



Last week's ASUTIL Conference in Mexico City featured a comprehensive and impressive 'Report on Airports in Latin America' address by ACI World's Rafael Echevarne.

ACI's Economics and Programme Development Director said that out of the record 6.1bn global passengers in 2013, 492m (+4.8%) came from Latin America and the Caribbean (LAC). This compared with 1.981m in the top Asia Pacific region (+6.4%) and 1.710m in Europe (+2.6%).

North America (+1.3%), Africa (-0.6%) and the Middle East (top growth rate at +10%) completed the global picture.

According to ACI's latest data, the top 10 airports by millions of passenger in the Latin America and the Caribbean (LAC) region were as follows: São Paulo Guarulhos (GRU) 36.2m; Mexico City (MEX) 31.5m; Bogota El Dorado (BOG) 25m; Rio de Janeiro Galeão (GIG) 17.3m; São Paulo Congonhas (CGH) 17.1m; Brasilia (BSB) 16.6m; Cancún (CUN) 16m; Santiago Chile (SCL) 15.3m; Lima, Peru (LIM) 14.9m; and Caracas, Venezuela (CCS) 12.2m.

He said that there are parallels to what has happened in all of these countries, with Mexico doing very well and Colombia growing at a very fast pace. He said Venezuela was growing quickly, but added that the numbers did not seem very 'trustworthy'. *[Great no-nonsense transparency from Echevarne-Ed]*.

SLOWER BRAZILIAN GROWTH

He added that Brazil has also grown fast, but not as quickly as the other BRICS countries, although India has also dropped off. Based on ACI's passenger forecast between 2014-18, Latin America and the Caribbean are expected to grow by (+5.6%), compared with a global growth rate projected at +4.6%.

Other regional projected growth rates around the world see Asia Pacific and the Middle East both on +7.0%; Africa +5%; Europe +3.3%; and North America +1.9%.

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aeronautical/commercial sources of airports' income are at a relatively low ratio of 36%.

Just in case anyone in the audience was getting carried away, Echevarne then repeated a crucial point he has made before, that 67% of the world's airports currently lose money. He qualified this by pointing out logically that this is because the majority of these airports handle less than one million passengers a year.

By contrast, he said that huge airports earn a lot of money, so covering the others and the main job in hand now is to develop those airports that do lose money.

Based on fiscal year 2012 figures, Echevarne said that Latin America and the Caribbean (LAC) non-aeronautical/commercial sources of airports' income stood at a relative low ratio of 36%.

By comparison the contributions at airports in other regions of the world were as follows: Asia Pacific (50%); Middle East (45%); North America (43%); Europe (41%); and Africa (31%). The global division between non-aeronautical/commercial and aeronautical income was estimated at 43/57% in 2012.

DUTY FREE IMPORTANCE

The importance of duty free revenue to airports in their respective regions in fiscal 2012 (excluding Africa) was as follows: Asia Pacific (58%); Latin America and the Caribbean (50%); Europe (48%); and North America (28%).

Positive Latin outlook, says ACI's Echevarne

Echevarne said that the importance of retail and duty free non-aeronautical revenue remains crucial and especially in the area of infrastructure funding. He said the duty free sector also contributes strongly to the airport experience, as is well understood. If duty free and travel retail was eliminated then most airports would show a deficit, he added poignantly.



Turning to sources of non-aeronautical revenue by

category split estimated at ACI airports in FY2012, Echevarne said the world split for all of its airports questioned was as follows: retail (29%); F&B (5%); car parking and rent (27%); property (20%); advertising (4%).

By contrast, retail accounted for 29% at Latin American and Caribbean airports, followed by F&B at 7%; car parking and rents 11%; property 19% and advertising 5%.

Echevarne described the expansion of the retail component share to just 29% of all non-aeronautical revenue in Latin America and Caribbean as 'somewhat timid', although he believes this is changing.

Turning to average US dollar per passenger income, he showed that the world average at airports in FY2012 was \$2.12, with Europe leading the other regions with \$3.50, followed by Asia Pacific (\$3.18);

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Africa (\$1.94); Latin American and Caribbean (\$1.44); and North America (\$0.44).

GREAT LATIN POTENTIAL

As Echevarne says, there is great potential remaining in LAC since it has one of the lowest per passenger retail incomes in the world at \$1.44. This is even more so when examining unit duty free income where the world average came out at \$0.97c.

Once again, Asia Pacific led the rest with \$1.83, followed by Europe with (\$1.68); Latin American and Caribbean (\$0.72c) and North America (\$0.12c). There was no spend data available on the Middle East or Africa in this sub-section of analysis.

In terms of unit space retail income relating to US dollars per square metre per day, the world average was \$6.41, with Asia Pacific coming in at \$17.43, followed by Europe with \$13.89. Africa came next with \$7.32; North America (\$3.80); Middle East (\$1.31); and Latin American and Caribbean (\$1.19). Latin America and the Caribbean had the lowest spend in the world in this category.

Looking at the 'key issues with airport shopping', Echevarne listed these as the airport as a shopping destination; turning passengers into shoppers; and providing products/services passengers want.

Taking all of the airports together, he showed that those passengers who responded to surveys saying that they had the intention to buy duty free accounted for 25%, non-duty free 14% and F&B 35%.

SOME WORRYING RESPONSES...

As Echevarne noted, the reasons given by passengers for not buying are 'a bit worrying', since 50% of those asked why they did not respond that they 'didn't find what I wanted'. By contrast, 27% said the products were too expensive and 7% said they didn't want to carry the goods.

While also not specific to any one region, but the world as a whole, passengers said the different categories they were most satisfied with in duty free shops and non duty free shops were the friendliness of staff; the ease of finding the shops; and the speed of service. However, they were least satisfied with the choice of products, shops and value for money.

Considering the big aforementioned negatives noted by ACI's survey findings above (i.e. 50% not finding what they wanted and 27% finding products too expensive...) Echevarne's closing comments were a little more reassuring.

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He said that on an annual basis amongst the total survey sample, ACI is noting that an increasing percentage of passengers are generally more satisfied and this includes the areas of overall satisfaction, shopping facilities, value for money shopping; F&B; and value for money.

Concluding his excellent presentation, Echevarne said that the goals ahead now include growing the potential revenue, alongside the great challenge of how to help smaller airports generate more income and with this the commercial potential in Latin America.

TRB BUSINESS