&E/CAM Focus Is On Airport Business Strategy

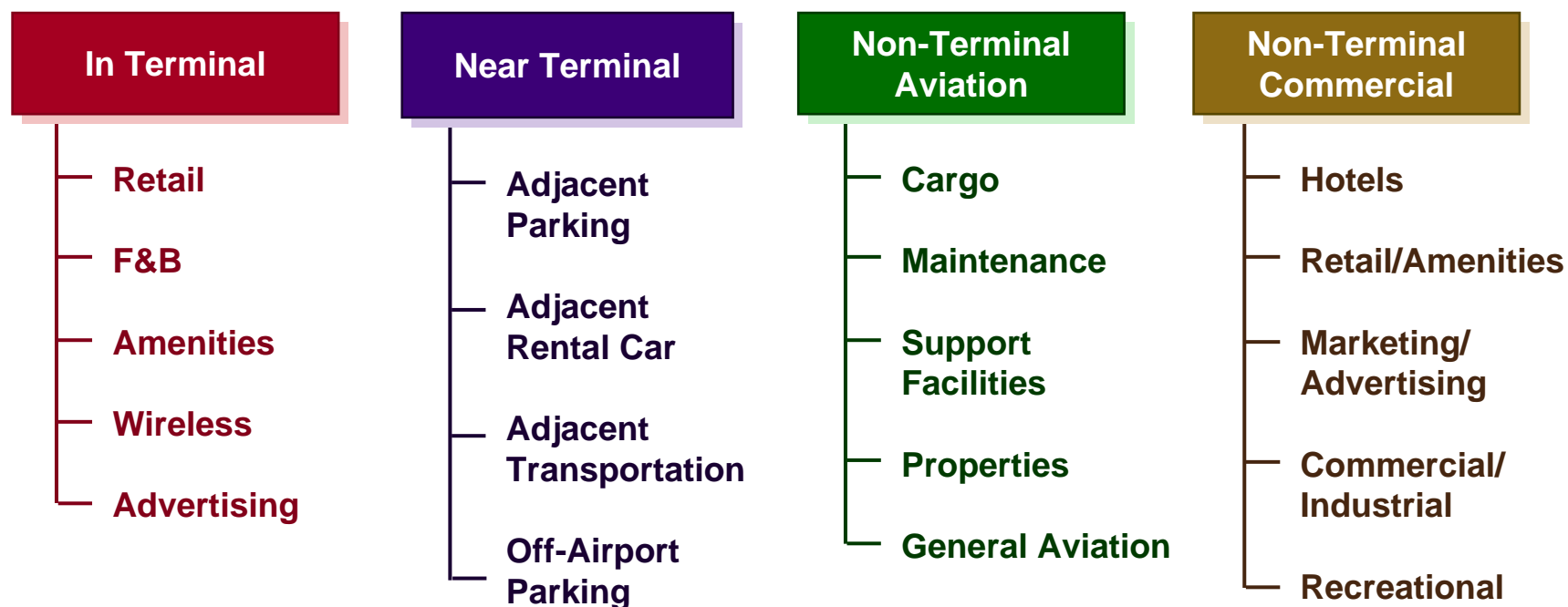
Airports Must Consider A Systematic Approach To Identifying And Optimizing Revenues

Revenue Optimization Is A Three Step Process

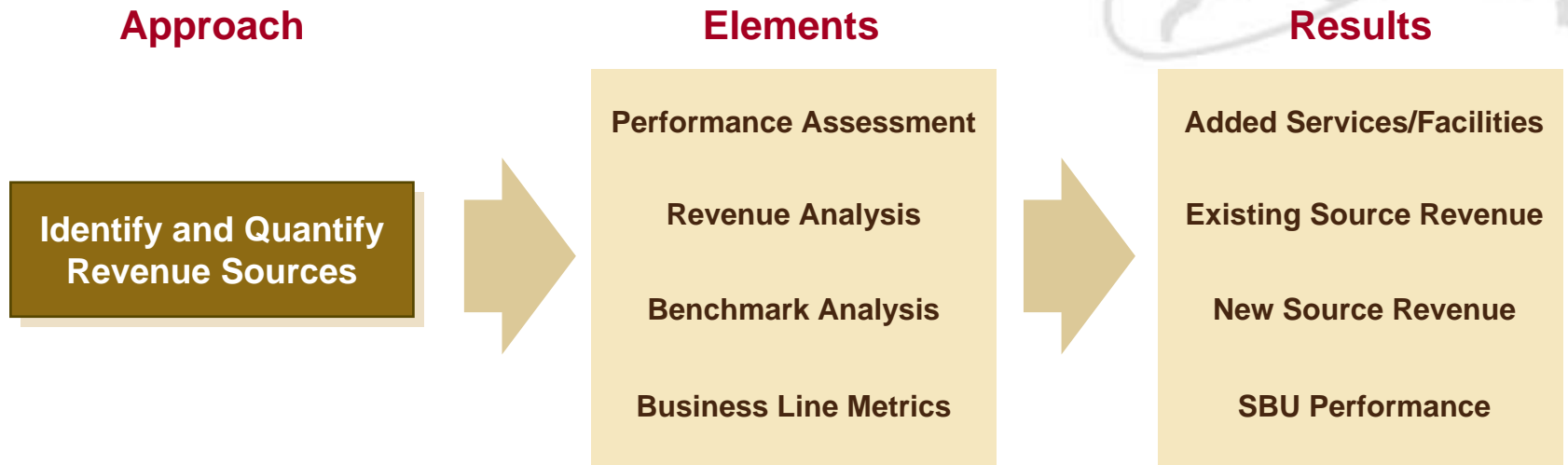


The Typical Airport Could Have As Many As 18 Separate Business Units

These Businesses Should Be Analyzed As Independent, Fully Allocated, Distinct Strategic Business Units (SBU's)



Step 1: Revenue Potential Assessment



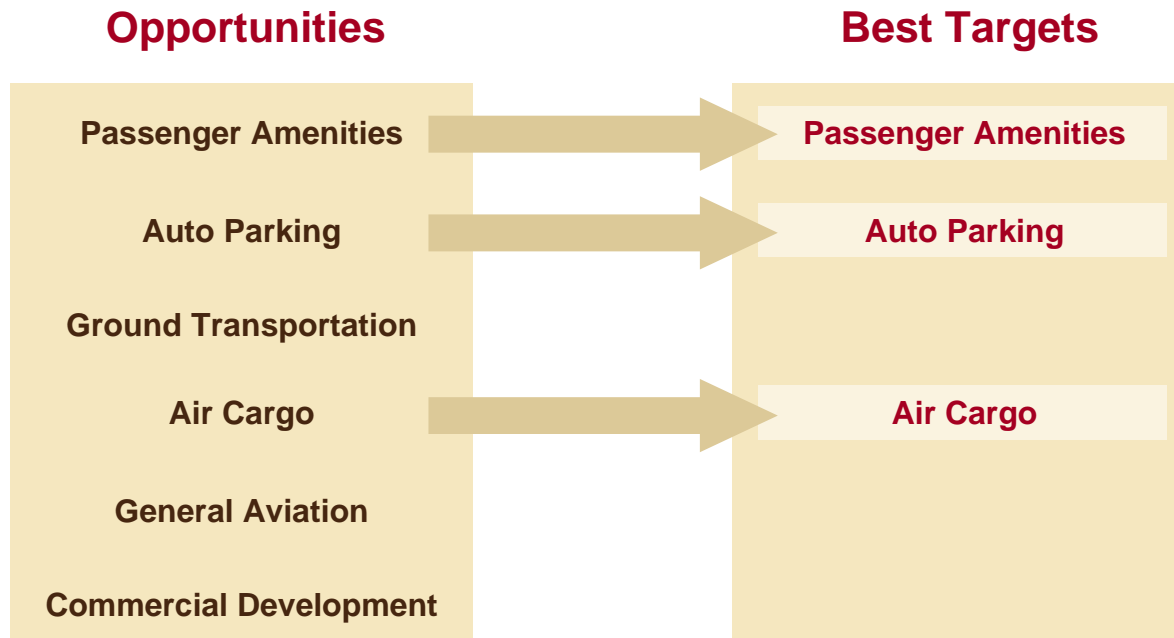
Outcome Of Revenue Assessment

- ➊ Identify potential to develop additional services/facilities
- ➋ Identify potential to increase revenue from existing sources
- ➌ Identify potential to increase revenue from new sources
- ➍ Measure and evaluate SBU performance
- ➎ In some cases, may confirm that your airport is doing a great job

Step 1: Revenue Potential Assessment (Cont'd)

Deliverables: What You Should Get From Your Revenue Assessment

- ⊕ SBU Product Line Analysis
- ⊕ “Revenue Opportunity” List
- ⊕ SBU Target List (from airport consultation)



Step 2: Strategic Plan



Deliverable

- ⊕ **Detailed SBU Business Plan For Each Target Product Category**

Step 3: Implementation Blueprint

Approach

**Critical Action Path
To Realize Revenue
Objectives**



Elements

Charting Action Steps

Timing and Phasing

Operating Performance
Standards

Performance Audits

Deliverable

- **SBU Action Plan and Timetable**
- **Operating Performance Standards**

Areas Where Airport Managers Can Take Action To Diversify Revenue



- **Temporary Carts & Kiosks**
 - Outposting
 - Licensing Agreements
- **Sponsorships**
 - Naming Rights
 - Branding
- **Vending**
 - Luggage Carts
 - Business Products
 - Entertainment (e.g. ipod music vending)
- **Access and Exclusivity Fees**
- **Special Event Revenue Opportunities**
 - Super Bowl
 - Conventions



- **Passenger Related**
 - Car Parking and Car Rental
 - Hotel and Conference Centers
- **Aviation Related**
 - Air Cargo
 - Aircraft Maintenance
 - Component Manufacture
- **Transportation Related**
 - Logistics
 - Distribution Centers
 - FTZ's
- **Business Related**
 - Industrial Parks
 - Retail and
 - Commercial Uses

How Does Revenue Diversification Work? *One Bite At A Time*

The Solution Is Not One Large Win – But A Focused And Deliberate Strategy From Multiple Project Initiatives Over Time

- ⊕ Think strategically
- ⊕ Think proactively
- ⊕ Understand your assets and competitive strengths and weaknesses
- ⊕ Identify under-utilized assets
- ⊕ Creatively reuse airport assets
- ⊕ Actively market yourself – *not just to airlines*
- ⊕ Be flexible – *e.g. risk and reward sharing in lease negotiations*
- ⊕ Stick with it! This is not a short term process