The Changing Landscape of Concessions

Welcome!
- This session is being recorded.
- Put your questions in the 'Chat'.
- Only panelists' cameras and microphones will be on.
- We will ask you to take a poll near the end of the session. Please respond!
Introductions
Your Panelists

- Adam Mitchell
- Cobi Duncan
- Clarence LeJeune
- Inez Setiabudi
Adam Mitchell

- Deputy Chief Revenue Officer
- 10 years of City of Philadelphia public service, including the Office of Human Resources and the Commerce Department, Division of Aviation
- Member, American Assoc. of Airport Executives and InfraGard
- Current responsibilities at PHL
  - Property Management & Business Development for PHL and PNE

Nonstop PHL MOVING FORWARD TOGETHER
Overview of PHL's Airport Revenue Programs

PHL's revenue portfolio includes

• Aeronautical Revenue
  – Air Service Development (Passenger & Cargo Services)
  – Aviation Support Operations & Leasing

• Non-Aeronautical Revenue
  – Dining, Retail, and Passenger Amenity Services
  – Advertising, Wi-Fi, Network Programming, Ground Transportation Services
  – Commercial Real Estate & Cargo Facilities

• Marketing & Guest Experience
  – Strategic Brand Partnerships
  – Consumer Insights
  – Art, Exhibitions & Entertainment

Opportunities can be found at https://www.phl.org/business/businessopportunities
2019 PHL Revenue Summary

- Airline: $242.6M
- Non-Airline & Other: $159.2M
- Total: $401.9M
Highlights of COVID-19 Impacts

• Aeronautical Revenue
  – Landing Fees: 54.9% FY21 vs. FY20
  – Terminal Rents: 31.3% FY21 vs. FY20
  – Shift in destinations/profiles
  – Key drivers

• Non-Aeronautical Revenue
  – Terminal Concessions: (70.4)% FY21 vs. FY20
  – Over $14M in waived food/beverage revenue
  – Building & Other Rentals: (7.7)% FY21 vs. FY20
  – Key drivers

Source: City of Philadelphia, Division of Aviation.
Future Outlook

• Continue to meet the changing landscape of:
  – Air travel: “Recovery, Innovation, Connectivity”
  – Passenger needs: “Safety, Choice, Control”
  – Cargo demand: “Intermodal, Fast, Secure”

• Strategic coordination with stakeholders and partners:
  – Airlines & Logistics
  – Business diversity e.g., REAC, Office of Business Diversity and Philadelphia's Office of Economic Opportunity
  – MarketPlace Food & Shops & Other Concessions
  – Community-based organizations
Philadelphia International Airport
Office of Business Diversity
Nonstop PHL
Cobi Duncan

• Philadelphia International Airport
• ACDBE Program Compliance Manager
• Spent over a decade embracing diversity by increasing participation for historically disadvantaged businesses owned and operated by minorities and women through inclusion in concession contracts.
• Current responsibilities at PHL
  − Manages the review and evaluation of all sub concession agreements
  − Assists with establishment of overall organizational and agreement-specific participation goals
  − Ensures compliance monitoring of the ACDBE Program
  − Develops workshops for the Airport and frequently present the materials that help business owners successfully navigate the federal program requirements.
Overview of PHL Office of Business Diversity & Inclusion

Deputy Director of Aviation Diversity and Inclusion

- DBE/ACDBE Certification
- DBE Compliance
- ACDBE Compliance
- Accessibility Compliance
Overview of PHL's ACDBE Program

PHL Concessions Diversity Goals and Attainment

- PHL's Current Non-Car Rental Goal is **21.03%**
- **2020** Attainment was **33.74%**
  - MarketPlace and PHL Concessions
  - Hotel
  - Advertising
  - Cable Television
  - Passenger Services
- **75** ACDBEs participated
- Marketplace PHL’s achievement for concession sales was **41.48%**.
- Concession Manager achievement was **30%** (ACDBE JV partner participation).
PHL's ACDBE Program – Next Level

• How OBD has helped ACDBEs through COVID
  – Webinars – PPP Loans, Negotiating Joint Ventures
  – “Jefferson’s Rise Up Philly” local entrepreneurship competition
  – Partnering with transportation trade organizations – AMAC, ACI, AXN, TRB

• Current and future enhancements
  – Potential ACDBE Academy
  – Awards
Congratulations Philadelphia International Airport for being awarded the Federal Aviation Administration’s 2021 Civil Rights Advocate Award for DBE and ACDBE Programs.
Clarence LeJeune

- President/CEO, LeJeune and Associates, LLC
  - ACDBE/DBE Certified in 16 states
- JV Partner, MarketPlace PHL
- Involved in concessions program at PHL for over 20 years
- Prior to PHL, worked for The Rouse Company
- In addition to PHL, operational responsibilities at Dulles, Reagan and Boston Logan airports; ACDBE/DBE consulting services
- Current responsibilities at PHL include management of MarketPlace PHL's
  - Operations
  - Marketing
  - Compliance
  - Human Resources
MarketPlace PHL

- Master Concessionaire at PHL
  - Manages PHL food and shops program
  - Restaurants and shops include local Philly favorites, as well as regional and national brands.
  - Over 170 locations
    - In 2020, 109 of those locations were solely or jointly owned by ACDBEs
  - Operates 24 hours/7 days per week
MarketPlace PHL

• Impact of COVID-19
  – Reduced revenue and employment
    • In 2019, 173 stores open; 2020 14 stores open (lowest day)
  – Changes in merchant operations
    • In compliance with public safety requirements
  – Changes in customer service
    • Grab and Go
    • Decrease in airline-provided food
  – Increased reliability on technology
    • Contactless ordering
MarketPlace PHL

• Response to COVID-19
  – Worked with merchants to:
    • close down locations
    • ramp up to enable locations to open in compliance with public health guidelines and protocols
    • ensure that public and employee safety were Priority #1
  – Provided updated wayfinding to communicate open locations
  – Prioritized opening of ACDBE locations
  – Worked with tenants and the airport on understanding business support alternatives
  – Ensured continued compliance with local and Federal public health protocols
MarketPlace PHL

• Future outlook
  - 122 locations currently open
  - Open remaining locations
    • Return of international travel
    • Increase in business travel

• Lessons learned
  - Value employees
  - Consider innovative offerings
  - Be prepared for change
Gachi Sushi
Inez Setiabudi

- President, Gachi Sushi
  - Immigrated to the U.S. in the 2000s
  - Joined Arby’s Franchisee in 2004
  - Developed Gachi House of Sushi BWI Airport in 2012
  - Came to PHL in 2018
  - Airport Concession Disadvantaged Business Enterprise (ACDBE)

- Gachi Sushi and Noodles locations at
  - Terminals E, B/C food court and A West

Nonstop PHL MOVING FORWARD TOGETHER
Why Expand at the Airport?

• Advantages
  - Captured market/audience
  - THREE DAY-PARTS revenue generator
  - 24-hour airport security
  - Increased brand awareness

• Challenges
  - Worker recruitment process
  - Suppliers' deliveries (Locations and hours)
  - Equipment maintenance schedules
  - Significant investment

• Current Major Challenges
  - Shortages in many areas
Where to Start?

GET your ACDBE

DO your RESEARCH

THINK of a UNIQUE and BENEFICIAL concept

BALANCE all of your GOALS!
Questions and Answers

- Questions and Answers
  - On the Breakout Sessions tab, put your questions in the ‘Chat’

- Polling
  - Please click into the Poll tab and answer 3 short questions
Thank You!

- When instructed, click the link on the left of your screen for the Main Ballroom
- Answer “Yes” to Leave and return to the Ballroom, where PHL’s Management Team will be answering questions.