makes FootFall count

By Martin Moodie

Last year Birmingham International Airport began a significant research programme with UK consultancy FootFall to analyse the impact of passenger flows on commercial revenues. As phase two of the study is rolled out, The Moodie Report examines some of the fascinating findings – which are set to have a huge bearing on the retail and food & beverage offer of the future.

“It’s all about taking a more scientific approach to our commercial activities. Previously it was largely anecdotal,” says Ray Savage, head of market development-commercial at Birmingham International Airport (BIA).

The ‘science’ in this case is a pioneering study conducted by BIA in conjunction with UK retail consultancy FootFall. The objective is to monitor pedestrian flows in and around the airport.

The findings are intended to optimise retail and food & beverage (F&B) concession income by measuring and managing the relationships between dwell time, sales, passenger profile and flight operational characteristics. And if it sounds scientific, that’s because it is. Savage says it’s time to stop using “woolly research” and move instead to hard data which allows intelligent evaluation of year-on-year trends.

Among other elements, the first phase of the survey (which concentrates on terminal one) analysed dwell time, which is defined as the period from when a passenger goes through security until the moment they leave the departure lounge to go to the piers. Its findings were both useful and surprising, says Savage.

“From an operator’s perspective, it allows us to look at a whole range of areas, from cleaning and security to retail staffing ratios and catering,” says Savage. “We share FootFall’s findings with the operators, so they can get their rotas right.”

Comprehensive project

This is the largest and most comprehensive airport project done by FootFall. It’s also an ideal opportunity to establish the long-term accuracy of a system which, the company believes, offers crucial insight for airport operators and landlords. The firm currently counts footfall at over 500 shopping centres worldwide, involving an estimated six billion people annually.

That knowledge has been put to good use at BIA and Savage is delighted by what he has learned. “It helps put a value on a difficult site versus a good one,” he says. “It has also enabled us to put a value on increasing our security staffing, enabling passengers to progress into the departure lounge more quickly and therefore spend more. The rise in security costs is more than offset by better commercial revenues.”

Using an electronic counting system with sensors located in key areas, the FootFall study focused on understanding how passengers use the airside departure lounge.

FootFall’s findings with the operators, so they can get their rotas right. “From an operator’s perspective, it allows us to look at a whole range of areas, from cleaning and security to retail staffing ratios and catering,” says Savage. “We share FootFall’s findings with the operators, so they can get their rotas right.”

May 2004

It looked at dwell time and at lounge passenger occupancy levels; then, critically, it applied the findings to their influence on retail sales.

The FootFall counting system (in the T1 airside departure lounge) delivered a range of footfall information including passenger flow volumes, passenger dwell time and lounge occupancy volumes. BIA and FootFall were interested in testing two hypotheses: that dwell time has a direct influence on sales, and that dwell time and sales value vary by passenger/flight segment.

The study sought not only to quantify the sales value of dwell time but also to identify the optimum dwell time – critical information for retailers. Much of this information is known by experienced airport retailers, but the actual value of dwell time in relation to penetration and spend per transaction is less well documented (and is unique to each airport terminal). Having collated this data, Savage says that the best value is still to come from the system, which will help develop the right approach in managing passenger throughput in the future.

The FootFall system has been verified by BIA as being accurate to ±2% (based on boarding cards issued). The FootFall system has been verified by BIA as being accurate to ±2% (based on boarding cards issued). The system, which will help develop the right approach in managing passenger throughput in the future.

Using an electronic counting system with sensors located in key areas, the FootFall study focused on understanding how passengers use the airside departure lounge.

Although representing a belief in the value of dwell time, Savage believes that the key factor is the ability to convert that understanding to action.

That knowledge has been put to good use at BIA and Savage is delighted by what he has learned. “It helps put a value on a difficult site versus a good one,” he says. “It has also enabled us to put a value on increasing our security staffing, enabling passengers to progress into the departure lounge more quickly and therefore spend more. The rise in security costs is more than offset by better commercial revenues.”

Fascinating results

In developing their conclusions about the value of dwell time, FootFall analysed the following data sets at BIA:

- The sales value of each minute of passenger time spent in-lounge?
- Your optimum dwell time?
- How occupancy volumes affect average transaction value?
- How occupancy volumes affect conversion rates?
- When diminishing returns threaten retail revenues?

About FootFall

FootFall Ltd is a leading global provider of customer counting technology and statistics to the retailing and retail property sectors.

Based in Solihull, UK it has offices in 11 countries worldwide. Its clients include nine out of the top ten UK retail property companies and funds, and many of the leading top 100 retailers.

FootFall (www.FootFall.com) provides accurate audited information and market knowledge to clients in a form that enables them to maximise their strategic thinking. Its systems integrate retailers’ key data to provide user-friendly management reports, helping to answer questions about operational efficiency and marketing effectiveness – in turn allowing the retailer to implement change and realise savings.

Advanced digital cameras and electronic equipment help FootFall to provide retailers or airports with fast, accurate information on pedestrian movements in an easily understood format.

FootFall systems can be installed in multi-site environments, providing continuous and quantifiable footfall information. This feeds into key performance indicators to help the company concerned monitor the impact of business decisions with measurable financial payback.

It looked at dwell time and at lounge passenger occupancy levels; then, critically, it applied the findings to their influence on retail sales.

The FootFall counting system (in the T1 airside departure lounge) delivered a range of footfall information including passenger flow volumes, passenger dwell time and lounge occupancy volumes. BIA and FootFall were interested in testing two hypotheses: that dwell time has a direct influence on sales, and that dwell time and sales value vary by passenger/flight segment.

The study sought not only to quantify the sales value of dwell time but also to identify the optimum dwell time – critical information for retailers. Much of this information is known by experienced airport retailers, but the actual value of dwell time in relation to penetration and spend per transaction is less well documented (and is unique to each airport terminal). Having collated this data, Savage says that the best value is still to come from the system, which will help develop the right approach in managing passenger throughput in the future.

The FootFall system has been verified by BIA as being accurate to ±2% (based on boarding cards issued). The FootFall system has been verified by BIA as being accurate to ±2% (based on boarding cards issued). The system, which will help develop the right approach in managing passenger throughput in the future.

Using an electronic counting system with sensors located in key areas, the FootFall study focused on understanding how passengers use the airside departure lounge.

Although representing a belief in the value of dwell time, Savage believes that the key factor is the ability to convert that understanding to action.

That knowledge has been put to good use at BIA and Savage is delighted by what he has learned. “It helps put a value on a difficult site versus a good one,” he says. “It has also enabled us to put a value on increasing our security staffing, enabling passengers to progress into the departure lounge more quickly and therefore spend more. The rise in security costs is more than offset by better commercial revenues.”

Fascinating results

In developing their conclusions about the value of dwell time, FootFall analysed the following data sets at BIA:

- The sales value of each minute of passenger time spent in-lounge?
- Your optimum dwell time?
- How occupancy volumes affect average transaction value?
- How occupancy volumes affect conversion rates?
- When diminishing returns threaten retail revenues?

About FootFall

FootFall Ltd is a leading global provider of customer counting technology and statistics to the retailing and retail property sectors.

Based in Solihull, UK it has offices in 11 countries worldwide. Its clients include nine out of the top ten UK retail property companies and funds, and many of the leading top 100 retailers.

FootFall (www.FootFall.com) provides accurate audited information and market knowledge to clients in a form that enables them to maximise their strategic thinking. Its systems integrate retailers’ key data to provide user-friendly management reports, helping to answer questions about operational efficiency and marketing effectiveness – in turn allowing the retailer to implement change and realise savings.

Advanced digital cameras and electronic equipment help FootFall to provide retailers or airports with fast, accurate information on pedestrian movements in an easily understood format.

FootFall systems can be installed in multi-site environments, providing continuous and quantifiable footfall information. This feeds into key performance indicators to help the company concerned monitor the impact of business decisions with measurable financial payback.

It looked at dwell time and at lounge passenger occupancy levels; then, critically, it applied the findings to their influence on retail sales.

The FootFall counting system (in the T1 airside departure lounge) delivered a range of footfall information including passenger flow volumes, passenger dwell time and lounge occupancy volumes. BIA and FootFall were interested in testing two hypotheses: that dwell time has a direct influence on sales, and that dwell time and sales value vary by passenger/flight segment.

The study sought not only to quantify the sales value of dwell time but also to identify the optimum dwell time – critical information for retailers. Much of this information is known by experienced airport retailers, but the actual value of dwell time in relation to penetration and spend per transaction is less well documented (and is unique to each airport terminal). Having collated this data, Savage says that the best value is still to come from the system, which will help develop the right approach in managing passenger throughput in the future.

The FootFall system has been verified by BIA as being accurate to ±2% (based on boarding cards issued). The FootFall system has been verified by BIA as being accurate to ±2% (based on boarding cards issued). The system, which will help develop the right approach in managing passenger throughput in the future.

Using an electronic counting system with sensors located in key areas, the FootFall study focused on understanding how passengers use the airside departure lounge.

Although representing a belief in the value of dwell time, Savage believes that the key factor is the ability to convert that understanding to action.

That knowledge has been put to good use at BIA and Savage is delighted by what he has learned. “It helps put a value on a difficult site versus a good one,” he says. “It has also enabled us to put a value on increasing our security staffing, enabling passengers to progress into the departure lounge more quickly and therefore spend more. The rise in security costs is more than offset by better commercial revenues.”

Fascinating results

In developing their conclusions about the value of dwell time, FootFall analysed the following data sets at BIA:

- The sales value of each minute of passenger time spent in-lounge?
- Your optimum dwell time?
- How occupancy volumes affect average transaction value?
- How occupancy volumes affect conversion rates?
- When diminishing returns threaten retail revenues?

About FootFall

FootFall Ltd is a leading global provider of customer counting technology and statistics to the retailing and retail property sectors.

Based in Solihull, UK it has offices in 11 countries worldwide. Its clients include nine out of the top ten UK retail property companies and funds, and many of the leading top 100 retailers.

FootFall (www.FootFall.com) provides accurate audited information and market knowledge to clients in a form that enables them to maximise their strategic thinking. Its systems integrate retailers’ key data to provide user-friendly management reports, helping to answer questions about operational efficiency and marketing effectiveness – in turn allowing the retailer to implement change and realise savings.

Advanced digital cameras and electronic equipment help FootFall to provide retailers or airports with fast, accurate information on pedestrian movements in an easily understood format.

FootFall systems can be installed in multi-site environments, providing continuous and quantifiable footfall information. This feeds into key performance indicators to help the company concerned monitor the impact of business decisions with measurable financial payback.
The results were fascinating. For example, during the research period, it was discovered that each passenger minute spent in the T1 lounge was worth £0.24 (US$0.43) in commercial revenues. But interestingly, as passenger numbers in the lounge increased, the conversion rate (transactions as a percentage of lounge occupants) decreased – as did the sales per occupant.

According to FootFall, the optimum dwell time at BIA was 46 minutes. As the dwell time extended beyond that benchmark, two key things happened: though sales still increased, as a ratio the sales per occupant decreased and the rate of overall sales growth slowed.

The impression in many quarters that flight delays benefit retail was not borne out – at least not for mainstream retailers. Delayed passengers spent an average +10% more per head, but mostly on personal comfort and ‘killing time’. And noticeably, these transactions were at lower average transaction values (ATVs).

Delayed passengers spend a little more, but their extended presence in the departure lounge can increase congestion, thereby reducing the conversion rate and spend per head among other passengers.

This helped explain the diminishing retail returns beyond 46 minutes dwell time as what Millward describes as ‘decay factors’ set in. Increases in dwell time continue to benefit catering pro-rata, but retail sales growth slows (apart from CTN, which benefits sharply).

“If you lose 9–10 minutes of dwell time,” Savage says, “you don’t lose much on catering but you lose 50 pence (US$0.90) per pax on retail spend. This lets us put a finite value on the cost of lost dwell time, and adjust our operational processes accordingly.”

Birmingham International plans big retail expansion

Birmingham International Airport (BIA) is mounting a £30–35 million (US$54–63 million) extension of its terminal one departures lounge – with a big focus on commercial activities.

The development will happen in three phases, with work on the first set to start this winter for completion in the spring of 2006. This first phase will see the existing terminal building extended, resulting in a fundamental change to the duty free/retail proposition.

Currently the offer is split into five separate stores (liquor & tobacco; fragrances & cosmetics; watches & jewellery; music/books; children’s) – a decision taken in the lead-up to (and uncertainty about) intra-EU duty free abolition in 1999.

BIA head of market development–commercial Ray Savage tells The Moodie Report: “We’re moving towards a traditional one-stop duty free shop, with sufficient capacity to manage passenger growth through to 2012. By then we will have capacity for about 13 million passengers.” The current capacity of terminal one’s departure lounge is 9 million, with the airport as a whole currently managing 9.6 million.

A new food and beverage area will also be featured in phase one.

Delayed passengers spend a little more, but their extended presence in the departure lounge can increase congestion, thereby reducing the conversion rate and spend per head among other passengers.

As a result, two large tenders will take place: one for a pub offer, and one for duty free. The incumbents’ contracts, currently held by Select Service Partner and Alpha Retail respectively, were due to expire in September. But the parties are now in detailed discussions to extend the current concessions until the completion of phase one of the development.

Phase two will see a remodelling of the existing food and beverage area plus the creation of a new retail area dedicated to specialist stores. This work should begin in about 18 months’ time.

Phase three (and a later phase four) will involve more retail space development and the addition of greater lounge seating capacity.

BIA T1 features a cross section of passenger profiles, including traditional leisure traffic, strong intra-EU and non-EU offers (including Emirates and the twice-daily transatlantic Continental flights), as well as a lot of sub-continent-bound traffic.

Savage says the development plans have been primarily focused on the expansion of commercial facilities. They are intended to enable the true integration of retail and catering concessions into the terminal’s passenger flows.

We’re showing up all over the place

We’ve been growing our business for almost fifty years and now operate from over 150 retail and catering outlets at 69 airports in 11 countries across 5 continents.

We are, for example, the largest Duty Free operator on the Indian sub-continent, trading in 4 countries including Sri Lanka.

We consistently win industry applause and regularly pioneer successful new concepts such as our wine club ‘Labels’, and strong retail brands including ‘Alpha Airport Shopping’, ‘World News’, ‘Glorious Britain’, and ‘Bar 08’.

Across the globe, from Cardiff to Colombo, Manchester to the Maldives, you will find evidence that, in airport retailing and catering, we continually innovate in thought and in action. In pursuit of the best, always going the extra mile.

For more information please contact Paul Topping on +94 777 531801.

www.alpha-group.com
According to FootFall, passengers who shop at the airport are ‘on a mission’ and are influenced by:
- Lack of time
- Pre-mediation
- Rapid, impulse decision-making
- Sensitivity to occupant volumes

These factors, says Millward, have consequences for retail revenues and need to be managed carefully.

It’s early days but the study’s benefits are already tangible, with the findings having helped achieve:

- Maximisation of retail revenues
- Sharing of information with retail partners
- Streamlining of airport operations
- Optimisation of dwell time and lounge occupancy
- Sensitivity to occupant volumes
- Identification of retail ‘hotspots’
- Sensitivity to occupant volumes
- Maximisation of retail revenues

Big benefits

The existing FootFall systems at BIA are now being extended, and it’s not just the duty free and F&B offers that are realising the benefits. Two-way FootFall counting mechanisms have also been located on the recently-opened SkyRail passenger train from Birmingham International railway station and the nearby National Exhibition Centre (NEC) to the airport.

During the recent Spring Fair (an important gifts exhibition) the system recorded a huge increase in landside customers from the NEC to the airport, and correlating this with trading patterns was enlightening. Savage points to a +10% rise in landside retail and F&B sales volumes, with a corresponding +15% rise landside during the NEC exhibition period.

“We discovered a significant increase in non-passenger landside shoppers,” he says. “We were clearly increasing our landside retail profile during the major NEC exhibitions.”

Such knowledge is critical in structuring the retail portfolio of the future, and Savage admits to re-examining the landside offer as a result.

Factfile: Birmingham International Airport

- Nine million passengers each year
- Fifth busiest airport in UK
- 66% scheduled flights, of which:
  - 41% business
  - 59% leisure
- 34% charter
- Used by over 40 airlines
- Flights to over 100 destinations

Source: BIA, The Moodie Report

The programme’s second phase will see a roll-out of the counting mechanisms to every single entry point in the airport, including the T2 departure lounge, staff airside access points and all terminal entry and exit points, as well as arrivals.

“This development will enable us to understand the number of people who enter/arrive at each terminal and departure lounge by dwell time – in 15 minute segments if we need it,” Savage says.

The information gathered from the FootFall survey will also be useful in future tenders. “Because we believe in transparency and giving as much information as possible through our tender process, we will provide this data in the tender process,” says Savage.

But much more can still be done.

“One of the ultimate goals would be getting FootFall counting in and around the whole retail environment to help us to better understand the flows past individual outlets – and the ‘peel-off rate’ into the shops in contrast to those that just walk on by,” says Millward.

“It’s all about charting the flow of the people into the airport environment and then into the retail environment – and then capturing the spend.”

Source: ©FootFall® Ltd
Raising the game

“As an industry we have to be slicker and more streamlined in processing passengers. You have to put measures, trends and science into the processes to fully understand it, and then make people accountable for the results.”

Millward adds: “It’s all helping the landlord and the tenants to raise their games. And it helps the landlord decide who he wants as a partner.”

Or, in some cases, who the retailer wants as a landlord. As Savage rightly points out, the travel retail industry has undergone a profound change in recent years. Regional airports, in particular, cannot expect UK branded outlets to queue up for an airport presence without confidence in meeting increasingly stringent return-on-investment criteria.

“If we have data to support us, there is a far greater chance of attracting the brands we want to support our airports,” says Savage. “In the past the industry may have been prepared to take risks because of the wish to be involved in airports. But since September 11 retailers want those risks reduced, or at least better managed.

“The days of loss leaders are gone for both parties. Therefore both sides, landlords and retailers, need to be that much sharper on their investment returns. Airports still have the advantage over high streets, in that the footfall at airports continues to see an upward trend, despite the recent global difficulties.”