

# ALL YOU EVER NEEDED TO KNOW ABOUT EXECUTIVE LOUNGES.....

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Manchester Airport's Group



**THE TRINITY FORUM** 2018  
THE GLOBAL AIRPORT COMMERCIAL REVENUES CONFERENCE  
31 October - 1 November 2018 • Shanghai, China

# THE HISTORY OF THE EXECUTIVE LOUNGE MARKET

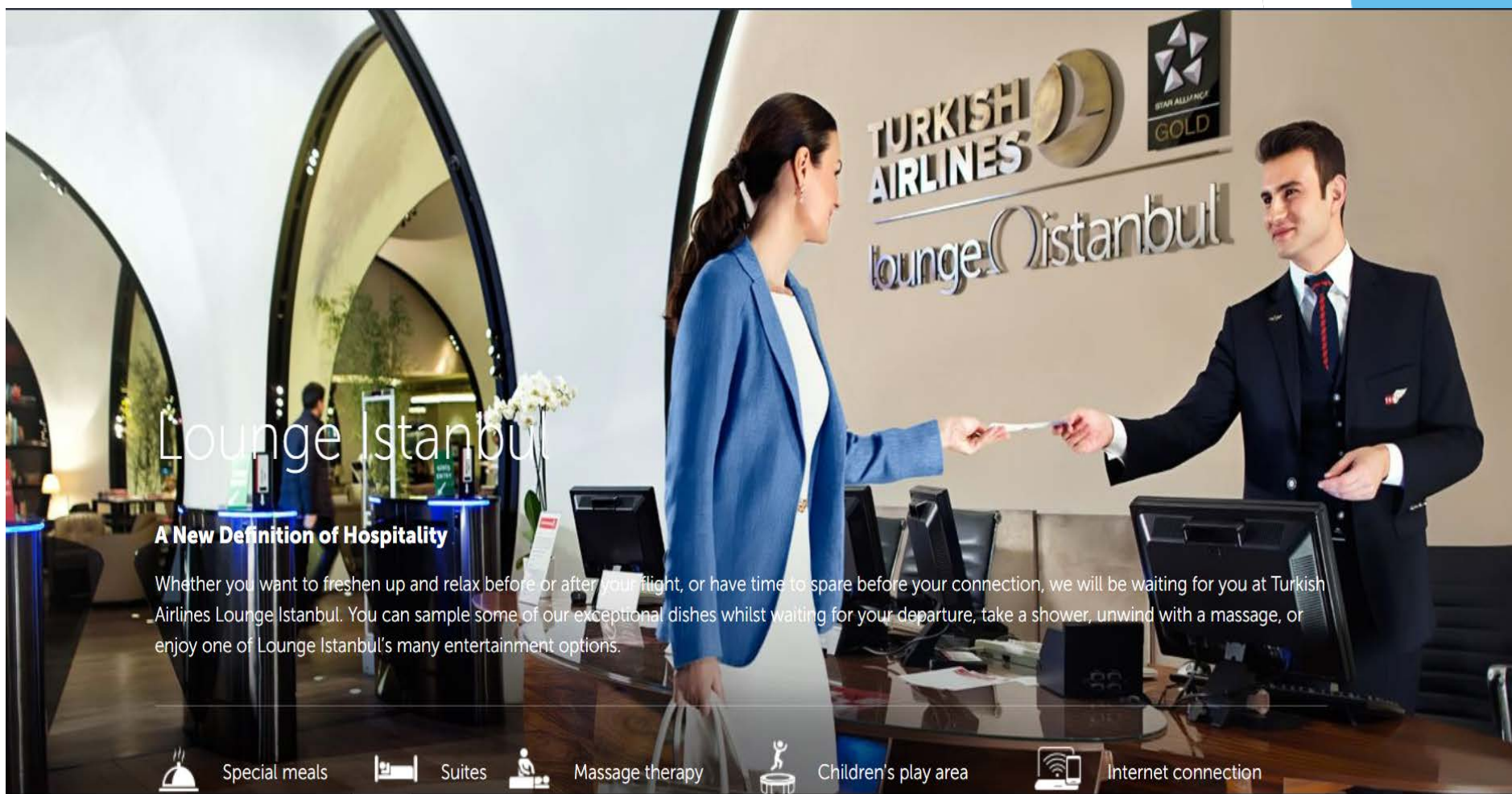
# DEFINITION OF AN AIRPORT LOUNGE.....

*'An airport lounge is a facility operated at many airports. Airport lounges offer, for selected passengers, comforts beyond those afforded in the airport terminal itself, such as more comfortable seating, quieter environments, and often better access to customer service representatives. Other accommodations may include private meeting rooms, telephones, wireless internet access and other business services, along with provisions to enhance passenger comfort, such as free drinks, snacks, periodicals, and showers.'*



# AIRPORT LOUNGES NOW.....

*A recent poll identified the five top luxury lounges across the globe .....*



Lounge Istanbul

**A New Definition of Hospitality**

Whether you want to freshen up and relax before or after your flight, or have time to spare before your connection, we will be waiting for you at Turkish Airlines Lounge Istanbul. You can sample some of our exceptional dishes whilst waiting for your departure, take a shower, unwind with a massage, or enjoy one of Lounge Istanbul's many entertainment options.

Special meals   Suites   Massage therapy   Children's play area   Internet connection

# AIRPORT LOUNGES NOW.....

*A recent poll identified the five top luxury lounges across the globe .....*








# CURRENT MARKET

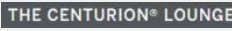

Structure and scale.....

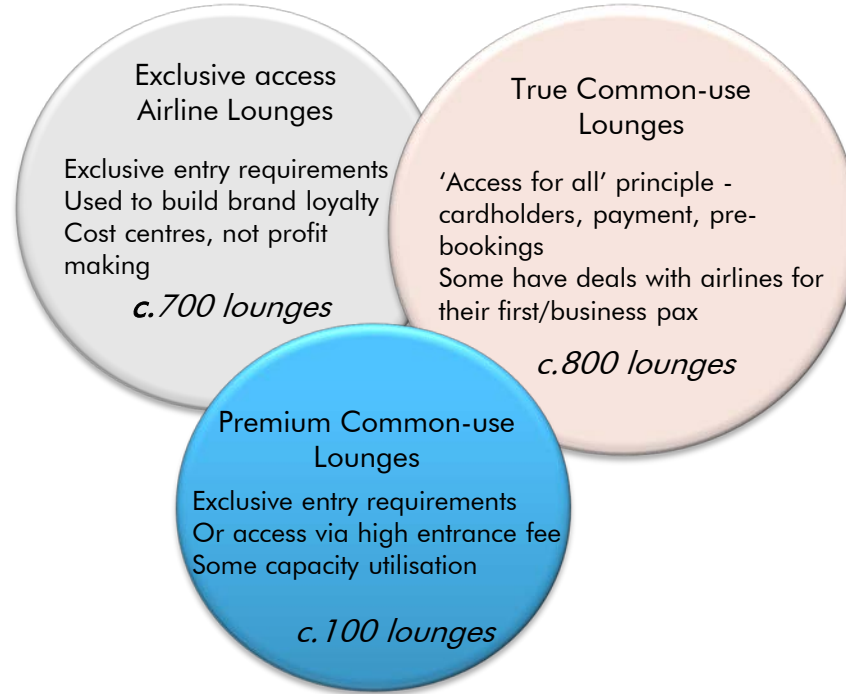
# GLOBAL MARKET STRUCTURE


*The lounges market is varied, with different segments serving different markets. "True" common use or 'pay on entry' lounges are distinct element. A proportion of lounges are airport-run.*

Airline Lounges  
 e.g.     
 Built specifically by an airline for their first/business pax



Alliance Lounges  
 e.g.    
 Built specifically by alliance partners for their first/business class pax

Bank Membership Lounges  
 e.g.    
 Built specifically for premium cardholders



Premium common-use airline Lounges  
 e.g.     
 Built specifically by an airline for their first/business class pax, but access allowed to non-airline customers for a fee

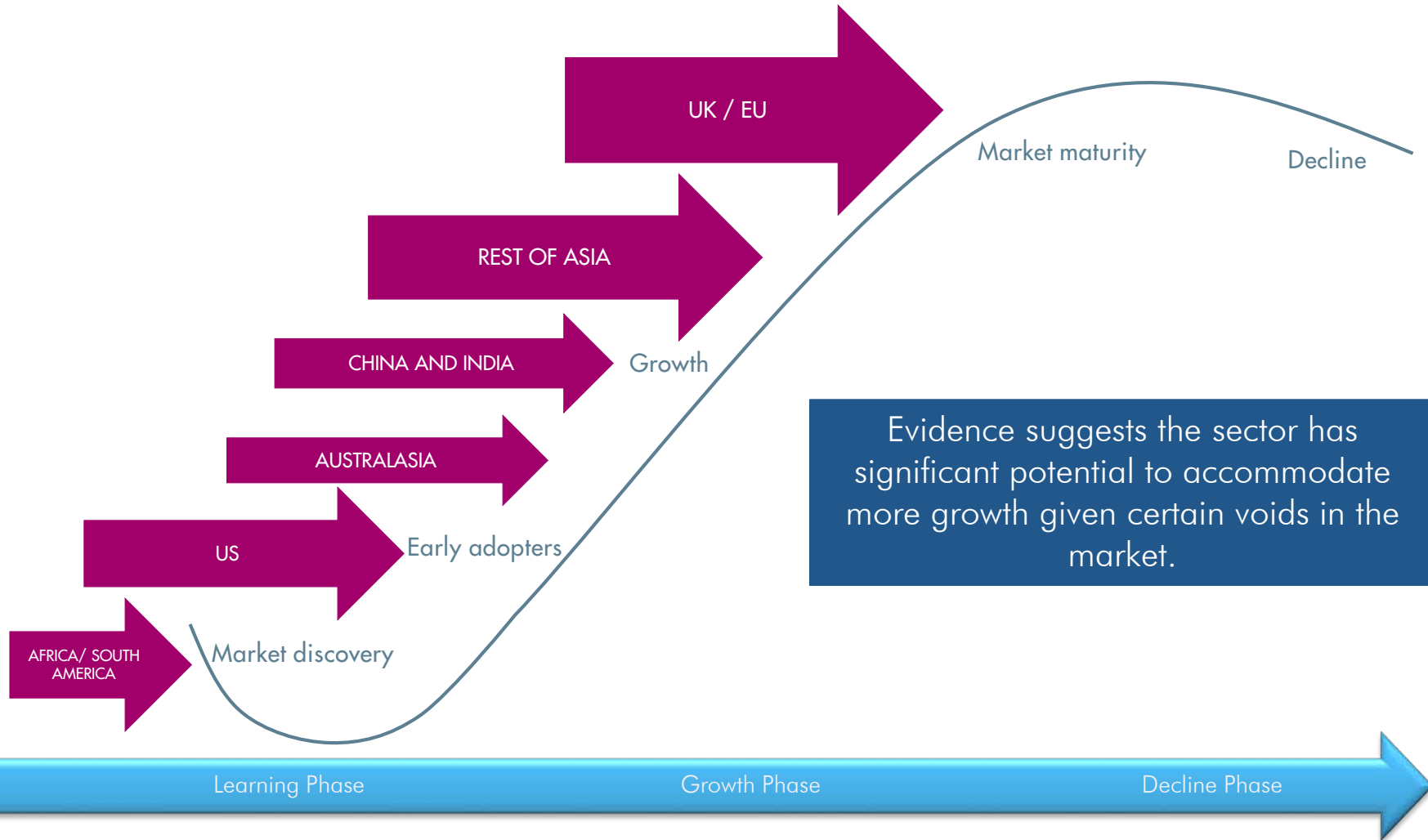
True Common-use Airport Operated Lounges  
 e.g.     
 True common-use lounge model applied by airports to provide lounges that meet all types of passenger demand, and optimises the capacity for commercial gain

True Common-use Dedicated Lounge Operators – global market players  
 e.g.  

True Common-use Dedicated Lounge Operators – smaller market challengers  
 e.g.     

# MARKET MATURITY

*The lounge market is at different levels of maturity across the globe. The growth in lounges is linked to the growth of F&B in airports and the trend for passengers to seek a 'treat' or 'experience' in an airport.....*





# COMMON-USE LOUNGE MARKET

Scale and Key Players

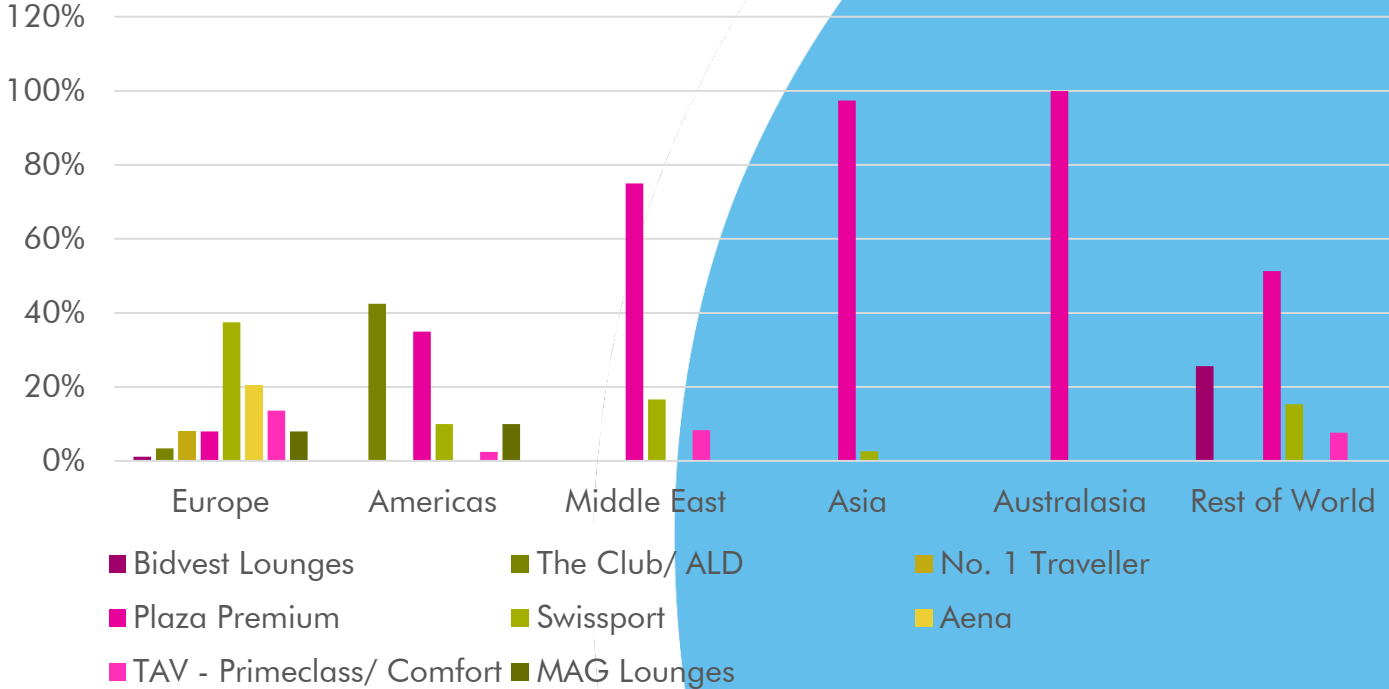
# EXAMPLES OF TRUE COMMON-USE LOUNGE OPERATORS

True Common-use Airport operated Lounges	Aena	TAV - Primeclass/ Comfort	MAG Lounges
Europe	18	12	7
Americas	0	1	4
Middle East	0	1	0
Asia	0	0	0
Australasia	0	0	0
Rest of World	0	0	0

True Common-use Dedicated Lounge Operators – global market players	Plaza Premium	Swissport
Europe	7	33
Americas	14	4
Middle East	9	2
Asia	37	1
Australasia	4	0
Rest of World	20	6

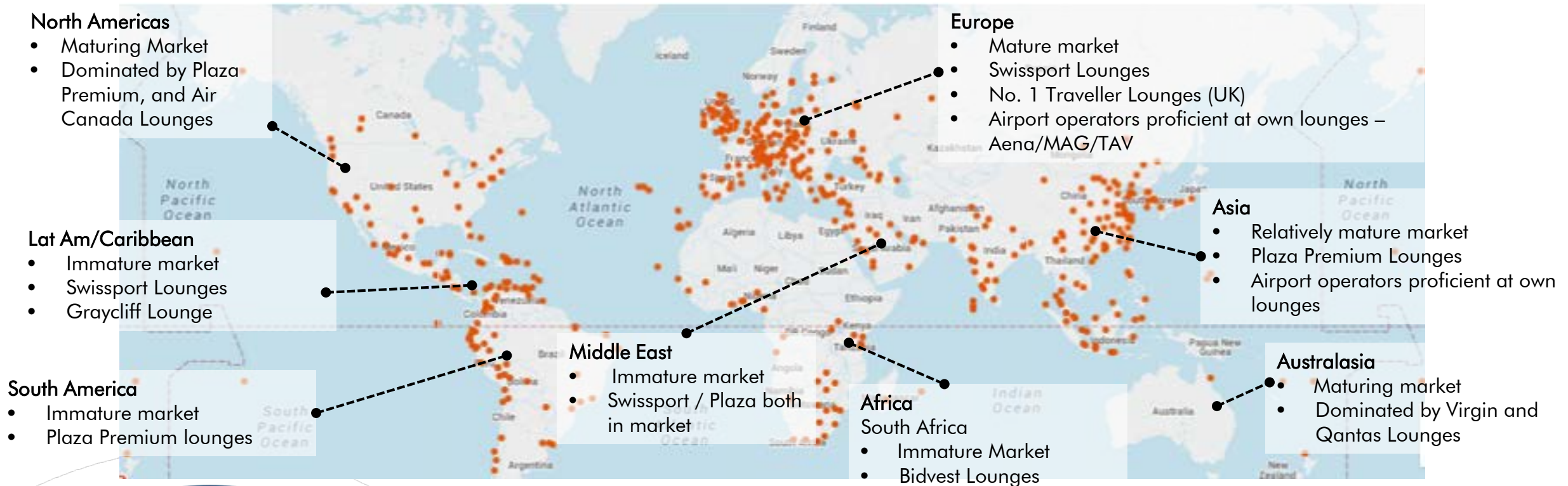
True Common-use Dedicated Lounge Operators – smaller market challengers	Airspace	Bidvest Lounges	The Club/ ALD	No. 1 Traveller	Graycliff Divans	SLOW Lounges (Comair)	Wingtips (ATS)
Europe	0	1	3	7	0	0	0
Americas	3	0	17	0	2	0	2
Middle East	0	0	0	0	0	0	0
Asia	0	0	0	0	0	0	0
Australasia	0	0	0	0	0	0	0
Rest of World	0	10	0	0	1	4	0

% of market share by KEY true common-use lounge operators



# MARKET COMPETITIVENESS

*In terms of market size for true common-use lounges, this is difficult to measure but the vast majority have some form of 'card consolidator' access. The map below, taken from the Priority Pass website highlights their lounges and provides an overview.*

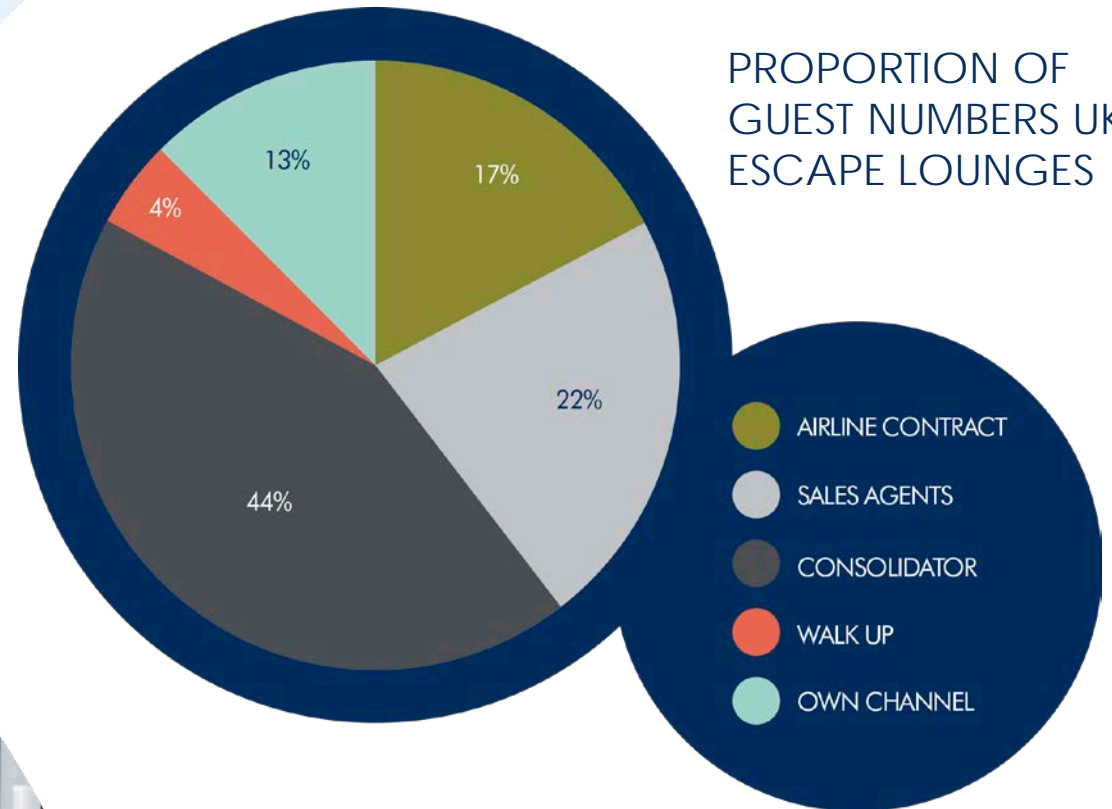


# DISTRIBUTION DISTRIBUTION DISTRIBUTION...

.....the key to success for common use lounges

## MULTI-CHANNEL DISTRIBUTION

PROPORTION OF GUEST NUMBERS UK ESCAPE LOUNGES



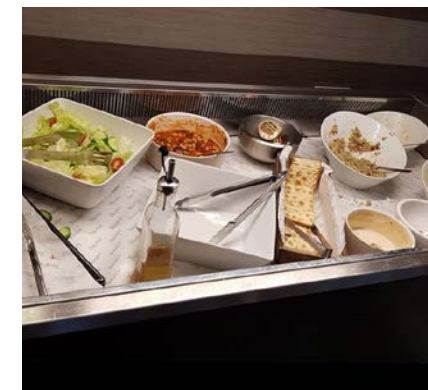
# THE GOOD, THE BAD AND THE UGLY

# GUEST PHOTOS – ‘THE GOOD, THE BAD & THE UGLY’

The Good...



The Bad...



# GUEST PHOTOS – ‘THE GOOD, THE BAD & THE UGLY’

The Ugly...



# WHY SHOULD AIRPORTS BE INTERESTED IN LOUNGES?



# LOUNGES IN NUMBERS

SINCE LAUNCHING ESCAPE LOUNGES,  
GUEST USE HAS SKY ROCKETED



**4 MILLION**

Escape guests since 2010



**985K**

Forecasted guests for 2018



**15 MILLION**

Annual UK Escape sales

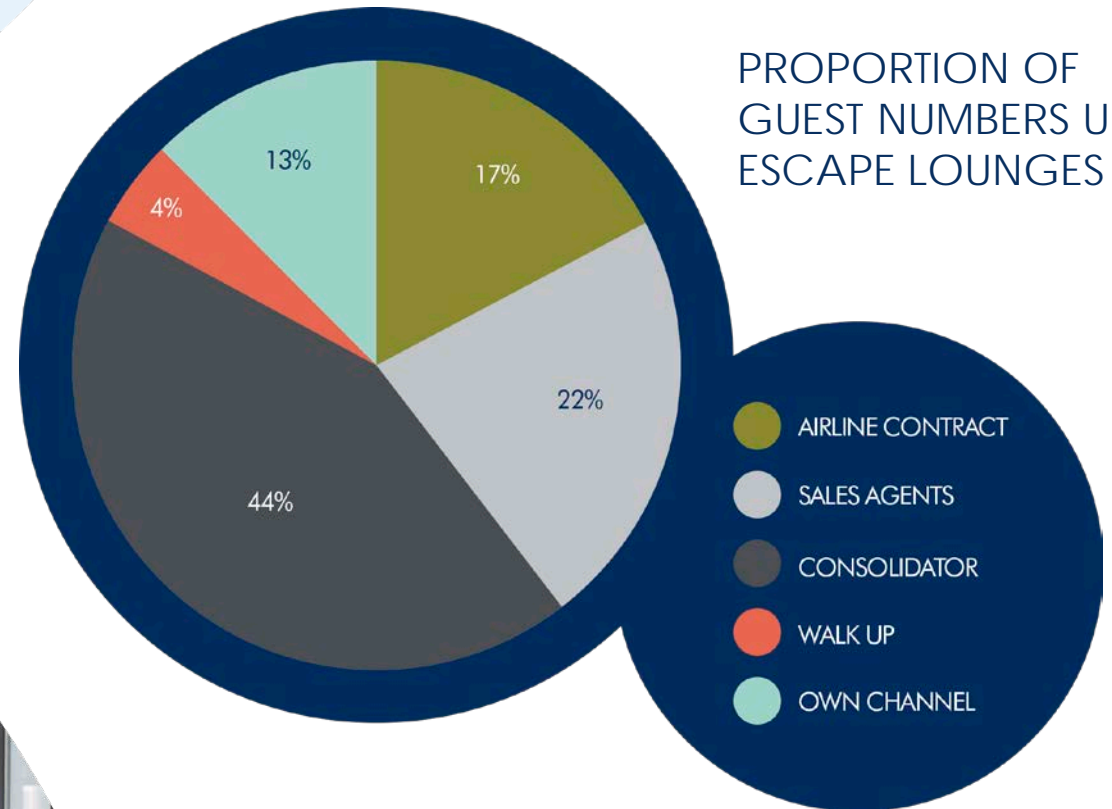


**12 LOUNGES**

Eight in the UK & four in the US

## MULTI-CHANNEL DISTRIBUTION

PROPORTION OF  
GUEST NUMBERS UK  
ESCAPE LOUNGES



# MAG LOUNGES AND HISTORY

Why do we operate lounges?

# OUR BRANDS



## 1903 | lounge

Personalising your lounge experience to provide an extraordinary memory



## byte LOUNGE

Creating a stimulating innovative hub to connect to the world



## escape Lounges

A welcoming place providing genuine friendly service and a comfortable start to your travels



## PROOF

An invitation to a carefully crafted pause at the start of your travels



## AVAILABLE TO ALL PASSENGERS

- Escape Lounges are our award-winning common use lounge, offering a relaxing atmosphere away from the hustle and bustle of the airport environment.
- The lounge is common-use meaning it is available to all passengers regardless of ticket type. Passengers are able to pre-book online or walk up and pay, subject to availability.
- Facilities include:
  - Wi-Fi
  - Printing/scanning facilities
  - Magazines and newspapers
  - Laptops and tablet charging points
  - Daily menus offering the best fresh food for a light bite, breakfast, lunch or dinner
  - A well stocked bar with wines, beers, liquors and spirits as well as a range of non-alcoholic drinks.



ESCAPE  
LOUNGES  
UK FY17

OVER 786,000  
GUESTS

+31% VS PY

# 1903

- Opened April 2017 in Terminal 3, our flagship 1903 Lounge provides the airport's passengers with the perfect opportunity to begin their journey in the most enjoyable and relaxing way possible.
- Designed exclusively for 1903 and freshly cooked by our very own in-house chefs, the food on offer has been chosen for its quality and freshness, with daily specials and local specialties appearing on the bespoke menu.

## KEY FACTS

- Why 1903? Named after the year of the first flight by the Wright Brothers which took place on 17th December 1903.
- 1903 is an adult only lounge, ideally suited to couples and solo travelers, offering guests all-inclusive food, snacks, drinks and Wi-Fi.
- A complimentary Fast Track security pass is included with bookings to ensure our guests reach the lounge as efficiently as possible.
- The lounge features floor to ceiling picture windows, providing passengers with fabulous views of the runway.

RATED



ON FACEBOOK



# 'LANDLORD' TO 'TENANT'

## Key Learnings

# OUR LOCATIONS – UK and USA LOUNGES



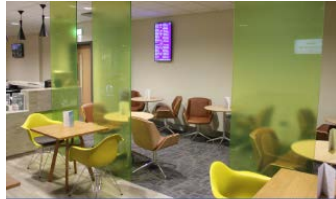
**ESCAPE - TERMINAL 1**  
 Year opened: 2010  
 Size: 540m2, 5,813sq ft  
 Guest Capacity: 140



**1903 - TERMINAL 2**  
 Year Opened: 2018  
 Size: 234m2, 2,519sq ft  
 Guest Capacity: 72



**ESCAPE - TERMINAL 2**  
 Refurbished: 2016  
 Size: 370m2, 3,983sq ft  
 Guest Capacity: 151



**ESCAPE - TERMINAL 2**  
 Year opened: 2013  
 Size: 61m2, 657sq ft  
 Guest Capacity: 70



**ESCAPE - TERMINAL 3**  
 Year opened: 2013  
 Size: 363m2, 3,907sq ft  
 Guest Capacity: 130



**1903 - TERMINAL 3**  
 Year opened: 2017  
 Size: 267m2, 2,874sq ft  
 Guest Capacity: 71



**ESCAPE**  
 Year opened: 2015  
 Size: 574m2, 6,179sq ft  
 Guest Capacity: 145



**PROOF 65**  
 Year opened: 2018  
 Size: 147m2, 1,582sq ft  
 Guest Capacity: 60



**ESCAPE**  
 Year opened: 2014  
 Size: 380m2, 4,090sq ft  
 Guest Capacity: 150



**ESCAPE - MINNEAPOLIS SAINT PAUL INTERNATIONAL AIRPORT**  
 Year opened: 2015  
 Size: 461m2, 4,962sq ft  
 Guest Capacity: 132



**ESCAPE - OAKLAND INTERNATIONAL AIRPORT**  
 Year opened: 2015  
 Size: 250m2, 2,691sq ft  
 Guest Capacity: 84



**ESCAPE - BRADLEY INTERNATIONAL AIRPORT**  
 Year opened: 2015  
 Size: 186m2, 2,000sq ft  
 Guest Capacity: 57



**ESCAPE - RENO-TAHOE INTERNATIONAL AIRPORT**  
 Opening: Winter 2017/18  
 Size: 151m2, 1,628sq ft  
 Guest Capacity: 43



# THE FOOD STORY

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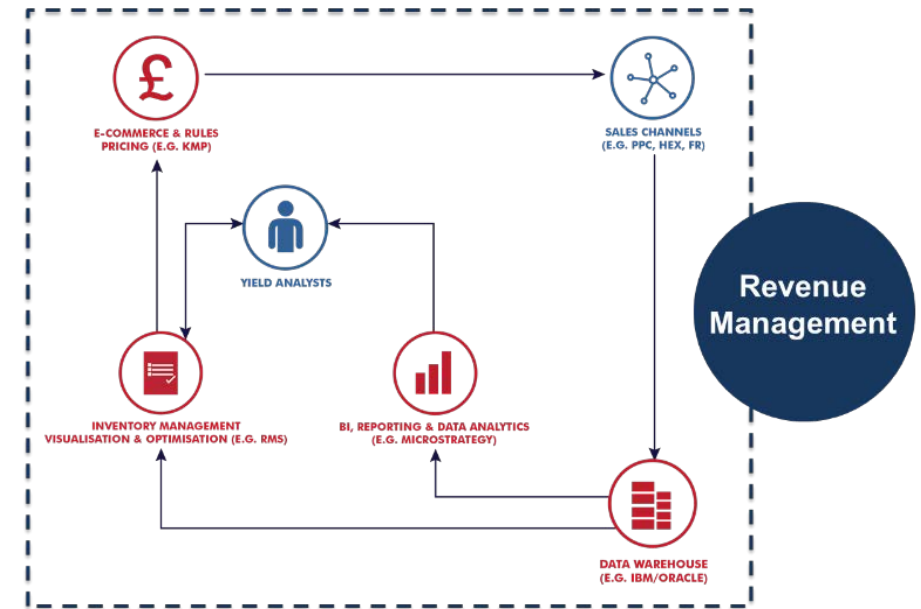
# WHAT'S NEXT FOR THE MARKET?

# PRICING AND YIELD MANAGEMENT – ARE LOUNGES A FIXED PRICE PRODUCT?

*Car Parks/hotels/airlines have demonstrated the value that dynamic pricing and yield management can drive .....why are lounges different?*

## Key principles:

- Pricing strategy for each product (clearly differentiated), priced competitively to drive market share
- Work with consolidators to adopt their systems in order to consume regular price files and send regular reservation files
- BI and analytics to predict consumer buying behaviour and measure price elasticity by product and customer type to optimise occupancy and yield
- Dynamic pricing to stimulate demand during off-peak periods, whilst maximising yield during peak periods
- Offers to be pushed through the app to sell spare capacity on dynamic basis



# CONTINUOUS IMPROVEMENT AND INNOVATION

- ESTABLISHING & RETAINING CUSTOMER LOYALTY
- FOCUS ON PROFITABILITY PER GUEST
- CROSS SELLING
- NEW PRODUCTS
- FLAGSHIP LOUNGES
- IT/SYSTEMS

STILL A MARKET IN GROWTH.....



# MAG LOUNGES DESIGNED FOR THE VERY BEST AIRPORT EXPERIENCE

