



THE TRINITY FORUM 2022

ACI Workshop Customer Experience and Non-Aeronautical revenue

Facilitators



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Customer Experience (CX) Management

What is it and why it matters?
ACI's CX Management Tools
Trends and best practices

Krystyna Pokholchuk

Manager, Customer Experience Accreditation
ACI World



“Customer Experience is...

what executives say they are focused on when they think no one will look closely.”

Joe Pine



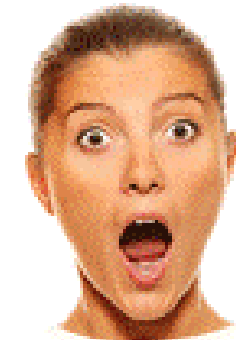
“Customer Experience is...

is the sum total of customers' **perceptions** and **feelings** resulting from interactions with brand's products and services.

Experience is personal and emotional

Customer experience - the **perception** that customers have of their interactions with an organization.

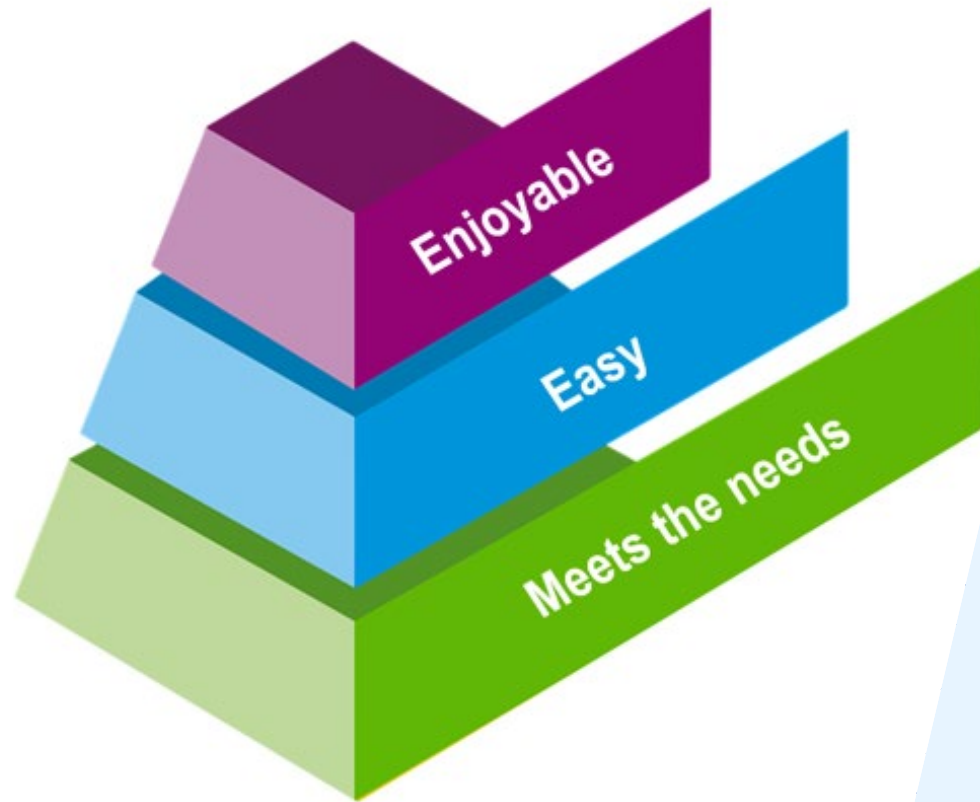
- Did they accomplish their goal successfully?
- How much effort they put in accomplishing the goal?
- How did they feel during (and after) the interaction?



The Customer Experience Pyramid

Emotion that your customers feel is more memorable than any products or services

**Emotional
connection
made**



« Wow, I felt good about that »

« I didn't have to work hard and I will probably come back »

« I accomplished my goal but there is nothing special about it »

*Emotion creates a memory and
memory is a hallmark of experience.*



Creating emotions, making memories...



YOUR CALL IS IMPORTANT TO US

All of our representatives are currently busy. Please stay on the line, as calls are taken in the order they are received





Customer experience management

is the practice of consciously designing customer experience, it's a system of strategies, practices and tools that focus on customer engagement aiming at continuously meeting and exceeding customer expectations and, **thus, increasing customer satisfaction, loyalty, and revenues.**

Customer Experience Management

Why is it important?

More than

70%

of world organizations focusing on the improvement of customer experience

source: Forrester Research

50%

of consumers are likely to switch brands if a company doesn't anticipate their needs

source: Salesforce

Customers are likely to spend

140%

more after a positive experience than customers who report negative experiences

source: Forbes

86%

of buyers are willing to pay more for a great customer experience

source: PwC

65%

of consumers say that a positive experience is more influential than advertising or marketing

source: PwC

Customer Experience Management

Why is it important?



58%

of consumers have ended their relationship with a company after poor customer experience

source: Genesys



45%

of respondents said brands today rarely live up to the promises they've made

source: Brand Experience Agency
Jack Morton



49%

of internet users share a bad customer experience on their social media pages

source: Zendesk

"If you make customers unhappy in the physical world, they might each tell six friends. If you make customers unhappy on the internet, they can each tell 6,000 friends."

Jeff Bezos



Customer Experience Management

Why is it important?

The ways airports can grow NAR



**source: ACI Research Report:
Does Passenger Satisfaction increase Airport non-aeronautical revenue?*

- **Number of Passangers**

increase of **1%** in the number of passengers leads to a growth of non-aeronautical revenues ranging from **0.7% to 1%** - contributing a proportional growth;



- **Impact of Size of Retail Area**

increase of **1%** in the physical size of the floorspace of the airport's commercial area leads to a growth of non-aeronautical revenue of **0.2%**;



- **Impact of Customer Satisfaction**

increase of **1%** in passenger satisfaction, as defined in the ASQ Survey, generates on average a growth of non-aeronautical revenue of **1.5%**.



ACI's Customer Experience Management Model



ACI Airport Customer Experience Accreditation

Multilevel accreditation developed by Airports Council International (ACI) to guide airports to excellence in customer experience management, improve communication with stakeholders and public, and unite airport community



360° view of customer experience management



ACI Customer Experience Accreditation

Airport Customer Experience Management Model



8 Airport Customer Experience Management Model **DOMAINS**

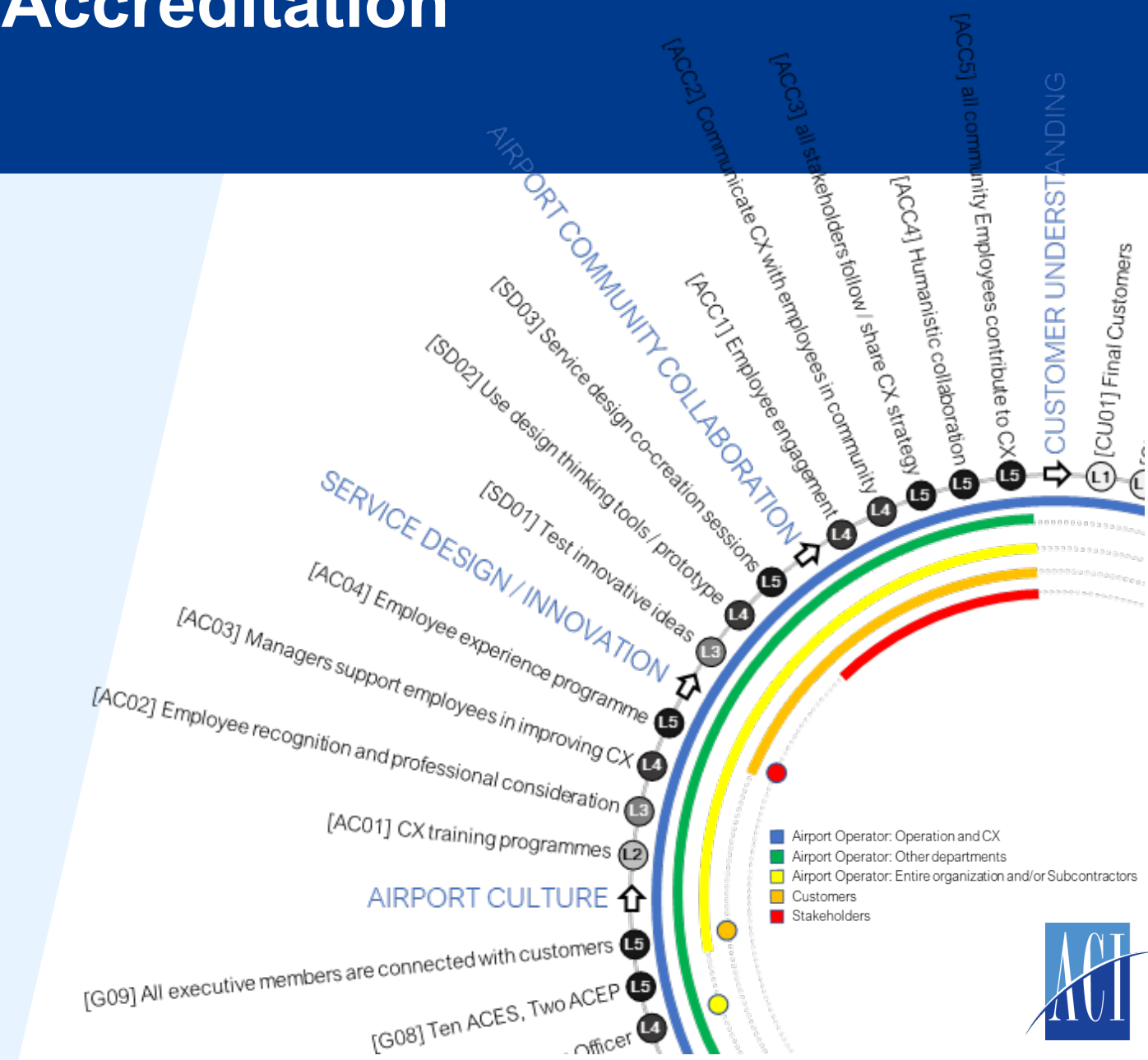
54 PRACTICES designed from the 8 domains and correlated to one another

The Airport Customer Experience Professional Designation is included as part of Accreditation process



ACI Customer Experience Accreditation

54 PRACTICES
From the 8 Domains are correlated to each other



ACI Customer Experience Accreditation

1-5

REMOTE

Airport completes assessment form, ACI verifier reviews and sends back with comments

4,5

ON-SITE

On-site visit with series of interviews with airport employees in charge of CX practices



ACI Customer Experience Accreditation

Direct impact on customer satisfaction

Helps airports reach new heights in terms of customer satisfaction, providing a direct impact on ASQ results

Long-term plans

Helps airports identify the new practices they should develop in short- and long-term plans, in order to reach the next level of accreditation

Airport community stakeholder engagement

Constitutes an opportunity to engage stakeholders in improving customer experience at the airport

Communication and management tool

Designed to enhance CX management and improve internal communication, and communication with public

360-degree view of airport CX management

Enables those in charge of customer experience at the airport to have a comprehensive view of all customer experience-related activities

Learn more about this accreditation program



Return on Experience (ROE)

Return on Experience (ROE) becomes the new Return on Investment (ROI)



Financial Growth

Employee engagement

**Productivity Gains
+
Cost Savings**

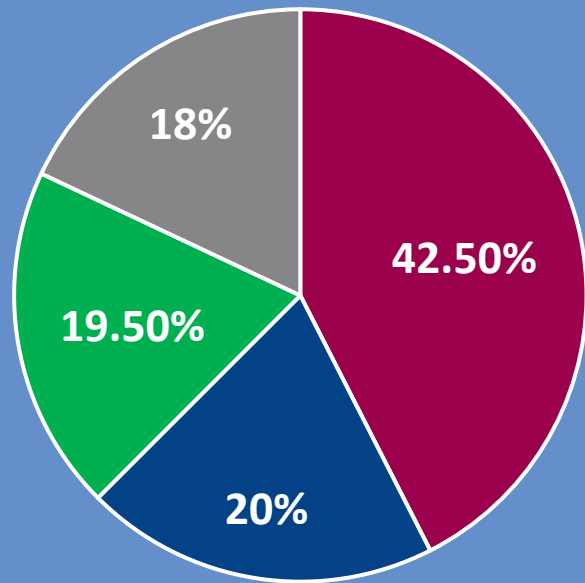
Customer Loyalty

Global Passenger satisfaction drivers

Where to invest to improve customer experience?



Impact on Passenger Satisfaction – Globally



- Service environment/ Atmosphere factor - 42.5%
- Dwell time: Retail & Food and beverage - 20%
- Other (Security process, Acessibility) - 19.5%
- Human Factor (whole Airport community) - 18%

Marginal impact: dimensions with the best ROI, not the most important dimensions but those that influence satisfaction the most.

* Marginal Impact Analysis based on ACI ASQ Departures survey



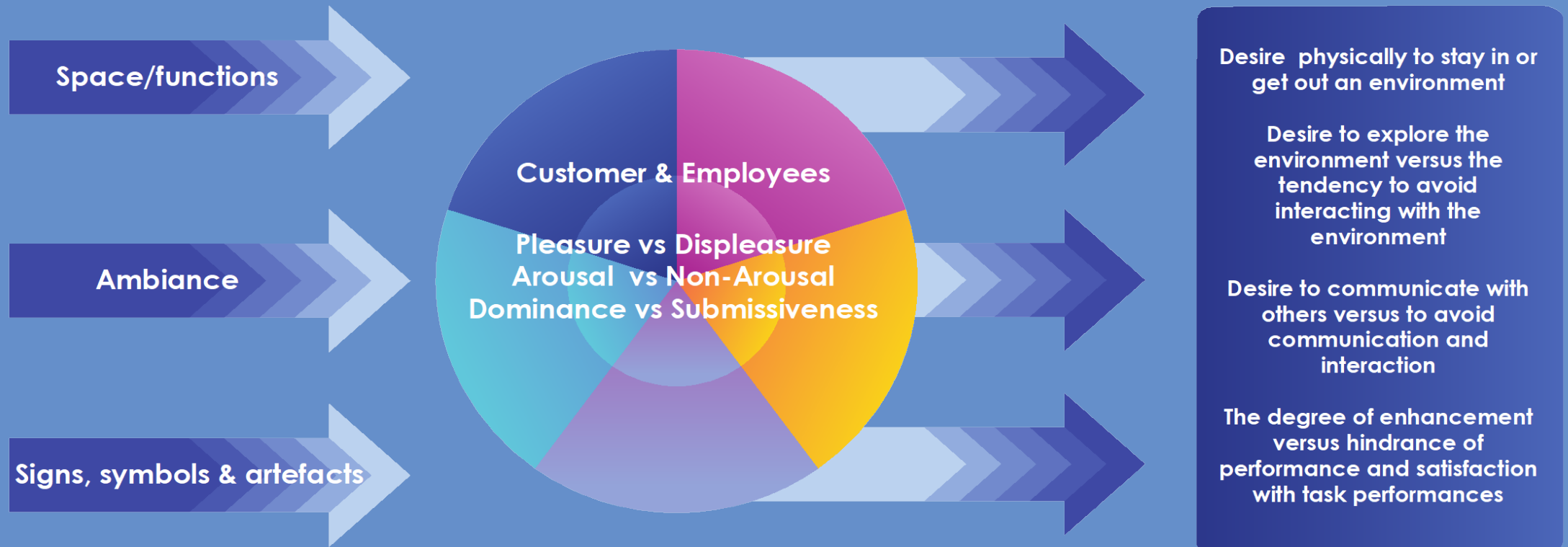
Environment impacts Customers and Employees

Environmental psychology approach

Environmental stimuli

Emotional states

Behavioral responses



* Adapted from Mehrabian - Russel

Global Passenger satisfaction drivers

Where to invest to improve customer experience?



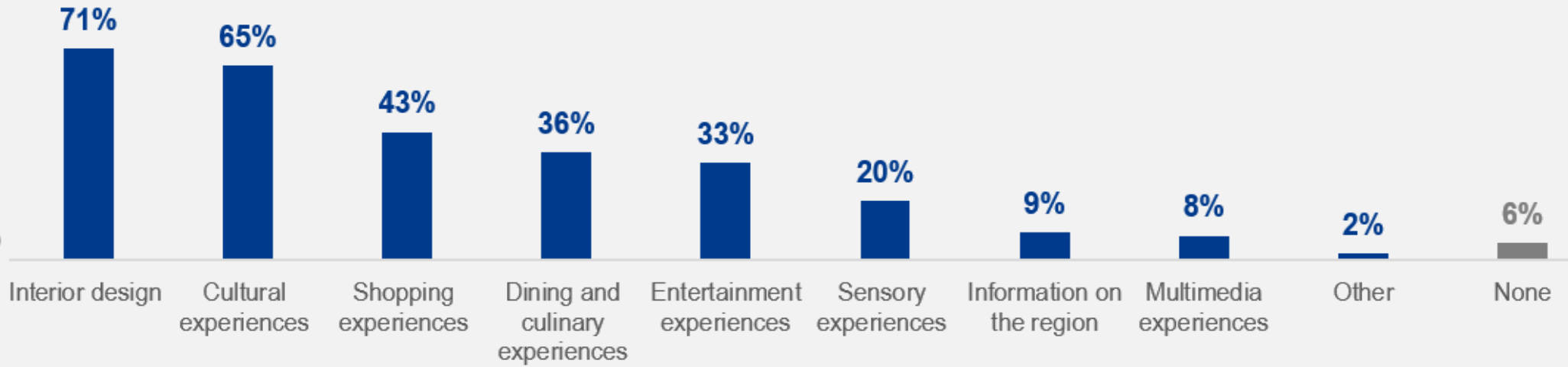
73%



of airport respondents think that **waiting time and efficiency of the processes** have the most impact on the arriving passengers' experience*

ASQ Arrivals survey, however, shows that a **pleasant ambience** in the airport at arrivals has just **as great of an impact on the overall experience** as the waiting time linked to the processes**

How do airports bring a sense of place to welcome passengers?



*86 airports have participated in the survey. A snapshot survey is a brief survey of ASQ members, to explore trends on specific topics.

** Arrivals Survey, Q3 2019 results with 12 participating airports.



Sense of place

Interior design, cultural experiences, shopping and culinary experiences, entertainment...



Ambience and CX management

Best Practice: Customer Experience positioning



Customer Experience Positioning should be part of your Customer Experience Strategy!

It is the set of specific **feelings** that you want your customers to experience in relation to your airport or brand. This is what differentiates you from competitors, what makes your airport or company unique. It is connected to your brand promise and should be communicated to employees by means of a sentence or key words so that they can deliver it.

Customer Experience Positioning

Example from Tallin Airport

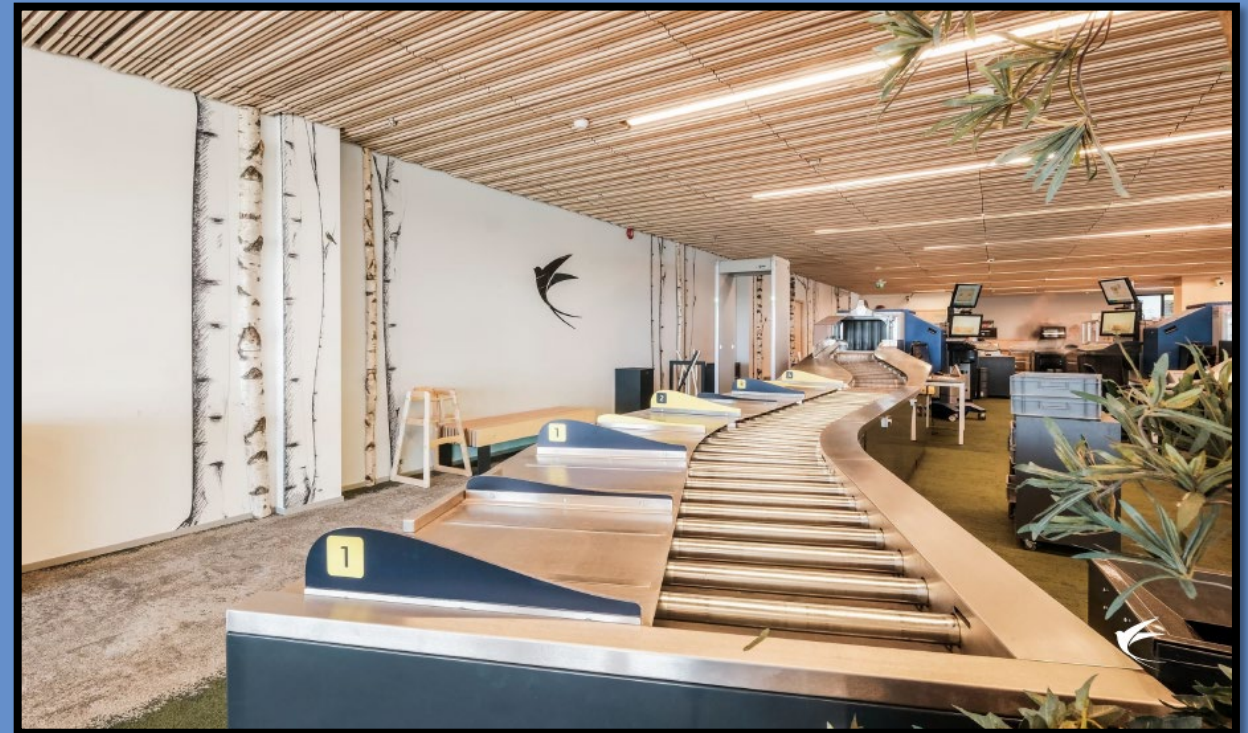
World's Coziest Airport



A **brilliant strategy** and excellent execution of **positioning the customer experience** in a way that made this airport experience **truly unique** and transformed (what can be perceived as) limitations into its **strength**.

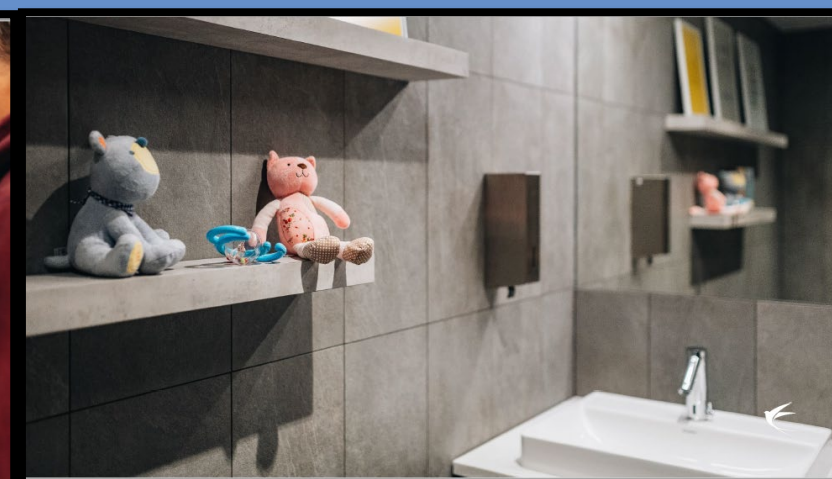
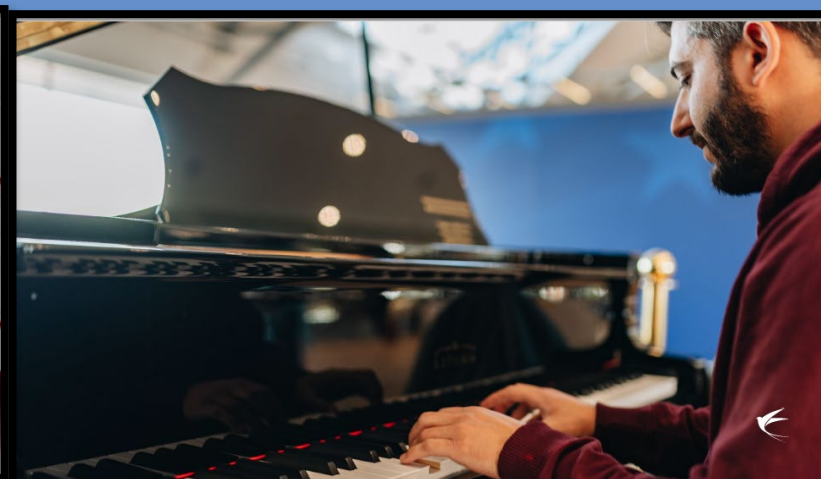
Customer Experience Positioning

Example from Tallin Airport



Customer Experience Positioning

Example from Tallin Airport



Customer Experience Positioning

Example from Tallin Airport



Customer Experience Positioning

Example from Tallin Airport

LAKE AND SHARE

Through the cosi**EST** airport
to the wildest nature

#Estonia #Tallinn

Tallinn
Airport 

Results:

- ✓ Increase in ASQ satisfaction scores
- ✓ 2,2 x less complaints about security screening
- ✓ Positive impact on sales in stores and Duty-Free

ASQ Customer Experience Solutions



+ Advisory services on customer experience management & delivery, marketing research...

Customer Experience Solutions

ASQ Departures Survey



- ✓ 31 satisfaction items
- ✓ 5 emotions
- ✓ 2 overall items
- ✓ 3 passenger profiling questions
- ✓ 2 open-ended questions

ZZZ – Airport Performance Key Highlights – Q1 2022



Overall Satisfaction: 3.94

Overall Experience: 3.86

Overall Satisfaction by Traffic Type



Overall Satisfaction by Reason to Travel



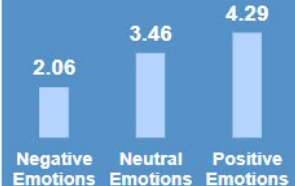
Category Scores



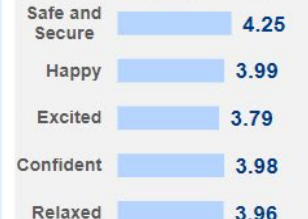
ASQ Indexes



Overall Experience by Emotional State



Passenger Emotions



ASQ Departures Survey Barometer

Global snapshot of airport customer experience satisfaction levels



BAROMETER

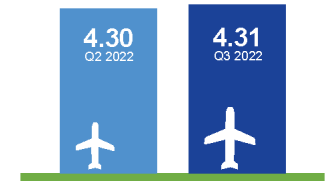
Q2 2022 vs Q3 2022

Global snapshot of airport customer experience produced by ACI ASQ



Overall satisfaction WORLDWIDE Passengers' overall satisfaction remained stable in comparison to the previous quarter (Q2 2022).

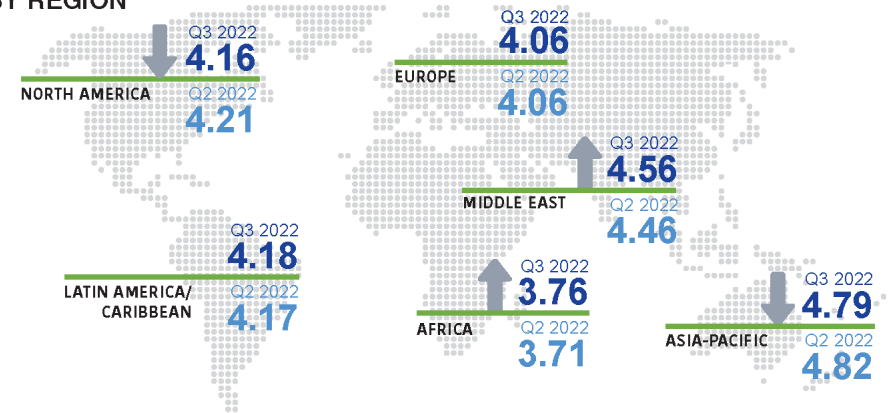
Following an important decrease from Q1 2022 to Q2 2022, passenger satisfaction remained stable in Q3 2022 as reflected at most steps of the airport journey. Despite the apparent stability of global results, some volatility is observed between regions and airport size categories. Across regions, significant improvement is seen in passenger satisfaction in Africa (+0.05) and Middle East (+0.1) whereas Asia-Pacific (-0.03) and North America (-0.05) witnessed a decline. Passenger satisfaction in Europe and Latin America remained stable. While the <2M mppa (+0.03), 15-25 mppa (+0.05) & 25-40 mppa (+0.02) airport size categories significantly improved their overall satisfaction score in Q3 2022, the 5-15 mppa (-0.02) category is the only one that suffered from a significant decrease over the period.



Satisfaction BY CATEGORY



Overall satisfaction BY REGION



ASQ Customer Experience Solutions

ASQ Commercial Survey



3 areas of commercial offers are covered in this survey:



Duty/tax-free Shops
(do not charge taxes - not limited to duty-free concessions)



Shopping facilities
(shops where taxes are chargeable)



Restaurant/eating facilities
(bars, coffee shops, quick serve and casual restaurants)

24

Satisfaction
KPIs

What drives satisfaction and influence buying in your airport?

5

Commercial
KPIs

What is the proportion of passengers visiting your commercial offer?
What is the conversion rate and the amount spent per category?

12

Passenger Profile
Questions

Which passengers are spending and in which category are they spending?
Which segment to target?

ASQ Customer Experience Solutions

ASQ Commercial Survey



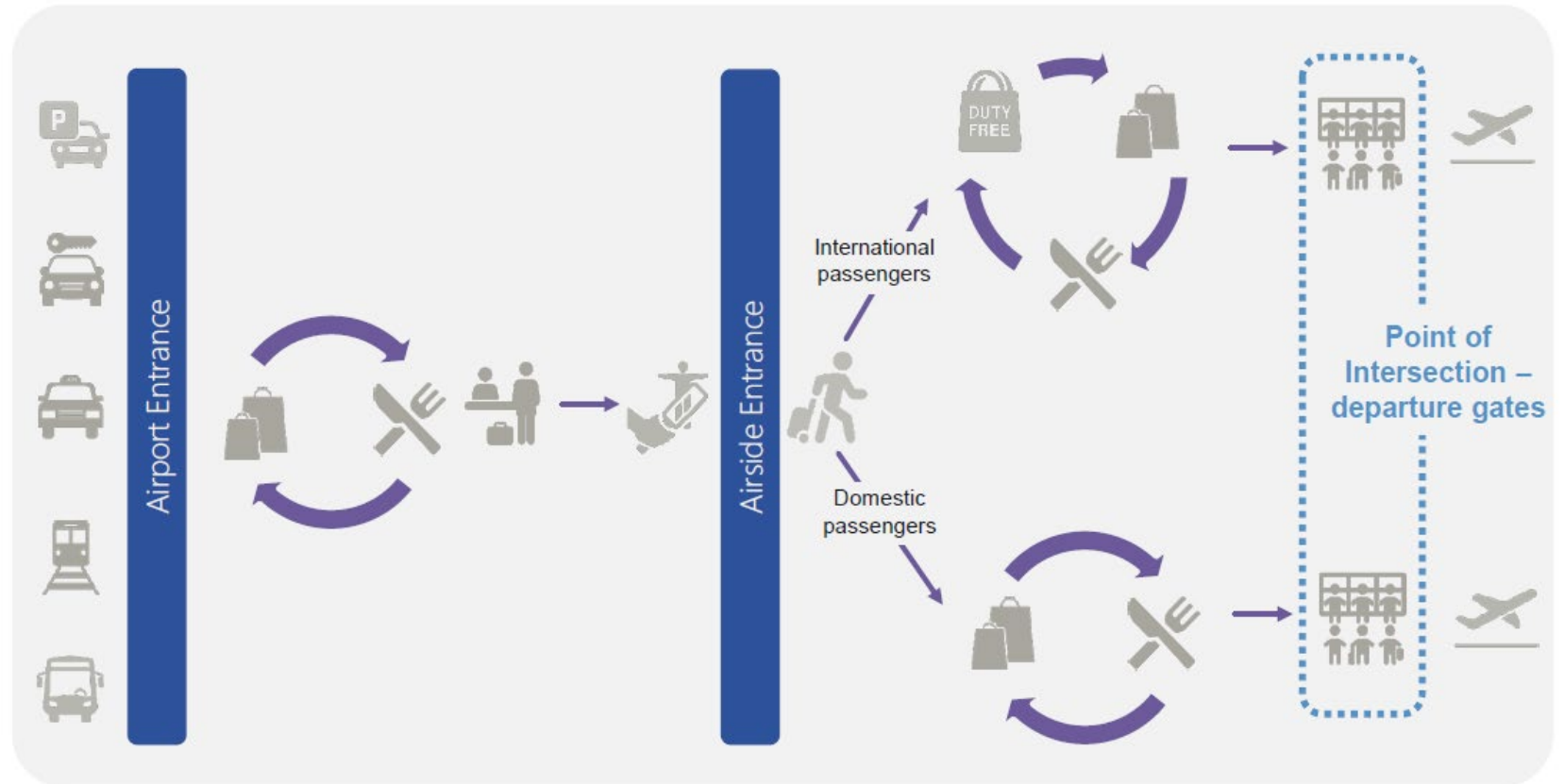
Takes place in **REAL TIME**, while the experience is still fresh in the passenger's mind.



Sample size: **350** minimum completed questionnaires with visitors per quarter.

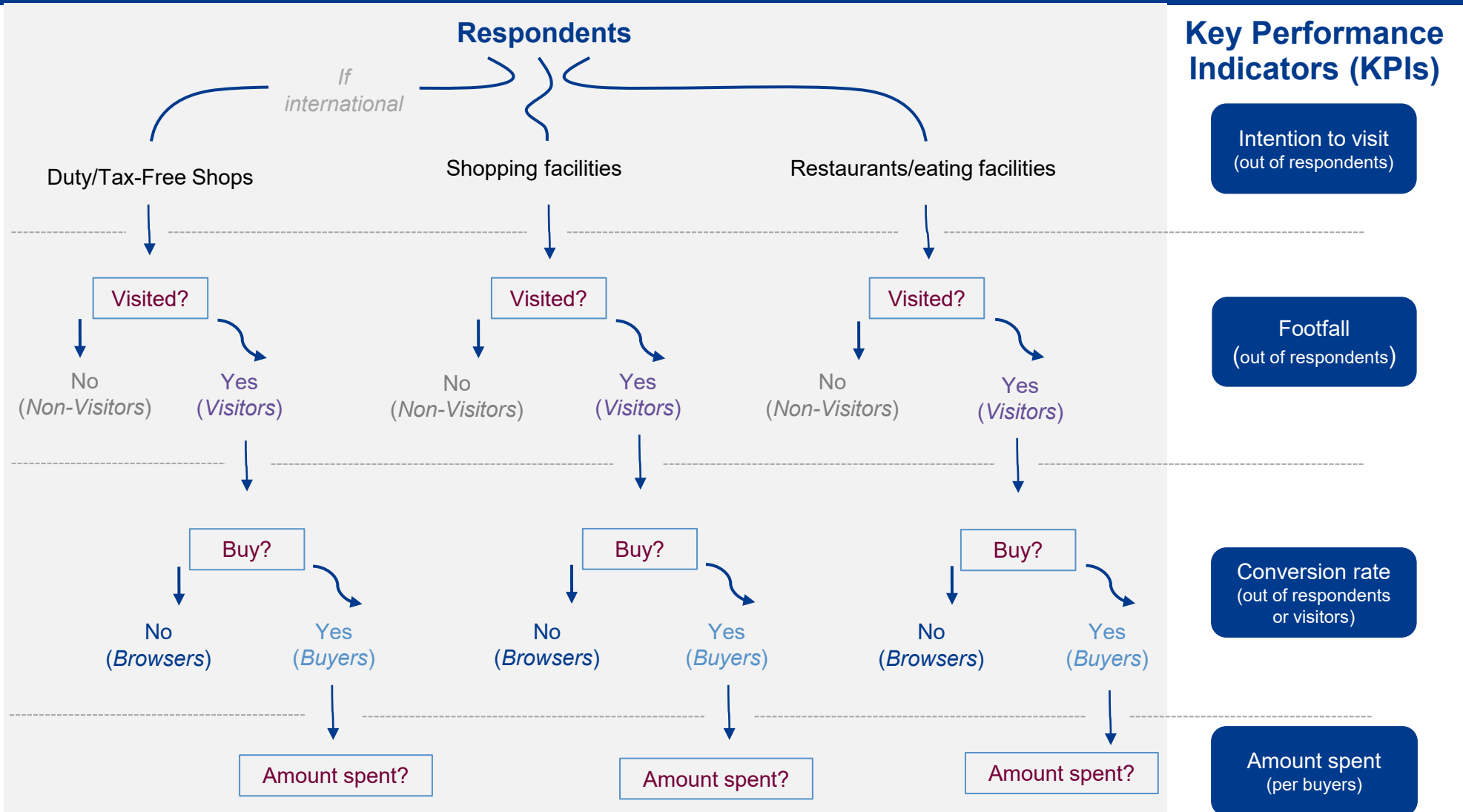


Sample plan based on the **OAG** database.
(Int'l vs. Domestic and Origin)



ASQ Customer Experience Solutions

ASQ Commercial Survey



ASQ Customer Experience Solutions

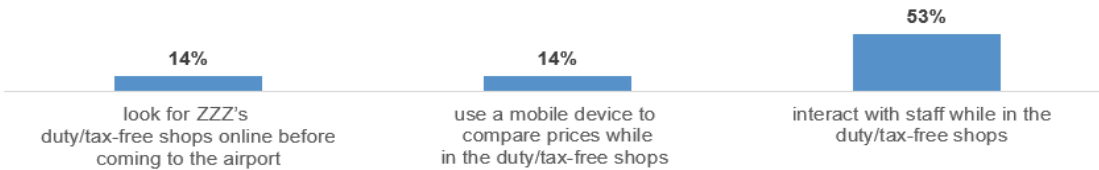
ASQ Commercial Survey

Duty/Tax-Free Shops' Behaviors

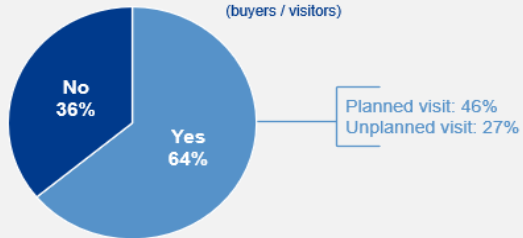


B03. Did you...
Base: Visitors of duty/tax-free shops (n=138)

% VISITORS OF DUTY/TAX-FREE SHOPS WHO ANSWERED YES



CONVERSION RATE (buyers / visitors)



B04. Today, did you make a purchase at the duty/tax-free shops?
Base: Visitors of duty/tax-free shops (n=138)

AVERAGE AMOUNT SPENT PER BUYERS

56.48 EUR

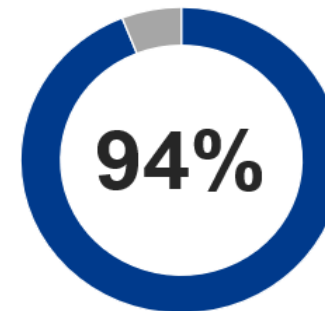
B06. Approximately how much did you and your party spend at the duty/tax free shops today?
Base: Visitors of duty/tax-free shops who made a purchase – buyers (n=91)
Note: Amount correspond to the passenger and its party. Party means couple (spouse or partner), with or without children.

Overall Commercial Performance

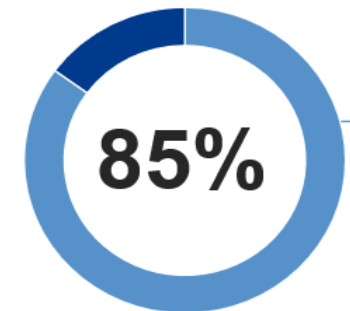


Overall Performance of the Commercial Area (all areas combined)

FOOTFALL (visitors / total respondents)
n=375



CONVERSION RATE (buyers / total respondents)
n=375



AVERAGE AMOUNT SPENT PER BUYERS (in EUR)

43.98 EUR

TOTAL (n=318)

29.70
Domestic (n=81)

55.90
International (n=99)

43.36
Schengen (n=138)

81.66
Business (n=33)

39.67
Leisure+Other (n=285)

Note: Consult the glossary for definitions of presented concepts.

Are you ready?

Trends

Customers and Employees



- More demanding
- Value their time
- Want to make a difference: ethical choices, sustainability + have a purpose, make an impact
- Want to be heard and valued
- Want convenience: less friction, no more excuses for unnecessary bottlenecks
- Want to be in control
- Looking for experiences and healthy work/life balance



Employee Experience

The great resignation

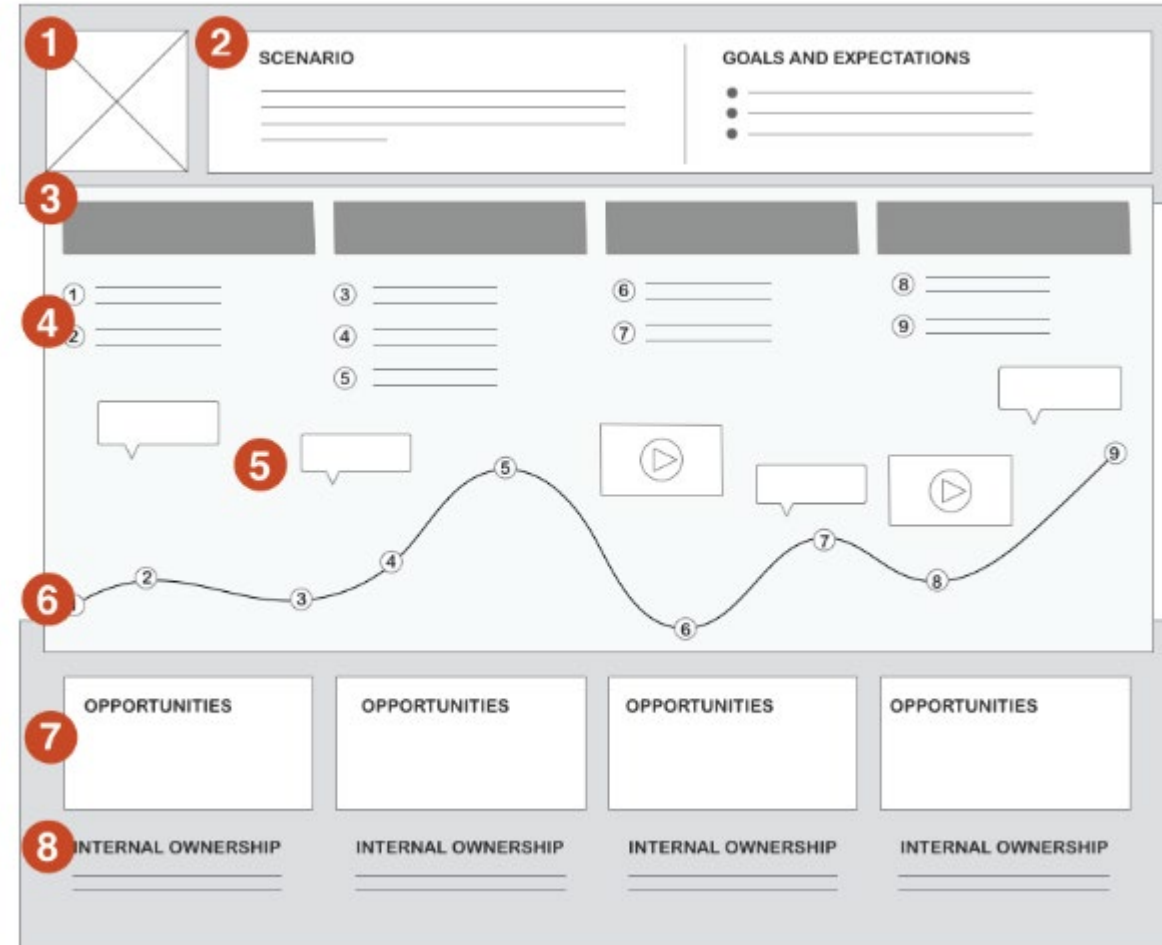
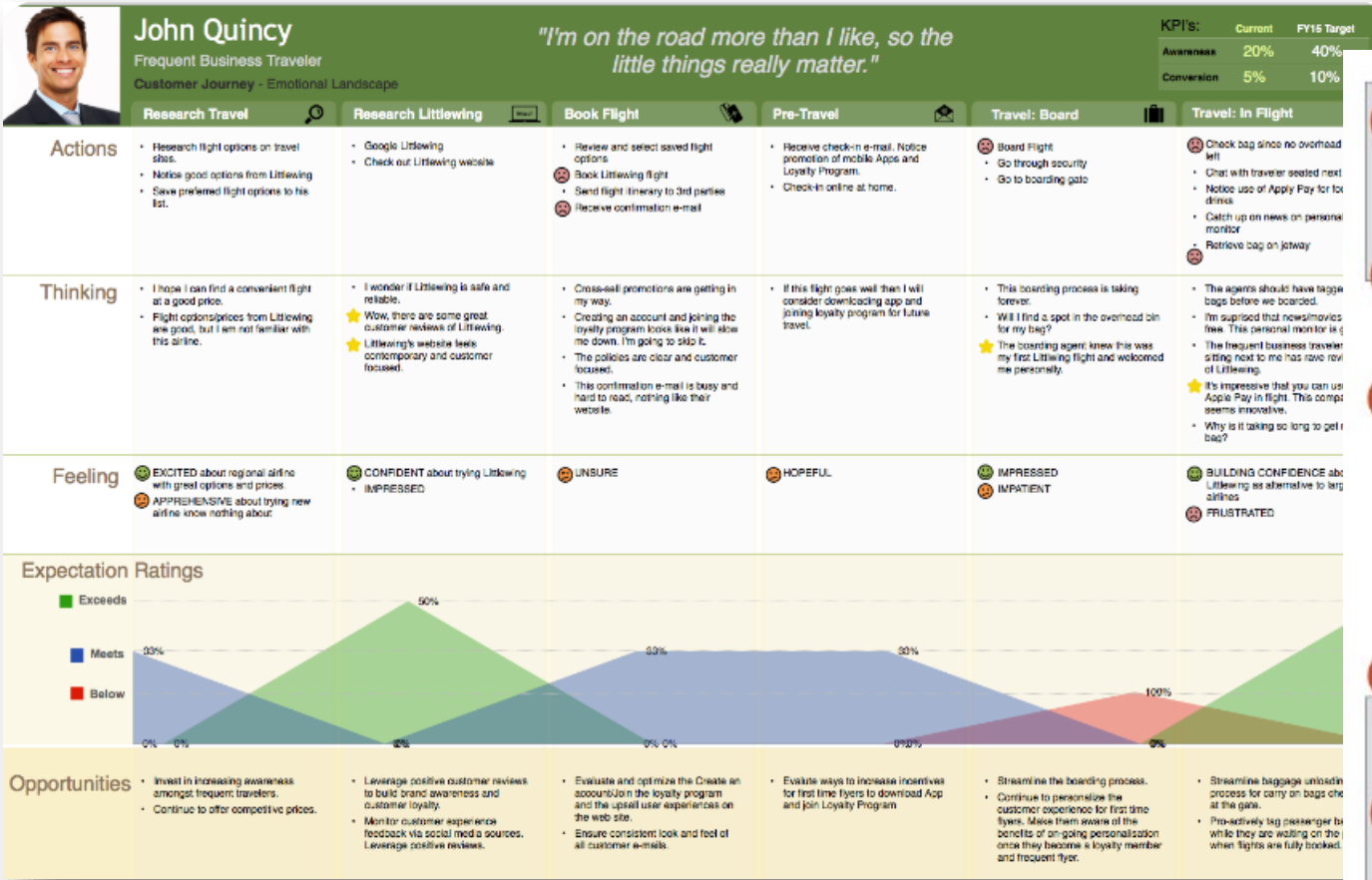


Customer and Employee Experience Management



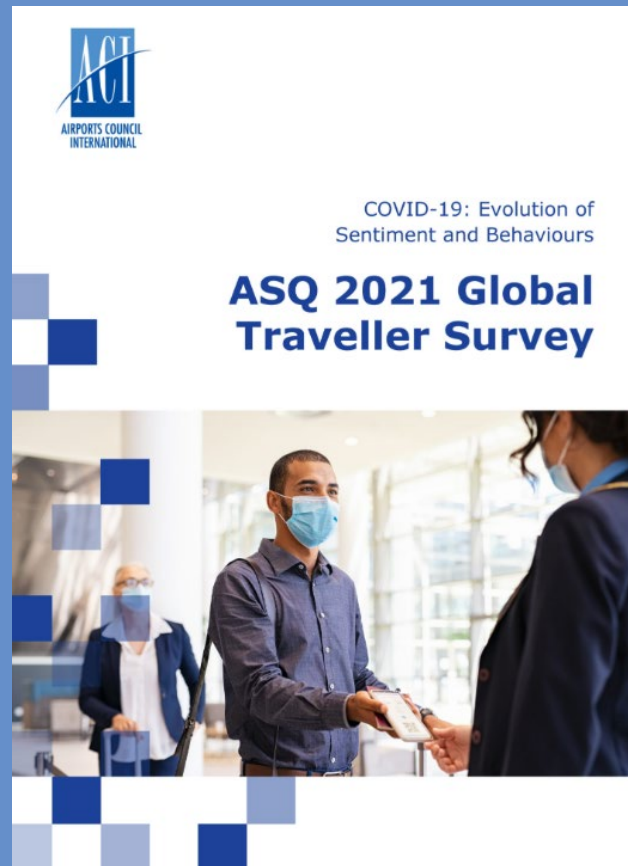
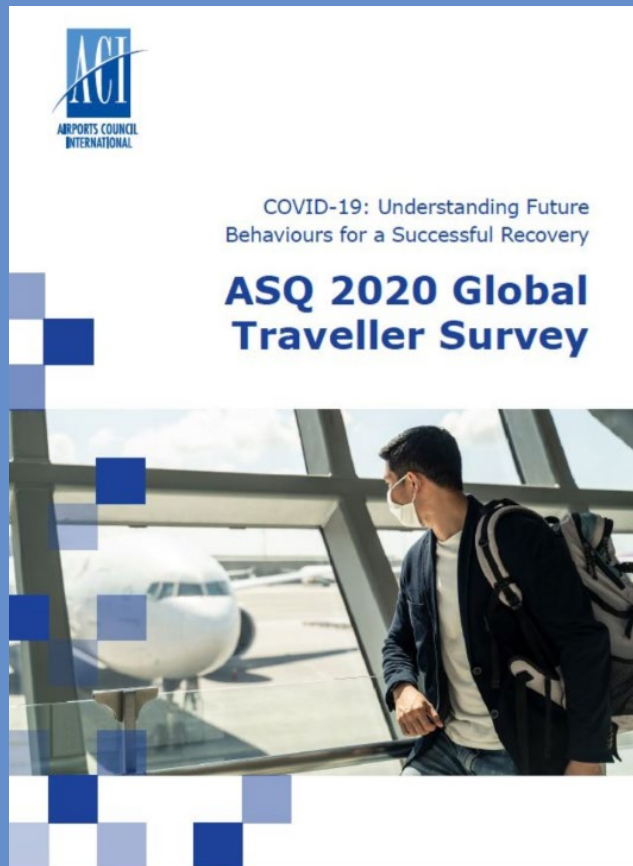
Personalising Experience

Best Practice: Customer Personas and Journey Map



Global Traveller Survey – 3rd edition

Coming out soon!



3rd edition coming soon!

ASQ 2022 GLOBAL TRAVELLER SURVEY

Customer Experience in a Post-Pandemic World

Webinars: 9 & 23 November





CUSTOMER EXPERIENCE

Thank you





AIRPORTS COUNCIL
INTERNATIONAL



PACCAYA

Airport Non-Aeronautical Revenues

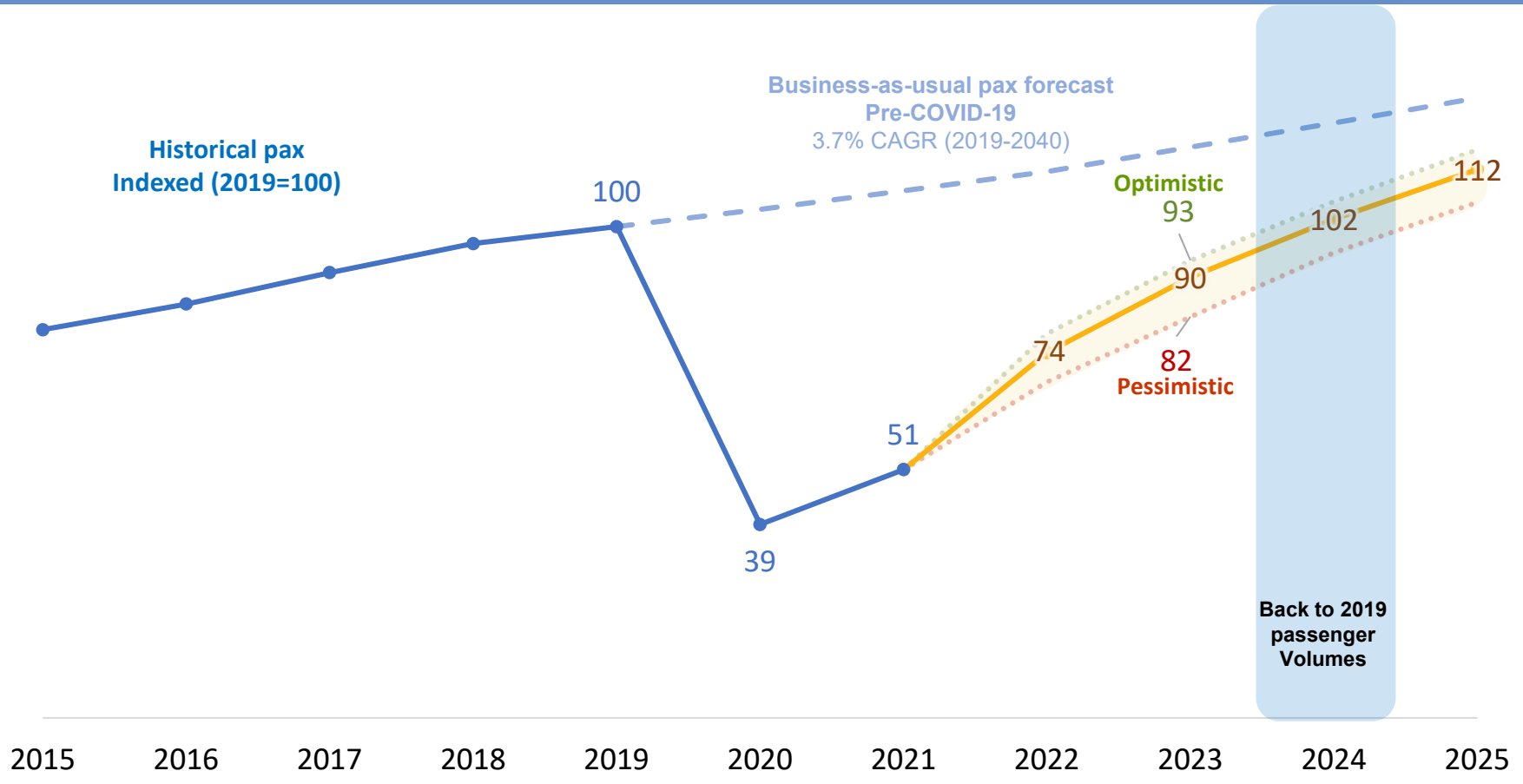




Current Airport Traffic Dynamics

Outlook for passenger traffic recovery

Total Passenger Traffic 2022 – 2025



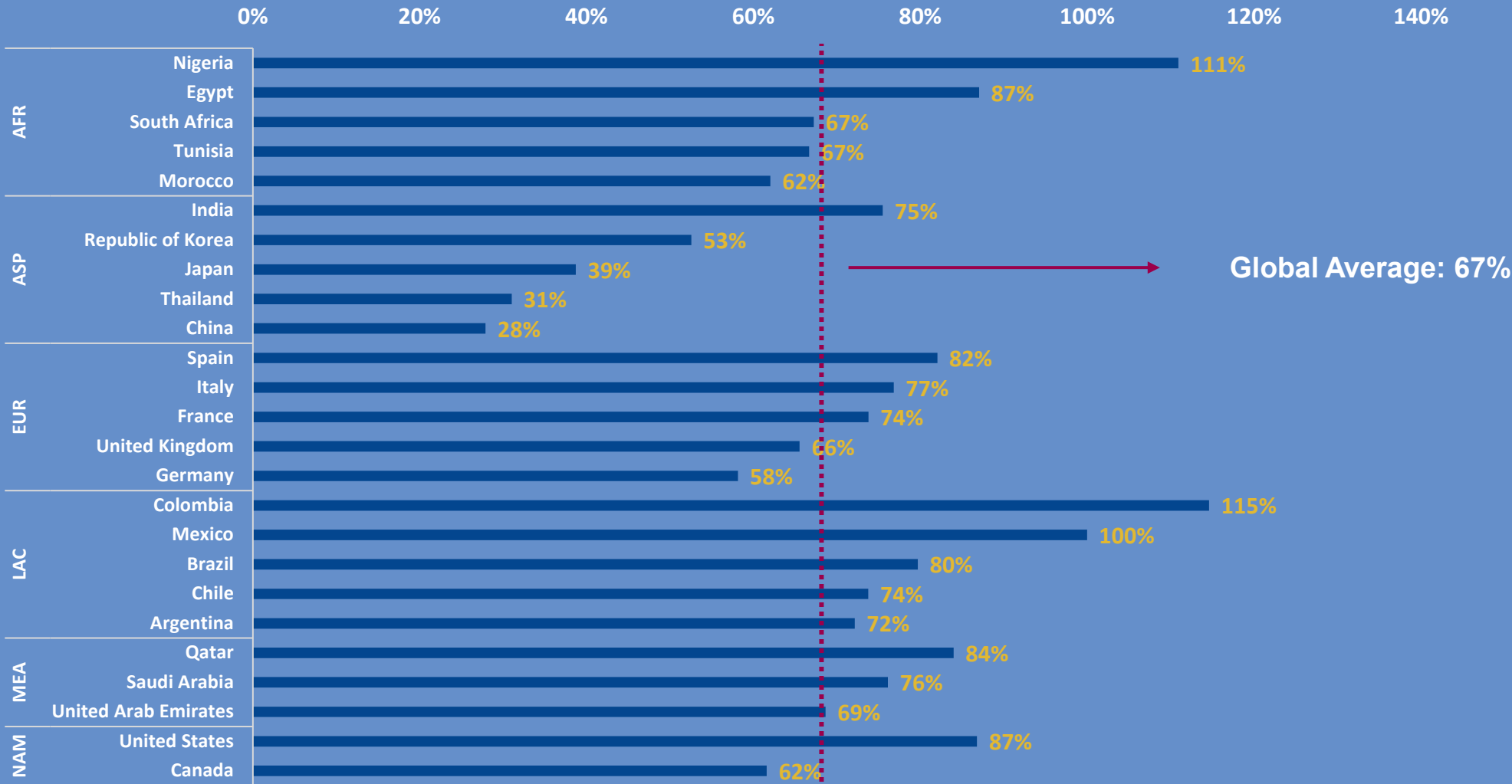
- ✍ Inflation – Jet fuel prices
- ✍ Rising interest rates
- ✍ Geopolitical conflicts
- ✍ Labor market bottlenecks



- ✍ Pent-up demand – “Vacation deprivation”
- ✍ Accumulated savings
- ✍ >80% vaccination rates
- ✍ Intl restrictions lifted

“Recovering” markets – H1 2022 (% of H1 2019)

Major country markets by region – Total passenger traffic



Source: ACI World



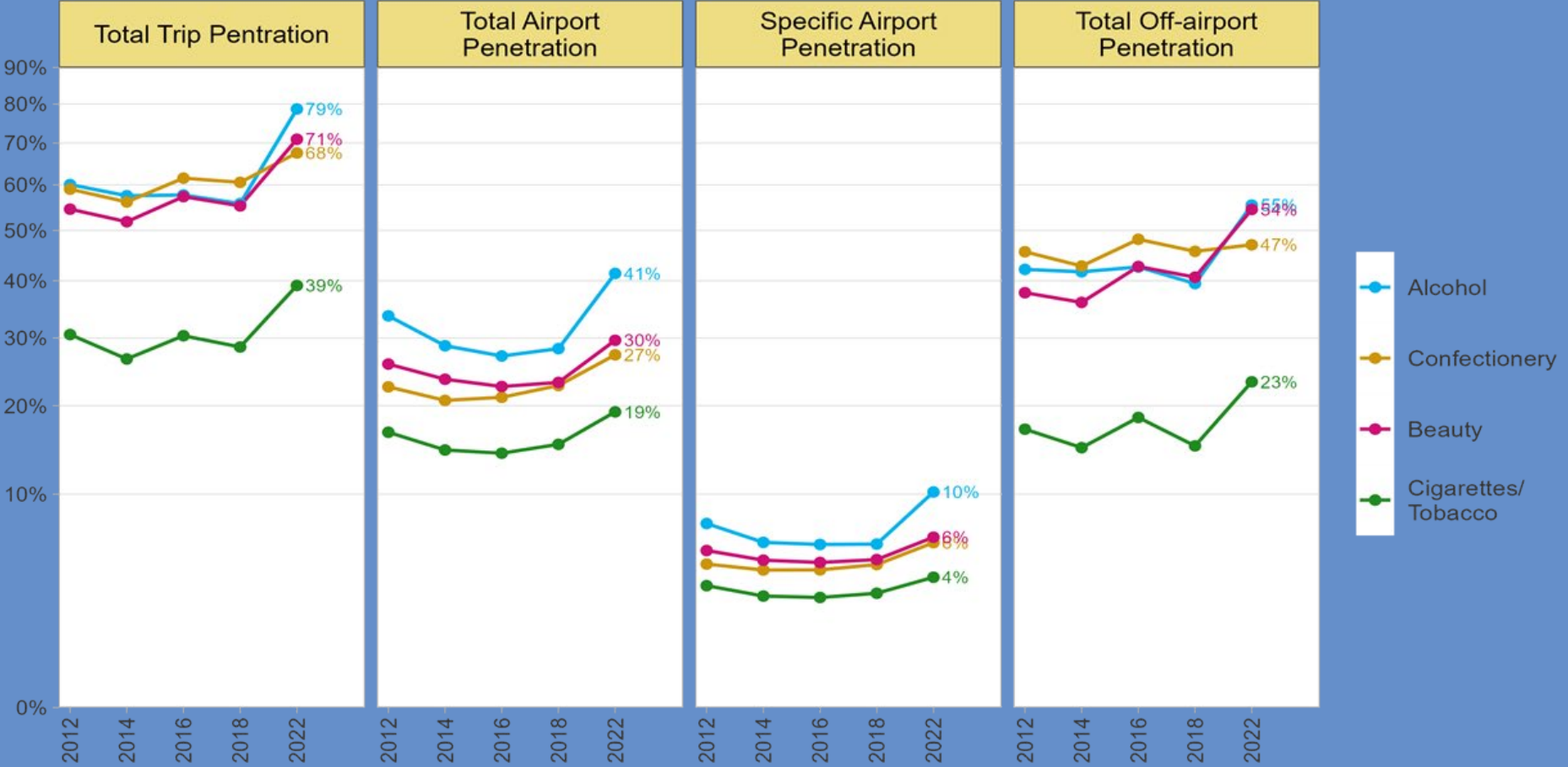
Changing Passenger Profiles

- Travelers are making up for lost time by taking far more trips – 3.5 average in the past 12 months, versus 2.8 before the pandemic.
 - And they don't see themselves stopping, with an average of 3.1 trips planned in the next 12 months.
 - They're quite happy with those trips: 83% rate their last trip "Outstanding" or "Very Good".
 - Despite the travel disruptions this year, only 2% rated their most recent trip "Fair" or worse.
 - There is likely to be a more spontaneous motivation to go on trips – because, based on the pandemic, you never know when you might have travel restricted.
- Three-quarters of travelers made a purchase in an airport during their last trip. This is up from around two-thirds before the pandemic.
- Alcohol and electronics are grabbing larger shares of the increase in traveler spending than other categories, however.
 - Around half of travelers will purchase spirits, wine or champagne in an airport at some point during their trip.
- Shopping continues to become more planned: now 48% of purchases are decided before passengers even leave on their trip, versus 42% pre-pandemic, and 35% in 2012.
 - Young travelers are much more planned than older travelers – Gen Z plans 53% of their purchases, while travelers over 40 plan around 40% of their purchases.

Changing Passenger Profiles

Airport Penetration

Base: Travellers





Key Issues for Airport Businesses

Airport Operational Challenges

- Health Document Checks
- Covid Testing
- Resource Constraints (Staffing)

Service Accountability

Digital transformation

Technological advances

Touchless operations (particularly F&B)

Off site/pre-travel opportunities

Sustainability

Stock replenishment

Q&A



ANARA

Airports Non-Aeronautical Revenues and Activities Sub-Committee

ANARA is platform to discuss, brainstorm, investigate, analyze, and formulate strategies, tactics, policies and industry positions on how to improve, expand, facilitate and diversify the array of non-aeronautical sources of airport revenues for the benefit of the industry, the air transport value chain, passengers, and the wider range of stakeholders.

ANARA Working Groups



WG1: Digital



WG2:
Concession
agreements



WG3: Retail



WG4: Ground
access



WG5: Food and
beverage



WG6:
Sustainability

ANARA Publications

Published papers: <https://store.aci.aero/product-category/economics-statistics/airports-non-aeronautical-revenue-and-activities/>

 HANDBOOK Optimal Integration of Airport Ground Access Services 	 POLICY PAPER Sustainable Airport Ground Access 	 WHITE PAPER Path to Recovery: The Airport Retail Perspective 	 WHITE PAPER Regulatory Threats and Opportunities in Airport Retail 
Handbook: Optimal Integration of Airport Ground Access Services	Policy Paper: Sustainable Airport Ground Access	White Paper – Path to Recovery: The Airport Retail Perspective	White paper – Regulatory Threats and Opportunities in Airport Retail
 WHITE PAPER Airport Concession Agreements Fixed vs. Variable Minimum Annual Guarantee 	 WHITE PAPER Business Models between Airport Operators and Concessionaires 		
White Paper: Airport Concession Agreements	White Paper: Business Models between Airport Operators and Concessionaires		

Upcoming publications:

- Handbook: Concession agreements: guide for airport managers and retailers
- Handbook: Airport Commercial Digital Transformation - Best Practice & New Revenue Streams Post Covid
- Handbook: Airport retail optimization for small and medium airports

Thank you





The
voice of the
world's **airports**

The industry and the
economics of airports

Antoine Rostworowski –
ACI World

1 November, 2022



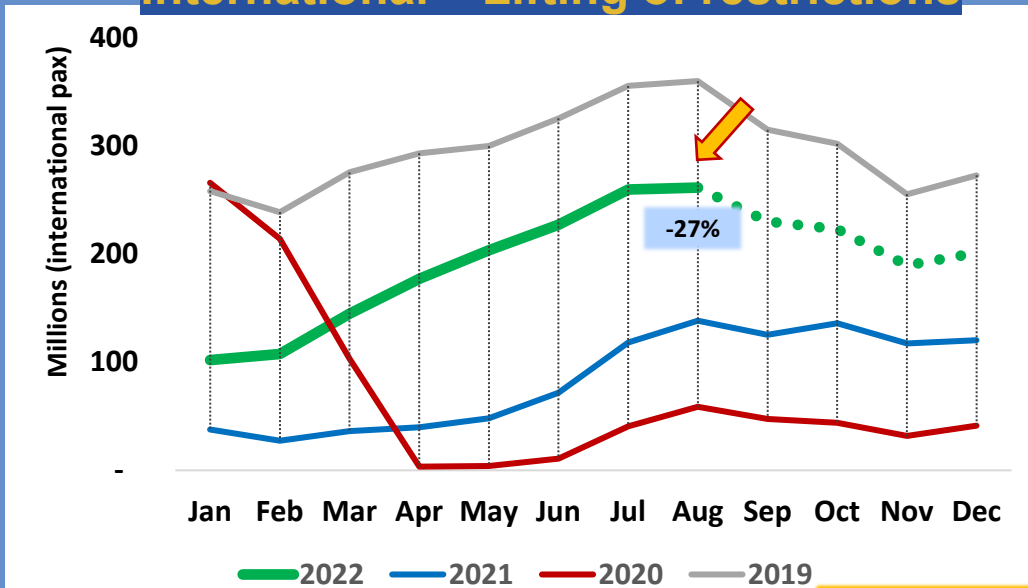
Presentation roadmap – short stories in airport economics

- Air transport demand and the airport business – Past, present and future
- Economics of airports – The pandemic and beyond
- Airport ownership and private investment in airports
- Airport competition
- SWOT analysis

Global airport pax traffic – A tale of two markets

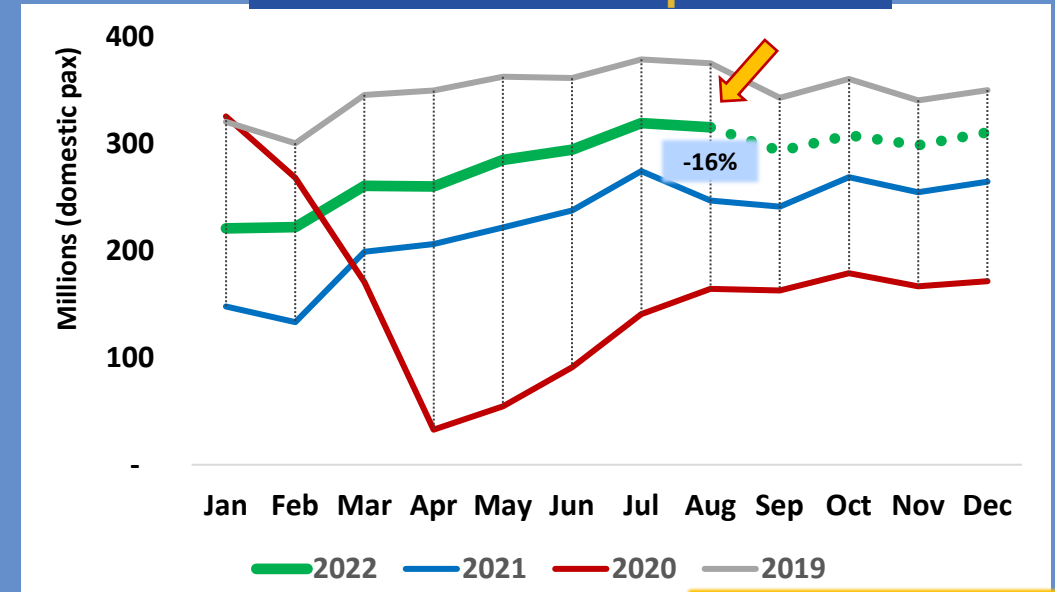
Domestic versus international passenger traffic

International – Lifting of restrictions



Aug YTD 2022 vs:
Aug YTD 2021: +186%
Aug YTD 2019: -38%

Domestic – Pent up demand

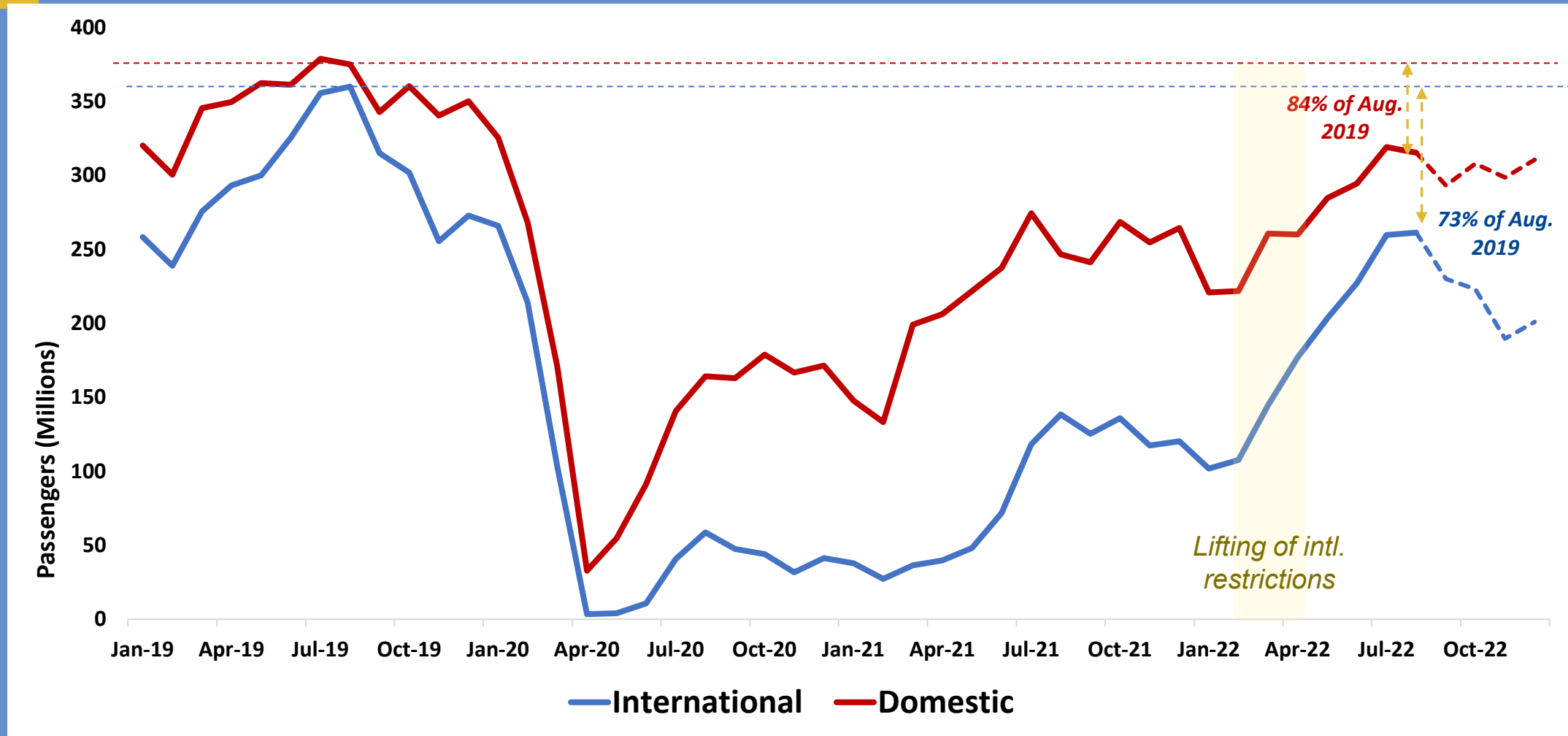


Aug YTD 2022 vs:
Aug YTD 2021: +31%
Aug YTD 2019: -22%



Global airport pax traffic – *A tale of two markets*

Domestic versus international passenger traffic (2019 – 2022)

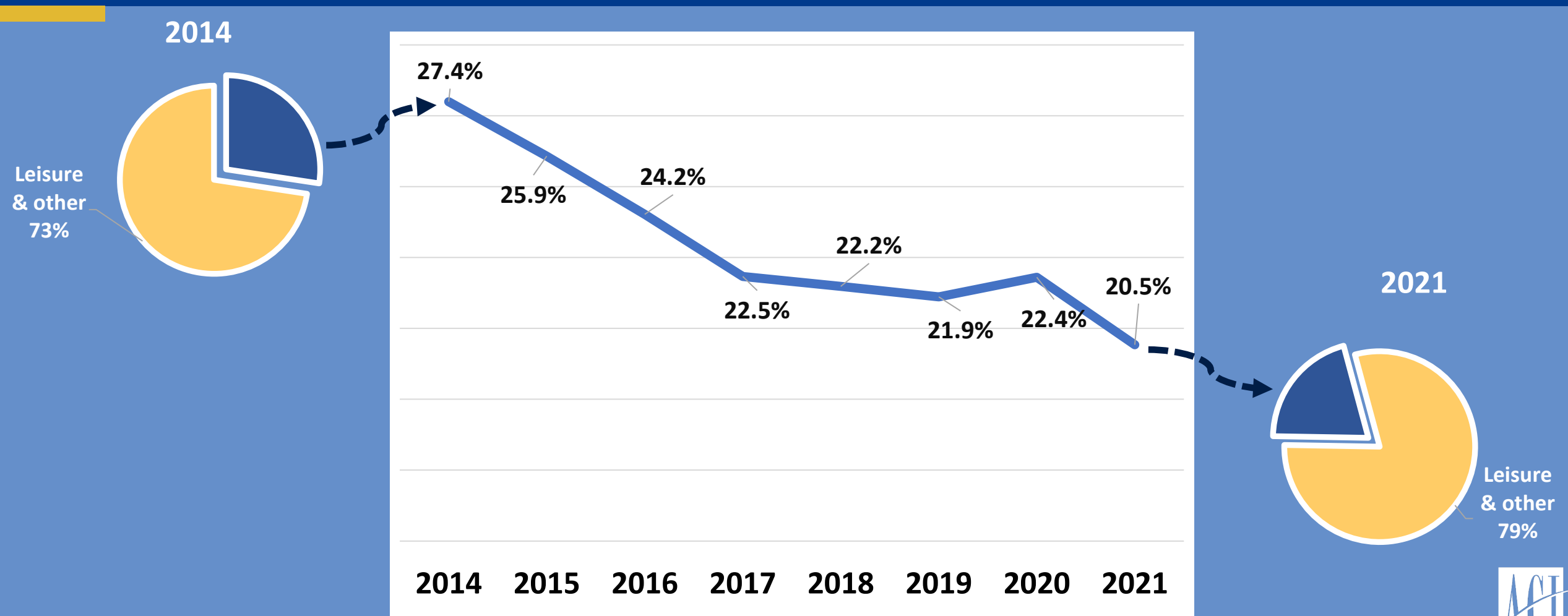


Source: ACI World



Passenger mix – Intentions for travel

Traveling for business - % of total passengers



Source: Airport Service Quality, ACI World
n=154 airports



Economics of airports amidst the pandemic and beyond



Airport revenues

Impact of the pandemic across revenue channels

2019



Aero: 5.7% 10-year CAGR
Non-aero: 4.8% 10-year CAGR

2020

Non-aero revenues

Retail concessions -63%

- Middle East and Asia-Pacific most affected regions



Property and real estate income smaller decline -12%



Aero revenues

Passenger charges -65%

- Europe, Middle East and Asia-Pacific most affected regions

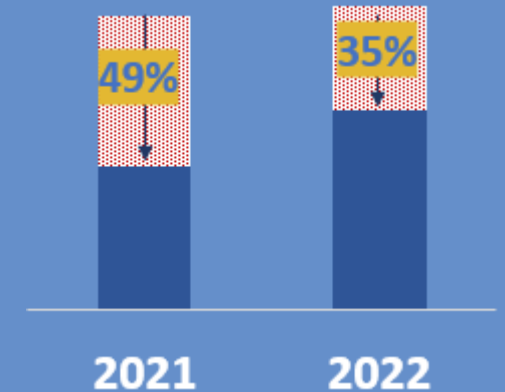


Landing charges -42%



2021-2022

Combined losses of 148 billion USD '21-22*



**losses as compared to pre-COVID-19 projected baseline*

Airport ownership and private investment in airports



Airports with private stakes

% of passenger traffic handled (2019)

2016: 614 airports; 40% of traffic

2021: 708 airports; 45% of 2019 traffic

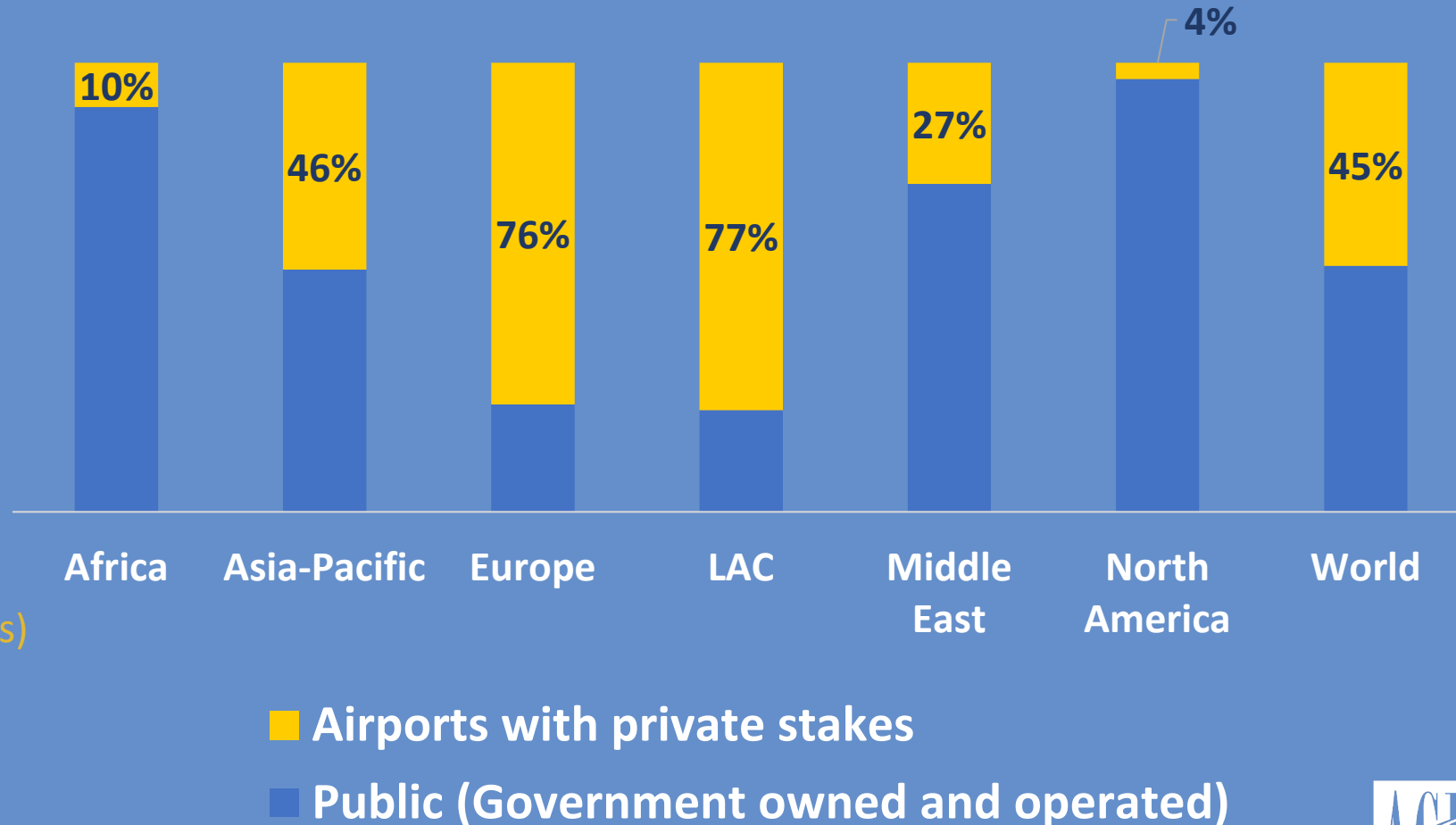
14% more in CAPEX investments

Average duration of privatizations (in years)

9 – Management contracts

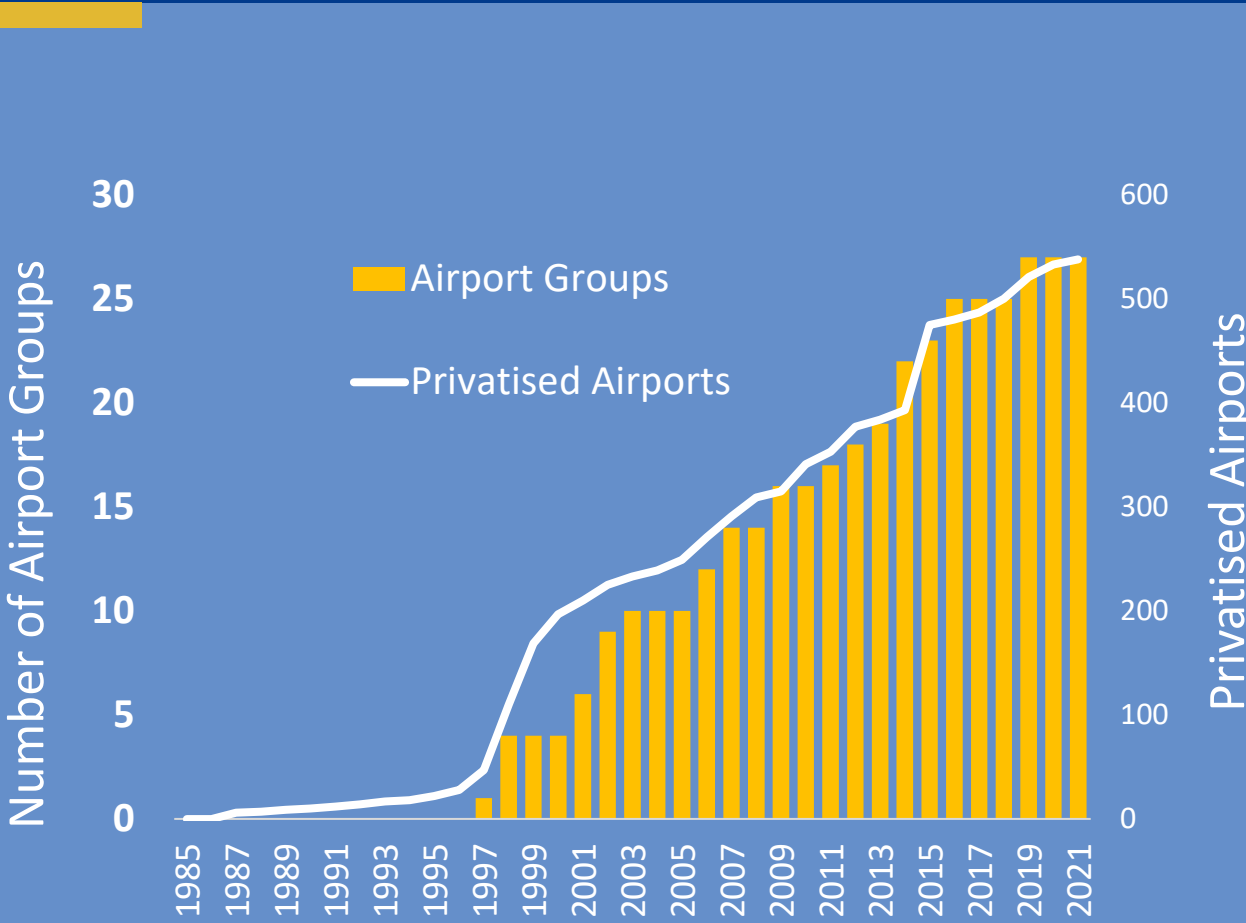
35 – Build-Operate-Transfer (BOT)

64 – Trade sales / leases

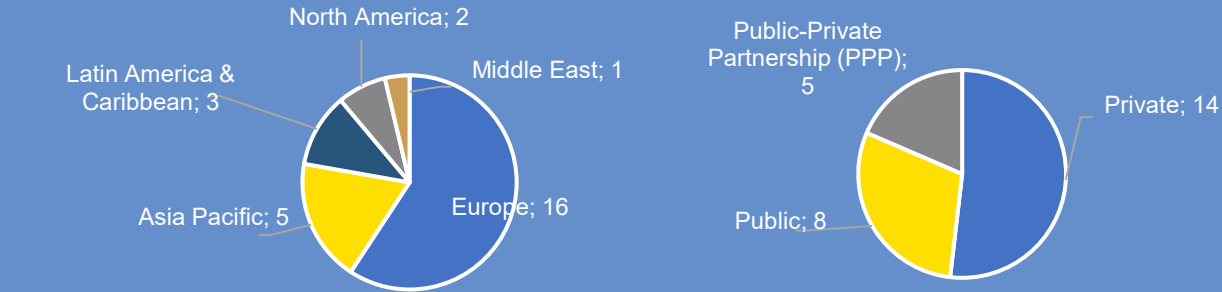


Rise of the Airport Groups model

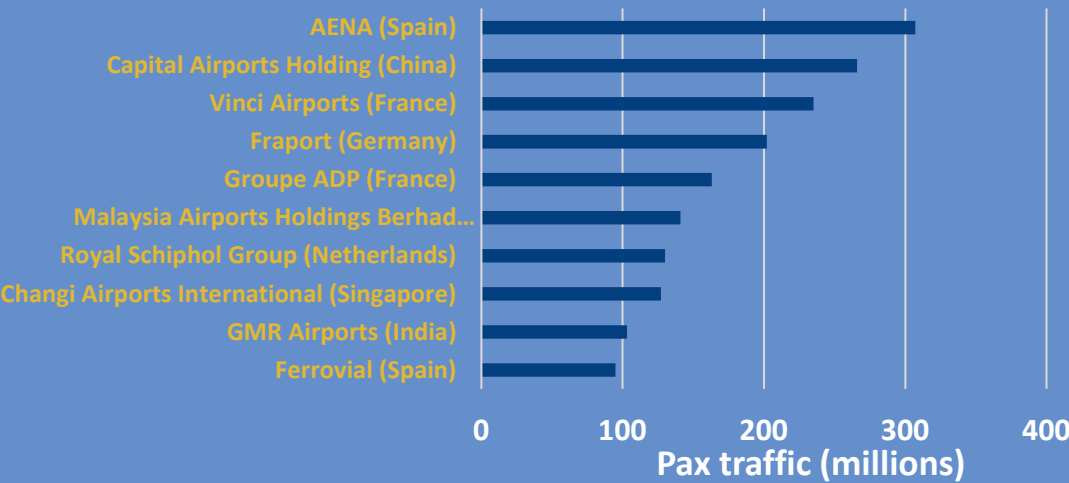
Correlation between the growth in privatized airports and expansion of airport groups



Distribution of the Groups (27)



Top 10 of 27 Groups



Source: CAPA, ACI World, ICF Analysis



Airport competition

Aeronautical and non-aeronautical
businesses



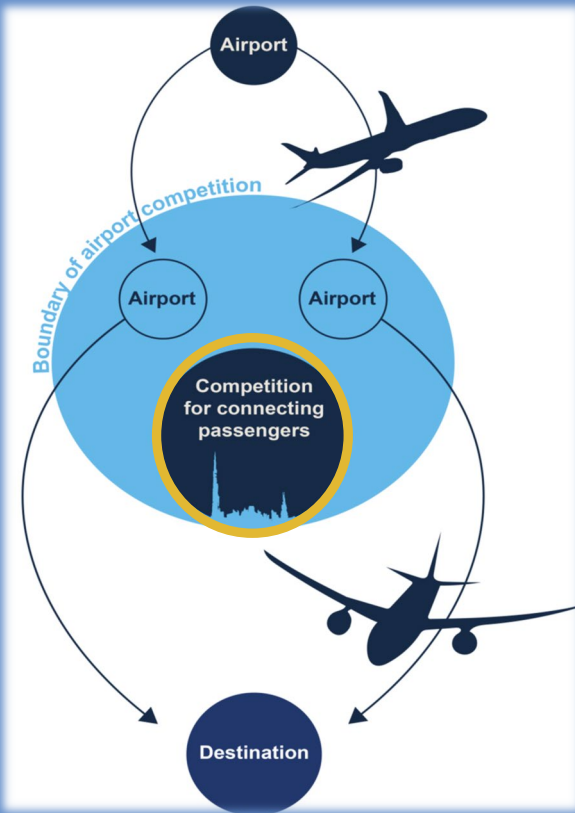
The reality: Airport competition has intensified

Aeronautical side of the business –

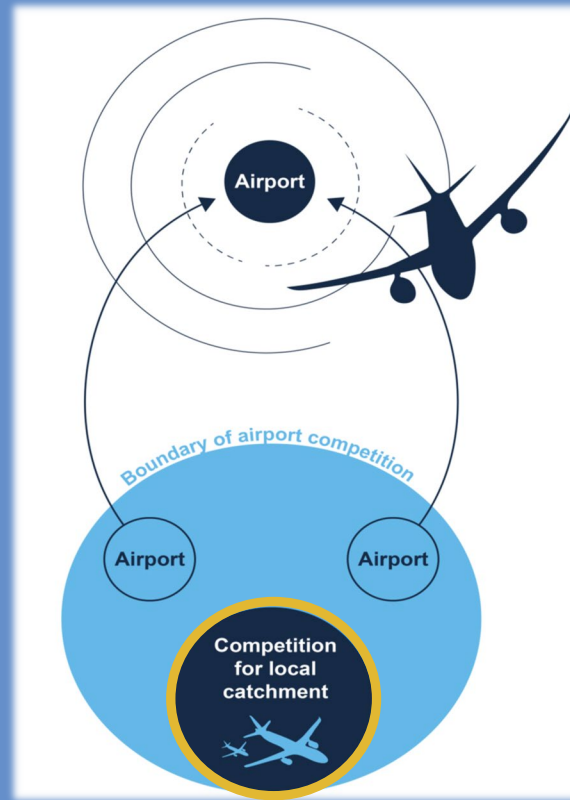
Competition between airports for airline services on new and existing routes



Competition between airports for connecting passengers



Competition for passengers in local catchment



Modal competition

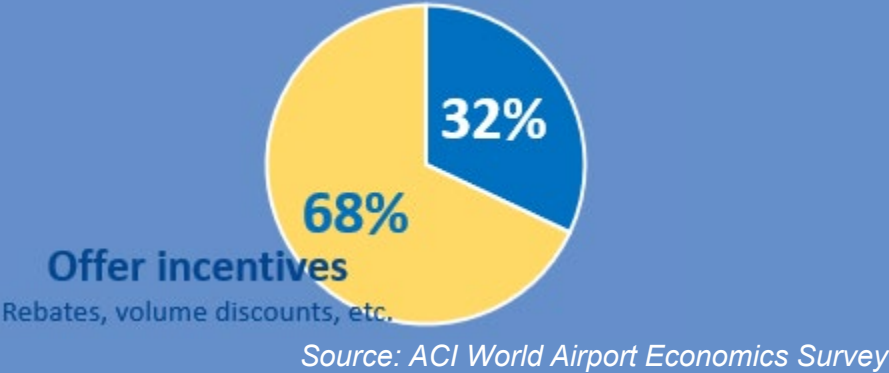


Air cargo competition and Short-and medium-haul for pax

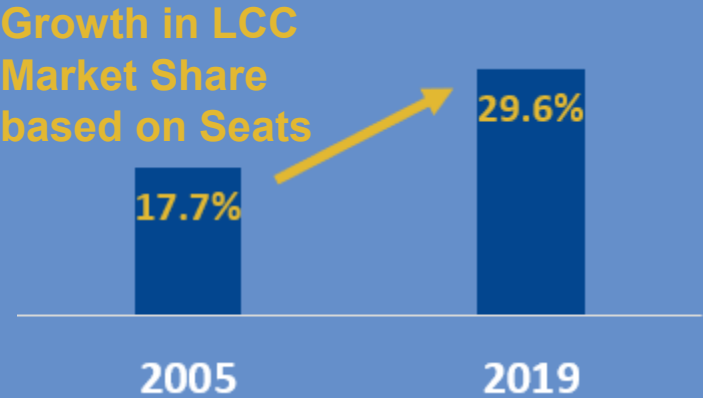
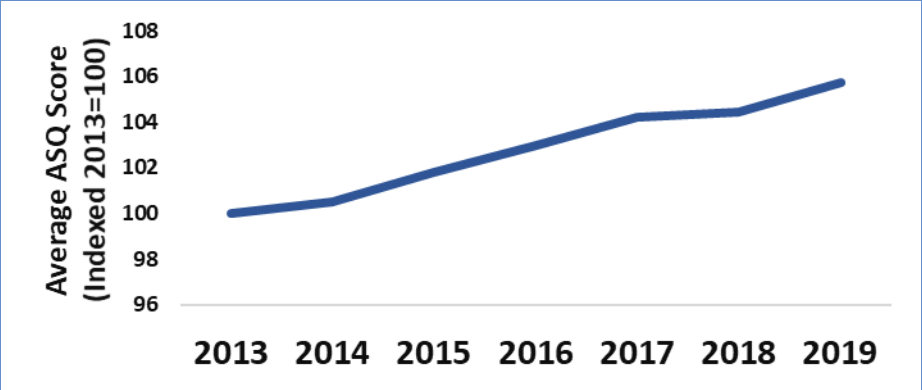
Competing for passengers and airlines

Airlines have significant buyer power in many markets

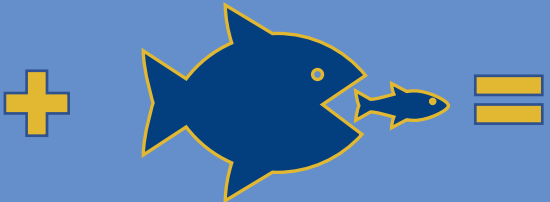
Competing for AIRLINES - % of airports offering incentives



Competing for PASSENGERS – Growth in Airport Service Quality (ASQ)



Airline industry consolidation



Airline Countervailing power



Source: InterVISTAS Analysis of Innovata Schedules Data via Diio

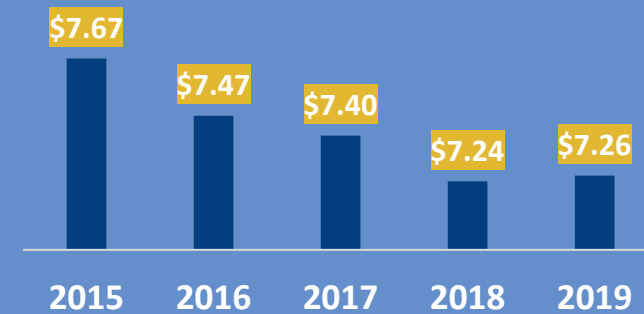


The reality: Airport competition has intensified

Non-aeronautical – the double-edged sword of technological disruption



Non-aero revenue per pax



Source: ACI World



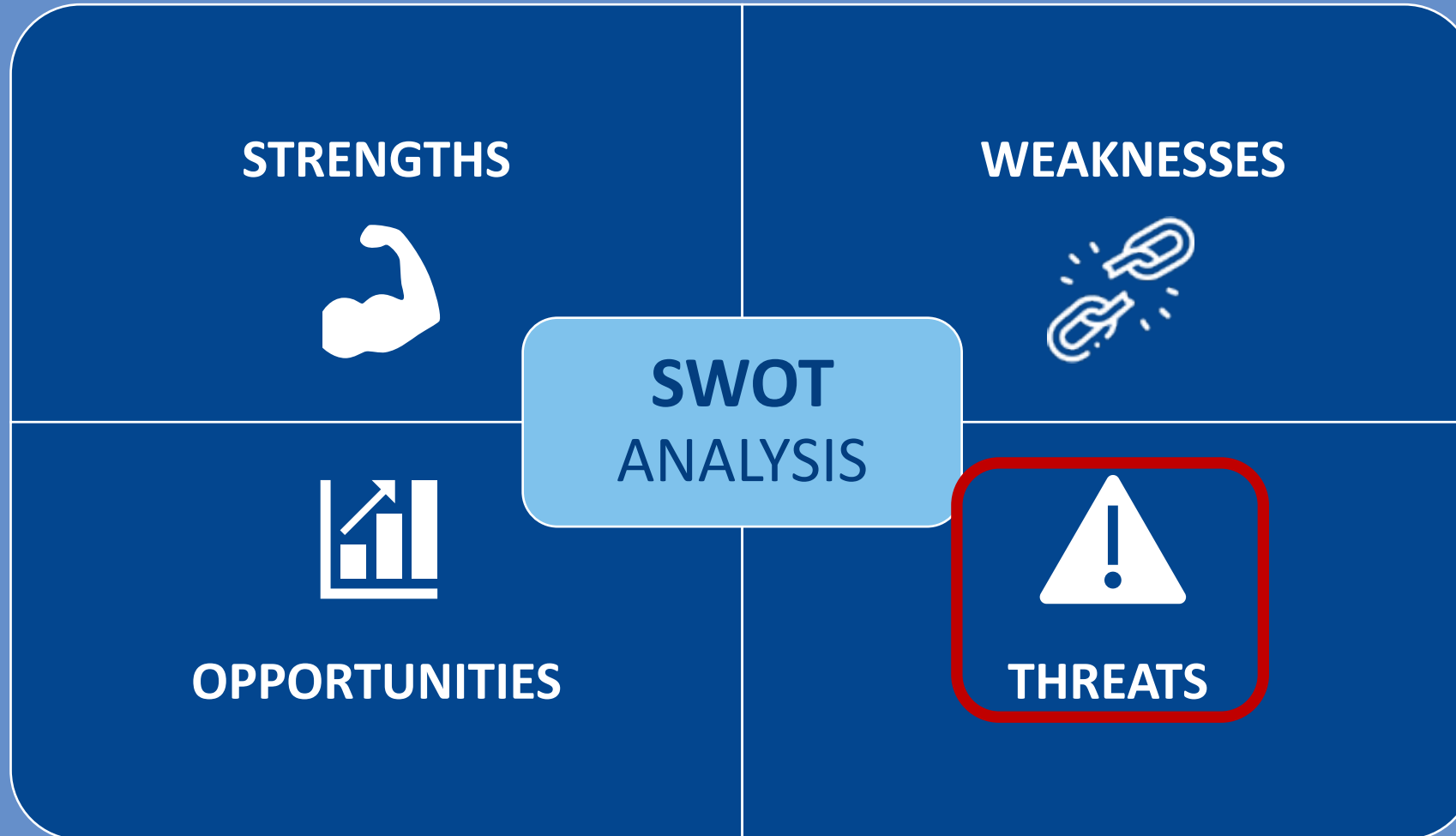
amazon



Alibaba.com

Uber

SWOT analysis of the airport business model



Exogenous shocks – Demand side

Managing the “known unknowns”



Pax demand
(Airport traffic)



=

+

Income
(GDP)



*~60% probability of recession
in next 12 months*

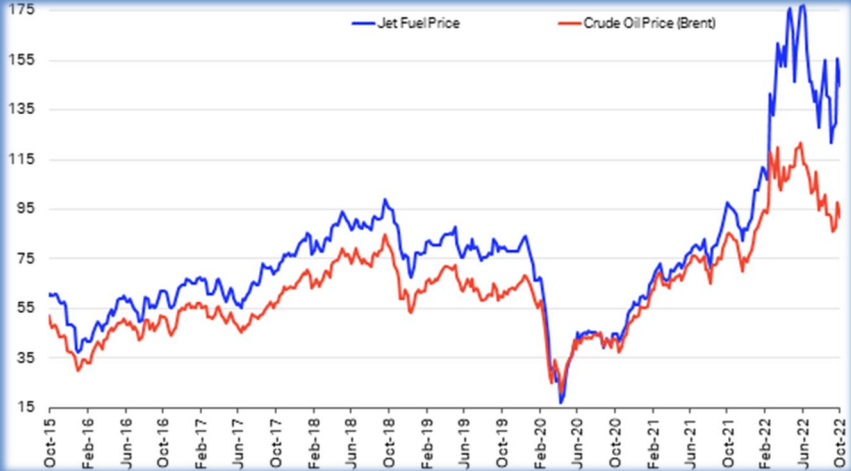
Bloomberg analysis



*~72% of polled Economists believe
there will be a recession by middle
of next year*

National Assoc. for Business Economics

Prices
(Input prices)



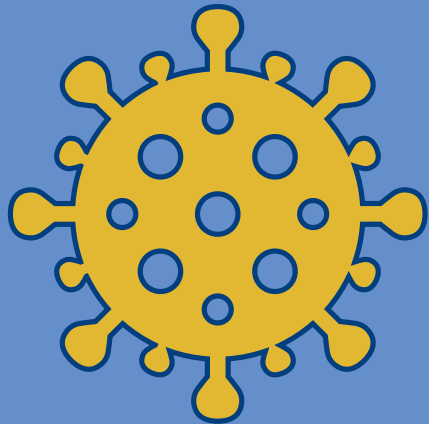
Source: IATA based on S&P Global, Refinitiv Eikon

Exogenous threats – Demand side

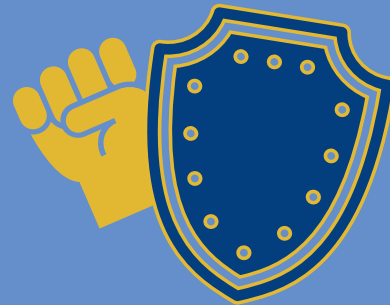
Managing the “known unknowns”



Pandemics



Geopolitical
conflicts



Environmental
calamities

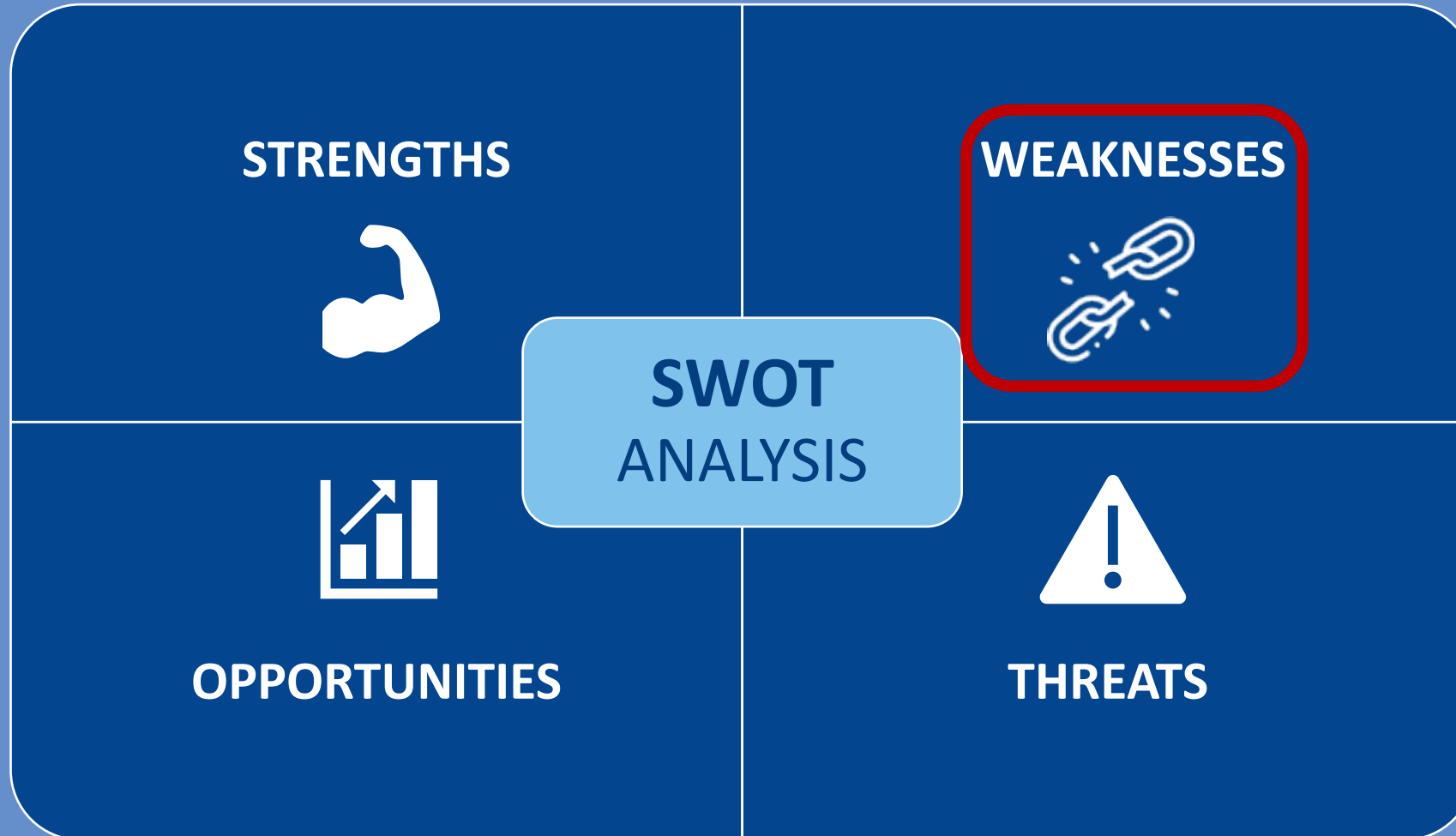


Cyber threats



Etc.

SWOT analysis of the airport business model



Airports face high fixed costs

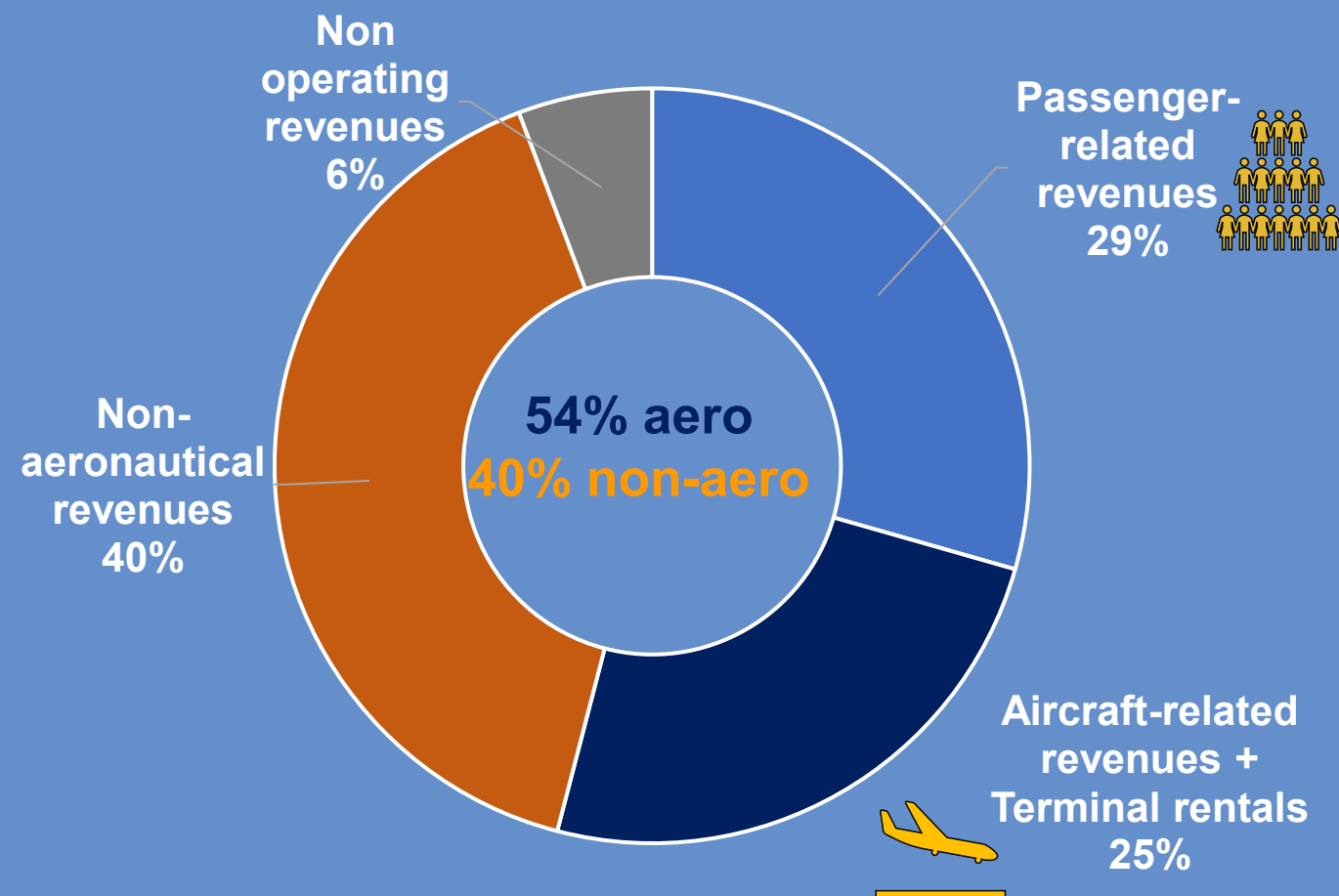
Distribution % of airport costs (2019)



Revenues reliant on passenger traffic

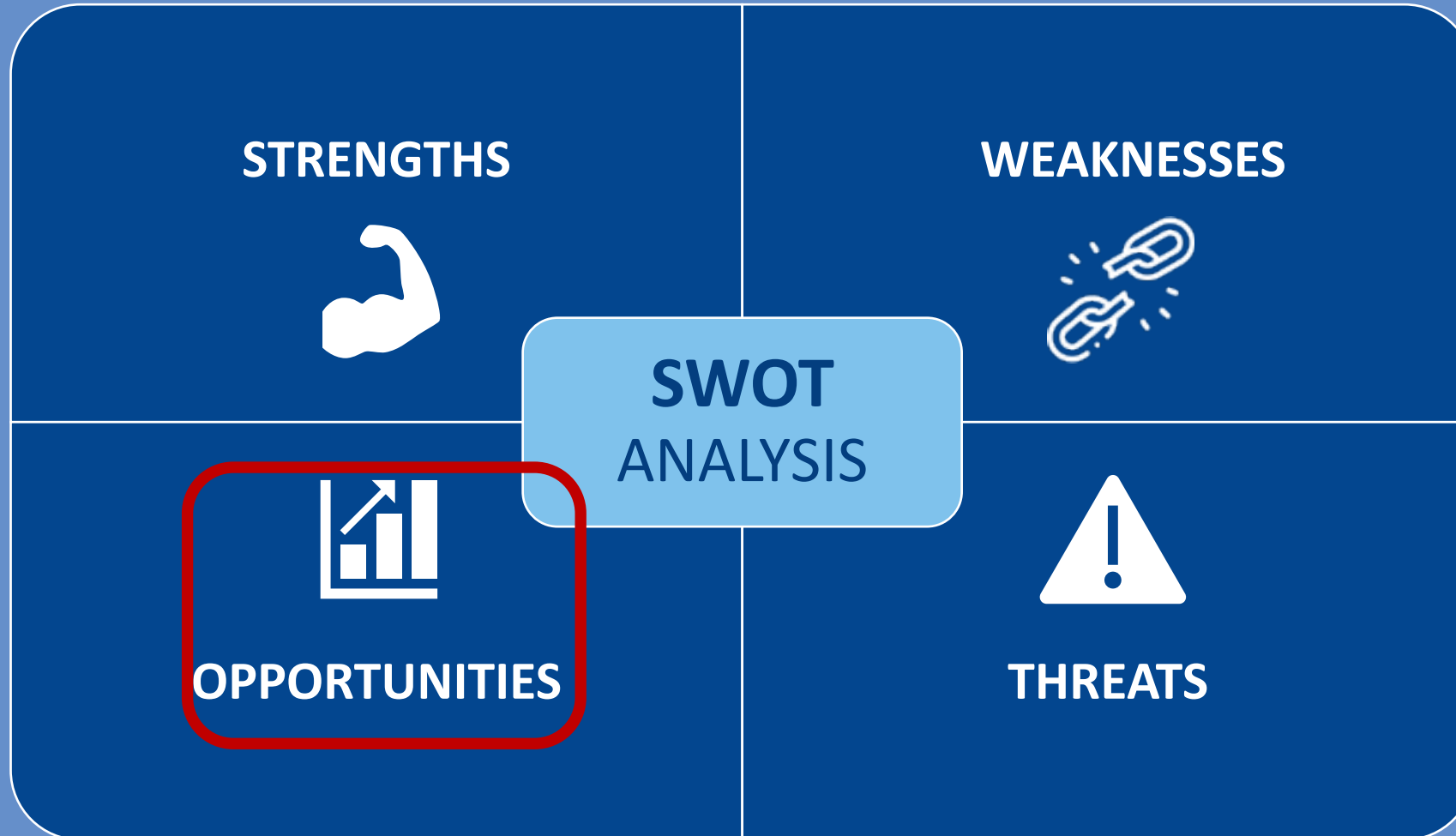


Distribution of TOTAL airport revenues (2019)



- Across most jurisdictions the majority of revenues are linked directly to passengers either via aeronautical charges or sales revenues on the commercial (non-aero) side of the business.
- >70% of non-aeronautical revenues are directly linked to passengers

SWOT analysis of the airport business model



Managerial levers – Customer experience

Enhancing customer experience to boost revenues



1% increase in customer satisfaction



1.5% increase in non-aeronautical spending



Technology, dwell time and experiential retail/activities

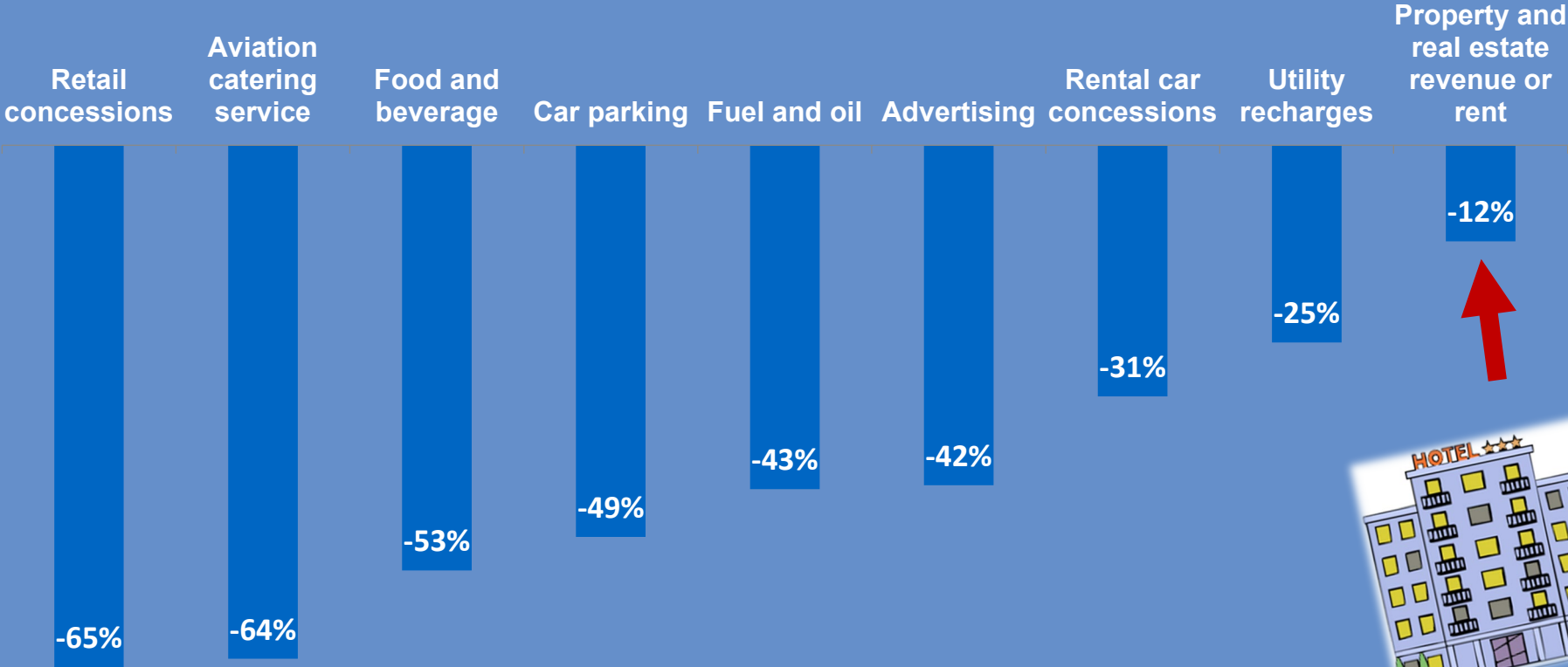
Source: ACI Report – Does passenger satisfaction increase non-aeronautical revenue?

Managerial levers – Revenue diversification



Minimizing the impact of downside traffic risk

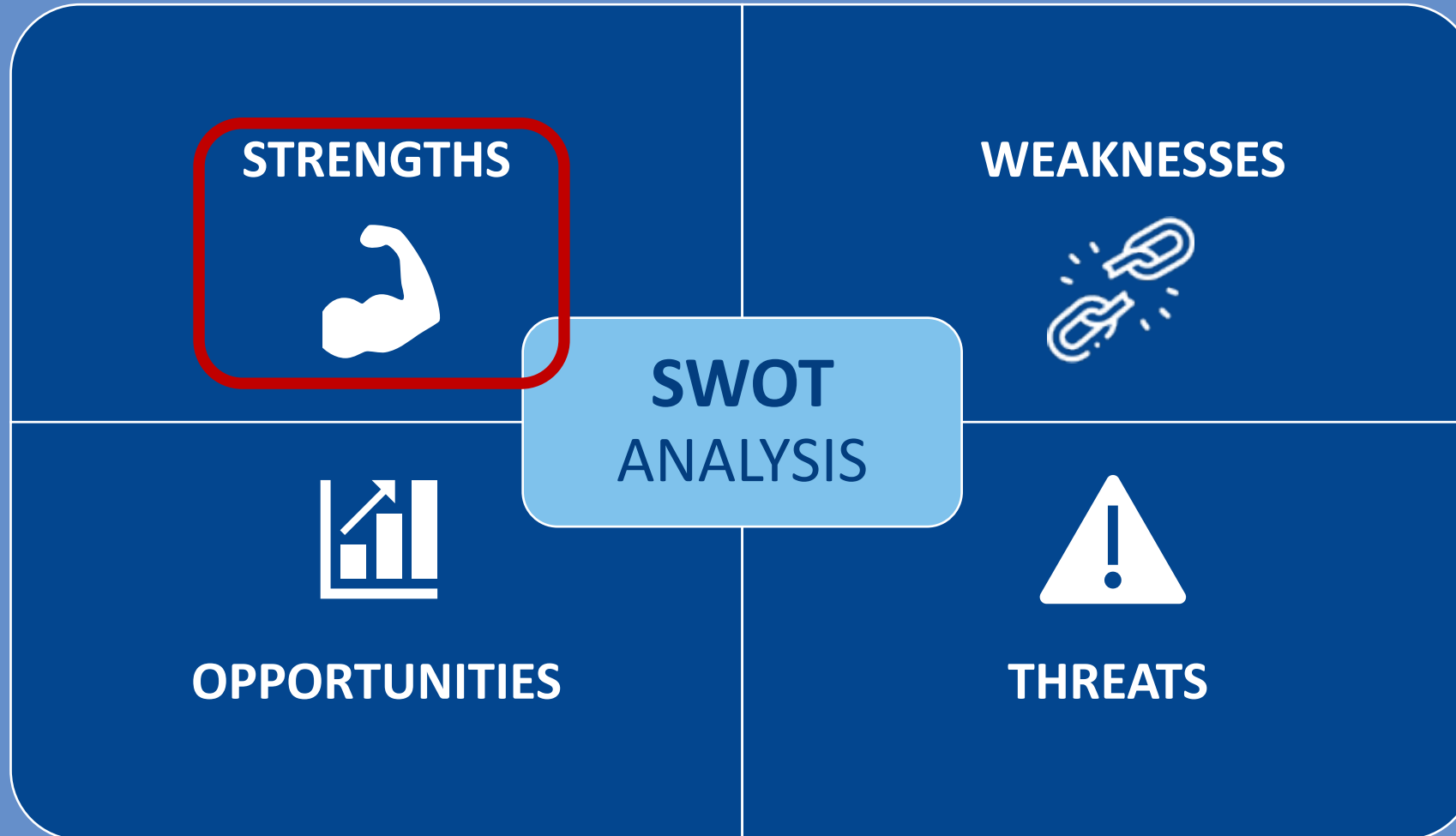
Non-aeronautical revenues 2020/2019 % change



Source: ACI World Airport Economics Survey



SWOT analysis of the airport business model



The demographics of aviation

Long term fundamentals still apply in post-COVID world



- 80% of the world's population resides in emerging markets and developing economies
- By 2040, 45% of global traffic is expected to pass through airports in the Asia-Pacific region

~40% of world's population presently resides in these countries:



China



India

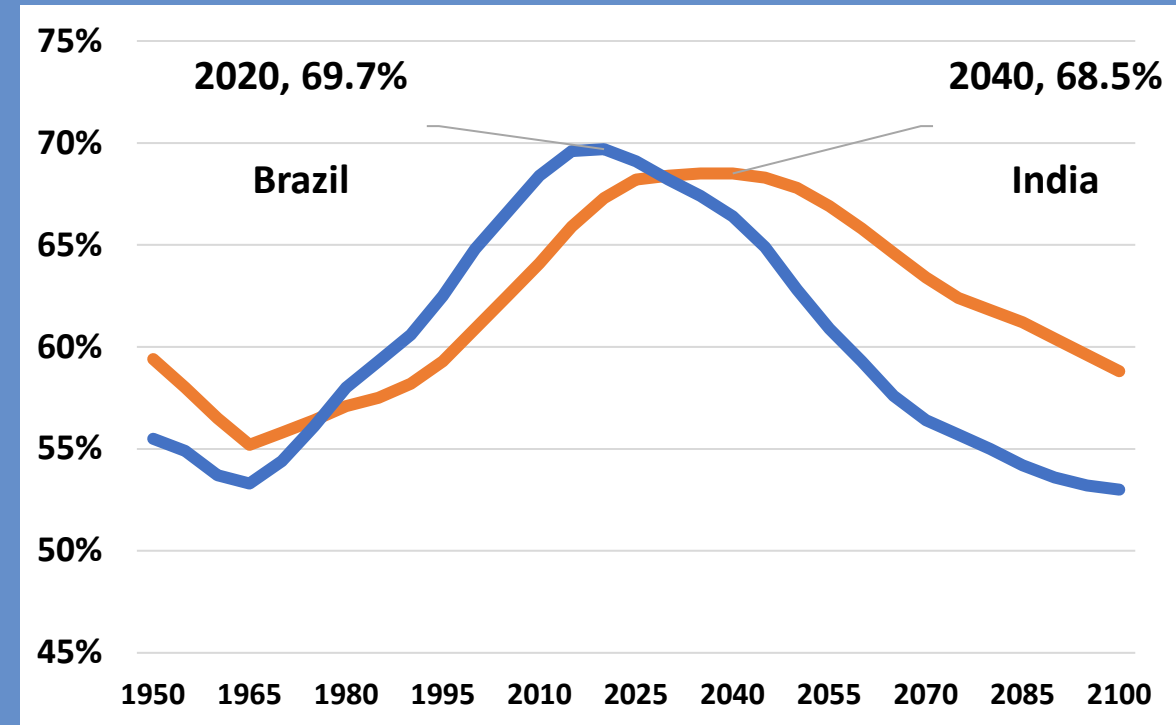


Indonesia



Viet Nam

Share of working age population for selected countries (1950-2100)



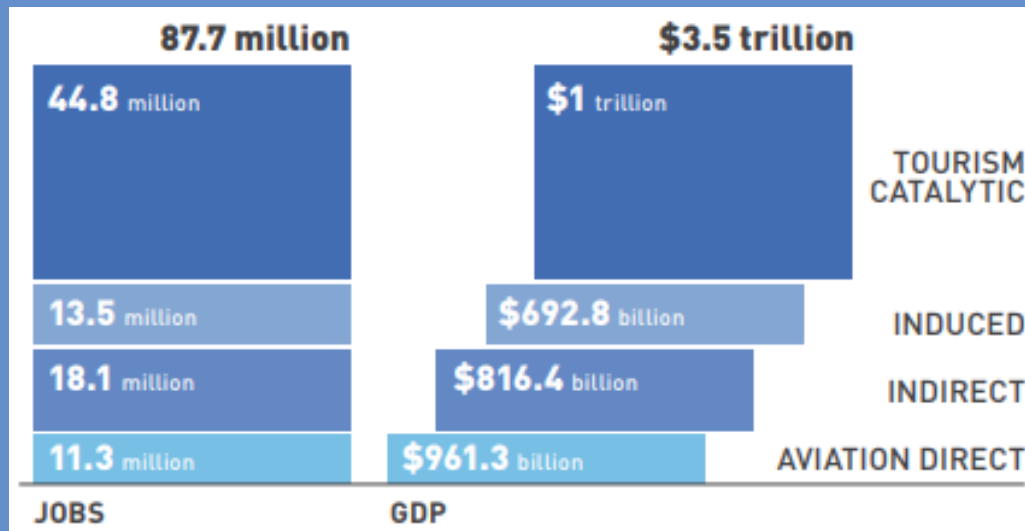
Source: ACI World Airport Traffic Forecasts; United Nation Population

Aviation benefits (pre-COVID)

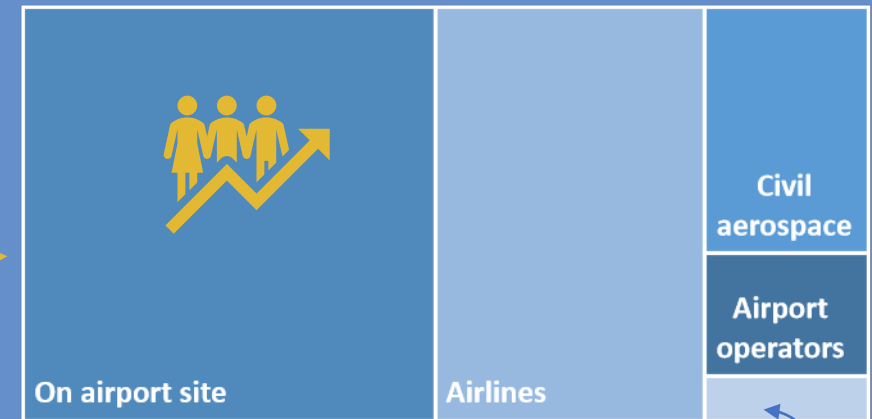
The socio-economic multiplier of aviation and airport infrastructure



In “business-as-usual times”, 57% of tourists arrive by air



55% of direct aviation jobs with airport operators or on airport site



Equates to the GDP of Indonesia and the Netherlands.



Summary

Discussion points

Ensuring greater economic resilience:

- How do we diversify airport revenue streams and cost base?

Exogenous threats – Managing and mitigating downside risks

- Known unknowns

Airport Customer Experience –

- Enhance competition (volume and \$\$)

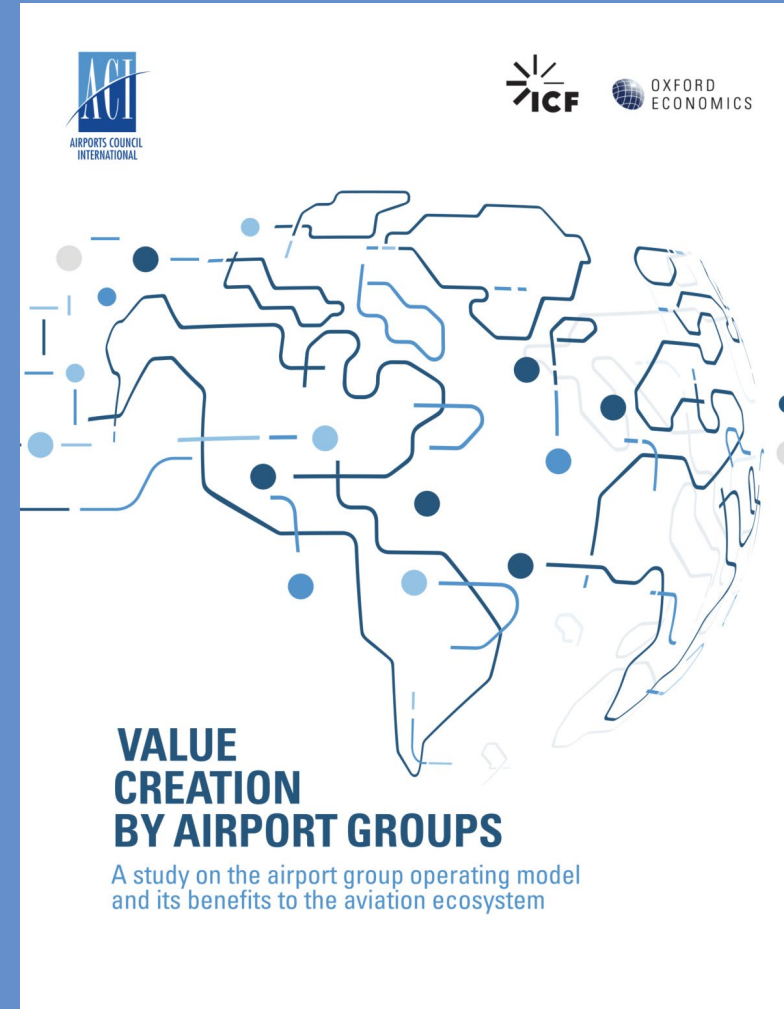
Aviation and airport infrastructure –

- Strong underlying fundamentals remain



ACI publications

Free publications as a token of appreciation



Airport Technology and expected changes:



Airport Technology and expected changes:

Impact of the pandemic?

Have priorities changed?

What should we expect the airport to look like in 5 -10 - 20 years?

Will change accelerate ?



Main themes:

Enhanced self service options

Increased touchless
and automated processes

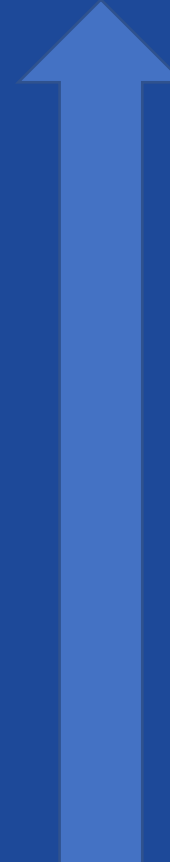
Biometrics
Passenger and baggage

Let the passenger be
« in command »

On demand services

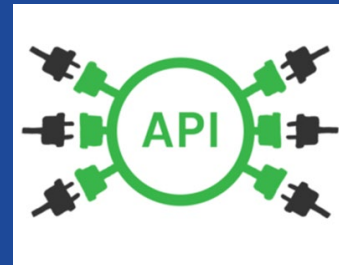
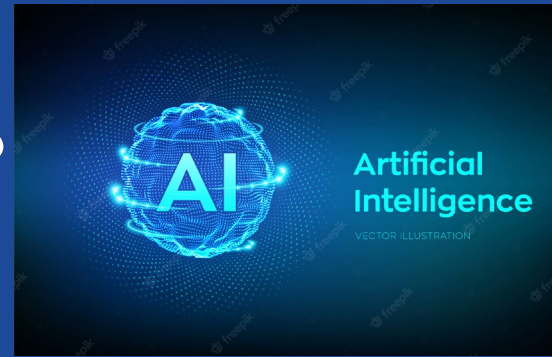
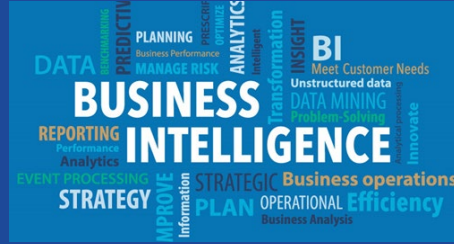
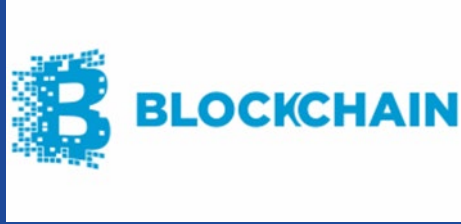
Capture information once

Off-airport, pre-travel



Digital
Transformation

The future travel journey ?



Is a more efficient passenger airport process an opportunity to generate more revenues, or might it reduce passenger airport dwell time (revenues)?



ACI worldwide passenger survey

- Enhanced touchless opportunities
- More efficient processes
- Additional off-site / Pre-travel options
 - Operations / processing
 - Pre travel updates
- Food & Beverage versus DF & retail?
- New 2022 version in late November



Opportunities:

- Accelerate innovation
- Improved leverage to modify certain regulations
- Encourage deployment of new digital solutions
- Continue to offer choices to passengers – Personalization
- Improve airport efficiency and Customer service



Expected doubling of passengers by 2040+ ?





NEXTT

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NEXTT New Experience Travel Technologies



#NEXTTjourney

Customer Service & Customer Experience:

Let the passenger decide how they want to build their travel journey



“People will forget what you said, people will forget what you did, but people will never forget how you made them feel.”
- Maya Angelou

Thank you

