



**Potential of Non- Aeronautical Revenues for Airport  
Duesseldorf International**

**By**

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## Review Topics

- Presentation
- Structure
- Research
  - Theoretical background
  - Duesseldorf
- Evaluation

- Presentation

- + Nice, clear presentation;
- + Table of contents, list of tables and figures list of abbreviations, Abstract;
- + Quotes, references
- Executive Summary;
- Key findings & recommendations.

- Structure

- + Theoretical understanding;
- + Duesseldorf Airport, practice;
- + Evaluation;
- + Recommendations.

## • Research

Theoretical Background (page 6- 17). Lot of facts, little theory!

Wrong facts:

- " commercialisation of airports, .... And privatisation of airports during the mid 1970's." BAA first to be privatized? When? **1987.**
- Doganis 1992 quotes. Lot has changed 1992. Schiphol has a lot landside shops. (p. 36) be careful!

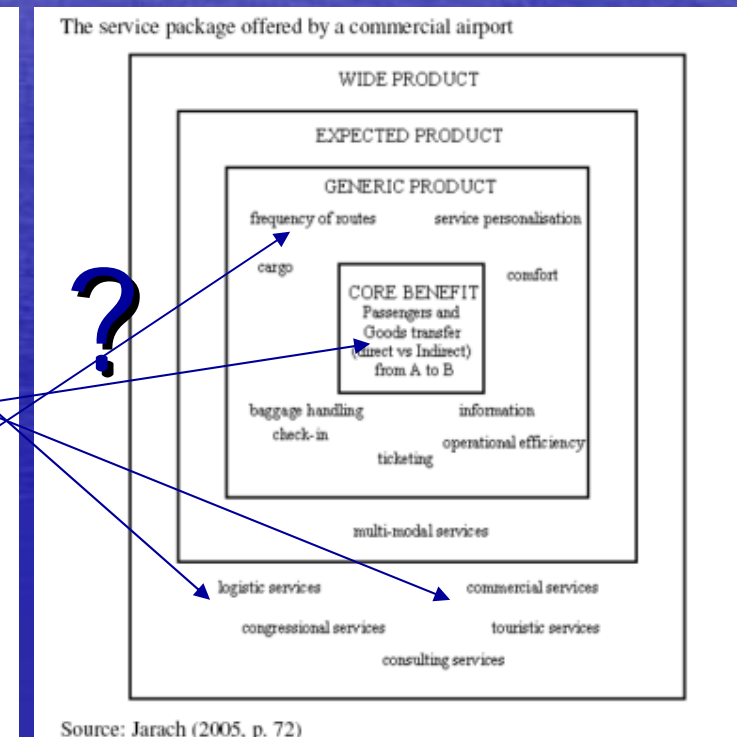
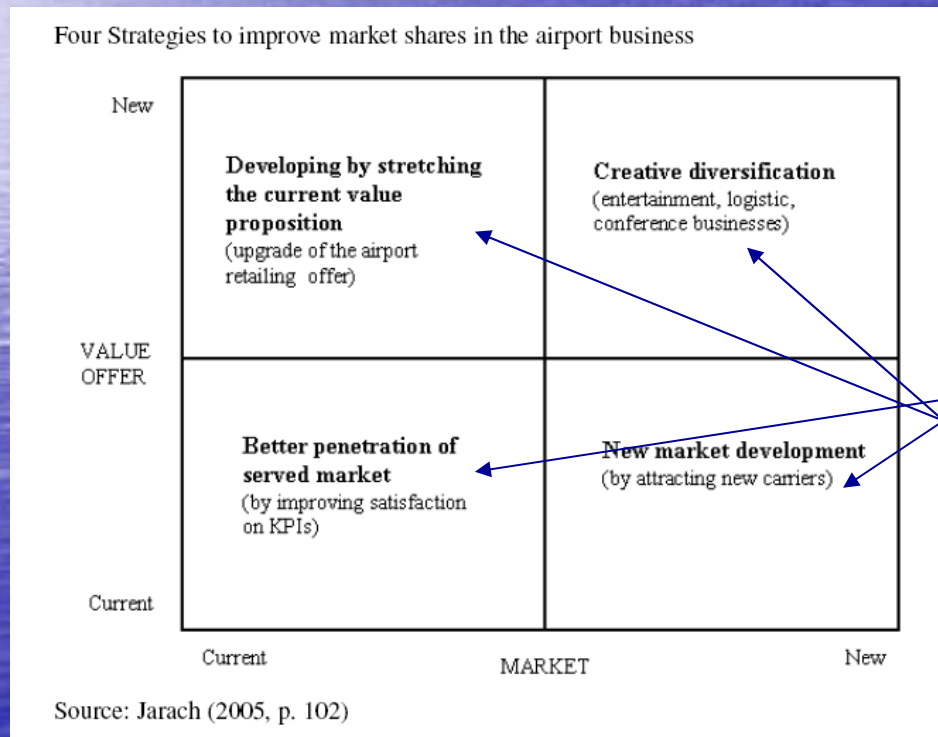
Suggestions for better data/research

- Figure 2. replace split airport sales % duty free % in the split between aero and non-aero revenues over time (corrected for inflation)
  - Has it changed a lot? Or has it not changed at all?
  - Has it changed due a reduction in aeronautical charges? What does that entail?(My guess: it has not moved a lot)
- Describe relationship between Airport volume, M2 and Retail revenues. Is there a structural relationship in a sample?
- Interesting to what Rating agencies have to say about commercial revenues => Diversification lower risk profile

# • Research

## Theoretical Background

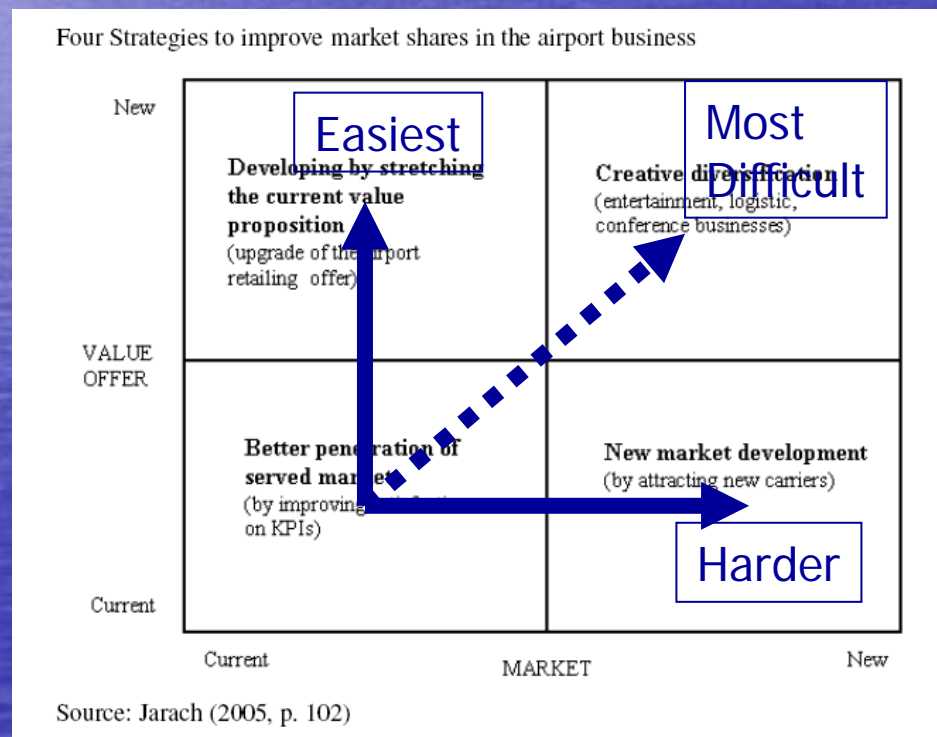
Explain the relationships between these frameworks. Fail to understand it.



- Research

## Theoretical Background

Ansoff PMC Matrix; merits of diversification....Where is the framework?



- Research

## Theoretical Background

### – Analysis? Conclusions?

Table 1

Airport sales by product category 2005 versus 2000

	Sales 2005 (\$ mil)	Sales 2000 (\$ mil)	Growth ( %) 00-05	Market share 2005	Market share 2000
Wine and Spirits	2,233	1,531	45.8	15.8	17.1
Perfumes and Cosmetics	5,042	2,670	88.8	35.8	29.8
Tobacco Goods	1,457	1,124	29.6	10.3	12.6
Luxury Goods <sup>7</sup>	4,313	2,960	45.9	30.6	33.1
Confectionery and Fine Food	1,049	667	57.1	7.4	7.5
Total	14,096	8,954	57.4	100	100

Source: Generation Databank (as cited in Airport World, Dec 06 – Jan 07, p. 36)

"gone are the days of liquor en tabacco?" (p.9) 2000: 30% - 2005: 26%

Perfumes & Cosmetics: 2000: 30% - 2005: 36%

Total Duty free: 2000: 60% - 2005: 62 %!

Vs luxury goods: 2000: 33% - 2005: 31%! Decreased

Where is this decline in Duty Free Sales claimed by DWFC? (p 10)

- Research

### Theoretical Background

EU % of global retail sales	50%
Asia Pacific	28%
Americas	8%
Africa	2%

Why? % Duty Free sales? Purchase power? Sophistication?

Tourist Services: Video games in waiting areas? No data?

Conference Services: no data

Logistics and Property: no data

Consulting services: no data?

Duty Free on arrival (p. 12), fastest grow segment in Duty Free (Aldeasa)

No attempt to size customer groups relative to size of airport...

Suggest to develop classification for commercial revenues:  
B2B and B2C.

- Research

### Theoretical Background

Point 4 (p.16) talks about Dus. Seems to be in wrong place as it is not part of a theory but the case it self.

- Research

## Dusseldorf

Point 2.1 (p 18) what do you mean by "sufficient number of international destinations? It is insufficient to compete with Schiphol and Frankfurt.

Miss description of why Dus lost its dominant position. Some reasons:

Fractioned stewardship, highly populated environment (small communities). Heavy transportation and industry tradition; roads, rail, river far more important: failed to recognize growing importance of aviation

- Research

## Dusseldorf

What I miss time series comps against rival airports to set the stage (although some are have been included under 3. performance evaluation):

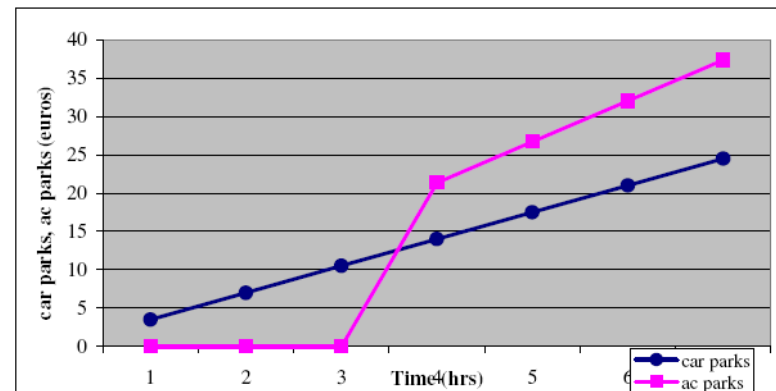
- airport revenues
- retail revenues and m2
- traffic development (correlation Int. destinations and revenues)
- Diversification strategies

What I fail to understand  
Lost revenue due to free  
Aircraft parking 45 minutes?

Make turn around cost comps  
Between airports

Figure 5

Comparison of car park rates to aircraft parking rates<sup>37</sup>.



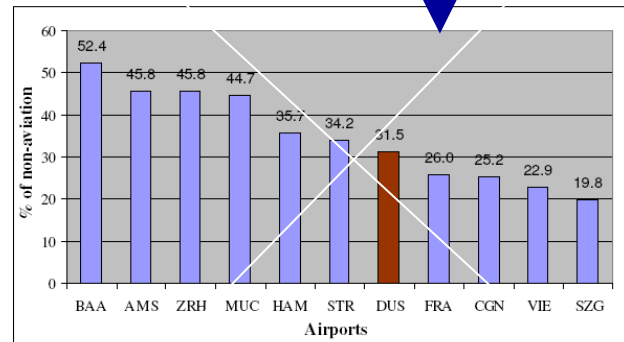
Source: Dusseldorf International (2007, Airport Parking) and Airliners.Net (2007, Aircraft Data and History)

- Evaluation

The % of non-aviation revenues may be high because of high aeronautical charges! Distorted conclusion.

Figure 7

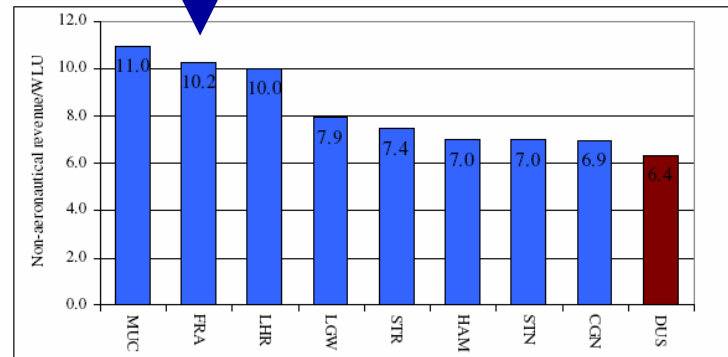
Non-Aviation revenue as a percent of total revenue for major European airports in 2003.<sup>48</sup>



Source: Oechsle (2005, p. 198, 194, 189, 175, 212, 218, 209, 178, 215, 206, 220)

Figure 8

Non-aeronautical revenue per WLU for selected German and BAA airports, 2003



Source: Annual reports 2005 and Oechsle (2005, p.175, 178, 198, 209, 212, 215, 218)

- Evaluation

- Reasons for poor performance:

- Privatization ? Explain AMS performance
    - Employee productivity. Corrected for handling?
    - LHR comps unfair.
    - Other factors.  $PB = F(TE, L, PT, RE, PV)$  this is theory!  
(should be in other section)

- Evaluation

- Suggestions for Improvements:

- Customer analysis is good (but again wrong place!)
    - Focus on LCC and holiday retail market is good (where is theory?)
    - Airside vs landside analysis is good (wrong place for analysis! These must be recommendations)
    - Pricing Strategy low price strategy is good (where is theory?)
    - Promotional strategies, fail to have a reference framework (should be in theory)

## Review Topics

- Presentation: good
- Structure: right
- Research
  - Theoretical background
    - Theory in the case and Vice versa.
    - Lack of theory
  - Duesseldorf
    - More quantified comparative analysis
- Evaluation
  - insufficient links between theory and DUS analysis