ACI Europe will focus heavily on airport retail at the 21st ACI Europe Annual Airport Trading Conference & Exhibition. The Exhibition, which takes place in Oslo today and tomorrow, carries the theme, ‘Engaging the air travel consumer to spend through technology and innovation’.

“This year’s theme reflects the ever-growing importance of commercial activities for Europe’s airports since revenues from aeronautical activities from airlines and passengers do not cover the cost of the airport infrastructure they use,” says ACI Europe.

According to the Airports Council, the latest figures indicate a cost under-recovery of €4 billion. “While airport retail has been an established element of the travel experience for many decades, airports have in recent years focused on developing wider commercial activities – as part of their transformation from mere infrastructure providers into fully fledged and diversified businesses,” adds ACI.
As a result, ACI understands that commercial revenues now account for an average 48% of total airport revenues. Although the recovery in air traffic experienced in 2011 saw 100 million more passengers travel through European airports, traffic now appears to be losing momentum.

This is the result of stalled economic growth across many parts of Europe and renewed fuel price inflation. Moreover, increasing airline pressures and the need to commercially incentivise air traffic are affecting aeronautical revenues.

Conversely, commercial revenues have shown a remarkable resilience in the context of the global financial crisis – growing by 15% in 2010 and adding more than €2.5 billion in revenues for airports.

This is the result of an increased strategic focus by airports on commercial activities within terminals and beyond.
ACI champions airport retail at Oslo conference

“In this regard, the growth in retail revenues (+27%) was complemented by equally dynamic growth in real estate & property revenues (+32%) and advertising (+27%), reflecting effective cooperation and alignment with commercial partners,” says ACI.

“Within the terminals, the diversity of the retail and services on offer, as well as the ability to deliver timely information to passengers, are intrinsically linked to the airport experience.

“Europe’s airports are actively innovating in this regard, as evidenced by the findings of the ACI Europe Digital Report 2012. However, the passenger experience is still suffering substantially from the impact of the restrictive and unfair ‘one bag rule’ being enforced on passengers by some airlines.

PAYING FOR AIRPORT INFRASTRUCTURE

Olivier Jankovec [pictured above], Director General ACI Europe commented: “Today, commercial activities are just as important as aeronautical activities for airports.

“This is what ultimately pays for the infrastructure – and our ability to invest and modernise is increasingly dependent on our offering in terms of retail, food & beverage and car parking as well as the management of our property portfolio and advertising.”

He added “But this is not just about money, it is also - crucially - about quality. Our range of commercial activities and services has completely redefined the airport experience – for the passenger, but also for the residents of our communities. It is a win-win on all fronts.”

HARNESSING THE POWER OF BRANDS
ACI champions airport retail at Oslo conference

TFWA President Erik Juul-Mortensen [pictured left] will be one of the keynote speakers at the Airport Trading conference. In his address on Wednesday 25th April under the title ‘Harnessing the power of brands to increase passenger spending’, Juul-Mortensen will comment on the crucial importance of brands to airport retail and the pivotal role they play in the overall non-aeronautical commercial balance.

He will highlight some of the many challenges faced by brands, including local and national regulations affecting the sale and promotion of certain products, and he will also demonstrate the need for a closer cooperation between the various stakeholders.

Drawing on over 30 years’ experience in duty free and travel retail, Juul-Mortensen will also suggest to delegates some directions for future development.