



Pop-Up Proliferation

By Claire Cole

Kiosks, Short-Term Leases Prove To Be Powerful Concession Strategy



As airports have continuously sought to diversify their concessions programs with local flavor and increase incremental revenues, kiosk and pop-up retail programs have been implemented in a number of airports.

These program are as varied and nuanced as the airports themselves, but they're built within the same basic framework: short-term leases, a heavy local focus and the hope of acting as a springboard for small businesses to succeed in the airport arena.

Proving Grounds

San Francisco International (SFO) has been running a small pop-up concessions program since 2014. Two locations, 304 square feet and 429 square feet in size, are leased on a one-year basis. Doug Yakel,

public information officer at SFO, says the goal of the program is "providing access to the airport business community."

Previous tenants include Collector Art Shop, which sold canvas prints, ceramics and jewelry from Bay Area artists; XOX Truffles, which sold artisanal chocolate truffles made in San Francisco; and McEvoy Ranch, which sold extra virgin olive oil and body care products. Yakel reports previous occupants of the pop-up locations have said the opportunity allowed them to make connections with larger stores to sell their products.

Terminal 4 of **John F. Kennedy International** (JFK), which is operated by **JFKIAT LLC**, has had a robust pop-up program in place for a while now. According to Ed Midgley, vice president of concessions management, JFKIAT has pop-

ups scheduled through the end of this year.

JFKIAT has four specified areas in its retail lounge for pop-ups. Midgley says the company generally runs a pop-up for four to six weeks, but there is some flexibility. For example, if a proposed pop-up requires significant build-out expenses, the duration could potentially be pushed to six months. Midgley makes it clear that the company's philosophy with these pop-ups is "nothing ventured, nothing gained."

"We're always looking to do pop-ups," he says, noting that many of the pop-ups in Terminal 4 arise from working with JFKIAT's internal operators, such as **Hudson Group**, **SSP America**, **Paradies Lagardère** and **DFS Group**. For example, Midgley explains that Hudson did a Coach pop-up while the inline store was being renovated.





Left: David Kellerman, senior manager of concessions at Cincinnati/Northern Kentucky International, says that the airport's latest RFP leaves a few locations open for license arrangements of less than one year. A concept has to be new to the industry or the airport in order to operate in one of the spaces.



Left and Below: JFKIAT LLC, which operates Terminal 4 of John F. Kennedy International, has specific spaces in the terminal dedicated to pop-ups. Most of the pop-ups run for four to six weeks, and JFKIAT says the spots are booked up for the rest of 2017.



JFKIAT will look at any pop-up proposal that comes in, Midgley says. The major things the company looks for are that the pop-up fits with the New York vibe, is scalable, fits a need in the terminal and creates an experience, “an attraction for people.”

Overall, Midgley says the program has been successful, noting that a number of them have done well financially. “Some [pop-ups] have done significant revenue in a four-to-six-week period,” he says.

Licensing Over Leasing

Cincinnati/Northern Kentucky International (CVG) has two large RFPs out right now covering the airport's specialty retail and news/gift segments. But the airport has held back a few locations throughout the program that it plans to offer directly to new concessionaires with great ideas that might improve the passenger experience.

Those deals would start out as license arrangements of less than one year, as allowed by Kentucky state law, says David Kellerman, senior manager of concessions.

CVG doesn't have a pop-up retail program, but it uses the licensing arrangement in a similar manner. The purpose is offering short-term agreements, rather than full-term leases, to give both sides an opportunity to figure out

if a concept will work in the airport.

It can be a kiosk or an inline location that either replaces another store or restaurant that is in transition or fills a newfound space. But to get one of the locations, the operator must be either new to the industry or to the airport, Kellerman says. None of the deals have gone south during the term of the agreement, but there is a short-term cancellation allowing either the operator or the airport to get out of a deal if it goes bad before the license ends.

The airport has focused “on bringing in concepts that can make a difference for the customer experience,” Kellerman says.

Graeter's Ice Cream, Natalie's Candy Jar and Forever Heather, a women's clothing and accessory boutique, are among the handful of brands that started at CVG through the licensing program. So far, all the concepts that have tried the program since it launched in 2012 have had at least some level of success.

If they are successful, and both sides want to move forward with a longer-term lease, the concepts must go through an official Request for Proposals process. Most that have wanted to move forward have been successful, Kellerman says, adding that CVG staff hopes to expand the program in the future.

“It gives the airport and concessionaire time to figure out if that concept is right for the airport,” he says. “We'd like to use this as an opportunity to see if we can entice some local concepts, whether they are food and beverage or retail, into the airport to give it a little more local feel. That's a good way to allow someone to jump in and see if their concept works.”

Provenzano Resources Inc. has taken a similar approach with its specialty leasing program at **Denver International** (DEN). The program, which has been running for six years now, started out with 32 locations and is now up to 43. Ross Provenzano, co-founder and CEO, says that total is made up of 14 kiosks, one vendor-supplied kiosk, three pop-up stores and a couple vending locations. The remaining locations are retail merchandising units.

According to Provenzano, the program accounts for nearly 19 percent of total retail sales for the airport, which is in excess of \$18 million.

The RFP called for a rotating program, so the kiosks are limited to short licensing agreements of three to 12 months. Provenzano says the program has a mix of brands, but the emphasis is on local. The goal for Airport Concessions Disadvantaged Business Enterprise participation was 25



Above and Right: Climax Jerky and Taspen's Organics are just a couple of a number of kiosks in the specialty leasing program operated by Provenzano Resources Inc. at Denver International. Ross Provenzano, co-founder and CEO, says the program accounts for almost 19 percent of total retail sales for the airport.



percent. The program has been running closer to 35 or 40 percent ACDBE participation, according to Provenzano.

"It's a desired, sought-after opportunity," he says. The entire program is under the Provenzano Resources umbrella, which can be a big help to small and/or new players. Provenzano says that the company will help qualified businesses get ACDBE-certified. All the badging for businesses is handled by Provenzano, and the company provides visual displays and merchandising assistance to all merchants.

Coming Soon

More pop-up retail programs are on the way. **Charleston International** (CHS) is finalizing a small kiosk program it hopes to launch later this fall.

Paul Campbell Jr., executive director and CEO of the Charleston County Aviation Authority, says the idea behind the program is to increase participation from local small businesses and introduce them to the airport concessions industry. "It's very important in our part of the world," he says of including local concepts. "We tend to lean toward local people, as much as we can," he adds.

The program will eventually include about five or six kiosks. Campbell says the airport will start with a couple pilots and add more over time. An RFP will be put out

for the spaces, and applicants will be assessed based on their business plan, how well the product fits into the airport program, how they plan to handle staffing and the state of their finances.

The potential lease terms could range from six months to even three years, according to Campbell. The businesses will pay rent to the airport or a percentage of gross sales. Campbell emphasizes that CHS is willing to work with people if the airport believes a particular business will be successful. He sees the program as an "incubator" that will hopefully lead to more opportunities for these local businesses.

Mentoring and coaching will also play a role in the program. CHS will work with concepts on a case-by-case basis. "We're going to check on them," says Campbell. If the airport believes in the concept, it's willing to work hand in hand with it.

"We don't want to put someone in the airport that isn't going to be successful," Campbell says.

Baltimore/Washington International Thurgood Marshall (BWI), in partnership with **Fraport USA**, has also recently launched a pilot program to create opportunities for local businesses.

The program, called LaunchPad, gives businesses a taste for the airport retail industry. It was also created to help identify and develop potential ACDBE operators, according to a press release from Fraport USA.

"LaunchPad is a natural outgrowth of our commitment to maximizing local and minority business participation and success at the airport," Brett Kelly, vice president of Airmall Maryland, said in the release. "LaunchPad, which supports local entrepreneurs and small business owners from targeted communities, offers extensive training and resources. Essentially, we are incubating the next generation of ACDBE operators."

There are currently four LaunchPad businesses operating at BWI. They are Fashion Spa House, which offers lash and brow services, as well as clothing, accessories and vegan skincare; Flawless Damsels Boutique, which offers apparel, accessories and shapewear; New Secrets Tea, a local company that offers organic gourmet herbal teas; and Rosé Cosmetics & B.E.A.T. School of Makeup Artistry, which provides makeup and lash applications, male beard grooming oil and balms, professional color cosmetics and botanical skincare products.

The proliferation of pop-up programs in airports across the country shows that the strategy is proving successful, particularly in bringing more local flavor, which airports have focused on in recent years to better the passenger experience. ■

Andrew Tellijohn contributed to this article.

We'd like to hear your opinion about this article. Please direct all correspondence to Claire Cole at claire@airportrevenuenews.com.