Merchandise Guidance Administrator Report—2013

Denver International Airport

FINAL REPORT

Final Report

August 16, 2013

Merchandise Guidance Administrator Report—2013

Prepared for
City and County of Denver
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SECTION I.
Introduction

Denver International Airport (DIA) contracted with BBC Research & Consulting (BBC) in 2013 to conduct airport concessions-related research as the Merchandise Guidance Administrator (MGA). The research and results in this report provide merchandise guidance from multiple perspectives:

- Airport stakeholders, including airline representatives, concessionaires, and employees;
- More than 4,000 DIA passengers;
- Secret shoppers who visited each DIA concession;
- Premium Value Concessions (PVC) program administrators;
- Airport Concessions Disadvantaged Business Enterprise (ACDBE) program participants; and
- Concessions program administrators and other representatives from peer airports.

The MGA study team also included The Denver Retail Group (DRG) and Customer Service Experts (CSE). DRG is one of the PVC program administrators at the airport and provided a wealth of knowledge about airport concessions in general and at DIA in particular. CSE performs secret shopping at retail locations and at major airports across the U.S. CSE is currently performing secret shopping at DIA as part of DIA's PVC program.

In Section II of the report, the MGA summarizes the stakeholder engagement forums. The MGA facilitated three forums with representatives from airlines, concessionaires, and airport management and staff.

Section III of the report provides an extensive market analysis of DIA and comparisons to peer airports. Within Section III, the MGA:

- Describes DIA's concession program;
- Compares aspects of DIA's concession program to peer airports;
- Performs Strengths, Weaknesses, Opportunities, and Threats (S.W.O.T.) analyses for concessions categories, DIA buildings, and the Airport overall;
- Discusses "branded" versus "non-branded" and "local" versus "non-local" concepts and the pros and cons of each;
- Describes the PVC program and how the program may affect concession planning;
- Identifies product offerings in various subcategories; and
- Evaluates how ACDBE requirements may affect the merchandise guidance plan.

Section IV of the report summarizes DIA traffic forecasts contained in the DIA master plan and how projected customer growth would impact the merchandise guidance plan.

Section V of the report provides the methodology and results of the extensive survey that the MGA conducted with DIA passengers in early 2013. The MGA intercepted more than 4,000 passengers in Airport Concourses A, B, and C and asked a series of questions about their demographics, trip purpose, shopping behavior, and desires for future concessions. The MGA describes overall survey results and provides detailed information about differences between business and leisure travelers, concourses, travelers with children and those without children, and origin and destination (O&D) passengers and connecting passengers.

SECTION II.
Summary of Stakeholder Engagement

The study team facilitated three focus groups with concessions and merchandise stakeholders—airport employees, airline representatives, and current concessionaires. Participants shared their opinions on the following topics:

- DIA's travelers;
- Airport concessions and merchandise trends;
- DIA's current offerings;
- Traveler and employee concession and merchandise requests;
- Comparisons to other airports;
- Comparisons among the concourses;
- Local versus national brands;
- Merchandising challenges; and
- The Merchandise Guidance Plan.

Meeting participants also provided input on the design of the traveler intercept survey.

Perceptions of DIA's Travelers

Concessionaires and DIA employees characterized DIA travelers as either business travelers or family vacationers, price conscious, and similar to a typical shopping mall customer. Some describe DIA travelers as varying by season and by concourse.

Vary by concourse. Those who perceive DIA travelers to vary by concourse offered the following characterizations:

- Concourse A: Frenetic, but not as busy as B, more families, and people traveling for fun;
- Concourse B: More business travelers, international travelers; and
- Concourse C: Price conscious, more families, and people traveling for fun.

Vary by season. Some participants grouped travelers by season, noting that fall and winter travelers are predominantly business travelers and that in the summer families and vacationers dominate. Others grouped travelers into business, skiers, and non-skiers.

Concessions and Merchandise

Concessions and merchandise stakeholders discussed several aspects of the industry, including trends and DIA's current offerings and national versus local brands.

Trends. Trends in airport concessions and merchandise discussed by airline representatives and concessionaires included food and beverage and retail. With respect to food and beverage, airline representatives discussed the importance of fresh food, wine, craft beers, local options, and nice desserts as well as grab-and-go food. One used Houston's LeGrand Comptoir, operated by SSP America and the 2012 Moodie Report winner of Best Airport Wine Bar in the Global Airport Food and Beverage awards, as an example of a trend toward higher-end food and beverage. Concessionaires identified high-end retail as a trend and suggested that Denver is behind the times. They noted that LAX has Hugo Boss and Juicy Couture. They wondered if Denver travelers would support high-end retail.

DIA's current offerings. Stakeholders discussed DIA's current concessions and retail offerings in terms of what the airport is missing. Airline representatives suggested that, overall, retail needs to improve its visibility and advertising. From their perspective, Concourse B is missing accessories, pharmacy, cosmetics, and a Sunglass Hut. Concourse C is missing a sit-down food option and they mentioned receiving complaints about wait times with Einstein Bros Bagels and Timberline Steaks and Grill. Concessionaires suggested that higher-end brands such as Coach or Michael Kors would work on Concourse B. Like airline representatives, concessionaires noted that a cosmetics retailer, such as MAC, Victoria's Secret with cosmetics, or Revlon, is needed.

Stakeholders emphasized the importance of fresh food, express lines for grab-and-go, local options, and retailers selling health and beauty aids, over-the-counter medicines, and liquids and gels in sizes that pass through security screening.

While concessionaires suggested that many DIA travelers are very price conscious, they did not discuss pricing. In contrast, both airline representatives and employees thought that the cost for some items is too high. Both groups mentioned that prices for grab-and-go items seem high. Airline representatives suggested a price audit.

Traveler requests. Stakeholders shared DIA travelers' requests for concessions, retail, and services. Both concessionaires and employees noted that travelers often request spa services such as manicures and pedicures or haircuts/blowouts/styling. Airline stakeholders suggest that travelers desire healthier food options late at night, rather than the current convenience offerings. Employees mentioned traveler requests for TGI Fridays, Chili's Grill and Bar, and Applebee's—food and beverage brands familiar to travelers—Redbox, portable cell phones, SIM cards, luggage (roller bags), and play areas. On Concourse B, employees report requests for sushi and Asian food. Business travelers need productivity goods and services such as printers, chargers, charging stations, adapters, ear phones, and a business center. Like airline stakeholders, employees hear traveler requests for late night food or bar services.

Employee requests. The most common employee request for concessions is lower priced, healthy, grab-and-go food choices. They note there are few breakfast options for employees on Concourse A. Some employees request Redbox, Chipotle Mexican Grill, and fresh food—one suggested a farmer's market. While not practical, the request for a farmer's market is in line with the desire for healthier, fresh food choices. Employees suggested tying DIA design and products to Western themes or the Denver area's cultural offerings.

Comparison to other airports. Concessionaires compared DIA to other airports. Their perception is that Las Vegas, SFO, and LAX are airports where travelers are willing to spend money on upscale retail products. They noted that LAX has a hair salon providing wash, cut, and blow dry services.

Concourse differences. Concessionaires thought that travelers on Concourse B would support high-end retail but not on Concourses A and C, which they characterized as serving discount travelers. Employees also thought that high-end goods may sell well on Concourse B.

Local versus national brands. In discussing local versus national brands, stakeholders seemed to desire a balance between the two. Airline representatives thought brands like Brighton and Coach would work well at DIA because travelers know they are buying with the potential to make returns or address problems at their destination. They suggested local offerings must look as professional as national brands. Concessionaires agreed, and noted that it is important to have local brands, but they must be presented in a national way through signage and merchandising.

Merchandising challenges. Concessionaires characterized DIA's design criteria and more specifically The HOK Group, the airport architect, to be an obstacle to their success. Examples include:

- Requiring three steps for design approval;
- Prohibitions against monitors in the first five feet of the store which impedes efforts to raise visibility; and
- Prohibiting slatwalls for merchandising is limiting.

Retailers discussed the desire for more space so that they could merchandise properly and be more profitable. They agreed that more space would also allow them to add clothing and dressing rooms, but some were concerned that travelers would not have sufficient time to try on clothes.

Merchandise Guidance. From an airline employee perspective, airline stakeholders suggested positives of the concessions program including Schlotsky's use of automated menu/ordering program and the availability of higher-end restaurants. Airline stakeholders also mentioned that the PVC program was a positive for the airport.

SECTION III.
Market Analysis and Comparison

Airport Industry and DIA's Market Position

Recent airline bankruptcies, mergers, and flight consolidations are changing how airports operate and how passengers view air travel. For airports, airlines' share of airport operating costs has dropped. Thus, airport operators have been forced to look at increasing alternative means of revenue. Passengers feel this pressure through fare increases, added charges for baggage, change fees, award program cut-backs, and in-flight services and amenities.

Passengers are looking for ways to make air travel still feel sophisticated. With post 9/11 security measures in place, passengers spend more time in airports. As a result, there is a renewed focus on enhancing the in-airport passenger experience and increasing non-aeronautical revenue. Advertising and concessions are leading this change, improvement, and expansion. More and more airports are moving toward the airport marketplace concept. For example, DFW is expanding its concession program more than 40 percent by 2014. Concession square footage will go from 53,000 to more than 93,000 during their Terminal Renewal & Improvement Project (TRIP). Similarly, LAX recently put in a more than $1 million expansion.

DIA is consistently ranked in the top performing airports. With accolades such as the Top 3 designation by Skytrax, DIA is well positioned in the airport industry as a leader in numerous categories and is already leading the industry in the focus on customer satisfaction. However, while DIA is ranked fifth in the U.S. for passenger traffic, it is ranked only 23rd for sales performance per enplaned passenger.[1]

DIA serves approximately 24 million connecting passengers and 29 million origin and destination (O&D) passengers (a ratio of approximately 45% connecting to 55% O&D). For comparison, in 2011:

- New York: JFK had 17 percent connecting and 83 percent O&D passengers;
- Dallas: DFW had 58 percent connecting and 42 percent O&D passengers; and
- Chicago: ORD had 52 percent connecting and 48 percent O&D passengers.

While DIA is doing well in O&D traffic, the airport has room to grow and enhance concessions. With DIA's current list of expiring tenants, the airport is well positioned to be able to award new and exciting concession concepts and meet passenger needs.

[1] ARN Fact Book 2012.

DIA's Concession Program

Key attributes of DIA's concession program include:

- Local and regional focus;
- Food driven;
- Well-positioned for transition;
- ACDBE outreach and compliance;
- Opportunities for concessions program expansion; and
- Branded concepts recognizable by both domestic and international travelers.

The core concession program at DIA includes 165 food, retail, service in-line and kiosk locations that generate more than $270 million in revenue each year. The concessions are distributed throughout the Jepessen Terminal (22 concessions), Concourse A (37 concessions), Concourse B (71 concessions), and Concourse C (35 concessions). There are also other contracted concessions such as ATMs, postal services, and credit unions that are not taken into account as part of this merchandising discussion.

DIA has been one of the most highly trafficked airports in the central U.S. and serves nearly 53 million people each year. In 2012, DIA ranked fifth nationally in passenger traffic, but ranked sixth in overall concession sales. Among the Top 10 best performing concession programs in the U.S., DIA has the highest ratio of food and beverage (F&B) to total concessions. DIA's food driven concession program has roughly 71 percent of its concessions oriented toward food that is primarily locally owned and operated. The regional nature of the concessions offered at DIA meets the general expectations of DIA's primary domestic travelers.

As DIA approaches its 20-year anniversary, its concession program is primed for transition and re-merchandising. As such, DIA has contracted this Merchandise Guidance Administrator, launched the Premium Value Concessions Program, and contracted a Joint Marketing Fund Administrator to lend comprehensive study and implementation of facts, feedback, management, and trends that will help improve the overall performance and stability of the concession program at DIA. In so doing, DIA's concession program will prolong its ability to foster solid entrepreneurial opportunities, exceed traveler expectations, and maintain meaningful Airport Concessions Disadvantaged Business Enterprises (ACDBE) participation.

Airport Concession Program Comparison

DIA ranks fifth in the United States for passenger traffic (total enplanements and deplanements). Figure III-1 shows the top 10 airports in the U.S. and each airport's sales per enplaned passenger (SPEP).

Figure III-1.
Top 10 U.S. airports by passenger traffic, 2012

Traffic rank	City	IATA code	Passenger traffic (millions)	SPEP (excluding duty free)	SPEP rank w/in top 10	SPEP (including duty free)
1	Atlanta, GA	ATL	95.5	$7.92	9	$8.47
2	Chicago, IL	ORD	66.6	$9.56	4	$10.68
3	Los Angeles, CA	LAX	63.7	$9.53	5	$13.86
4	Dallas/Ft. Worth, TX	DFW	58.6	$8.79	7	$9.25
5	Denver, CO	DEN	53.2	$8.98	6	$9.05
6	New York, NY	JFK	49.3	$13.44	1	$21.53
7	San Francisco, CA	SFO	44.4	$12.21	2	$16.55
8	Charlotte, NC	CLT	41.2	$7.76	10	$7.94
9	Las Vegas, NV	LAS	40.8	$11.03	3	$12.10
10	Phoenix, AZ	PHX	40.4	$8.40	8	$8.50

Note: SPEP is sales per enplaned passenger.

Source: SPEP figures are from Airport Revenue News – 2012 Factbook.

Of the top 10 U.S. airports, DIA ranks sixth in concession SPEP (excluding duty-free) and seventh in total concessions sales. By subcategory, DIA is fifth in food and beverage sales, seventh in retail sales, and eighth in news and gifts (N&G) sales. Figure III-2 reports concession sales by category for the top 10 U.S. airports.

Figure III-2.
Total concession sales by airport by subcategory, 2012

Sales rank	Airport	Total sales w/o duty free ($s in millions)	F&B sales ($s in millions)	Retail sales ($s in millions)	N&G sales ($s in millions)	Duty free sales ($s in millions)	Total sales w/ duty free ($s in millions)
1	ATL	$367.1	$250.9	$79.5	$36.7	$25.5	$392.7
2	JFK	319.5	175.3	63.6	80.7	192.6	512.1
3	ORD	317.0	230.9	33.1	53.0	37.4	354.4
4	LAX	294.6	184.1	26.6	83.9	133.9	428.4
5	DFW	253.9	165.9	48.4	39.7	13.1	267.0
6	SFO	248.8	148.9	61.4	38.6	88.5	337.3
7	DEN	237.5	169.0	34.9	33.6	2.0	239.5
8	LAS	223.9	131.0	42.7	50.2	21.7	245.6
9	PHX	169.8	112.8	25.1	31.8	2.1	171.9
10	CLT	151.5	106.9	19.4	25.1	3.4	154.9

Source: Airport Revenue News.

Percentage of concession sales by subcategory. Figure III-3 lists the percentage of airport sales for each subcategory for the top 10 U.S. airports. The majority of airports evaluated try to achieve 60 percent food and beverage sales and 40 percent for combined retail, N&G, and duty-free sales.

Figure III-3.
Subcategory sales percentage (including duty-free) of total sales, 2012

Note:
Percentages may not sum to 100 due to rounding.

Source:
Derived from Airport Revenue News data.

	F&B sales percent	Retail sales percent	N&G sales percent	Duty free percent
ATL	64 %	20 %	9 %	7 %
ORD	65	9	15	11
LAX	43	6	20	31
JFK	34	12	16	38
DEN	71	15	14	1
DFW	62	18	15	5
SFO	44	18	11	26
LAS	53	17	20	9
PHX	66	15	19	1
CLT	69	13	16	2

Sales per enplaned passenger. The result of DIA's heavily weighted food and beverage approach may explain the lower retail and news and gifts SPEP. Without the synergy of multiple interesting retail options, passengers may not have the impetus to shop.

As shown in Figure III-1 above, within the top 10 U.S. airports, DIA ranks sixth in SPEP. Most comparable to DIA is DFW in Dallas, which ranks fourth in traffic and has SPEP of $8.78, just under DIA's $8.98. DFW has 243 concession locations covering 241,000 square feet of space. Average sales per square foot at DFW is $1,224. In comparison, DIA's sales per square foot is approximately 23 percent higher at $1,500. DFW has begun a concession expansion of more than 40 percent, which will likely improve its SPEP ranking.

In Atlanta, the top airport by volume, there are 263 concessions covering 230,000 square feet. This is roughly 116 more concessions than DIA, which has approximately 147 locations covering 170,000 square feet. Atlanta has 114 food and beverage locations, 90 retail and convenience shops, 3 duty-free stores and 56 service outlets. However, Atlanta only boasts a SPEP of $7.92, ninth among the top 10 airports and $1.06 behind DIA's SPEP of $8.98. DIA is surpassing Atlanta in drawing passengers to their concessions.

In New York City, JFK is sixth in passenger volume, yet first in SPEP. JFK focuses on a post-security shopping environment. JFK has seven terminals, each operated independently with its own check-in, security, and baggage handling. In the pre-security environment, there are on average three concessions, and in some cases only one. Post-security, there are typically 40 or more shopping and dining options in each terminal. This is the most likely key variant in increased sales for JFK in comparison to DIA. Additionally, JFK, along with the other top producing airports in terms of SPEP (particularly, LAX and SFO), has a larger volume of international traffic than DIA. In 2011, JFK set a record for most international passengers with more than 23.9 million. DIA's international traffic was less than two million. In comparison to DIA, JFK relies heavily on duty-free shopping and less on food and beverage in their post-security environments.

Concession term lengths. Average airport concessions lease lengths range from five to 10 years. The retail average is five to seven years, and the food and beverage average is five to 10 years. Denver is in line with industry lease terms. The longest terms are seen at Atlanta with food and beverage receiving 10 years plus a three-year renewal option by the City of Atlanta, and retail receiving seven years plus a three-year renewal option (with a mid-term refurbishment required). Second in term length is San Francisco. Food and beverage and news and gifts each receive 10 year leases and retail leases receive seven-year terms.

Investment requirements. Minimum capital investment requirements of airports across the nation were fairly consistent with a minimum average of $350 per square foot. Historically, DIA's minimum investment requirements have been higher than average. DIA places a strong emphasis on high quality design and construction. The effort to construct high quality concessions pays dividends in the long term for the concessionaires by creating more attractive and appealing concessions that are durable and able to withstand the inordinate amount of wear and tear that is expected in an airport environment. With DIA's focus on building to, or exceeding, design and quality standards, concessionaires are able to benefit from lower costs if they are able to obtain a lower cost bid that meets DIA's standards.

Rent. Rent figures were more difficult to ascertain as most airports consider this information confidential. The majority of airports award spaces based on a competitive bid process. Therefore, annual rent or percentage rent is based on how the concessionaire proposed. In direct negotiations, approximately half of the top 10 airports base the first year's rent on projected sales, typically 85 percent of projected sales. Then in all subsequent years, 85 percent of the previous year effective rent. Typical structures and ranges are:

- **Retail:** 8 to 15 percent, with 15 percent being typical;
- **News:** typically a tiered percentage structure ranging from 12 to 19 percent;
- **Gifts:** typically a tiered percentage structure ranging from 18 to 25 percent;
- **Food:** a tiered percentage structure ranging from 12 to 17 percent; and
- **Beverage/bar:** a tiered percentage structure typically two percentage points higher than food (e.g., if food percentage rent was 15%, then beverage would be 17%).

Atlanta is fairly comparable to Denver's minimum requirements per square foot. In Atlanta, rent is based on the successful bidder's proposal, however, minimum requirements are set in the Request for Proposals (RFP) based on location (Main Terminal $85 psf; Concourse T $63 psf Concourses A-D $50 psf; and Concourse E $30 psf). In Chicago, base rent starts at a minimum of $50 per square foot (psf) and has an escalator of 3 percent every year.

Packaged vs. stand-alone locations. DIA's current bidding process and solicitation for qualified concessionaires is changing. In the past, DIA issued requests for proposals or qualifications for individual concession locations. Recently, DIA changed its focus and has begun to package retail locations while continuing to offer stand-alone solicitations for food and beverage opportunities.

The practice of soliciting proposals for packaged locations is common practice in the top 10 U.S. airports. By packaging two or more locations together, greater rent may be generated and companies with larger national brands are more likely to bid. The relatively high investment and staffing costs that large companies incur when bidding on stand-alone or "one-off" locations outweigh the benefit of winning one location. These companies require more cost-effective means of allocating capital expenses and leveraging management staff. The higher revenue environment that typically accompanies food and beverage concession locations supports DIA's continued practice to offer stand-alone opportunities.

Trend Analysis

Major trends in the airport concession industry include:

- High end/name brand retail;
- Local quality retail;
- Family/children areas;
- Duty-free/duty paid;
- Health and beauty;
- Evolution in news and gifts outlets;
- High-technology features within stores;
- Local/regional food and beverage;
- Celebrity chef food and beverage; and
- Farm-to-table/all-natural/healthy ingredient food and beverage.

For Specialty Retail, there is a trend toward high-end and name brand retail with impressive store designs. Examples include the new iStore by LS, Michael Kors, Coach, Pandora, and Hermes. Local flair is still popular; however it must be kept in moderation and with more sophistication. Outdoor clothing, Colorado sporting/activity gear and related items, and Colorado art are prime local examples to enhance the retail program.

In addition, an increasing number of families are traveling with children and want areas to play and interactive stores that will keep a child entertained. For example, DFW offers two Aquafina Juniors Flyers Club locations with interactive educational touch screens.

Interactive signage, both in store and on storefronts, is gaining in popularity. These signs engage the customer's interest and stimulate shopping activity. TV screens and touch screens are already in tech stores such as iTech X-perience and some newsstands. Stellar News notes "our use of technology, including illuminated graphic media and LCD screens, helps to promote, inform, and sell." Stores like Starbucks have introduced street-side interactive signage that is inevitably headed toward airports. In Canada, Starbucks invites passersby to play an interactive game by guiding a creature of their choice (a hummingbird, dragonfly, or butterfly) through a journey aimed at collecting all the ingredients for branded Tazo teas merely as they touch the screen and move their hand around it. This type of touch screen advertising is already in airports, for example, in both Washington Dulles and National airports via JCDecaux products.

The leading airports are more resolute in the recognition that international flights generate more income. In order to capture this passenger income, a targeted concessions shift must occur in concert with how the airlines shift. This is exemplified in the current trend in targeting the international passenger with duty-free and duty paid, where average sales per square foot are exceeding $3,000. According to industry analyst Generation, the global duty-free and travel-retail market has more than doubled in the last 10 years, from $19 billion in 2001 to $46 billion in 2011. Market Publishers states that the average expenditure of European business travelers per visit to duty-free and duty paid airport retail outlets is $76 and $51, respectively. Asia has recently outpaced Europe. In 2011, Generation calculated that Asia accounted for 34.8 percent of duty-free spending with Europe at 33.9 percent.

Health and beauty is also a continued trend. DIA's new addition of Xpress Spa is a prime example, as is cosmetics/beauty store LUSH. Health products such as nonprescription medicines and personal care products are equally popular, for example, Harmony Health & Beauty in SFO.

The trend for news and gifts is evolving into more of a travel essential store with a push on quality and name brands. Consumers want healthy beverages and snacks (e.g., coconut water, natural snacks, and trail mix). Hudson is moving toward the trend of dropping "News" from its stores and simply going by Hudson rather than Hudson News. At DFW, Paradies is introducing Southwest News. Although "News" is still attached to the name, the store will have an added feature of a local coffee shop, La Crème. Branded news also continues in popularity, such as the "TODAY" store based off of the popular morning TV show and CNBC.

Technology is one of the biggest trends airport wide, with passengers demanding Wi-Fi, charging stations, and more interactive stores. Airport technology trends are moving toward social media mobile apps, custom concession websites, and social media pages. For example, JFK's Terminal 8 has a website (www.jfkshopsat8.com) and a Facebook page "JFK Shops at 8" which has more than 3,400 "likes." Via social media, promotions can be delivered to a target audience and it provides an open forum for feedback that the airport might not otherwise hear (but would still be talked about). It generates traffic and buzz to concessions. Also, mobile phone apps, such as GateGuru, deliver coupons based on location and allow passengers to find out which concessions are near their gate and navigate concessions easily. GateGuru is rated as a "Top 5 Air Travel App" by CNN. Social media have become so popular that in September 2012 the American Association of Airport Executives (AAAE) hosted its second annual Social Media Summit.

Technology is also increasingly popular with Retail Merchandising Units (RMUs) and kiosks. Passengers are more open to doing things for themselves. According to the 2012 SITA/Air Transport World Passenger Self-Service Survey, 85 percent of passengers used a combination of Web, kiosk and mobile self-service to avoid human interaction at the airport—a 10 percent increase over the year prior. ZoomSystems, which operates high-end retail vending machines for such names as Best Buy, Apple, Macy's, and Proactiv, is an excellent example of a popular stand-alone technology concessionaire. ZoomShops have interactive touch screens, they are open 24/7, and generally have a higher sales psf than traditional retail stores. According to ZoomSystems, airports generate $10,000 to $40,000 psf with a ZoomShop. SFO, ATL, and DFW, just to name a few, have ZoomSystems. The concept is gaining large popularity in airports and in February of 2013, ZoomSystems partnered with 3Floz to provide airport retail stores/machines featuring TSA friendly products for travelers.

Food and beverage continues to trend toward: local/regional; celebrity chef; and farm-to-table/all-natural/healthy ingredient restaurants. Examples include the Plant Café Organic and celebrity chef Cat Cora's Kitchen in SFO. However, these restaurants do not necessarily equal higher sales. Passengers still want a mix of fast food, fast-casual, and national brands. Examples of their desired brands include: Mad Greens, Choppers, Illegal Pete's, Moe's Bagels, additional Colorado microbrew restaurants, Tokyo Joe's/Pei Wei, Garbanzo Mediterranean Grill, and Starbucks in every terminal.

Other airport trends include:

- **Airport loyalty programs,** such as the Thanks Again program launched in ATL in November 2012. Consumers who register their debit or credit cards earn frequent-flier miles for parking, shopping, or dining at participating merchants at the airport.
- **Concession and airport sustainability.** In SFO Terminal 2, which is the first airport terminal in the USA to achieve LEED Gold certification, concession tenants are expected to use green building materials and are required to recycle and compost. The food and beverage tenants are to provide sustainable food to the greatest extent possible (e.g., organic products, non-hydrogenated oils, and biodegradable to-go containers).
- **A focus on customer satisfaction.** Airports typically lead this charge and require concession tenants to meet certain standards—a goal of 85 to 90 percent satisfied or extremely satisfied is common. Mystery shopping is the most popular method of evaluating customer satisfaction. Many airports are creating their own internal customer service training programs that are delivered during security/SIDA training as well as ongoing training sessions generally targeted at managers to disseminate to employees. Alternatively, many airports outsource training and mystery shopping to professional companies like Customer Service Experts to ensure satisfaction rates are achieved.
- An expectation that **concessionaires continually refresh offerings** rather than wait until lease renewal. This means going beyond simply adding a new product or menu option. It means adding new features and fixtures, new technology, and staying current on trends.
- **Creating a marketplace feel** with enhanced way-finding signage, directories ,and Shop & Dine guides that passengers can grab and study while in the security line, on the train, or at their gate. It also includes engaging passengers before they get to the airport via social media or boarding pass coupons that will encourage and excite them to shop at DIA.

Concession Categories and S.W.O.T Analyses

As part of the merchandise guidance plan, the Merchandise Guidance Administrator performed Strengths, Weaknesses, Opportunities, and Threats (S.W.O.T.) analyses for concessions subcategories at DIA.

Bar. Bars are an important component of the concessions merchandise mix at DIA. The universal appeal of bars is evenly distributed between their familiarity and their individuality. When choosing a bar, patrons seek to satisfy themselves with a familiar experience, brand of alcohol, or type of beverage. Patrons may also seek bars that "feel" appropriate for the moment; business, celebration, entertainment, or relaxation, to name a few examples. DIA has historically offered a standard brand of bar experiences to the public as an integral part of restaurants or quick-serve concessions. In recent years, DIA has begun the introduction of popular and trendier bar concessions in mezzanine and concourse locations such as wine and tapas/small plate bars. The presence of these types of bars at DIA is significant because they cater to the needs of business travelers more directly than did previous bars.

In the past, generic bars, sports bars, or smoking lounges were the standard offering installed to set and meet the expectations of customers looking for a bar in an airport. DIA fulfilled this expectation. In today's world of concession merchandising, the bar categories have evolved, highlighting many more variations of particular types of alcohol or types of drinks. Wine bars, martini bars, tequila bars, and microbreweries all offer a more specialized experience that may reflect the locale of an airport. Or, these bars may simply connect with the bulk of an airport's core visitors. The variety invokes a feeling of familiarity and belonging that people often revere when making a decision to patronize a bar within, or outside of, the confines of an airport.

The demand for these types of new bar experiences exists within the terminal and all concourses at DIA. Business travelers in particular are eager to support concessions that offer more unique and often more expensive options because they usually travel on expense accounts. Non-business travelers enjoy local variety as well. In either case, if a traveler is familiar with an airport that has a bar they enjoy, then that person is likely to bond with that bar and seek it out as time permits during future visits. The versatility of different bar concepts affords the opportunity to create in-line or expanded kiosk locations that would be highly efficient from a sales per square foot perspective. It would be expensive at the onset, but different bar kiosks could be strategically positioned throughout DIA.

Figure III-4 lists strengths, weaknesses, opportunities, and threats for the bar subcategory at DIA.

Restaurant. Restaurants are an important part of an airport's merchandise strategy. They often are in prominent locations. Of all airport concessions, restaurants often have the:

- Most visibility to the public;
- Potential to generate the most sales per square foot; and
- Potential to generate the highest sales per enplaned passenger.

Melding the "perfect location," the "perfect operator,” the "perfect concept," and the "perfect price-point" is increasingly difficult for many reasons. If this mix can be achieved, an airport may reap tremendous benefits and recognition from its travelers, concession program, and its industry peers. Fortunately, DIA has worked to establish itself as a brand that provides high quality restaurant experiences within its airport concession program.

Part of the importance of having a well-engineered restaurant offering is in the recognition that in an airport, there is no shortage of tastes, desires, and circumstances as it relates to food. Travelers and employees all appreciate a good meal at a fair price. With so much space available to it, DIA has already begun to re-invent its restaurant offerings to address specific food categories and food "desert destinations" throughout the terminal and concourses. In fact, several restaurants in the center cores of DIA—Elway's, Chef Jimmy's, Chop House, and Root Down—address other merchandising voids by the presence of their well-built out bars.

Figure III-4.
S.W.O.T. analysis – Bar subcategory

Bar	
Helpful S *Internal*	Bars have been placed strategically throughout the concourses Bars have been used to replace vacancies and underperforming concessions and generate more revenue Improved offerings of wine bars better cater to the business traveler Wine bars at DIA represent strong aviation-oriented and traditional street brands among wine drinkers The relatively small footprint and limited cooking infrastructure allows for kiosk opportunities
Harmful W *Internal*	There are only five bars in all of DIA and three are in Concourse B, none are in a center core People that consume alcohol may be less likely to explore other areas of DIA or their concourse Average sales per square foot of $1,145.32 was below the food and beverage average of $1,673.05 in 2012 80% of the bars are wine bars or have an emphasis on wine Very limited options from a merchandising perspective Upselling additional alcoholic beverages is discouraged in an airport environment Over-served customers pose a safety/liability risk to themselves, concessionaires, DIA, and the public DIA employees cannot use them/under-aged drinking
Helpful O *External*	Many bar concepts require less space than casual dining or restaurant locations Bar concepts can be created for kiosk locations Opportunity to expand bar concepts from a merchandising perspective Opportunity to expand bar concepts from a quantity perspective Increases in business travel Increases in international travel Desire of strong local bar operators to establish presence at DIA Local Colorado microbreweries may seek concessionaire partners as a means of distribution and marketing
Harmful T *External*	The displacement of wine bars as a "hot" concept is soon to come One-half of the wine offerings are owned by one company Increased gasoline prices negatively impact wine prices as it relates to transportation/shipping costs Reduced business travel A negative airline or airport incident related to alcohol intoxication by passenger, airline, or airport employee National quick-serve or restaurant concepts may alter their layout to include a larger bar Under-aged drinking

Before it was truly a national trend, DIA was in the forefront of blending celebrity chefs (Wolfgang Puck) and unique concepts with an emphasis on local purveyor and operator participation. The current restaurants within the airport reflect that emphasis. In addition, the current direction of many of the recently awarded and opened restaurant concessions, such as Elway's, speak to an industry leading approach that present the highest quality standards to the traveling public.

Irrespective of price point, high quality is perhaps the most important component of a restaurant. Quality is related to not only the food but customer service. Therefore, a high quality experience should be afforded to customers of all varieties of restaurants at DIA. The quality of the experience is what people will remember about their meal, often more so than what they ate. As DIA drives quality in its construction of new restaurants and daily operation of restaurants through the PVC program, the stabilization and growth of revenue for DIA's concessionaires is soon to follow. Whether a restaurant provides a family experience, a themed experience, or a business experience, its consistency of quality and service is what helps to establish brand loyalty. As an airport with significant connecting passengers with long periods of dwell time, a strong restaurant offering is well-suited to capture additive sales per enplaned passenger.

Figure III-5 lists the strengths, weaknesses, opportunities, and threats for the restaurant subcategory at DIA.

Figure III-5.
S.W.O.T. analysis – Restaurant subcategory

Restaurant	
Helpful S Internal	The insulated environment encourages long wait time and long dwell time The secure environment accommodates family dining (especially important if they have young kids) Restaurants often serve a dual purpose of dining and facilitating meetings Provide the most impactful way to introduce local brands, chefs, and cuisines Local brands may drive higher levels of repeat business from local passengers and employees National brands are proven, have stong credit, and expertise, immediately more likely to generate solid revenue Can be oriented to a higher price point to cater to the business and international traveler driving revenue
Harmful W Internal	The comfortable environment discourages movement throughout the airport, lowering incidental sales Local brands may not be recognized by the national or international travelling audience Identifying ideal placement to stimulate the highest revenue in the least amount of space is exceedingly difficult The capital intensive nature of the category makes it difficult for concessionaires to respond to industry trends The capital intensive nature of the category makes local restauranteurs reluctant to participate "Squatting" - Passengers may occupy tables for a long time by purchasing a very low ticket item The placement of national brands makes it harder to establish DIA's merchandising as unique or exciting High utility, (electricity, gas, water), usage and food storage issues
Helpful O External	The restaurant industry at large is continually working towards effective space management Advancements in technology will require less space for restaurant infrastructure and equipment Advancements in technology will mean less energy will be used to prepare food JV Partnerships between national developers and local restauranteurs eliminate risks for DIA, bring new ideas Smaller restaurant footprints, or "Grab & Go" areas will encourage customers to move and sit throughout DIA Mobile technology may significantly reduce wait time and allow concessionaires to turn tables more quickly Early or on-time arrivals may increase passenger dwell time, allowing more time to eat at a restaurant Local Colorado microbreweries may seek concessionaire partners as a means of distribution and marketing
Harmful T External	Current stiff lending requirements may get stiffer, reducing access to capital for restaurant developers Airlines may introduce good, well-priced dining options on flights Minimum wage increases may cause restaurants to incur higher payroll costs due to more skilled labor needs Increase of restaurant development near DIA provide dining alternatives for those with long dwell times Incoming flight delays or weather pose a risk of reducing passenger dwell time, time needed to eat at a restaurant Under-aged drinking U.S. economic instability as it relates to employment Increased airline fuel costs affecting airfares Increased airfares affecting travel demands of value-oriented travelers Reduction in gasoline prices Reduced time between connecting flights Reduced TSA restrictions on consumable beverages Reconfiguration of security in Jeppesen Terminal creating more post-security concession options TOD within 5-15 minutes of DIA

Specialty retail. The specialty retail subcategory covers a broad range of items and includes jewelry, electronics, health and beauty, and apparel. Figure III-6 lists the strengths, weaknesses, opportunities, and threats for the specialty retail subcategory at DIA. Following Figure III-6 is a summary analysis of certain specialty retail subcategories.

Figure III-6.
S.W.O.T. analysis – Specialty Retail subcategory

Specialty Retail	
Helpful **S** Internal	Various sub-categories like cosmetics, jewelry, health & beauty, electronics generate high sales per square foot and can be placed inline or in a kiosk National retail brands do well The presence of appropriately merchandised offerings create synergies and encourage dwell time Unique regional offerings: art, jewelry, sports memorabilia Concession Joint Marketing Fund efforts can be used to determine the best ways to provide increased traffic Landside retail expansion can be experienced by the general population if Jeppesen Terminal is redeveloped
Harmful **W** Internal	Newsstands cannibalize specialty retail concessions There are very few nationally branded specialty retail concessions at DIA Many items purchased at DIA can only be returned at DIA Showrooming: Customers compare prices in a retail shop but purchase the item online from another vendor The majority of travelers don't migrate outside of their departing concourse Poor directories, and not enough directories Many concessions offer the same array of unspecifically gift oriented merchandise Compared to its peers, DIA has a low percentage of specialty retail vs. food & beverage/services
Helpful **O** External	Travelers like to purchase gifts when they travel Creating relationships with nearby hotels to provide specialty "packages" with included retail amenities Social media Future Union Station connection to DIA can be used to leverage exposure to DIA concession offerings There are many retail categories that are not represented or underrepresented at DIA United's non-stop flight to Tokyo Narita International Airport will bring more international/business travelers Improved economy: As the economy improves and unemployment rates decline people spend more discretionary income
Harmful **T** External	Street pricing is cheaper than DIA Customers are reluctant buying high ticket items if they know they won't be returning to DIA in the near future High baggage fees discourage people from carrying bigger luggage that could store larger, higher priced purchases Some airlines have begun to charge fees for carry-on bags, discouraging the purchase of additional items Poor economy: Discretionary spending is directly tied to economic strength and low unemployment, superflous retail purchases are the first things that are cut from individual budgets when the economy is poor and unemployment is high

Jewelry. Jewelry is a great complementary merchandise category that bolsters apparel (fashion) merchandising within a concession program. Jewelry items are small in size and either relatively expensive given the size of the item, or truly expensive given the material and craftsmanship of the item. This is an ideal combination for an airport environment as would-be customers do not want excess baggage to carry during their travels. More idyllic is the "bang for the buck" opportunity. The traveler purchasing the jewelry for themselves or as a gift is comforted by knowing that a jewelry purchase makes a statement if the item purchased is of appropriate quality and style for the recipient. DIA is encouraged by the sale of jewelry because of its likelihood to efficiently generate high sales per square foot and high sales per enplaned passenger.

Jewelry is an efficient use of space because a well merchandised jewelry concession can be created and displayed in a well-organized kiosk. In fact, many of the advances in the construction and lighting for kiosks have been made specifically to accommodate kiosk jewelry store owners. While they own and operate small spaces, they need to be certain that the allure of their merchandise is commensurate with potential customers' expectations of an in-line store. With so many external stimulants in an airport environment like DIA, a jewelry kiosk needs to be designed such that it captures the attention of passersby in a very quick but tasteful and chic way.

The types of jewelry offered at DIA tend to reflect the regional influences that are associated with the West and Colorado. These types of influences are not usually exclusive, high-end, luxury, or prohibitively expensive on the scale of jewelry merchandise. Rather, DIA's jewelry offerings encourage gift purchases because regional designs tend to be unique. The uniqueness stimulates interest, repeat visits, and an appreciation for the artisan or designer that translates into sales. Again due to the size of most jewelry items, they can be created for a wide spectrum of the travelling public. This broad appeal affords DIA the chance to merchandise at various price points and styles appropriate for specific clusters of travelers throughout the airport.

Electronics (e.g., cell phones, cell phone accessories, computers, entertainment, and mobile devices). The placement of electronics concessions at airports continues to gain importance as electronics continue to pervade our everyday lives. At DIA, electronics can be found at in-line electronics or newsstand stores and kiosks. Other than Brookstone, DIA has not yet introduced a solitary nationally branded electronics in-line store to its concession program. As part of the discussion about whether or not to do so, there is a reality that most travelers are not looking to purchase high-ticket items among any retail category. If they are to do so, electronics may present a greater likelihood relative to categories like apparel and jewelry. This is because technology continues to introduce new products, either software or hardware, that by design require a consumer to continually buy upgraded devices to gain the most value from the device. It is therefore plausible that if the opportunity presented itself, a traveler may decide to use dwell time to upgrade a phone, replace a tablet, or make a similar purchase while at DIA. However, the Bose (national brand) kiosks have been proven to be very successful and the products are expensive. The success of these kiosks can be attributed to the universality of the brand and the longevity of the product. Headphone technology does not change to the extent that it renders previous noise cancelling technologies obsolete. Further, returns and exchanges are accepted nationally, in and outside of airports for Bose products. These are two very attractive characteristics of this electronic retailer.

Beyond the Brookstone and Bose models, many multi-branded electronics stores and kiosks are now commoditized service providers in as much as they are specialty retailers. The good of many of these local or nationally owned multi-brand electronics concepts is that their size can usually be tweaked to meet the specific needs of an airport. Should DIA decide to increase the number of electronics kiosks or in-line stores in any location within the entire airport, it could do so rapidly, as the vendor demand is there. The upside of the revenue that would be generated would be useful to quantify, especially if a "hot" branded concept landed at DIA. The downside of this would be the immediate cannibalization that these new locations—in-line or kiosk—would have on newsstands. Many of the items that travelers need to have in order to use their electronic devices (e.g., batteries, ear buds, and headphones) can currently be purchased in newsstands. Further, in the electronics industry it is possible, however unusual, that a singular branded product can be introduced to the market that completely diverts all sales from a specific singular branded product. Technology is changing rapidly, and with it, the buying habits of its most fervent consumers. This either happens out of desire or necessity. Either way, the electronics category contains underlying risk and volatility that can be felt as swiftly as the technology itself is delivered.

Health and beauty (e.g., cosmetics, over-the-counter medicine, perfume). The health and beauty concessions at DIA may be the best opportunity to improve offerings within a single merchandise category. Health and beauty concessions have very low barriers to entry and some of the most resonating "buzz" of any category.

The unique benefit of this merchandise category is that DIA can provide nearly any desired global brand across all price points while dedicating relatively little retail space to achieve this variety. There are many different health and beauty products that consumers need and the majority of these products are small. However, their size does not necessarily correlate with their price. Many products within this category, such as cosmetics, can cost hundreds of dollars. Unlike apparel, for example, if a female business traveler forgets certain health and beauty products, she will replace them because she needs, or feels that she needs, them. She may even buy the product, such as lipstick, at a lesser price from an unknown brand, just to carry her through as an "emergency lipstick" for the future. This is common purchasing behavior within this merchandise category.

Currently, cosmetics, over-the-counter medicines, and perfumes can be found in several locations at DIA. Medicinal and toiletry needs are somewhat ubiquitous today and are provided as an expected convenience to those in need rather than as a strategic merchandise positioning statement. These types of items are needed and sought after by all travelers and employees of DIA alike.

As mentioned earlier, the bifurcation of convenience and specialty can be easily facilitated within the health and beauty category because of the size of the actual products sold and purchased. A perfect example is the most profitable subcategory—cosmetics. The target customers of this category are women. "Street side" and in airports, women purchase the overwhelming majority of all cosmetics sold. At DIA, these items can be found in newsstands, while other items can be found at individual branded and non-branded specialty retail concessions. The products themselves are very small and the vast majority of them are well-recognized and can purchased without fear of being confiscated by TSA due to limits on the size of liquid products. The wide variety of cosmetic types allows opportunities for in-line stores, kiosks, and even vending opportunities. All of these options could increase revenue as the audience is continually replacing and trying new products.

Cosmetics also present a large challenge with potential cannibalization. Newsstands, in particular, depend on the sale of cosmetics, medicines, and toiletries to maximize every square foot of their retail space. A strongly branded cosmetic concession would likely cannibalize sales from a newsstand. However, the strength of this hypothetical brand may also stimulate untapped growth. It is likely that newsstands will only offer a small representation of what any one cosmetic or perfume line has to offer. An actual branded store or kiosk is a true experience, offering the public multiple layers of product.

Apparel (children's, men's, women's). The apparel category is multi-faceted. Apparel can be divided by gender, age, profession, size, and utility. To an extent, DIA offers travelers the options to purchase apparel in these multiple categories. It is the depth of the offering, however, that requires revision. When people buy apparel, there are a multitude of factors that influence the purchasing decision. For the purposes of this immediate task, variety, size, and cost will be discussed as the factors that dictate how and what types of apparel are offered at DIA.

An apparel concession's variety of merchandise is tied to the size of space that the concession has available. "Space" relates to the size of the store, ceiling height, and available or nearby storage space. DIA has limited and costly space to offer any concessionaire, so retailers are forced to optimize their overall use of retail space. As such, if a nationally known brand is present at an airport, many retailers will not offer the traditional full line of merchandise found in their "street side" stores. These brands will focus on the best-selling items that they have, as they are most likely to generate the most revenue per square foot. This approach works well for the concession and DIA, but the shopping experience is lackluster for the traveler.

Further compounding the type of apparel experience an airport can offer is the shortage or pure absence of dressing rooms. Concessionaires cannot afford to have dedicated dressing rooms due to high airport rental expenses. This means that people are not going to spend significant amounts of money on items that potentially may not fit for fear, and perhaps reality, that the item cannot be returned. For this same reason, it is less likely that someone will purchase a more devoted, perhaps more expensive, or stylish apparel gift from an airport. However, a gift that is trivial, such as a low-cost item like a T-shirt or a baseball cap, is more likely to be purchased. This deflates the excitement and novelty of the shopping experience for the traveler. It also deflates the interest in airports for many national apparel brands.

For the concession, it is prohibitively expensive to re-create the "street side" feel of a retail store in an airport. The larger the "street side" store, the less likely it is that the consumer experience will be translated within an airport. Further negatively impacting the experience for the traveler is the perceived and often real inflated airport prices. It is very difficult for travelers to purchase an item at DIA when that person believes that they can readily purchase the item "street side" for less. Travelers suddenly find themselves exploring limited apparel displays at higher costs. This is a discouraging combination.

The best way to encourage apparel shopping across all categories is to create a critical mass of similar or inter-dependent apparel concessionaires. The cohesive nature of this type of retail merchandising will allow complementary synergies to develop among the apparel and retail concessions to the satisfaction of the traveling public. This preferable cohesion can be accomplished by using individual branded concepts or non-branded concepts that house well-known brands within the concession. There is certainly appeal in the purchase of regional apparel through non-branded concessionaires. Yet, it is the steady universality of national branded apparel, or utilitarian apparel used for sport, that provide more constant revenue and opportunities for growth. While regional apparel is likely to be susceptible to the seasonality of vacation travel, national or utilitarian apparel speaks to the trends and needs of local travelers and visiting travelers alike. This demonstrates an additional approach for leveraging limited space within in DIA for the widest apparel audiences.

Coffee. The popularity and infiltration of coffee among all socio-economic and demographic categories is well documented and frequently referenced as a phenomenon. The consumption of coffee-based beverages in the U.S. has expanded from its seminal roots as a primary morning "kick start" beverage. It is now a central character in how we socialize, recreate, and satisfy our craving throughout all locales and times of day. At DIA, the demand for coffee is not as easily satisfied as one might expect. The coffee offerings are disparate and few are located such that passengers promptly attest to their familiarity with the brands readily available at DIA. In many ways, true coffee aficionados are similar to wine or beer drinkers: They identify with a certain style or brand of coffee served a particular way. To that extent, they will seek information that leads them to the particular concession that provides the brand of coffee that they want. Even with this large, steady, and dedicated audience, the coffee concessions cannot survive from the sale of coffee alone. Coffee concessions double as breakfast, pastry, and pre-packaged lunch outlets as well. While convenient for their customers, coffee concessions cannibalize cookie, dessert, and sandwich concessions offered in snack, quick-serve, and food court categories. It should be noted that the sale of certain ancillary items within a coffee concession is natural and often additional items are added to the menu to help the concessionaire offset overhead expenses, namely rent.

If coffee kiosks were well placed in sub-cores or prevalent locations at DIA, in-line locations would be less needed. In that environment, DIA could reduce the size or quantity of coffee locations currently found in center cores. The net benefit of this would be reduced cannibalization of other snack and quick-serve vendors and an opportunity to re-merchandise highly visible locations in the center core. The physiological addiction that coffee fuels in its fans allows DIA the opportunity to treat coffee concessions as destination retailers. If provided with options and information, coffee drinkers will find their way to their proverbial "fix."

Figure III-7 lists the strengths, weaknesses, opportunities, and threats for the coffee subcategory at DIA.

Figure III-7.
S.W.O.T. analysis – Coffee subcategory

Coffee	
Helpful **S** Internal	Coffee is the most efficient generator of revenue on a per square foot basis ($1,330.35) Coffee is universally accepted by all demographic measurements Coffee has an affordable price point Global and national brands are extremely strong in the center cores, namely Starbucks Coffee and Caribou Coffee
Harmful **W** Internal	Coffee is offered by many food concessions in DIA, thus cannibalizing the existing minor merchandise category Coffee concessions heavily cannibalize sandwich and baked good concepts Local brands add to merchandise mix, but generate far less income per square foot than global/national brands Due to traditional coffee consumption habits, coffee concessions are susceptible to lulls in traffic during the evening and at night Passengers do not buy coffee frequently in the terminal due to TSA liquid restrictions Most consumers seek one or two global or national brands which does not add to DIA's merchandise offerings
Helpful **O** External	Coffee kiosks concessionaires are willing to be placed nearly anywhere DIA desires Global and national brands can solicit desired casual dining or quick-serve co-branding partners that DIA desires Coffee concessions can afford to pay more rent given their cost of goods DIA can easily allow other food related concessions to sell an extended coffee menu The consumption of coffee may prove to have substantiated and popular health or medicinal benefits The popularity of tea may continue to grow and existing coffee concessions may expand their tea offerings TSA could increase the liquid volume of items permitted through security
Harmful **T** External	Coffee (and sugar), are global commodities that are susceptible to pricing pressures that consumers would see The consumption of coffee may prove to have substantiated negative health or medicinal benefits Low barrier to entry for all food concessions to sell a variety of coffee-based beverages, increasing cannibalism U.S. economic instability as it relates to employment Increased airline fuel costs as the vacation traveler is seeking perceived value Increased airline fare costs Reduced time between connecting flights Reduced TSA restrictions on consumable beverages Reconfiguration of security in Jeppesen Terminal creating more post-security concession options TOD within 5-15 minutes of DIA

Food court. Most of the strongest concessions found in airports are food court concessions operated by multinational companies with internal partnership standards that are often aligned with the federal regulations related to ACDBE goals, with which DIA must comply. These companies often produce the highest sales per square foot within an airport. The maintenance of a solid relationship with many of these concessions is therefore of significant importance to DIA.

DIA's passengers are increasingly being challenged to improve their eating habits, and thus, food courts are being challenged to change their offerings. As a result, food courts present a clear conundrum. The best capitalized concession partners that generate the highest revenue with qualified ACDBE partners (that DIA needs) sell foods that are being maligned while they are yet the most sought after and recognized brands in the entire world. However, there are brands offered at DIA within the food court category that are:

- Not the best in the respective food sub-category;
- Not suited for travel;
- Antiquated;

- Provide a poor culinary experience from an appearance or quality perspective; and
- Do not meet the image and brand for the future that DIA is building.

The objective raising of standards and re-merchandising opportunity afforded to DIA through the PVC program, RFP process, or direct negotiation resoundingly speaks to this effort.

Figure III-8 summarizes the strengths, weaknesses, opportunities, and threats for the food court subcategory at DIA.

Figure III-8.
S.W.O.T. analysis – Food Court subcategory

Food Court	
Helpful S *Internal*	Provides a means to align qualified ACDBE partners with national brands (training) & strong revenue opportunities Creates a concession anchor that attracts the majority of DIA passengers Its offerings provide value, generate strong solid revenue, and produce high sales per square foot efficiency Its offerings have the most universally accepted fast food/food court brand (McDonald's) in the world Strong national brands have relative success in the terminal and concourses Universally affordable dining option Fast food is highly transportable through DIA and on aircraft Best suited to positively address passenger & employee time constraints in existence at DIA
Harmful W *Internal*	Most current food court brands are not considered healthy among business travelers Food court seating is crowded and difficult for groups travelling together to dine together McDonald's dominates the category to the extent its placement in each is deserved Consistent revenue of known brands makes it difficult to alter the food court mix The need for a critical mass of food court options makes it difficult to place food court options in the sub-cores The mix of food court concessions is not innovative There are very few healthy food court concessions to choose from Many of the foods offered to do not travel well
Helpful O *External*	Food court brands will continue to implement healthy options in their national menus New healthy food court brands will emerge Mezzanine space can be converted to include food court concessions The terminal food court concessions can be re-merchandised Food court brands strive to remain an affordable option for all demographics, families in particular
Harmful T *External*	Health concerns related to fast food may rise Quick serve concepts may continue to serve as suitable replacements for food court concessions Very few of the best local brands suitable for the food court have interest or capacity to open at DIA Federal requirements for security and construction are financially prohibitive for most small businesses Maintaining high customer service standards is difficult given the turnover of fast food related jobs Minimum wage increases may impact pricing as larger concessionaires have dozens of employees on staff

Newsstand/bookstore. The newsstand/bookstore merchandise category is of obvious importance to DIA and its concessionaires. The function of newsstands has changed rapidly over the last fifteen years. The introduction of mobile devices over this timeframe with Internet, "cloud," and expansive digital storage capacity has dealt a devastating blow to all varieties of physical literary outlets and products. Outside the confines of airports, newspaper publishers and bookstores have closed, filed bankruptcy, consolidated, or in a last ditch effort, shifted their business model to purely online access. Shifting toward online access is an effort to accommodate consumer demand for mobility and perpetual access to their entertainment and reference materials.

Inside airports, the impact of this dynamic shift has caused newsstand and book concessions to reduce the floor space dedicated to the sale of printed materials. As concession floor space is very valuable and expensive, concessionaires have replaced the floor space once dedicated to printed materials with convenience-oriented items that travelers need. In essence, the actual space dedicated to printed materials in these concessions is small relative to the floor space dedicated to snacks, gifts, apparel, electronic accessories, and other similar items. Newsstands and bookstores are now less known for selling reading materials and more akin to general stores of old at best, and gas station convenience stores at worst. While these concessions generate significant and steady revenue because of their overall merchandise mix and quantity of products, this revenue comes at the expense of other category specific concessions such as snacks, apparel, and health and beauty.

The general need and appeal of many of the items sold in newsstands can be used to justify their presence in each concourse as a result of the maximization of floor space in this merchandise category. As a counter argument, individual concessions dedicated to snacks, apparel, or health and beauty are actual experts in their respective fields. Their proprietary brands or experience may act as a draw that generates more interest and revenue than a newsstand that offers a little of "this and that." The introduction of the most successful merchandise categories found within newsstands at DIA may elevate the overall interest in shopping and increase revenue within said categories.

Figure III-9 lists the strengths, weaknesses, opportunities, and threats for the food court subcategory at DIA.

Services. Services may be the most challenging concession category to address in airports and the situation at DIA is no exception. Service concessions, though important, are not utilized as much by the traveling public as traditional food and retail concessions. Yet, the presence of a good service program with merchandising depth assists the passenger by allowing them to do things that they need to do, but may not have time or want to do, before they get to DIA or arrive at their destination city. The convenience of services such as haircuts, manicures, massage, and shoe shine all act as stabilizers for the air travel experience. There is comfort in knowing that a limited amount of productive multi-tasking can be accomplished in otherwise idle time in an airport.

Figure III-9.
S.W.O.T. analysis – Newsstand subcategory

Newsstand	
Helpful S Internal	Act as convenience retail destinations, maximizing merchandising opportunities in a limited space environment Universally sought after by all demographics, employees, and passenger types Are suitable for all areas of DIA: (terminal, center core, sub core, regional jet facilities, kiosks, wall units) Provide merchandising flexibility due to the various newsstand formats Generate high and consistent revenue in the center cores and areas with high enplanements Typically provide strong customer service
Harmful W Internal	Cannibalizes snack, apparel, health & beauty, and specialty retail concession categories Create formulaic merchandising throughout DIA The newsstand industry strives to be a "one-stop-shop", which leads to new cannibalization year after year Due to the ubiquity of the products that are sold, the "brand" of the newsstand, means little to passengers Sales performance wanes in the sub cores as passengers tend to purchase from the center cores
Helpful O External	Technology may create an opportunity for newsstands to reduce their footprint As passengers increasingly purchase digital media, less newsstand square footage is required which allows DIA new re-merchandising opportunities and potential to drive more revenue Newsstands are seeking larger square footages to include more brands thereby driving more revenue Newsstands provide solid ACDBE partnership opportunities due to a) reduced capital requirements vs. food concepts, b) mass appeal of product(s) and c) reduced need for skilled labor
Harmful T External	Continued popularity of digitized media may severely reduce the amount of periodicals sold in newsstand concessions iTunes (and all web-based outlets that provide digital media and entertainment) Amazon.com is pursuing brick and mortar stores with same-day delivery. Many electronics and related accessories sold in newsstands are found for much cheaper prices on Amazon.com DIA's RMU/Kiosk program Retail vending machines that sell; electronics, cosmetics, health & beauty, or travel related products Increase of electronics and specialty retail concessions at DIA

Nationally, there are re-inventions of the basic service offerings that have been typically offered by airports. There is a sense that the steady but historically low revenue generation of services does not recognize the upside to airports and their travelers by re-investing in this category. Today, many service concessions are typically destination-oriented and use-specific or niche concessions. If someone needs to exchange currency, they will seek and find the destination where that concession is found. If someone needs stamps, they will seek out a postal service or packaging concession wherever it may be found. These concessions do not elicit browsing or impulse shopping. Therefore, the placement of these concessions should be strategic. However, this dynamic creates a self-fulfilling prophesy: If service concessions do not have the potential to generate significant revenue, they will not be positioned in locations where the largest groups of travelers can be found. If the travelers cannot find the concessions, then the sales performance of those concessions will be relatively low. It is a challenging situation.

It is difficult to dispute the fact that if service concessions were located in the center cores of the concourses, their sales would be higher. However, the limited audience that would partake in the concessions, along with the comparatively low revenue that a barber shop would generate versus a sandwich shop in the same location, for example, makes it difficult for an airport authority to justify making such changes. The placement of highly visible signage that publicizes the presence and location of the concessions that are part of a comprehensive service program is another step that DIA can take to improve sales in this category. Fortunately, the terminal and the concourses all have spaces that are more favorable for services than traditional food or retail concessions. Given the nature of consumer demand for certain services, otherwise "dead space" can be re-purposed to provide additional or duplicate concessions where needed throughout DIA.

Figure III-10 lists the strengths, weaknesses, opportunities, and threats for the services subcategory at DIA.

Figure III-10.
S.W.O.T. analysis – Service category

Service	
Helpful S *Internal*	Lowest capital investment for in-line space Best opportunity for individual ACDBE ownership Shoe shine is a traditional, sought after use for business travelers Massage concepts are becoming more sought after Salon concepts offering hair and nail treatments are gaining in popularity Can establish brand loyalty and repeat traffic through successful traveler engagement Depending on the concept, suitable for terminal, concourses, and regional jet facilities
Harmful W *Internal*	Primarily located in the center cores Not suitable for sub cores Not an effective maximization of space Currency exchange is best suited for airports and concourses with high international traffic Few service concepts address dire travelling needs such as, hunger, thirst, or forgotten/needed retail items Most service locations are not well advertised within DIA Require relatively significant time to conduct a service Few travellers will utilize their dwell time with a service in addition to, or in lieu of retail or food & beverage
Helpful O *External*	Emerging concepts: (doggy daycare, nap/sleep pods, tanning, optical services, technology repair) Originating flight delays Early arrivals for deplaning passengers Entreprenuerial or technical nature of many services encourages local or ACDBE participation Services lend themselves to creating a long-term interactive business relationship between the customer and the concessionaire
Harmful T *External*	Decreases in airline revenue to DIA may force DIA to replace service locations with high revenue generators Paypal - Currency Exchange - Online money exchange Potential customer option to conduct the service upon arrival at their destination Flight delays The value proposition of conducting services at DIA is not widely expressed or known

Quick serve. Quick serve concessions at DIA act as an important bridge between the food court and restaurants. The presence of quick serve concessions tend to be welcomed due to their speed, price, and perceived freshness and healthy attributes. National and local companies are utilizing the quick serve platform to re-invent familiar and interesting food offerings. Whereas much of the passenger experience in a day of travel is beyond their control (i.e., security lines and travel delays), quick serve restaurants allow consumers the ability to exercise choice. This nuance should not be overlooked. Many people arrive at DIA, and all airports, feeling as though they will only have expensive, unhealthy, run-of-the-mill, fast food options available to them. While there is no data that confirms that quick serve restaurants are healthier than fast food restaurants, because quick serve concessions often give passengers a choice of ingredients and the food is assembled in front of the passenger, the perception is that, "I am making a better eating decision." That good feeling goes a long way in creating affinity for the concession and for the airport as well. That good feeling may translate in a passenger's general notion that, "DIA has good concessions, healthy concessions." The increased dwell time could easily translate into increased revenue, all based upon a good feeling, a perception. However, allegiance to a "healthier dining alternative" comes at the expense of food court and restaurant concessions.

Passengers can engage quick serve concessions and select "fresh" ingredients at their personal discretion at a cost that is the same or slightly higher than the food court. Therefore, quick serve concessions have a perception of value. This is rare in the airport environment where people often feel that they are being gouged in terms of price. Alternatively, restaurants require more time, are more expensive, and historically in airports, the service and overall experience can be unpredictable. For those reasons, quick serve concessions provide a satisfying value-oriented experience for a broad range of travelers and employees at DIA.

Figure III-11 lists the strengths, weaknesses, opportunities, and threats for the food court subcategory at DIA.

Figure III-11.
S.W.O.T. analysis – Quick Serve subcategory

Quick Serve	
Helpful S *Internal*	Innovative, emerging airport food category As a category provides a healthier, more travel friendly alternative to traditional food court concessions Many travelers seek a more locally-based dining experience A less expensive, more time effective alternative to restaurants, i.e. "Grab & Go" lines Serve as a strong anchor in sub core, outer core, and RJF locations Great platform for local brands and ACDBE partners Flexibility in size can address DIA needs from a modified kiosk, wall unit, or in-line perspective Local brands perform well in terms of sales versus their national peers
Harmful W *Internal*	Local nature of many concessions results in poor conceptual design Local nature of many concessions caters to a more narrow audience than national brands Local concessions have greater limitations as it pertains to periodic remodels and reinvestment in the space Customer experience from a time and quality can vary drastically from concession to concession The offerings in many locally-oriented quick serve concessions seem to be similarly merchandised Most are not oriented near a common seating area which makes it more difficult for people to eat together Cannibalize food court, restaurant, and snack sales simultaneously
Helpful O *External*	New local brands that are responsive to local and national trends are evolving all of the time New national brands are continuing to expand their interest in airport concessions Reduced and expensive airline food options drives people to this category Continued national discourse related to health stimulates more customer interest in food court alternatives Addresses consumer demand for locally-based and sustainable options Advances in point-of-sale technologies could make quick serve concessions more competitive with food courts
Harmful T *External*	Well known food court brands may introduce effective campaigns and products that reduce quick serve sales The reintroduction of free, low priced, or quality in-flight food by the airlines Concepts that are too specialized may not have broad appeal whether local or national Federal requirements for security and construction are financially prohibitive for most small businesses Reduced business travel in the sub cores and RJFs

S.W.O.T. Analyses and Market Differences between Concourses at DIA

Concessions and RFPs have also been introduced in response to the nuances found in travelers within each respective concourse. At times, concessions at DIA are also offered and merchandised in response to needs of the traveling public. It is therefore necessary to describe the unique profile of each concourse, as concourse variation at DIA is both subtle and conspicuous. While variations are pertinent to this review, the commonalities between the concourses, good or bad, should not be overlooked. Most importantly, DIA has the rare good fortune of having each one of its concourses serve as a hub for a distinct airline:

- Republic Airline Holdings d.b.a. Frontier Airlines in Concourse A;
- United Continental Holdings, Inc. d.b.a. United Airlines in Concourse B; and
- Southwest Airlines in Concourse C.

Simultaneously, the physical infrastructures of the center cores and sub cores have mixed commonalities as well.

In terms of infrastructure, the center-core areas are well lit and storefronts have good signage and overall visibility. The sub-cores are not as well lit and the second level overhangs generally impede the ability of concessionaires to have prominent and well lit storefronts as concession locations are inserted farther east or west of the center cores. As a unifying positive, the electronic sidewalks, or "people movers," help travelers traverse the concourses more leisurely and more quickly. This all proves to benefit the concessionaires as travelers will consequently have a few more minutes to shop or explore the concourses.

Other noteworthy characteristics of each concourse, and the key airline servicing the travelers within each concourse, are described here.

Concourse A. Frontier Airlines is the key airline within this concourse. This airline operates in a competitive discount model with many direct flights to smaller markets and few transcontinental direct flights. The international travel provided by this airline is currently limited to Canada and Mexico.

The nature of the flights (i.e., their destination, duration, and price) attracts cost conscious business and family travelers alike. As these travelers navigate this relatively small concourse and regional jet facilities, they will find 37 total concessions from which to choose. The balance of food, retail, and service is fairly distributed in Concourse A. However, the mezzanine level has only one concession (a restaurant). This area could certainly be used as an opportunity for expansion in the future.

Figure III-12 provides a S.W.O.T. analysis for Concourse A.

Figure III-12.
Concourse A S.W.O.T. analysis

Concourse A	
Helpful S *Internal*	Frontier Airlines' hub Great Lakes Airlines provides many regional flight options The size of the concourse is navigable Accessible by pedestrian bridge Mezzanine concession expansion can be utilized
Harmful W *Internal*	37 gates Frontier attracts a cost-conscious traveller 100% local specialty retail No business traveler oriented retail Chophouse and Vino Volo are the only food concessions that fit the business traveler demographic No national family-oriented restaurants Limited space available for expansion Low number of total concourse concessions at 24
Helpful O *External*	National trends support "buying local" as sustainable Market DIA's commitment to supporting local businesses Reduced TSA prohibitions on consumable beverages Fair distribution of food & retail (46% food, 37.5% retail) vs. total concessions Add business related and upper moderately priced concessions Alternative food and beverage or retail options are far from DIA
Harmful T *External*	Regional competition for air routes Regional nature of flights departing from Concourse A present driving as an alternative when airfares rise Improved in-flight food options Reduced time between connecting flights Reduced TSA restrictions on consumable beverages Regional economic instability Reconfiguration of security in Jeppesen Terminal creating more post-security concession options TOD within 5-15 minutes of DIA

Concourse B. United Airlines is the key airline in this concourse and the largest airline in the United States. It offers transcontinental and international flights. As of June 10, 2013, it began its non-stop service to Tokyo Narita International Airport, which will add international business travelers to the already domestic business traveler orientation of the B Concourse.

Concourse B is the largest at DIA. It also has the most total concessions with 71 food, retail, and service options available on the concourse, fully built-out mezzanine, and regional jet facility. Concourse B has the highest revenue generators at DIA. This is possible because of the quantity of travelers, the business orientations of the travelers, and the synergy of concession options for travelers and employees.

Figure III-13 provides a S.W.O.T. analysis for Concourse B.

Figure III-13.
Concourse B S.W.O.T. analysis

Concourse B	
Helpful S *Internal*	77 gates United Airlines hub Generates the highest concession revenue Good concession synergies #1 concourse for business travelers Highly utilized regional jet facility High concessionaire demand
Harmful W *Internal*	The largest concourse Discourages traveller concourse exploration Limited space for expansion Few concession directories Poor sub core signage Many antiquated brands Poor distribution of food & retail (61.5% food, 27.7% retail) vs. total concourse concessions
Helpful O *External*	Alternative food and beverage or retail options are far from DIA Direct deals would be best served here United Airlines is a stable partner Improvements in the U.S. business sector Expanded international flights
Harmful T *External*	U.S. economic instability Reduction in corporate travel Major airline consolidation/reduction of routes Traveler unfamiliarity with DIA concession options Reduced time between connecting flights Reduced TSA restrictions on consumable beverages Reconfiguration of security in Jeppesen Terminal creating more post-security concession options TOD within 5-15 minutes of DIA

Concourse C. Southwest Airlines is the key airline in this concourse. Currently, it is known as the leading national discount air carrier with the most available domestic routes. In 2014, it will begin international service. This will introduce a valuable business traveler with a propensity to spend to Concourse C. It will be important to measure how and if these international flights change the profile of the quintessential Southwest traveler.

Today, most travelers in Concourse C are very price conscious. As such, the concourse serves a great deal of families and small business owners. As this is the smallest concourse, and currently the only one without mezzanine concessions, there are only 35 concessions available to serve the Concourse C population.

Figure III-14 provides a S.W.O.T. analysis for Concourse C.

Figure III-14.
Concourse C S.W.O.T. analysis

Concourse C	
Helpful S *Internal*	Southwest Airlines anchors the concourse Caters to vacation-oriented travel Vacation travelers are less discriminate when it comes to spending Southwest Airlines caters to family travel (specifically including young children) The concourse is small and navigable Quick serve options cater to the core younger travelers of Southwest Airlines
Harmful W *Internal*	22 gates Lowest amount of total concourse concessions at 23 Specialty retail is severely lacking There are no travel-oriented concessions The concourse is dark and has poor visibility
Helpful O *External*	Decreased U.S. unemployment encourages vacation travel Refurbished walkways Increased lighting in the outer sub-cores Southwest Airlines is a stable partner Southwest Airlines is expanding its focus to include business travelers Alternative food and beverage or retail options are far from DIA Vacation travelers often forget necessities Families with young children often forget, or are in immediate need of, child-oriented items
Harmful T *External*	U.S. economic instability as it relates to employment Increased airline fuel costs as the Southwest Airlines vacation traveler is seeking perceived value Increased Southwest Airlines fare costs Reduction in gasoline prices Reduced time between connecting flights Reduced TSA restrictions on consumable beverages Reconfiguration of security in Jeppesen Terminal creating more post-security concession options TOD within 5-15 minutes of DIA

Jeppesen Terminal. The post-9/11 security environment has greatly affected market opportunities in the Jeppesen Terminal. Passengers' desires to move quickly through security to their gates, combined with visual impediments to storefronts and items that TSA prohibits through security, among other drawbacks, has been detrimental to concessions. This is evidenced by the lack of national retail brands and restaurants and low sales per square foot. At the same time, near-term changes including the RTD East Line light rail connection, Westin hotel and conference center, and the public plaza will offer new opportunities to re-position the Terminal's concessions offerings.

Figure III-15 provides a S.W.O.T. analysis for Jeppesen Terminal.

Figure III-15.
Jeppesen Terminal S.W.O.T. analysis

Jeppesen Terminal	
Helpful S *Internal*	Uniform and centralized access to all DIA concourses Physical attributes (great ingress/egress, good visibility, high ceilings, natural light) Accessible to customers on Level 5 and Level 6 Accessible to non-travelling public Ample space for kiosks Ample space for in-line concessions Ample space for additional seating Ample space for additional signage
Harmful W *Internal*	No national retail brands No national restaurants Unhealthy quick-serve options Lacking specialty retail Storefront impediments (escalators, TSA partitions, columns) Arriving passengers area devoid of interesting concessions Limited open seating areas Expensive parking
Helpful O *External*	TSA reduction of the security area TSA minimization of the prohibited items list Lack of commercial development near DIA Arriving flight delays (picking up passenger population) City/DIA office space can be converted to revenue generating concepts
Harmful T *External*	TSA Regulations (Expansion of the prohibited items list) TSA expansion of the security area Commercial development near DIA All external consumer options (inflight purchases, departing city purchases, local Colorado purchases) On-time arrivals

Overall DIA Concession Program S.W.O.T. Analysis

Based on information developed in the previous analyses, the Merchandise Guidance Administrator developed a S.W.O.T. analysis for the overall DIA concession program. This analysis is presented in Figure III-16.

Branded vs. Non-branded and Local vs. Non-local Concepts

Each day at DIA there is an ever-changing combination of travelers that have: never been to DIA; been to DIA infrequently; or been to, and visit DIA regularly. It is normal to conclude that the frequency with which people understand DIA and the air travel experience equates to an expected level of familiarity. As in environments outside of the confines of DIA, familiarity increases one's anticipated level of comfort with their surroundings. If the comfort level increases, decisions may be made more readily and with more confidence. This dynamic plays an integral role in the evaluation and procurement of "branded" versus "non-branded" and "local" versus "non-local" (national) concession merchandising options.

Figure III-16.
Overall DIA concession program S.W.O.T. analysis

DIA CONCESSION PROGRAM	
Helpful **S** Internal	DIA ranked 7th nationally in concession sales at over $237M excl. duty-free for 2012 DIA ranked 6th in concession sales at $8.98 per enplaned passenger for 2012 excl. Duty Free Very strong locally-based concessionaire ownership and ACDBE participation Premium Value Concessions Program — Through a third party, incentivizes a high standard of performance and customer service Concession Joint Marketing Fund Administrator — Through a third party, works with DIA and the concessionaires to elevate the efficacy of media, marketing, merchandising display, mystery shoppers, and survey efforts The internal DIA train connects the concourses
Harmful **W** Internal	Very few nationally-branded concepts in food & beverage or specialty retail Many locally-owned specialty retail concessions have disjointed merchandise and have a dated appearance Jeppesen Terminal concessions severely underperform the main concourses Poor and low amounts of concession directories and related signage Other than Concourse B, the mezzanine spaces are dark and underutilized DIA's ratio of food & beverage to retail is 70%/30% where most peers are closer to 55%/45% including duty-free Regional jet facilities are disconnected from the main concourse and discourage cross-shopping The practice of issuing one RFP for one location discourages many of the best national operators from submitting
Helpful **O** External	South Terminal Redevelopment could house new concessions in missing categories A social media/marketing campaign could be created to create synergies between passengers and concessions Increase DIA presence and participation at concessionaire and retail trade shows until targeted goals are met Introduction of Light Rail will reduce time and money spent on parking which can be converted to dwell time RTD transportation to DIA can be improved to showcase DIA concessions through marketing efforts A concerted concessionaire outreach program could be created in which targeted concessions or merchandise categories that meet specific criteria are contacted on behalf DIA
Harmful **T** External	Improved airline purchase options TSA Regulations (Expansion of the prohibited items list) The loss of one of the hub airlines Poor airline financial performance may reduce routes, passengers, and customers for concessionaires TSA expansion of the security area Commercial development near DIA All external consumer options (inflight purchases, departing city purchases, local Colorado purchases)

Branded vs. non-branded. Branded concessions offer the most consistent forecast of consistent concession revenue, traveler familiarity, and brand recognition (for the good or bad). An airport may be one of the most relevant commercial locations where awareness of brand attributes may be of most importance. There are many reasons why this is true. The most significant of which at DIA may be time. Due to all of the factors that are involved in the air travel experience, extreme traveler sensitivity to time exists. Part of this anxiety may be warranted. Large parking fields, security lines, and flight departure times are all legitimate reasons for travelers to keep their heads down and get to the gate. Yet, while on this harried path to the gate through crowds of hundreds of people, the need for retail, food and beverage, or a service concession may exist. In the debate between time versus convenience, travelers can confidently choose a brand that they are familiar with and not add any thought or consternation to the decision making process. A well-known brand solves an immediate need swiftly and usually without issue. This holds true for a branded concept in an individual in-line location or a branded item offered by a branded or non-branded concession. Brands are universally expected and frequented by the overwhelming majority of travelers at DIA and airports around the world. This does not mean that the public reception and response to brands is all favorable.

Many travelers perceive brands as mundane concession options: necessary evils. For those in this camp, branded merchandise represents big business and the exclusion of the little guy. From this vantage point, the value, comfort, and convenience that brands can provide is not a supportable option. They would therefore prefer non-branded options that are related to terms like locally-owned, locally-sourced, sustainable, farm to table, or handmade. Non-branded concepts and merchandise have a distinct following. Unfortunately, this group tends to move quietly throughout the concourse in an anonymous and discerning fashion. They speak through the action and inaction of their purchasing power. Many of them would rather not buy than buy a product from a big brand. The downside to DIA with non-branded merchandise and concepts is that the audience for these items is smaller than those that seek brands. Therefore, DIA incurs a risk with the selection of non-branded concepts and products. If travelers are unfamiliar with something, it is less likely that they will buy. However, merchandising is not solely about generating revenue.

A great merchandising plan often includes concepts or concessions that may not generate the most revenue, but the presence of these concessions creates a more diverse and exciting offering for the public at large. The beauty of non-branded merchandise is that it can be sourced to complement any retail or food and beverage concept. Many of the surprises that are found in concession programs can be attributed to the inclusion of carefully selected non-branded concepts and items. Over time, these types of concessions build loyalty with travelers to the extent that the concessions become sought after and have the ability to expand. In such instances, DIA becomes associated with the creativity and uniqueness that non-branded concepts and items can provide.

Local vs. non-local. The relationship between local and non-local concepts is similar to that of branded and non-branded concepts but the relationship is not the same. Local retail and food and beverage concepts typically have the favorable advantage of local awareness. Naturally, this means that local concepts are familiar to more than 50 percent of the traveling public and DIA employees. This provides locals with an immediate following, recognized authenticity representative of Denver, and visitors new to DIA and Denver as well. Given their proximity and familiarity with DIA, local residents have the ability to purposefully arrive at DIA with enough time to indulge at their favorite local jaunts that can be found at the airport. The authenticity of this "home away from home" approach begins to create a true identity. In terms of local food concepts like The Chophouse, Elway's, and Udi's (to name a few) the conglomeration of strong, iconic, local brands serves as a legitimate slice of the Denver culinary experience. This can be enjoyed by local residents and non-locals alike.

In addition to satisfying the tastes and purchasing habits of local residents, local concepts also satisfy DIA's obligation to create public private partnerships with qualified business owners in Denver and Colorado at large. DIA's outreach and commitment to the procurement of local business partners cultivates long-term relationships that are invested in the overall success of the concession program.

Conversely, the downside to local concepts is that non-local travelers may not be informed enough to be willing to try, or seek out local brands. There are certainly non-local travelers that will. Local concepts are also limited in their awareness of, and ability to respond to, national trends as a result of limited capital resources when compared to non-local concepts. Those limited resources may also impact the long-term care and sparkle of a local concept. Non-locals tend to have multiple channels of distribution and inventory, providing them with an initial opportunity to become more profitable than locals through the leverage of these external market resources. This is not to say that locals do not manage strong and profitable businesses. DIA's leading restaurants are all locally based and they continue to grow and attempt to re-invent themselves. This effort demonstrates to the traveling public that while local goods and experiences may be sought after, locals can compete effectively with, and often exceed the performance of, non-locals on all levels.

Premium Value Concession Program

The Premium Value Concession Program (PVC) at DIA was created in an effort to employ objective measurement tools as a means of encouraging, identifying, and retaining top concessionaire performance throughout the concourses across all minor merchandise categories. The PVC program began on August 1, 2012.

Positive impacts on concession planning. PVC has several potentially positive impacts on DIA's concession planning.

Customer service. PVC indicates merchandise categories that engage customers and perform well. Exceptional performance generates more revenue. The leading merchandise categories that tend to excel in this regard are Specialty Retail and Newsstand.

Location analysis. PVC can be used to diagnose the strengths and weakness of specific locations in the airport. The center cores, inner cores, outer cores, mezzanines, and RJFs all have attributes that determine the viability of certain types of merchandising decisions and related concepts.

Enplanement data. When PVC performance is measured against enplanement data in each concourse, we can identify the correlation between the airline and its customer and the strength of certain merchandise categories and brands. This helps to objectively identify "strong" or "weak" locations within the airport.

Core development. By combining Customer Service, Location Analysis, and Enplanement Data, specific merchandise categories emerge as most likely to succeed. A strategic merchandising plan should be analyzed on a "core by core" basis. This approach provides insight as to which merchandise categories perform best in the center core, sub-core, RJF, and mezzanines of each concourse at DIA. It also affords the opportunity to make merchandising decisions substantiated by data and comprehensive performance measurement. This process reduces risk.

Merchandising barometer. PVC highlights the strongest merchandise categories and concessions at the airport. Based upon the overall merchandising composition of each category, informed merchandising determinations can be used to introduce new concessions specifically by category, brand type (local vs. national, or branded vs. non-branded), and concourse specific location.

Need to supplement PVC for concession planning. There are several aspects of concession planning in which PVC does not provide needed information.

Concepts. Whether national, local, branded, or non-branded, PVC does not aggregate its findings in a manner that specifically yields merchandising recommendations for DIA based upon minor merchandise categories for concessions that do or do not receive the program benefit. PVC results could be leveraged to guide the direction of the Merchandise Guidance plan.

Customer movement. Currently, the PVC program does not leverage existing mobile device and video technologies to accurately track passenger movement throughout the airport. Tracking information could be utilized in many ways as it relates to Merchandise Guidance. Dwell times and tracking technology can be leveraged in order to determine exactly how long passengers stop and where they stop within each concourse, for example. This information would add depth to the results of the PVC and provide the airport with definitive direction for Merchandise Guidance. The tracked passenger data would be specific as to what passengers truly support through purchases.

Concept retention. There are many concessions at DIA that do not represent the future direction of Food and Beverage or Retail. The PVC program allows those that are awarded the Program Benefit to remain in the concession program. This is exactly what PVC was designed to do and it works well. However, as PVC does not currently have any way to suggest new concepts to Program Benefit recipients, it is fortunate that DIA reserves the right to recommend remodels, concept updates, etc. The capacity to collaborate with recipients of the PVC program benefit provides DIA with the ability to keep top performers *and* introduce new and fresh concepts within the respective minor merchandise category.

Product Offerings and Impacts on Merchandise Guidance

The MGA used Customer Service Experts (CSE), a firm with secret shopping experience at DIA from the PVC program, to identify the product offerings at the category and subcategory levels at DIA. The MGA worked with DIA to identify the types of product offerings to inventory. Across a three-day period, CSE personnel inventoried products at each service, food and beverage, and retail location in Concourses A, B, and C. Maps showing the results of the secret shopping are provided in Appendix A of this report.

ACDBE Program's Impact on Merchandise Guidance

Merchandise Guidance is an executive approach that considers the public demand for goods and services through intercept studies, national retail trends, and a comprehensive understanding of DIA's key attributes. If executed correctly, Merchandise Guidance can procure a commercially productive combination of concessions that speaks to the needs and desires of the travelling public. The adherence to the rules and regulations that relate to the ACDBE Program is likely to satisfy the concession demands of DIA's daily audience to a significant degree.

The success or failure of Merchandise Guidance is clearly evidenced by an increase or decrease in revenue. The most recent intercept studies, (conducted by the MGA), and national trends indicate that airport employees and travelers at DIA seek local and non-branded goods and services. These items tend to be provided by small businesses. Federal law mandates the participation and significant effort to procure these types of businesses at DIA. DIA is incentivized to meet the annual minimum requirements set forth for DIA by the Federal Aviation Administration. In this effort, DIA works to ensure the presence of wholly ACDBE-owned concessions or the joint venture of larger companies and ACDBE-owned companies. In both instances it is highly likely that the ACDBE firm is locally based in the Denver metro area. As

ACDBE firms tend to be small in nature, their size has an immediate impact on what goods and services that they can provide.

Smaller firms tend to take two clear paths:

- Partner with franchisors to affiliate themselves with a national brand with operational benefits and infrastructure in place; or
- Sell local items and services that are representative of their heritage or community.

These choices are driven by several factors.

Franchises/national brands. In the instance of the franchisor/franchisee relationship, a well-financed, but relatively inexperienced person can align themselves with a well-known, established brand that provides internal support in exchange for a franchisee fee. While this fee detracts from the bottom line, the fee's greatest advantage is its contractual obligation to support the franchisee. The franchisor/franchisee relationship affords the franchisee the opportunity to benefit from the franchisor's infrastructure and success, or perhaps from those made by other franchisees in other airports. Understanding that these advantages exist within these types of relationships, DIA can post RFPs for concepts that are likely to be franchise driven and satisfy the goals of Merchandise Guidance as well.

The existence of a franchisor acts as a security blanket for DIA. On one hand it is certain that a franchisor is driven to make money. In addition, the franchisor is driven to protect its brand for the millions of customers that will pass by the concession each month. The need to protect the brand has extreme value to DIA as it also seeks to protect its brand, maintain customer loyalty, and drive sales. The support of the franchisor serves to mitigate the risk of the franchisee as well as the risk that DIA would otherwise take with a small company that did not have the support of a large franchisor or corporation. It is also important to note that although it is not federally mandated, many national franchisors have internal goals that encourage small business and diversity outreach and participation in the same way that DIA does.

Local businesses/non-branded concepts. ACDBE firms often emanate from humble beginnings that began within two or three hours from any airport in the country. As a result, these typical "mom and pop" enterprises wield valuable qualities to the large audience that frequents DIA every day of the year. The strength of many locally based business centers around their product awareness, market awareness, authentic representation, and consumer pride or affinity.

An executive or management order can deliberately issue an RFP or RFQ that describes the attributes of a local business that fit an aspect of Merchandise Guidance. In order to effect change, that may need to occur. DIA's ACDBE compliance can serve to attract solid local business people that understand the airport business environment and provide recognized, tried and true Colorado-based experiences like The Chophouse, Rock Bottom Brewery, and Dazbog. These types of concessions also provide arriving passengers with a "WOW" factor and a "I wish we had this in my home town" effect that drives the authenticity of the city and the region. Passengers become interested and begin to have appreciation, or affinity, for DIA and its concession program. The net result of those components is increased revenue to the concessionaire and to DIA. The most important result of those components is that the growth of a small business can emanate through the successful implementation of the ACDBE platform.

Alternative considerations. Identifying the minor merchandise categories that can attract the type of ACDBE business owners with the acumen, financing, and experience to be successful at DIA is tedious and time consuming. There is no doubt that pinpointing national firms, or large multi-unit local firms, is much easier. Obviously, ACDBE non-compliance is not a choice that DIA can make. However, DIA could seek to satisfy its Merchandise Guidance goals through a variety of means and business relationships. If the Merchandise Guidance is to take into account "what the people want" as it pertains to a high quality experience that offers non-branded and local brands, leveraging the inherent strengths of the ACDBE firms in Colorado can produce viable long-term results.

SECTION IV.
Traffic Volume Summary and Forecast

Information gathered as part of the Merchandise Guidance Administrator's (MGA) DIA passenger survey, combined with passenger projections in DIA's Master Plan and current concessions sales information, have implications for DIA's Merchandise Guidance Plan.

Summary of DIA's Traffic Forecast

DIA periodically creates activity forecasts, including:

- Passenger activity;
- Cargo volume;
- Aircraft activity (commercial aircraft operations); and
- Other aircraft activity.

DIA's most recent forecast was drafted by 2011 and approved by the FAA in November 2011.[1] A final draft was released in January 2012.

The 2011 forecast includes several alternate forecasts of total enplaned passengers at the airport. A "preferred base forecast" of enplaned passengers was selected after analyzing the forecast alternatives; interviewing individuals at United, Southwest, and Frontier Airlines; consulting with airport staff; comparing DIA forecasts to national forecasts; and relying on the professional judgment of the forecasters.

The preferred base forecast anticipates an enplaned passenger annual growth rate of 2.1 percent through 2015, increasing to 2.6 percent per year from 2016 through 2030. These forecasted growth rates imply an increase in enplaned passengers from 26.5 million in 2011 to 42.3 million in 2030—a 60 percent increase during this period.

Domestic major/national enplaned passengers. Enplaned passenger growth for the domestic major/national segment is expected to increase at a slower rate than overall enplaned passenger growth at DIA and nationwide. The preferred base forecast anticipates that domestic major/national carrier enplaned passengers will increase from 21.2 million in 2011 to 28.4 million in 2030, a 34 percent increase.

Domestic regional/commuter enplaned passengers. Enplaned passenger growth for the domestic regional/commuter segment is expected to increase at a greater rate than for the major/national carriers. The preferred base forecast projects that domestic regional/commuter

[1] http://business.flydenver.com/community/masterplan/the-future.asp

enplaned passengers will increase from 4.4 million in 2011 to 11.6 million in 2030, a 164 percent increase during the period.

International enplaned passengers. Enplaned passenger growth for the international segment is expected to grow from 852,625 passengers in 2011 to 2.3 million passengers in 2030, an increase of 170 percent during the period.

Alternate scenarios. DIA's forecasts prepared in 2007 present four alternate forecast scenarios that, should one of these scenarios come to pass, would affect the overall level and the balance of origin and destination (O&D) passengers versus connecting passengers or the balance of domestic versus international passengers:

- Scenario 1: High growth with continued hubbing operations;
- Scenario 2: Baseline O&D growth with a decrease in hubbing/connecting operations, causing an increase in O&D passengers relative to connecting passengers;
- Scenario 3: Evolution in the aircraft fleet mix serving DIA to more widebody aircraft and larger narrowbody aircraft; and
- Scenario 4: High growth in international flights and passengers due to an overflow of activity from other major international gateway airports, causing an increase in international passengers relative to domestic passengers.

Customer Growth Forecast

As described in Section III of this report, DIA's concession sales per enplaned passenger (SPEP) in 2012 was $9.05 including duty free sales. As shown in Figure IV-1, Airport Revenue News listed DIA's total concession sales to be $239.5 million in 2012.

Figure IV-1.
Total DIA concession sales by subcategory, 2012

Category	Sales ($s in millions)	Percent of total
Food and beverage	$169.0	71%
Retail	34.9	15%
News and gifts	33.6	14%
Duty free	2.0	1%
Total	**$239.5**	**100%**

Note:
Category percentages do not sum to 100 percent due to rounding.

Source:
Airport Revenue News.

As discussed above, annual enplaned passengers at DIA are forecasted to increase from 26.5 million in 2011 to 42.3 million in 2030—a 60 percent increase. The growth rate for international passengers is expected to be higher than the growth rate for domestic passengers. Figure IV-2 on the following page shows the forecast growth of enplaned passengers by category.

Figure IV-2.
Projected growth of enplaned passengers at DIA, 2011 through 2030 by category

Passenger category	2011 Enplaned Passengers (millions)	2030 Enplaned Passengers (millions)	Percent Increase
Domestic major/national	21.2	28.4	34%
Domestic regional/commuter	4.4	11.6	164%
International	0.9	2.3	170%
Total	**26.5**	**42.3**	60%

Source: DIA Master Plan.

If DIA's concession sales increased in proportion to the growth in enplaned passengers across this period, total concession sales in 2030 would be $381 million (in today's dollars). However, this estimate is likely low for several reasons, including:

- International passenger traffic generates more income on average and DIA's international traffic is projected to grow at a faster rate than domestic traffic (see Section III for additional details);
- The Premium Value Concessions (PVC) program should reward successful concessionaires, cause a conversion of underperforming concession operations, and lead to an increase in SPEP;
- Airport improvements such as the Westin hotel and conference center, the RTD FasTracks rail line to the airport, and the public events plaza will likely increase concessions sales in the Jeppesen Terminal and possible with the concourses; and
- The Airport City Denver development may serve to further increase passenger traffic and concession sales.

If, for example, DIA sees the projected 60 percent growth in enplaned passengers between 2011 and 2030 and can move SPEP up to the average of the top ten U.S. airport SPEP of $12.35, then concession sales revenue would be $522.4 million, a 118 percent increase over 2012.

Forecast Implications for the Merchandise Guidance Plan

The forecast growth and potential shift in the balance of international versus domestic passengers or O&D versus connecting passengers has several implications for the merchandise guidance planning at DIA.

Growth in international relative to domestic. The degree to which international traffic grows will increase customer demands for duty free and specialty retail sales.

Growth in O&D relative to connecting. As discussed above, one of the alternative scenarios envisions growth in O&D passengers relative to connecting passengers. As discussed in Section V, there are some marked differences between O&D passengers and connecting passengers in purchasing behavior and desires for future retail at DIA:

- O&D passengers are more likely to make a newsstand and gifts purchase;

- O&D passengers are less likely to report purchasing a meal or electronics; and
- O&D passengers would like more Colorado-based stores that highlight local merchandise.

Given the relatively high percent of concession sales that DIA derives from food and beverage (71%) relative to other top airports, this implies that DIA may need to shift slightly away from food and beverage if this alternate scenario becomes reality.

Concession cannibalization. Airports experience concession market cannibalization when new concession space opens in a concourse—including the addition of Retail Merchandizing Units (RMUs)—or when existing concession space shifts in use from one subcategory to another. Cannibalization is not a unique feature of airports, but a consequence of an evolving marketplace. Changes in technology and product offerings, trends in foods, and consumer demands require airports (and existing concessionaires) to respond to these dynamics in order to thrive.

Scope of cannibalization. Estimates of the impact of concession expansion or shifts in use across subcategories on existing vendors vary. *The Resource Manual for Airport In-terminal Concessions* estimates cannibalization of 10 percent upon the introduction of specialty retail to an airport, as it siphons demand from convenience retail stores.[2] One concessionaire at DIA who was interviewed by the MGA estimated that 30 to 50 percent of sales at new specialty or retail or food and beverage concessions are cannibalized from the existing subcategory within a concourse. The September 2009 Concession Owners Forum at Dallas-Fort Worth International Airport suggests that expanding concession space would have a positive long-run impact in meeting future demand but would cause cannibalization in the short run.[3]

The magnitude and duration of cannibalization resulting from new concession space or changes in use depends on a variety of factors, including proximity of similar product offerings; the pace and scope of activating new concession space; the ability of existing concessionaires to adapt to the changes in the marketplace; and the extent to which growth in travelers or traveler demand pairs with the new supply of goods and services.

Strategies to minimize cannibalization. While concession cannibalization is a concern for both concessionaires and concessions program administrators, there are ways to mitigate or prevent cannibalization.

Phased expansion strategies. Phasing in new concession space over time, rather than all at once, can allow current concessionaires to adapt to the altered marketplace and attempt to match increased supply of concession offerings to anticipated growth in traveler demand. *The Dallas Morning News* reports that the administration of Dallas' Love Field plans to use this approach for its new 20-gate terminal set to open in late 2014.[4] The phase-in approach to introducing new

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[2] http://onlinepubs.trb.org/onlinepubs/acrp/acrp_rpt_054.pdf

[3] http://www.dfwairport.com/cs/groups/webasset/documents/webasset/p1_011843.pdf

[4] http://www.dallasnews.com/news/state/headlines/20100226-At-airport-a-tasty-fare-5043.ece

vendors has been utilized in other airports and appears to be an effective method to mitigate cannibalization.

Leasing strategies. Leasing strategies, such as those employed by DIA, specifically state what product categories can be sold in an establishment. Managing product overlap by product type attempts to minimize cannibalization by reducing the number of similar goods offered at multiple locations and can enhance the variety of offerings to the consumer. This measure also allows concessions program administrators to monitor concession distribution at the sale item level rather than merely at the store level.

Strategies of current concessionaires. Concessionaires must be proactive and respond to changes in the marketplace, including new competitors on the concourse, shifts in consumer preferences, disruptive technologies, and so forth. An AirProjects report, *The Economics of Small Airport Concessions*, states that convenience retail stores' product lines have been shifting away from print media toward offering more food, demonstrating the adaptability of some concessionaires to changing traveler preferences.[5]

When used in conjunction to one another, phased expansion strategies, leasing strategies, and concessionaire strategies can be even more effective in minimizing the effects of cannibalization on a program transitioning to respond to a changing consumer demand landscape. DIA currently employs several of these methods in its program administration.

[5] http://events.aaae.org/sites/130302/assets/images/02_VandenOever.pdf

SECTION V.
Customer Demographics

The Merchandise Guidance Administrator (MGA) conducted an "intercept" survey with thousands of DIA passengers to learn about their needs, desires, and behaviors as they relate to the airport's concessions. The survey addressed many topics that will help DIA further develop its Merchandise Guidance Plan, including:

- Concessions that passengers visited;
- Concessions at which passengers made purchases;
- Types of products that passengers purchased;
- Types of products that passengers wanted to buy; and
- Concessions that passengers would like to see at DIA.

DIA will be able to use information from the survey to make key decisions about its concessions and to better serve DIA passengers.

Key Findings

- Travelers, regardless of type, spend on average at least 2.5 hours on the concourse waiting for their flight.
- The majority (89.3%) spends at least some time visiting concessions—the remainder (10.7%) goes directly to their gate and stays there.
- More than two in three passengers surveyed made a purchase that day; the greatest proportion of purchases is in the food and beverage category. Connecting passengers are more likely than others to purchase a meal or a snack.
- Visitors to newsstands, bookstores and gift retailers are less likely to make a purchase than visitors to food and beverage concessions. Origin and destination (O&D) passengers are more likely than connectors to make purchases from newsstands and bookstores.
- Few travelers (3%) made a purchase in a concourse other than their gated concourse.
- With respect to future dining options, survey participants were most in agreement with statements about adding healthy, organic, affordable, and local dining options.
- Survey participants were most likely to agree that DIA should add more affordable shopping options and Colorado-based retailers and products.
- Regardless of concourse, survey participants were most likely to desire very similar types of dining options (e.g. casual, fast food) and type of food (e.g., Mexican, Asian/sushi).

Methodology

BBC conducted the survey over a two-week period in March 2013. The study team administered surveys seven days per week from 7:00 am until 6:45 pm in all three DIA concourses.

Survey instrument. Appendix B presents the survey instrument that BBC used for the study. BBC worked closely with DIA management to design, revise, and finalize the instrument. Once the survey instrument was finalized, the study team programmed it to be administered online using iPad Mini tablets.

Procedure. Surveyors approached DIA passengers in a random, unbiased manner and asked them to participate in an online survey about DIA concessions.[1] Participants who agreed to participate in the survey were given an iPad Mini tablet and brief instructions on how to complete the survey. Participants were allowed to complete the survey on their own and at their own pace. Surveyors stood nearby in case participants required assistance with any of the survey questions. Upon completion of the survey, passengers returned the tablets to the surveyor and were thanked for their participation.

Participants. More than 4,000 DIA passengers participated in the survey. Figure V-1 presents demographic characteristics of the 3,904 participants who completed the entire survey.

Figure V-1.
Demographic characteristics of participants

Note:
n=3,904.

Source:
2013 DIA Merchandise Guidance Survey.

Characteristic	Percent of sample
Age	
18 to 24	15.6%
25 to 34	22.0%
35 to 44	19.1%
45 to 54	23.2%
55 to 64	15.1%
65 to 74	4.5%
75 or older	0.5%
Gender	
Male	46.3%
Female	53.7%
Education	
Some high school or less	0.7%
High school graduate/GED	7.0%
Some college/technical school	22.0%
College graduate/technical school graduate	42.2%
Graduate or post-graduate school	28.0%
Income	
Less than $25,000	8.8%
$25,000 - $49,999	13.1%
$50,000 - $74,999	17.0%
$75,000 - $99,999	14.7%
$100,000 - $149,999	21.3%
$150,000 - $200,000	12.6%
More than $200,000	12.6%

[1] The study team did not offer passengers an incentive to participate in the survey.

Travel Characteristics of Survey Participants

Survey participants responded to several questions about their travel that day and on average. Figure V-2 summarizes this information.

Travel purpose. The majority of survey participants were traveling just for leisure purposes (58.4%). This was over twice the percentage of participants traveling just for business (26.7%). The remaining survey participants were traveling for both leisure and business (14.9%).

Connecting versus origin and destination. Survey participants were more likely be O&D passengers (59.3%) than to be connecting through Denver (40.7%). DIA's actual annual connecting percentage of enplaned passengers in 2010 was 45.8 percent.[2]

International versus domestic travel. Survey participants were much more likely to be traveling domestically (89.1%) than internationally (10.9%).

Airline and concourse. The concourse where a survey participant was intercepted corresponds closely to the airline on which they were traveling. The largest share of survey respondents were traveling on United (43.1%), which is reflected by 45.1 percent of respondents being from Concourse B. Frontier Airlines had a 20.1 percent share of respondents (29.7% were intercepted in Concourse A) while Southwest had 22.1 percent of respondents (25.3% were intercepted in Concourse C).

Flights per month. Thirty-four percent of survey participants reported making six or more flights per month on average, similar to the percentage making zero to two flights per month on average (31.2%).

[2] Master Plan Studies Update – Forecast Update for City and County of Denver Department of Aviation, January 2012.

Figure V-2.
Travel characteristics of participants

Note:
n=3,904.

Source:
2013 DIA Merchandise Guidance Survey.

Characteristic	Percent of sample
Traveler type	
Business	26.7 %
Leisure	58.6
Both	14.8
Origin	
Originating in Denver	59.1 %
Connecting through Denver	41.0
International	
Yes	10.9 %
No	89.1
Airline	
Frontier	20.3 %
Southwest	22.1
United	43.0
Other	14.7
Concourse	
Concourse A	29.7 %
Concourse B	45.0
Concourse C	25.3
Flights per month	
0	3.8 %
1 - 2	27.6
3 - 5	34.4
6 - 9	14.0
10 or more	19.8
I don't know	0.3

Dwell Time

Survey participants were asked what time they arrived at the concourse and what time their flight departs (including any known delays). From this information, the MGA calculated the dwell time for each survey participant. The average reported dwell time after reaching the concourse was two hours and 39 minutes.[3, 4] The MGA further analyzed average dwell time by type of passenger:

- O&D passengers reported an average dwell time of almost two and a half hours and connecting passengers reported an average dwell time of almost three hours;
- Business travelers reported an average dwell time of just over two and a half hours, about 10 minutes less on average than leisure travelers;
- Survey respondents on Concourse C had the shortest average dwell time of the three concourses at about two hours and twenty-five minutes; and

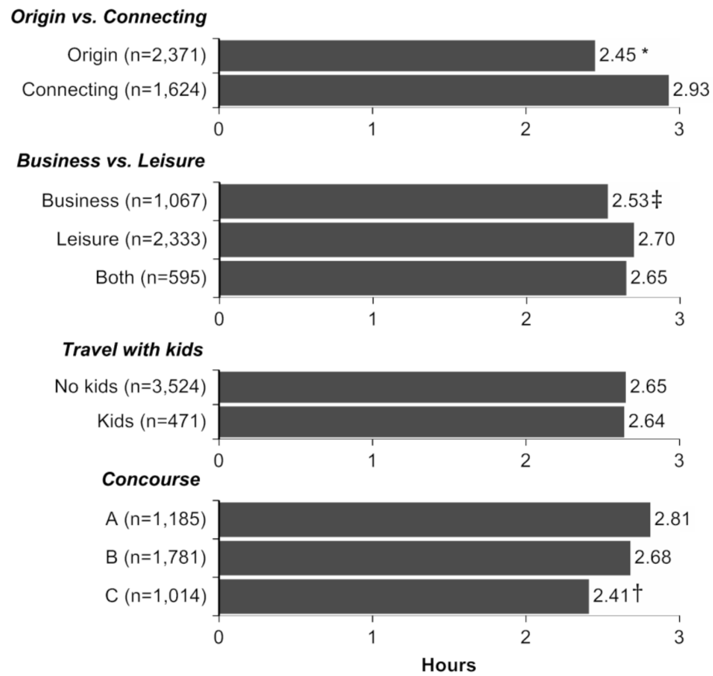
[3] http://business.flydenver.com/bizops/documents/interceptStudy.pdf

[4] The increase in reported dwell times may be due to differences in question wording between the two surveys, some passengers mistakenly reporting when they arrived at the airport instead of when they arrived at their concourse, or an increase in flight delays during the 2013 survey. Therefore, differences in dwell time results between this research effort and the 2009 DIA travel passenger survey should be interpreted with care.

- There was no statistically significant difference between the reported average dwell times of passengers with children and those without children.

Figure V-3 provides additional information about average reported dwell times.

Figure V-3.
Reported dwell time in hours by type of passenger



Note:

* differences reported for Origin and Connecting are statistically significant. ‡ differences between Business and Leisure are statistically significant. † differences between Concourse C and Concourses A, and between Concourse C and Concourse B are statistically significant.

Source:

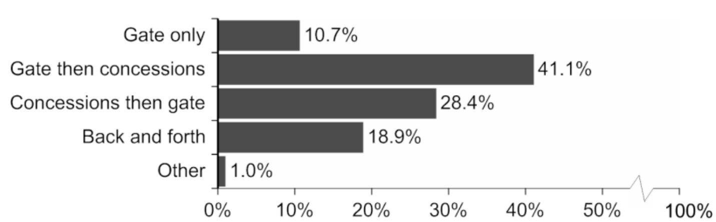
2013 DIA Merchandise Guidance Survey.

Once passengers arrive at the concourse, they exhibit a variety of behaviors regarding where they go first (gate or concessions) and what they do next:

- Slightly more than four in ten passengers (41.1%) went to their gate first and then went to various concessions within the concourse;
- About three in ten passengers (28.4%) visited one or more concessions and then proceeded to their gate;
- Two in ten passengers (18.9%) reported a back-and-forth pattern between the gate and concessions; and
- One in ten passengers (10.7%) reported going directly to their gate and remaining there.

Figure V-4 shows the different behaviors that survey participants had after they arrived in the concourse.

Figure V-4.
Passenger behavior after arrival in concourse



Note: n=4,159.

Source: 2013 DIA Merchandise Guidance Survey.

Some of the differences in behaviors can be explained by the different passenger characteristics. Connecting passengers were much more likely to proceed directly to their gate and then visit concessions than origin and destination passengers (46.3% versus 37.4%). Travelers without children were more likely to visit one or more concessions before going to their gate than travelers with children (29.3% versus 21.5%).

The MGA also asked survey participants whether they had visited any shops or restaurants in another concourse (i.e., a different concourse from the concourse where their gate was located) during their current trip. Very few survey participants (3.4%) reported visiting another concourse.

Concessions Visited

Survey participants in each concourse were asked what concessions, if any, they visited during their current trip and whether they made a purchase at the concessions they visited. Overall, 67.9 percent of survey participants reported making a purchase that day at the airport.

Concourse A. The top concessions visited by passengers in Concourse A were all in the food and beverage and newsstand and gifts subcategories. The most visited concession was McDonald's (19.9%), followed by Caribou Coffee (17.7%).

Overall, 71.8 percent of survey respondents in Concourse A made a purchase within Concourse A that day. Again, the most frequent concession reported for a purchase was McDonald's (16.7%). Concessions in the news and gifts subcategory were less likely to have a visitor report a purchase than those in the food and beverage subcategory:

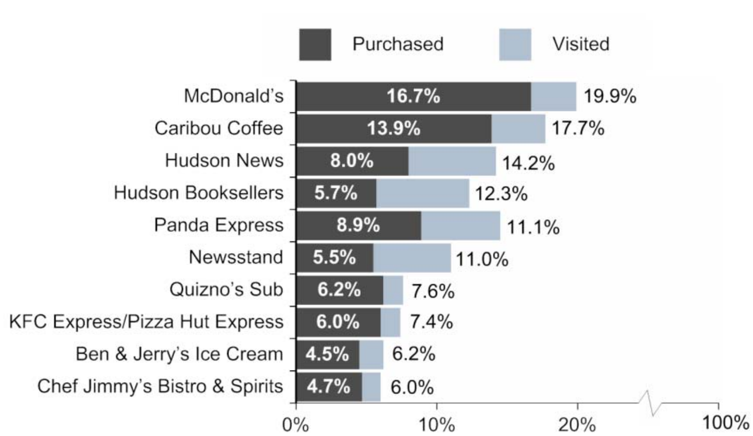
- Hudson News had 56 percent of visitors report a purchase versus 84 percent for McDonald's and 79 percent for Caribou Coffee;
- Hudson Booksellers had 46 percent of visitors report a purchase; and
- Newsstand had 50 percent of visitors report a purchase.

Figure V-5 provides more information about survey participants reported visits and purchases in Concourse A.

Figure V-5.
Top concessions visited/purchased, Concourse A

Note:
n=1,158. Information on additional concessions visited or where a purchase was made is available in the databook provided to DIA.

Source:
2013 DIA Merchandise Guidance Survey.



Within Concourse A, there were statistically significant differences in purchase frequency by type of traveler:

- O&D passengers were more likely than connecting passengers to report making a purchase at Hudson News (9.3% versus 5.7%) and Hudson Booksellers (6.8% versus 3.8%);
- Connecting passengers were more likely than O&D passengers to report making a purchase at Quiznos (8.4% versus 5.0%), KFC Express/Pizza Hut Express (9.8% versus 3.9%), and Ben & Jerry's Ice Cream (6.9% versus 3.9%); and
- Travelers with children were more likely than travelers without children to make a purchase at McDonald's (25.7% versus 15.4%) and Colorado Crossroads (3.5% versus 1.3%).

Concourse B. As with Concourse A, the top concessions visited by passengers in Concourse B were predominately in the food and beverage and newsstand and gifts subcategories. The most visited concession was McDonald's (14.4%), followed by Hudson News (13.5%).

Overall, 69.2 percent of survey respondents in Concourse B reported making a purchase within Concourse B that day. Again, the most frequent concession reported for a purchase was McDonald's (12.6%). As in Concourse A, concessions in the news and gifts subcategory in Concourse B were less likely to have a visitor report a purchase than those in the food and beverage subcategory:

- Hudson News had 66 percent of visitors report a purchase versus 88 percent for McDonald's and 83 percent for Starbucks; and
- Hudson Booksellers had 49 percent of visitors report a purchase.

Figure V-6 provides more information about survey participants reported visits and purchases in Concourse B.

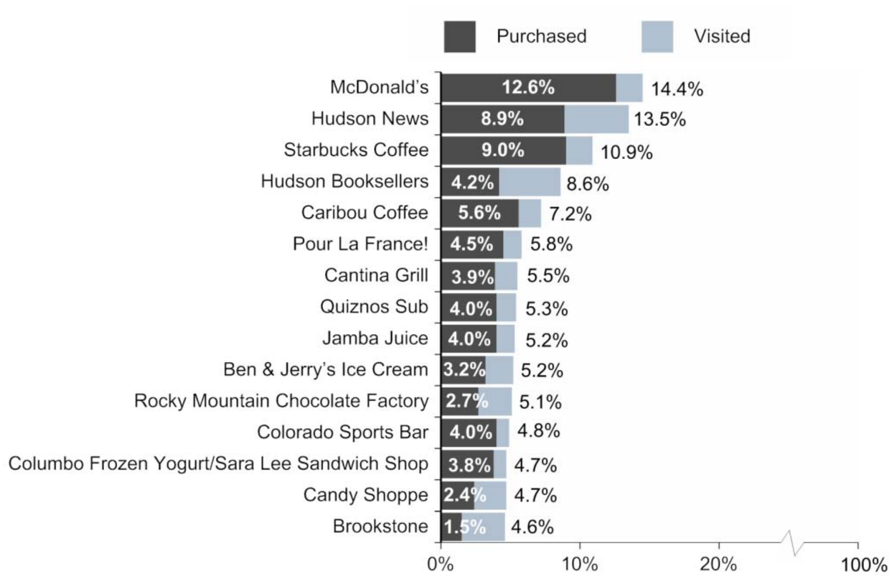
Figure V-6.
Top concessions visited/purchased, Concourse B

Note:

n=1,760. Information on additional concessions visited or where a purchase was made is available in the databook provided to DIA.

Source:

2013 DIA Merchandise Guidance Survey.



Within Concourse B, there were differences in purchase frequency by type of traveler:

- O&D passengers were more likely than connecting passengers to report making a purchase at McDonald's (14.4% versus 10.8%), Hudson News (10.5% versus 7.3%) Caribou Coffee (7.0% versus 4.3%), and Ben & Jerry's Ice Cream (4.1% versus 2.4%);
- Connecting passengers were more likely than O&D passengers to report making a purchase at Columbo Frozen Yogurt/Sara Lee Sandwich Shop (4.7% versus 2.9%), Coffee Beanery (4.2% versus 2.1%), and Que Bueno! Mexican Grill (5.5% versus 1.7%); and
- Travelers with children were more likely than travelers without children to make a purchase at McDonald's (19.3% versus 11.7%), Quiznos (6.9% versus 3.6%), Jamba Juice (8.4% versus 3.4%), and Ben & Jerry's Ice Cream (6.9% versus 2.8%).

Concourse C. The top concessions visited by passengers in Concourse C were once again predominately in the food and beverage and newsstand and gifts subcategories. The most visited concession was Einstein Bros. Bagels (18.7%), followed closely by McDonald's (18.2%).

Overall, 71.1 percent of survey respondents in Concourse C reported making a purchase within Concourse C that day. The most frequent concession reported for a purchase was McDonald's (16.7%), just above Einstein Bros. Bagels (15.6%). As in Concourses A and B, concessions in the news and gifts subcategory in Concourse C were less likely to have a visitor report a purchase than those in the food and beverage subcategory. The Body Shop also had a very low purchase-to-visit ratio:

- Hudson News had 51 percent of visitors report a purchase versus 83 percent for Einstein Bros Bagels and 92 percent for McDonald's;
- Hudson Booksellers had 37 percent of visitors report a purchase; and
- The Body Shop had 25 percent of visitors report a purchase.

Figure V-7 provides more information about survey participants reported visits and purchases in Concourse C.

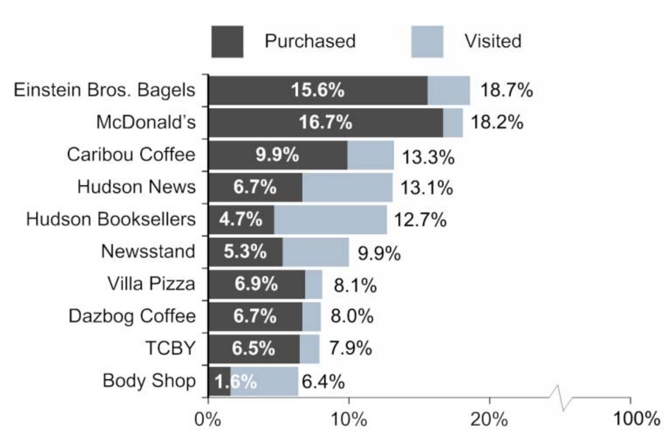
Figure V-7.
Top concessions visited/purchased, Concourse C

Note:

n=986. Information on additional concessions visited or where a purchase was made is available in the databook provided to DIA.

Source:

2013 DIA Merchandise Guidance Survey.



Within Concourse C, there were differences in purchase frequency by type of traveler:

- O&D passengers were more likely than connecting passengers to report making a purchase at Newsstand (6.2% versus 2.8%);
- Connecting passengers were more likely than O&D passengers to report making a purchase at Lefty's Front Range Grille (4.3% versus 1.8%) and Vino Volo (0.7% versus 0.0%); and
- Travelers with children were more likely than travelers without children to make a purchase at McDonald's (29.1% versus 15.1%), TCBY (16.2% versus 5.2%), and at various kiosks throughout the concourse (2.6% versus 0.6%).

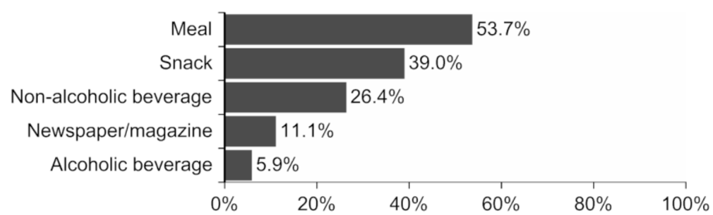
Items Purchased

Survey participants who indicated they made a purchase at DIA were asked what type of item they purchased. The most popular purchased items were food and beverages, with 53.7 percent reporting that they purchased a meal and 39.0 percent reporting they purchased a snack. The top non-food and beverage items purchased were newspapers and magazines (11.1%). Figure V-8 provides additional information about the top items purchased.

Figure V-8.
Top items purchased—overall

Note: n=2,750. Multiple responses were allowed. Information on additional purchase subcategories is available in the databook provided to DIA.

Source: 2013 DIA Merchandise Guidance Survey.



There were differences in purchases by concourse:

- **Newspapers/magazines:** Survey participants in Concourses A and C were more likely to report purchasing a newspaper or magazine than participants in Concourse B (12.3% and 12.7% versus 9.4%, respectively);
- **Alcoholic beverages:** Survey participants in Concourses A and B were more likely to report purchasing an alcoholic beverage than participants in Concourse C (6.9% and 6.7% versus 3.4%, respectively);
- **Beauty or personal care products:** Survey participants in Concourse C were more likely to report purchasing a beauty or personal care product than those in Concourse B (3.1% versus 1.1%);
- **Electronics accessories:** Survey participants in Concourse B were more likely than those in Concourse A to report purchasing electronics accessories (1.5% versus 0.4%);
- **Toys:** Survey participants in Concourse C were more likely than those in Concourses B and A to report purchasing toys (5.1% versus 1.3% and 0.1%, respectively); and
- **Electronics:** Survey participants in Concourse B were more likely than those in Concourse A to report purchasing electronics (0.9% versus 0.1%).

Figure V-9 shows differences in the top items purchased by concourse.

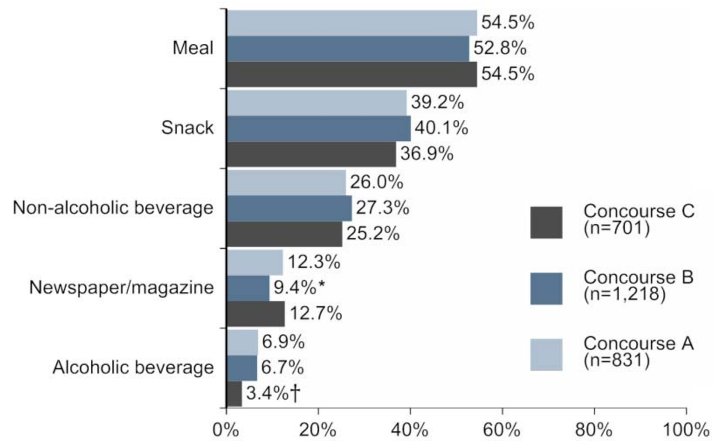
Figure V-9.
Top items purchased—
by concourse

Note:

* differences for Newspaper/magazine between Concourse B and Concourse A, and between Concourse B and Concourse C are statistically significant. † differences for Alcoholic beverage between Concourse C and Concourse A, and between Concourse C and Concourse B are statistically significant.

Source:

2013 DIA Merchandise Guidance Survey.



Purchases also differed based on other flight or demographic characteristics:

- Connecting passengers were more likely than O&D passengers to report purchasing a meal (61.3% versus 48.4%) or electronics (1.0% versus 0.2%);
- O&D passengers were more likely than connecting passengers to report purchasing a newspaper or magazine (13.1% versus 8.2%) or gift (4.4% versus 2.6%);
- Leisure travelers were more likely than business travelers to report purchasing a non-alcoholic beverage (27.9% versus 22.9%); and
- Passengers with children were more likely than passengers without children to report purchasing a meal (59.2% versus 53.0%), snack (49.0% versus 37.6%), beauty or personal care product (3.5% versus 1.7%), and fashion accessory (1.2% versus 0.3%).

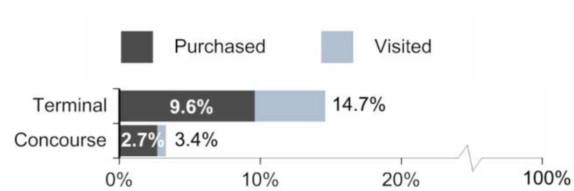
Purchases in the Jeppesen Terminal and Travel between Concourses

Survey participants were asked if they had visited any concessions or made any purchases in the Jeppesen Terminal or in a different concourse from where their gate was located. Reported visits in a different concourse were relatively low at 3.4 percent, with only 2.7 percent reporting that they made a purchase in a different concourse. Reported visits to concessions in the Jeppesen Terminal were more frequent at 14.7 percent, with 9.6 percent of survey participants reporting that they made a purchase in the Jeppesen Terminal. Figure V-10 presents these results.

Figure V-10.
Concessions in different concourses

Note: n=3,904.

Source: 2013 DIA Merchandise Guidance Survey.

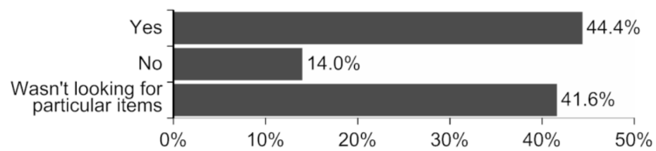


Passenger Perceptions and Desires—Restaurants

Survey participants were asked questions about whether they were able to find exactly what they were looking for in restaurant and dining options and what types of food and dining experiences they would like in the future at DIA.

Of the different concessions categories (restaurants, newsstands/bookstores, and retail), restaurants had the highest percentage of survey participants report that they were not able to find exactly what they were looking for (14.0% versus 3.2% and 3.0%, respectively). With respect to restaurants or dining options, the greatest proportion of respondents (44.4%) found exactly what they were looking for. A similar proportion of respondents (41.6%) weren't looking for any particular items. Figure V-11 shows these results.

Figure V-11.
Able to find exactly what you were looking for in restaurants or dining options



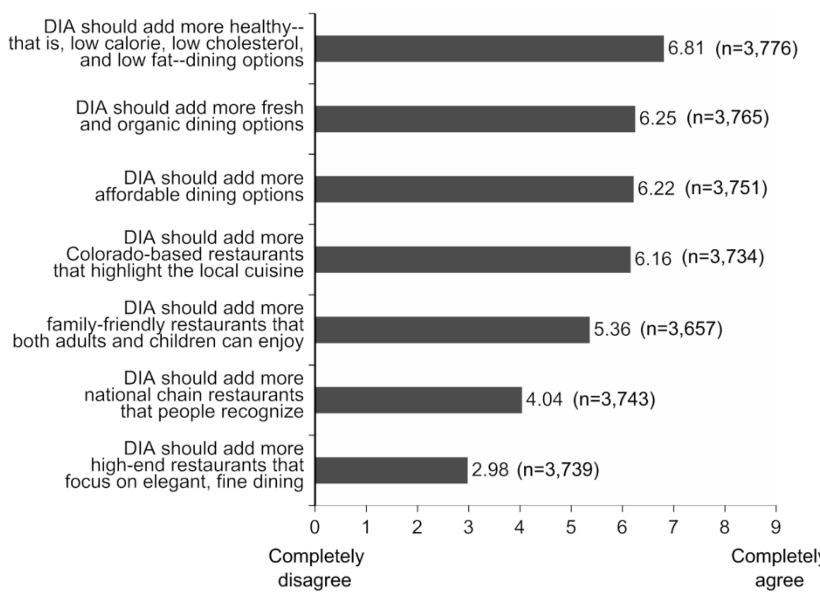
Note: n=4,118.

Source: 2013 DIA Merchandise Guidance Survey.

There were no statistically significant differences in responses across concourses, between connecting and O&D passengers, and between travelers with and without children. Business travelers were less likely than leisure travelers to find exactly what they were looking for in restaurants or dining options (15.8% versus 13.0%).

Survey participants were asked to what degree they agree, from 0 (completely disagree) to 9 (completely agree), with statements about future dining options at DIA. Survey participants were most in agreement (average responses between 6 and 7) with statements about adding healthy, organic, affordable and local dining options. On average, survey participants were most likely to disagree with statements about adding high-end restaurants (2.98) and national chain restaurants (4.04). Figure V-12 on the following page presents this information.

Figure V-12.
Agreement with statements about future dining options at DIA



Source:

2013 DIA Merchandise Guidance Survey.

Survey participants were asked to indicate the types of restaurant and dining options that they would like DIA to add in the future. Participants were asked to indicate both the type of cuisine and the style of restaurant (i.e., pre-packaged grab & go, fast food/carry out, casual sit-down and high-end fine dining).

The top choice overall was for casual sit-down Mexican restaurants. Many of the top desired options were in the casual sit-down style of restaurant:

- Mexican (26.4%);
- Japanese/Sushi (20.4%);
- Thai (20.1%);
- Steakhouse/grill (20.0%); and
- Pizza/Italian (19.3%).

The other common desire was for fast food/carry out locations for the following:

- Ice cream/frozen yogurt (23.8%);
- Coffee/tea shops (22.8%);
- Pizza/Italian (20.9%);
- Hamburgers/hot dogs (19.9%);
- Bakery/pastry shops (19.0%); and
- Mexican (18.3%).

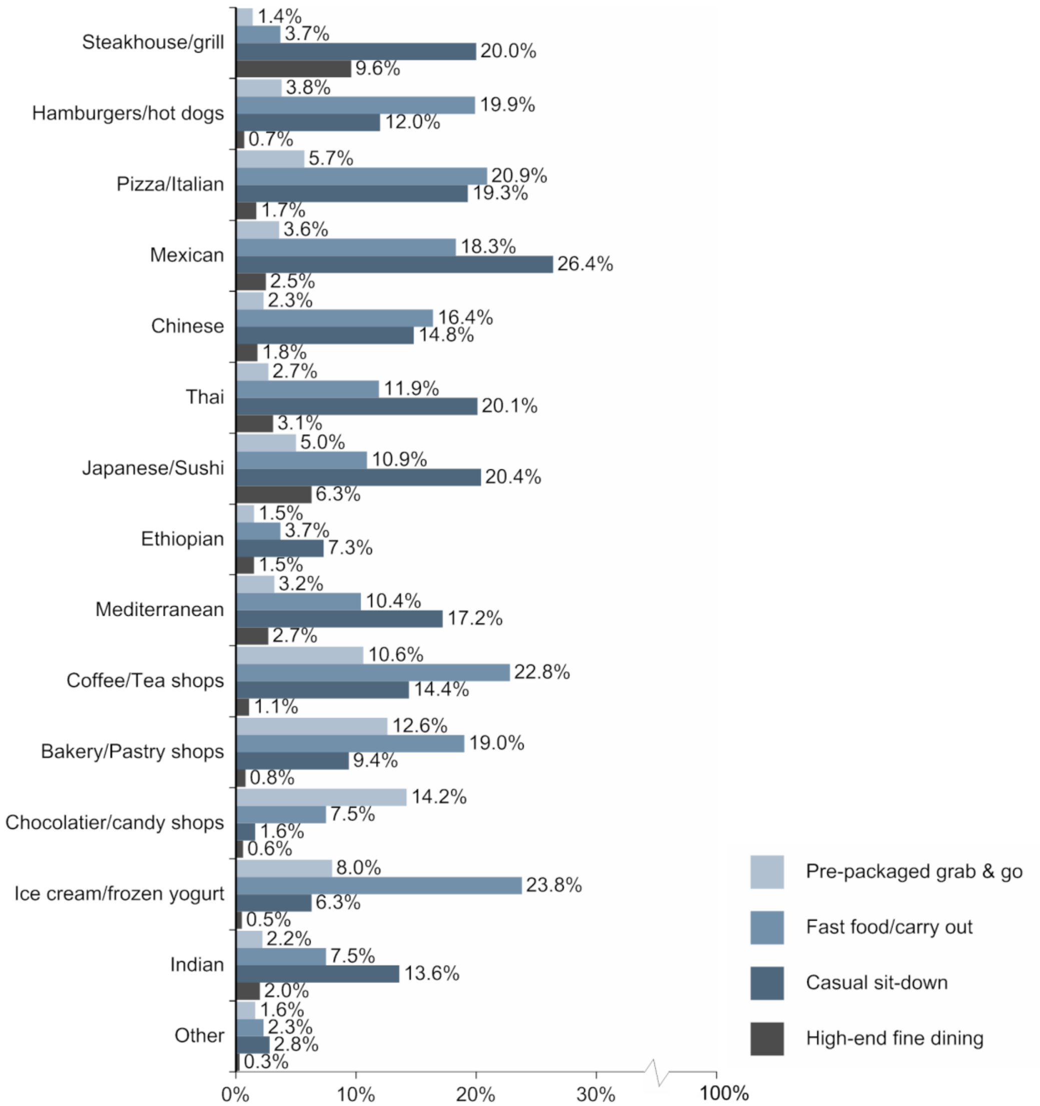
Fewer survey participants desired food in the pre-packaged grab and go or high-end fine dining categories. The top pre-packaged grab and go desires were:

- Chocolatier/candy shops (14.2%);
- Coffee/tea shops (10.6%); and
- Ice cream/frozen yogurt (8.0%).

In the high-end fine dining restaurant category, the most desired restaurant/cuisine types were: steakhouse/grill (9.6%) and Japanese/sushi (6.3%).

Figure V-13 on the following page provides further information about desired restaurant and dining options.

Figure V-13.
Desired future restaurant and dining options at DIA, all concourses

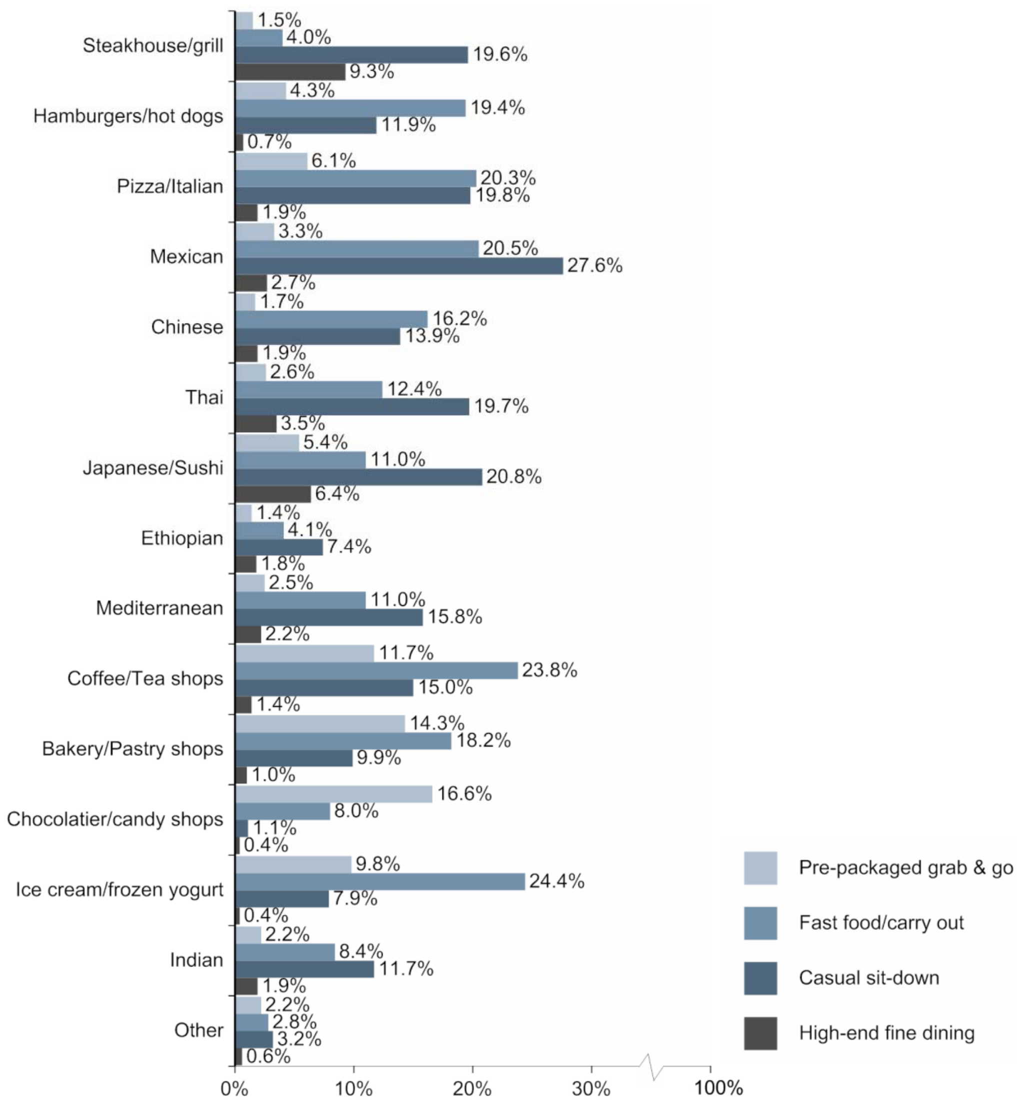


Note: n=3,904.

Source: 2013 DIA Merchandise Guidance Survey.

Figure V-14 provides information about survey respondents' desired future restaurant and dining options in Concourse A. These results are very similar to those for DIA overall.

Figure V-14.
Desired future restaurant and dining options in Concourse A

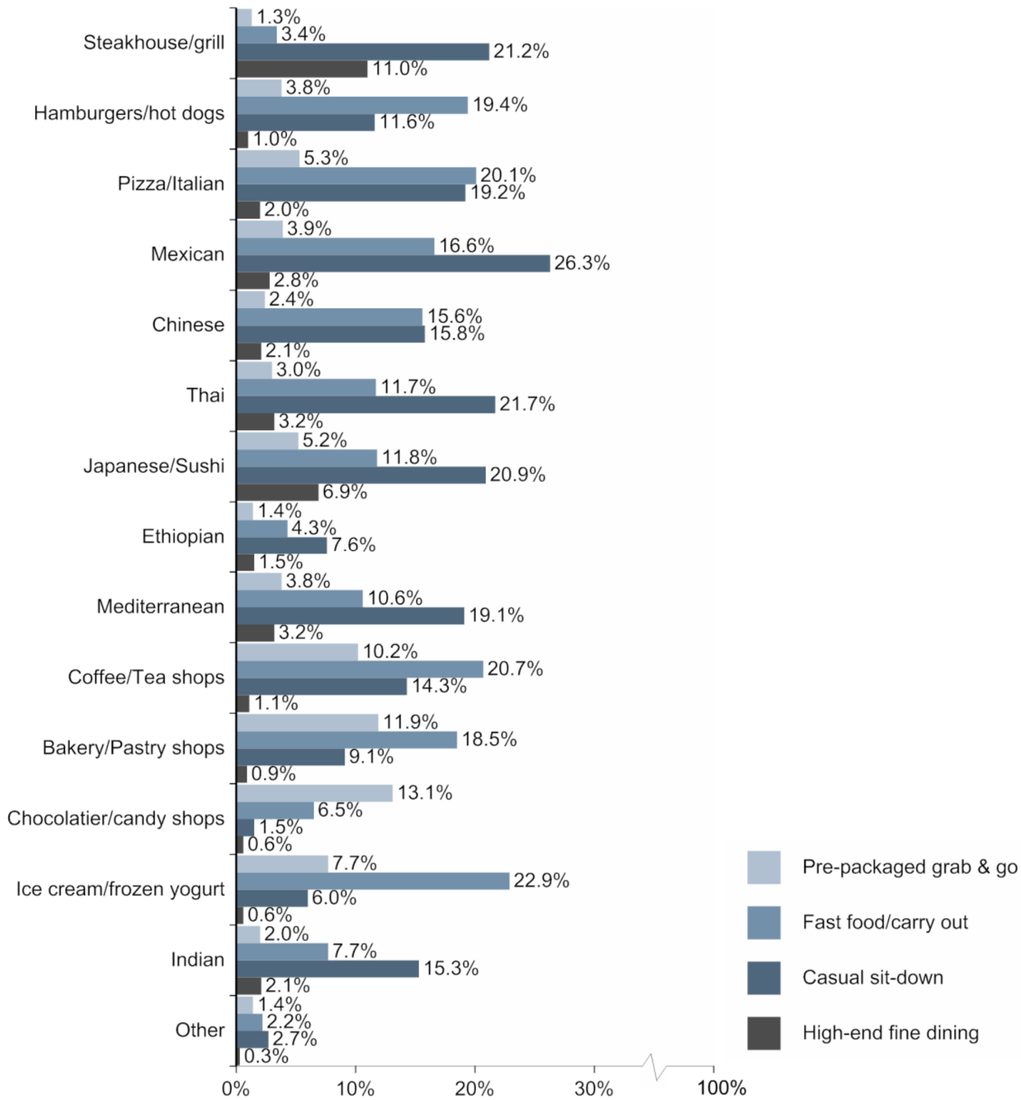


Note: n=1,158. The figure presents results from respondents who completed surveys in Concourse A.

Source: 2013 DIA Merchandise Guidance Survey.

Figure V-15 provides information about survey respondents' desired future restaurant and dining options in Concourse B. As with results from Concourse A, these results are very similar to desires for DIA overall.

Figure V-15.
Desired future restaurant and dining options in Concourse B

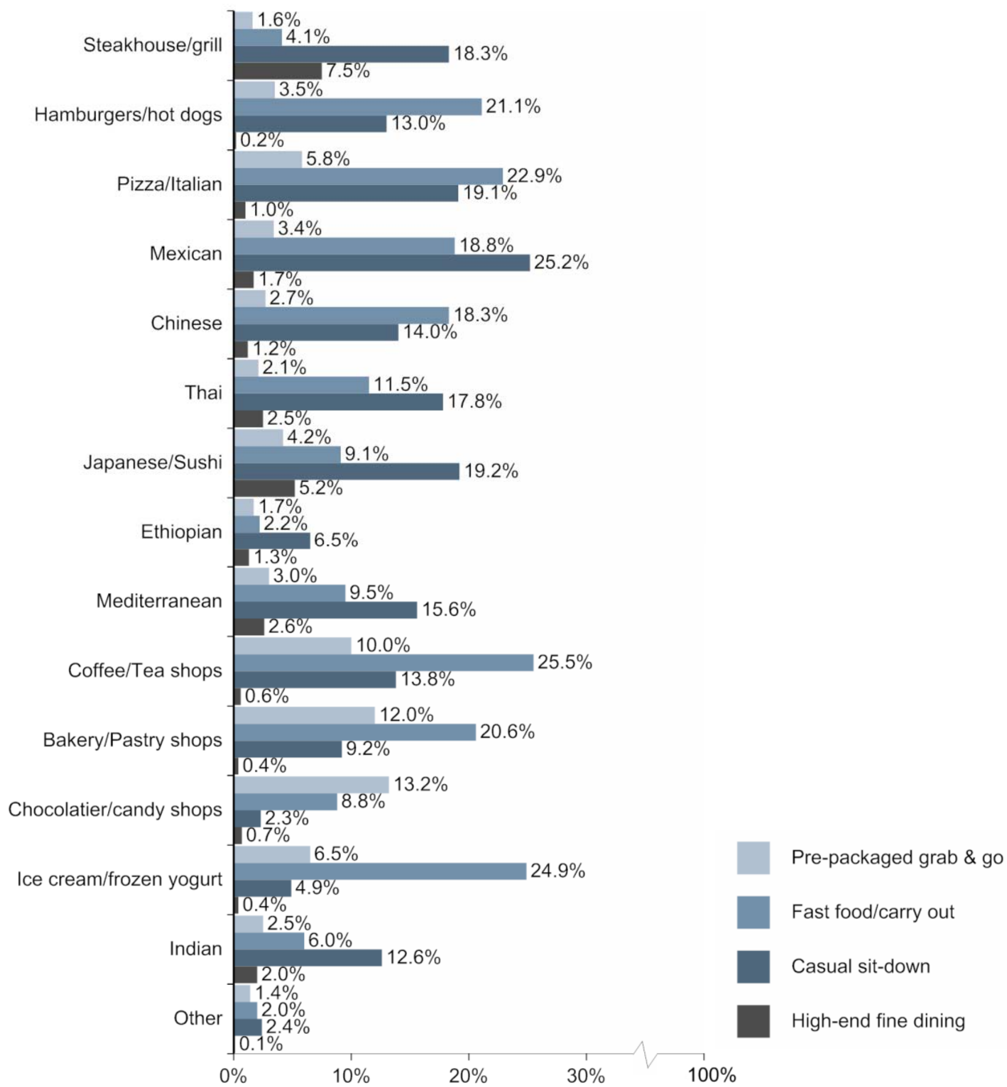


Note: n=1,760. The figure presents results from respondents who completed surveys in Concourse B.

Source: 2013 Merchandise Guidance Survey.

Figure V-16 provides information about survey respondents' desired future restaurant and dining options in Concourse C. Compared to preferences expressed by Concourse A and Concourse B respondents, a smaller proportion of Concourse C participants expressed desire for high-end fine dining. For example, 7.5 percent of Concourse C respondents indicated a desire for a high-end steakhouse/grill, compared to 11.0 percent of travelers on Concourse B and 9.3 percent on Concourse A.

Figure V-16.
Desired future restaurant and dining options in Concourse C



Note: n=986. The figure presents results from respondents who completed surveys in Concourse C.

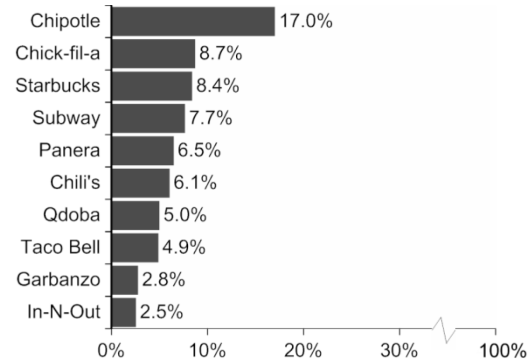
Source: 2013 DIA Merchandise Guidance Survey.

Survey participants were asked if there are any specific restaurants or restaurant chains that DIA should strongly consider adding. The most popular suggested restaurant chain was Chipotle (17% of respondents). Despite the relatively low agreement level for the statement “DIA should add more national chain restaurants that people recognize” (average agreement of 4.04 on a 0 to 9 scale, as shown in Figure V-12), many of the top suggestions were national restaurant chains (though some are based in the Denver metro area). Figure V-17 shows the top 10 suggestions.

Figure V-17.
Top suggestions for specific restaurants or restaurant chains at DIA

Note:
n=940.

Source:
2013 DIA Merchandise Guidance Survey.

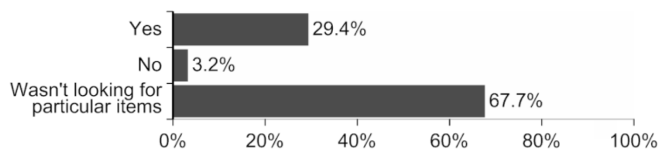


Passenger Perceptions and Desires—Newsstands and Bookstores

About three in ten (29.4%) survey participants reported finding exactly what they were looking for in newsstands/bookstores and related products and almost all of the remaining survey participants (67.7%) reported that they were not looking for any particular items. Only 3.2 percent of respondents indicated that they were not able to find exactly what they were looking for. Figure V-12 shows these results.

Figure V-12.
Able to find exactly what you were looking for in newsstands/bookstores and related products

Note: n=4,113.
Source: 2013 DIA Merchandise Guidance Survey.



Response differences included:

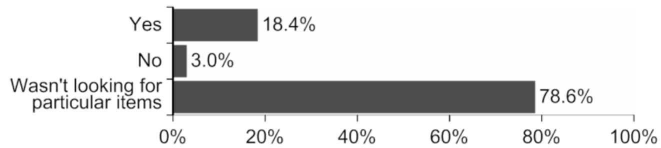
- O&D passengers were more likely than connecting passengers to report finding exactly what they were looking for (33.4% versus 27.3%);
- Connecting passengers were more likely than O&D passengers to report that they were not looking for any particular items (74.0% versus 68.9%);
- Families with children were more likely than families without children to report finding exactly what they were looking for (33.5% versus 28.9%); and
- Families without children were more likely than families with children to report that they were not looking for any particular items (68.0% versus 62.4%).

There were no statistically significant differences reported by concourse or by business versus leisure traveler.

Passenger Perceptions and Desires—Retail Shops

The majority (78.6%) of survey participants were not looking for any particular retail items. Of respondents who were looking for retail items, 18.4 percent were able to find exactly what they were looking for, compared to 3.0 percent who were not able to find what they were looking for. Figure V-11 shows these results.

Figure V-13.
Able to find exactly what you were looking for in retail shops and related products



Note: n=4,113.

Source: 2013 DIA Merchandise Guidance Survey.

There were no statistically significant differences in responses by:

- Concourse;
- O&D versus connecting passengers;
- Business versus leisure travelers; and
- Travelers with children versus travelers without children.

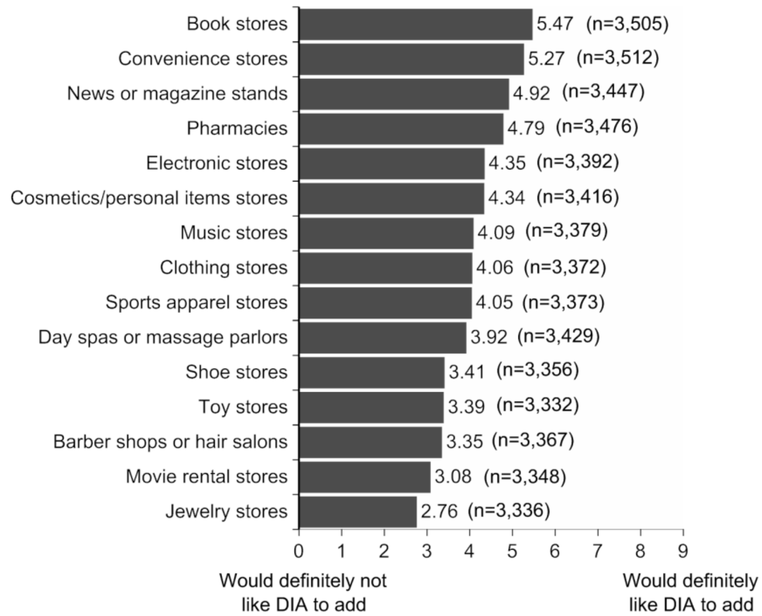
Survey participants were asked to rate what types of stores they would most like to see DIA add. Ratings were scaled from 0 (would definitely not like DIA to add) to 9 (would definitely like DIA to add). Bookstores and news/magazine stands both rated in the top three for average survey responses (5.46 and 4.92, respectively). Movie rental stores and jewelry stores received the lowest average ratings (3.08 and 2.76, respectively). Figure V-18 shows the results for each store type survey participants were asked to rate.

There were no statistically significant differences in responses across concourses, between connecting and O&D passengers, and between travelers with and without children. Business travelers were less likely than leisure travelers to find exactly what they were looking for in restaurants or dining options (15.8% versus 13.0%).

Figure V-18.
Average survey ratings for desired retail store types

Source:

2013 DIA Merchandise Guidance Survey.

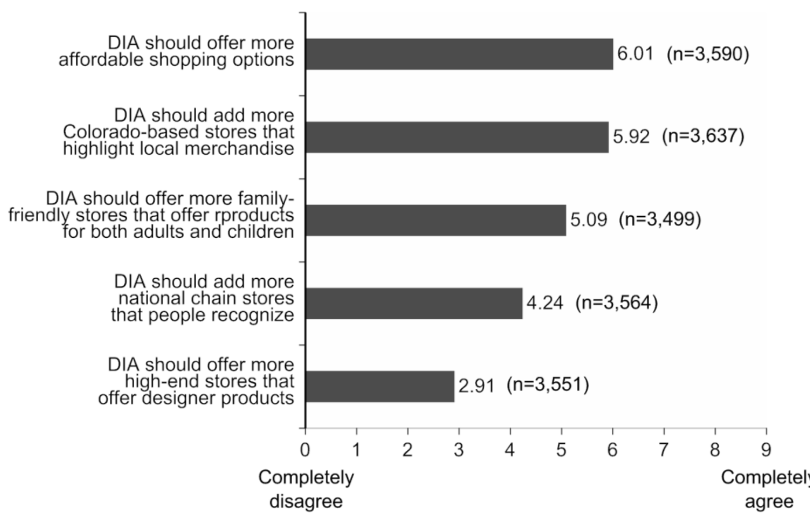


Survey participants were asked to what degree they agree, from 0 (completely disagree) to 9 (completely agree), with statements about future dining options at DIA. Participants were most in agreement (average responses between 5.9 and 6) with statements about more affordable shopping options and more Colorado-based stores highlighting local merchandise. On average, survey participants were most likely to disagree with the statement about adding high-end stores that offer designer products. Figure V-19 presents this information.

Figure V-19.
Agreement with statements about future retail options at DIA

Source:

2013 DIA Merchandise Guidance Survey.



Agreement with the statements shown in Figure V-19 differed based on other flight or demographic characteristics:

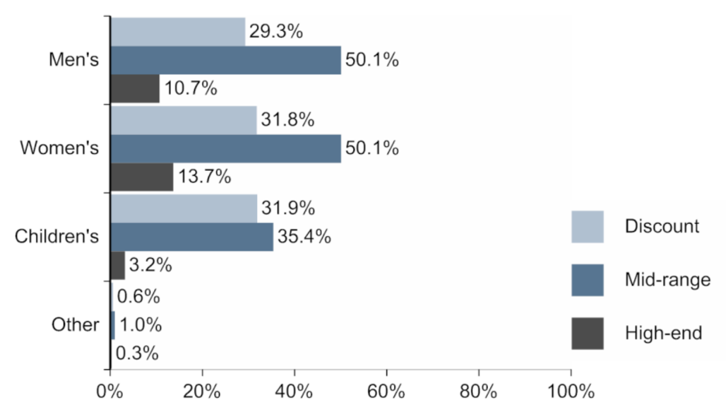
- O&D passengers were more likely than connecting passengers (average 6.05 versus 5.71, respectively) to agree with the statement, "DIA should add more Colorado-based stores that highlight local merchandise."
- Business travelers were more likely than leisure travelers (average 3.23 versus 2.74) to agree with, "DIA should offer more high-end stores that offer designer products."
- Leisure travelers were more likely than business travelers (average 6.15 versus 5.71) to agree with the statement, "DIA should offer more affordable shopping options."
- Travelers without children were more likely than travelers with children to agree with, "DIA should add more Colorado-based stores that highlight local merchandise," (average 5.95 versus 5.68) and, "DIA should offer more high-end stores that offer designer products."
- Travelers with children were more likely than travelers without children (average 5.73 versus 5.00) to agree with the statement, "DIA should offer more family-friendly stores that offer products for both adults and children."
- Travelers on Concourse B were more likely than travelers on Concourse A (average 3.08 versus 2.69) to agree with the statement, "DIA should offer more high-end stores that offer designer products."
- Concourse A travelers were more likely than Concourse B travelers (average 6.17 versus 5.92) to agree with the statement, "DIA should offer more affordable shopping options."

Participants were also asked the types of clothing stores they think DIA should add in the future. The most popular responses were men's and women's clothing stores at a mid-range price point, with about half of respondents desiring those stores (both at 50.1%). About 30 percent of respondents desired discount men's (29.3%), women's (31.8%) or children's (31.9) clothing stores. Fewer respondents desire high-end clothing stores. Figure V-20 shows those results.

Figure V-20.
Desired types of clothing stores

Note:
n=2,384. Multiple responses allowed.

Source:
2013 DIA Merchandise Guidance Survey.

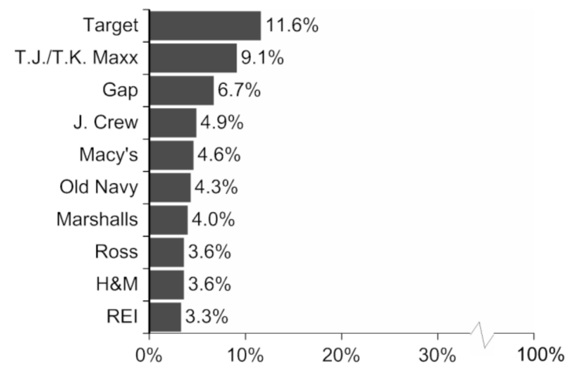


Survey participants were asked to suggest specific stores or retail chains they would most like to see DIA add. As shown in Figure V-21, more than one-in-ten respondents would add a Target, followed by T.J./T.K. Maxx and the Gap.

Figure V-21.
Top suggestions for specific stores or retail chains at DIA

Note:
n=329.

Source:
2013 DIA Merchandise Guidance Survey.



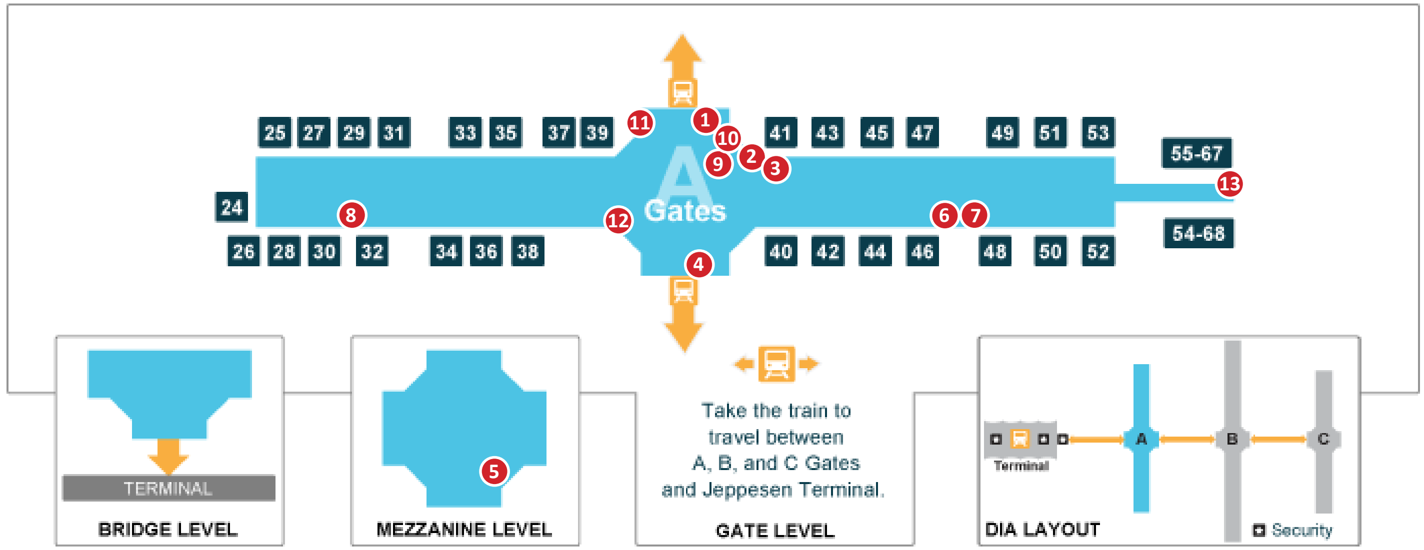
Too few respondents (329) suggested specific retail stores or retail chains to provide statistically reliable results at the Concourse or traveler type level.

APPENDIX A.

Secret Shopping DIA Audit Maps per Concourse

A GATES

FOOD AND BEVERAGE



1. KFC Express/Pizza Hut Express
   - Food Court
     - Chicken
     - Coffee
     - Pizza
   - Quick Serve/Snack
     - Pizza

2. Panda Express
   - Food Court
     - Chinese
     - Coffee
   - Quick Serve/Snack
     - Juice

3. McDonald's
   - Food Court
     - Burger
     - Chicken
     - Coffee
     - Ice Cream
   - Quick Serve/Snack
     - Ice Cream
     - Juice
     - Yogurt
   - Specialty Coffee

4. Hope's Country Fresh Cookies
   - Food Court
     - Coffee
   - Quick Serve/Snack
     - Bagel
     - Bakery
     - Candy/Chocolate
     - Juice
   - Specialty Coffee

5. Mesa Verde Restaurant
   - Bar
   - Restaurant & Bar
     - Fine Dining
     - Mexican
     - Steak
   - Food Court
     - Burger
     - Chicken
     - Coffee
     - Mexican
   - Quick Serve/Snack
     - Juice
   - Specialty Coffee

6. Schlotzsky's
   - Quick Serve/Snack
     - Bagel
     - Bakery
     - Deli
     - Juice

7. Lefty's Colorado Trail Grille
   - Bar
   - Restaurant & Bar
     - Cafe
   - Quick Serve/Snack
     - Deli

8. Quiznos Sub/Blue Sky Bar
   - Quick Serve/Snack
     - Cafe
     - Deli
     - Juice
     - Specialty Coffee

9. Ben & Jerry's Ice Cream
   - Food Court
     - Frozen Yogurt
     - Ice Cream
   - Quick Serve/Snack
     - Ice Cream
     - Yogurt

10. Caribou Coffee
    - Quick Serve/Snack
      - Bakery
      - Juice
      - Yogurt
    - Specialty Coffee

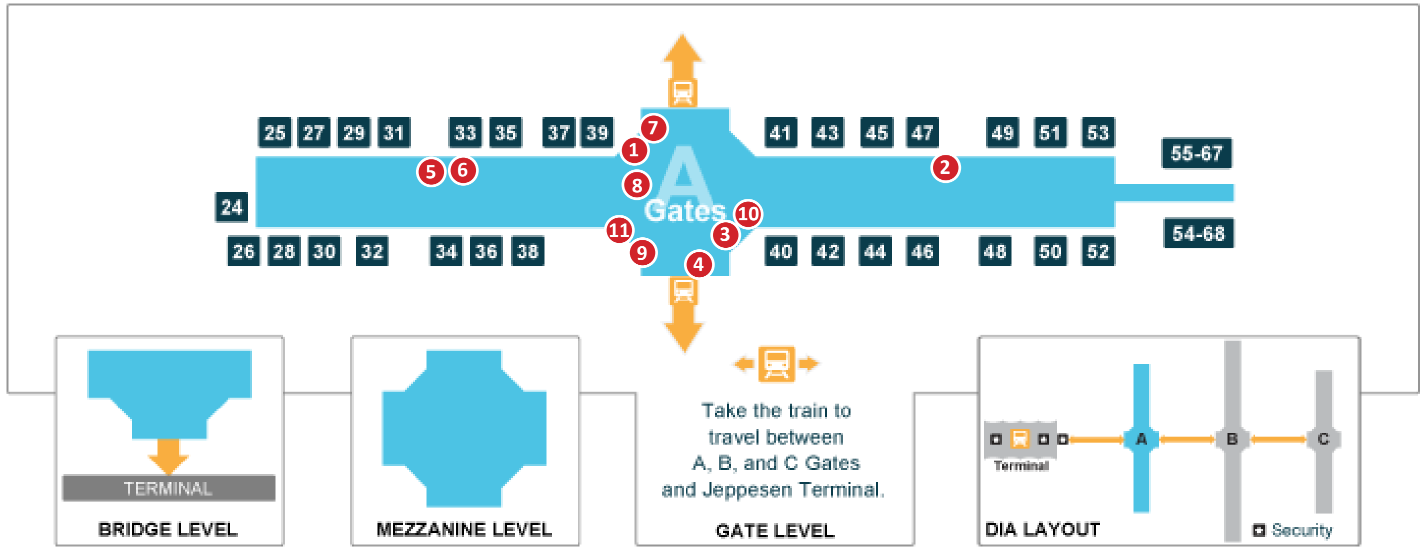
11. Chef Jimmy's Bistro & Spirits
    - Bar
    - Restaurant & Bar
      - Fine Dining
      - Steak
    - Food Court
      - Chicken
      - Coffee
      - Pizza
    - Quick Serve/Snack
      - Juice
      - Pizza
      - Yogurt
    - Specialty Coffee

12. Denver ChopHouse
    - Bar
    - Restaurant & Bar
      - Fine Dining
      - Steak
    - Food Court
      - Burger
      - Chicken
      - Coffee
    - Quick Serve/Snack
      - Ice Cream
      - Juice
    - Specialty Coffee

13. New Belgium Spoke
    - Bar
    - Restaurant & Bar
      - Microbrewery
      - Pub
      - Sports Bar
    - Quick Serve/Snack
      - Microbrewery

A GATES

RETAIL SHOPS



1. Newsstand
   - Electronics
     - Batteries
   - Books/Magazines/News
     - Children's Books
     - Fiction/Non-Fiction Books
     - Game/Puzzle Books
     - Newspapers
     - Magazines
   - Convenience Food and Snacks
     - Bottled Water
     - Candy
     - Soft Drinks
     - Snacks
   - Health & Beauty
     - Cosmetics
     - OTD Medications
     - Toiletries
     - Lotions
   - Entertainment
     - Games
     - Toys
   - Eyewear
     - Reading
     - Sunglasses
   - Men's Apparel
     - Casual
     - Sports Team
   - Women's Apparel
     - Casual
     - Sport
     - Sports Team
   - Gifts
     - Other food
     - Clothing
     - Souvenirs and Knick-Knacks
     - Stationary

2. Hudson Group News
   - Electronics
     - Batteries
     - Chargers
     - Earphones
     - Headphones
     - Other Accessories
   - Books/Magazines/News
     - Children's Books
     - Fiction/Non-Fiction Books
     - Game/Puzzle Books
     - Newspapers
     - Magazines
   - Convenience Food and Snacks
     - Bottled Water
     - Candy
     - Snacks
   - Health & Beauty
     - Cosmetics
     - OTD Medications
     - Toiletries
     - Lotions
   - Entertainment
     - Games
     - Toys
   - Eyewear
     - Reading
     - Sunglasses
   - Men's Apparel
     - Casual
   - Women's Apparel
     - Casual
   - Travel
     - Travel Accessories
   - Gifts
     - High-end Chocolate and Sweets
     - Other Food
     - Clothing
     - Souvenirs and Knick-Knacks
     - Stationary

3. News
   - Electronics
     - Batteries
     - Chargers
     - Earphones
     - Other Accessories
   - Books/Magazines/News
     - Children's Books
     - Fiction/Non-Fiction Books
     - Game/Puzzle Books
     - Newspapers
     - Magazines
   - Convenience Food and Snacks
     - Bottled Water
     - Candy
     - Snacks
   - Health & Beauty
     - Cosmetics
     - OTD Medications
     - Toiletries
     - Lotions
   - Entertainment
     - Games
     - Toys
   - Eyewear
     - Reading
     - Sunglasses
   - Men's Apparel
     - Casual
     - Sports
   - Women's Apparel
     - Casual
     - Sport
     - Sports Team
   - Gifts
     - Other Food
     - Clothing
     - Souvenirs and Knick-Knacks
     - Stationary

4. Hudson Booksellers
   - Electronics
     - Batteries
     - Earphones
     - Headphones
     - Other Accessories
   - Books/Magazines/News
     - Children's Books
     - Fiction/Non-Fiction Books
     - Game/Puzzle Books
     - Magazines
   - Convenience Food and Snacks
     - Bottled Water
     - Candy
     - Snacks
   - Entertainment
     - Games
     - Toys
   - Eyewear
     - Reading
     - Sunglasses
   - Gifts
     - High-end Chocolate and Sweets
     - Souvenirs and Knick-Knacks
     - Stationary

5. Colorado Crossroads (Gift Shop)
   - Electronics
     - Chargers
     - Earphones
     - Other Accessories
   - Convenience Food and Snacks
     - Bottled Water
     - Candy
     - Snacks
   - Health & Beauty
     - Cosmetics
     - OTD Medications
     - Toiletries
     - Lotions
   - Men's Apparel
     - Casual
   - Women's Apparel
     - Casual
     - Accessories
   - Travel
     - Travel Accessories
   - Gifts
     - Other food
     - Clothing
     - Souvenirs and Knick-Knacks
     - Stationary

6. Colorado Crossroads
   - Books/Magazines/News
     - Children's Books
     - Fiction/Non-Fiction Books
     - Newspapers
     - Magazines
   - Convenience Food and Snacks
     - Bottled Water
     - Candy
     - Snacks

Continued on next page

A GATES

RETAIL SHOPS (Continued)

Health & Beauty
- Cosmetics
- OTD Medications
- Toiletries
- Lotions

Gifts
- Stationary

7. Liberty Tax & Duty Free

Health & Beauty
- Perfume

Gifts
- Other food

8. InMotion Entertainment

Electronics
- Chargers
- Earphones
- Headphones
- Music or Video Player
- Speakers
- Other Accessories

Entertainment
- Music (CD's)
- Movies (DVD's)

Travel
- Travel Accessories

9. Spirit of the Red Horse

Books/Magazines/News
- Children's Books
- Fiction/Non-Fiction Books

Convenience Food and Snacks
- Candy
- Snacks

Health & Beauty
- Toiletries
- Lotions

Entertainment
- Toys
- Music (CD's)
- Movies (DVD's)

Eyewear
- Sunglasses

Men's Apparel
- Casual
- Accessories

Women's Apparel
- Business
- Casual
- Fashion
- Sport

Kid's Apparel

Travel
- Luggage
- Travel Accessories

Footwear
- Women's

Jewelry
- Watches
- Earrings - Costume, Fine
- Necklaces - Costume, Fine
- Bracelets - Costume, Fine
- Rings - Costume, Fine

10. Greetings from Colorful Colorado

Books/Magazines/News
- Children's Books
- Fiction/Non-Fiction Books
- Game/Puzzle Books

Convenience Food and Snacks
- Candy
- Snacks

Entertainment
- Games
- Toys
- Music (CD's)

Men's Apparel
- Casual

Women's Apparel
- Casual
- Accessories

Kid's Apparel

Jewelry
- Earrings - Costume
- Necklaces - Costume
- Bracelets - Costume
- Rings - Costume

Gifts
- Other food
- Clothing
- Souvenirs and Knick-Knacks
- Stationary
- Art

11. Radio Road/Fly Babies

Entertainment
- Toys

Women's Apparel
- Casual
- Fashion
- Accessories

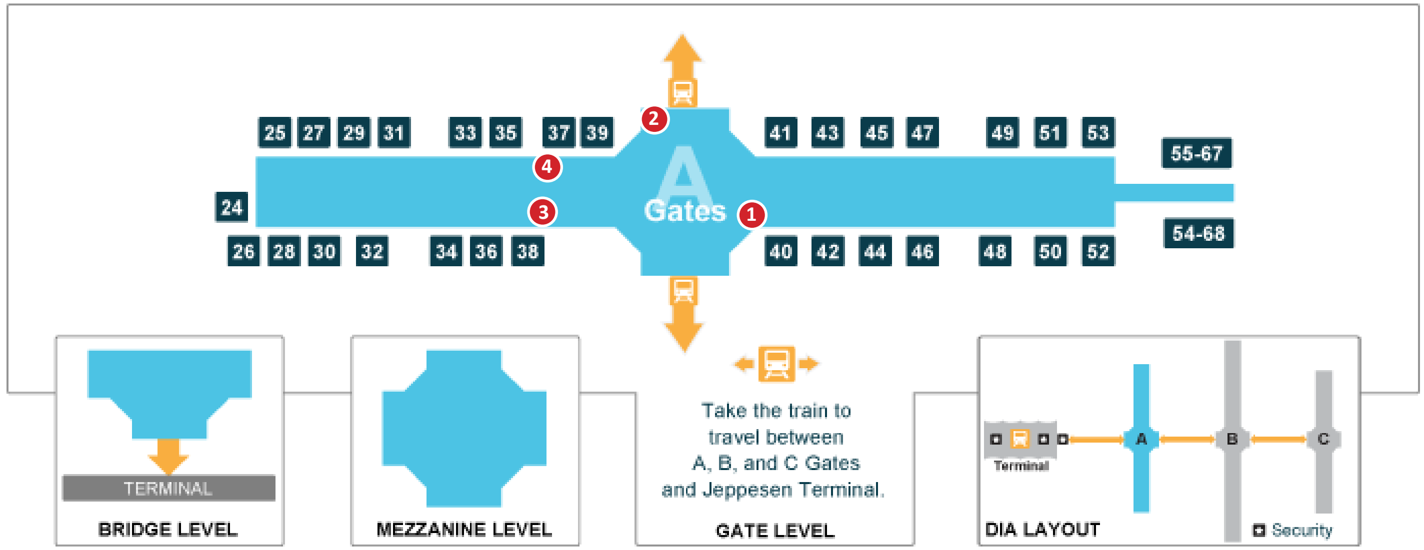
Kid's Apparel

Footwear
- Children's
- Women's

Jewelry
- Earrings - Costume
- Necklaces - Costume
- Bracelets - Costume

Gifts
- Clothing

A GATES
SERVICES



1. A Massage
   Massage

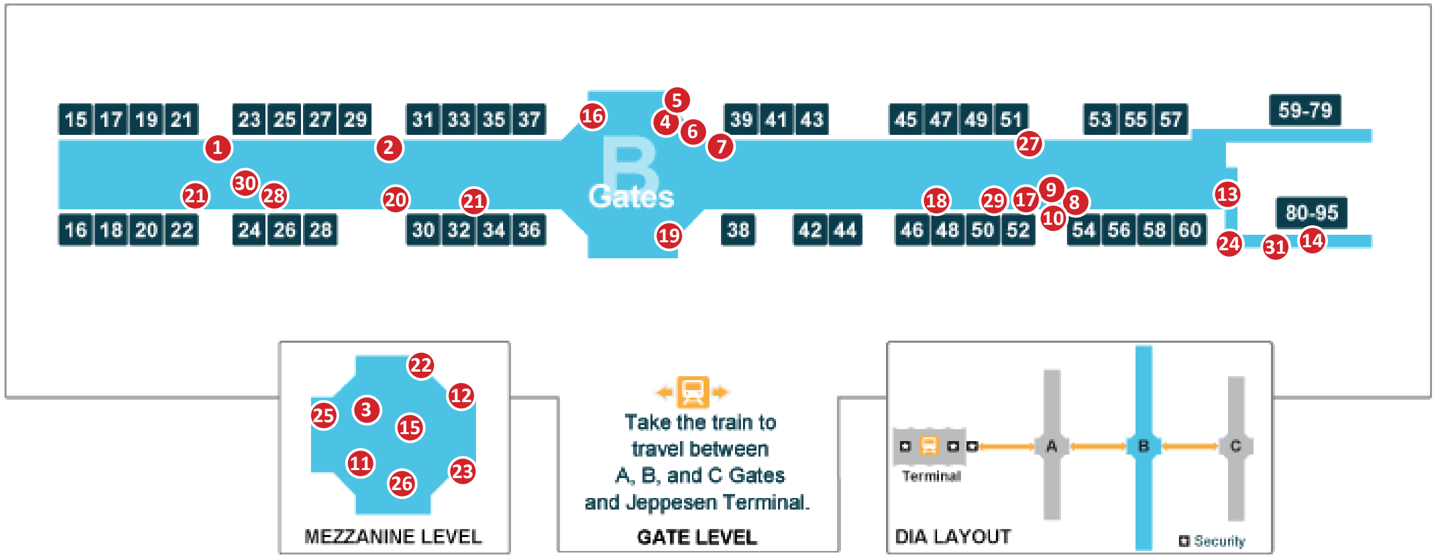
2. (World Wide) Money Exchange
   Currency Exchange

3. Executive Shoe Shine
   Shoe Shine

4. Executive Shoe Shine
   Shoe Shine

B GATES

FOOD AND BEVERAGE



1. Pizza Hut Express/Haagen Daz
   - Food Court
     - Coffee
     - Frozen Yogurt
     - Ice Cream
     - Pizza
   - Quick Serve/Snack
     - Ice Cream
     - Pizza
     - Yogurt

2. The Candy Shoppe
   - Quick Serve/Snack
     - Candy/Chocolate

3. Jamba Juice
   - Quick Serve/Snack
     - Bakery
     - Cafe
     - Juice
     - Yogurt

4. McDonald's
   - Food Court
     - Burger
     - Chicken
     - Coffee
     - Ice Cream
   - Quick Serve/Snack
     - Ice Cream
     - Juice
   - Specialty Coffee

5. Domino's Pizza
   - Food Court
     - Pizza
   - Quick Serve/Snack
     - Juice
     - Pizza

6. Steak Escape
   - Restaurant & Bar
     - Steak

7. TCBY Yogurt
   - Food Court
     - Coffee
     - Frozen Yogurt
     - Ice Cream
   - Quick Serve/Snack
     - Bagel
     - Bakery
     - Ice Cream
     - Juice
   - Specialty Coffee

8. Columbo Frozen Yogurt
   - Food Court
     - Coffee
     - Frozen Yogurt
   - Quick Serve/Snack
     - Ice Cream
     - Juice
     - Yogurt

9. Rocky Mountain Chocolate Factory East
   - Food Court
     - Coffee
   - Quick Serve/Snack
     - Candy/Chocolate

10. Coffee Beanery/Uno Pizza Express
    - Specialty Coffee

11. City Wok
    - Bar
      - Wine Bar
    - Restaurant & Bar
      - Cafe
      - Microbrewery
      - Pub
    - Food Court
      - Chicken
      - Chinese
      - Coffee
    - Quick Serve/Snack
      - Cafe
      - Juice
    - Specialty Coffee

12. Ben & Jerry's Ice Cream
    - Food Court
      - Frozen Yogurt
      - Ice Cream
    - Quick Serve/Snack
      - Ice Cream
      - Juice
      - Yogurt

13. Starbucks Coffee
    - Food Court
      - Coffee
    - Quick Serve/Snack
      - Bakery
      - Candy/Chocolate
      - Juice
      - Yogurt
    - Specialty Coffee

14. Heidi's Brooklyn Deli
    - Food Court
      - Chicken
      - Coffee
    - Quick Serve/Snack
      - Bagel
      - Bakery
      - Cafe
      - Deli
      - Juice
      - Yogurt

15. Caribou Coffee
    - Restaurant & Bar
      - Cafe
    - Quick Serve/Snack
      - Bagel
      - Bakery
      - Cafe
      - Candy/Chocolate
      - Juice
    - Specialty Coffee

16. Pour La France!
    - Bar
      - Wine Bar
    - Restaurant & Bar
      - Cafe
      - Microbrewery
      - Pub
    - Food Court
      - Burger
      - Chicken
      - Coffee
      - Ice Cream
    - Quick Serve/Snack
      - Cafe
      - Ice Cream
      - Microbrewery

17. Que Bueno! Mexican Grille
    - Bar
    - Restaurant & Bar
      - Mexican
    - Food Court
      - Coffee
      - Mexican

18. Lefty's Mile High Bar & Grill
    - Bar
      - Wine Bar
    - Restaurant & Bar
      - Cafe
      - Microbrewery
      - Pub
    - Food Court
      - Burger
      - Coffee
    - Quick Serve/Snack
      - Bakery
      - Cafe
      - Juice
      - Microbrewery

19. Itza Wrap! Itza Bowl!
    - Bar
      - Wine Bar
    - Restaurant & Bar

Continued on next page

B GATES

FOOD AND BEVERAGE (Continued)

Cafe
Pub
Food Court
Chinese
Coffee
Quick Serve/Snack
Cafe
Juice

20. Colorado Sports Bar & Grille
- Bar
  - Wine Bar
- Restaurant & Bar
  - Cafe
  - Microbrewery
  - Pub
  - Sports Bar
- Food Court
  - Burger
  - Chicken
  - Coffee
  - Ice Cream
- Quick Serve/Snack
  - Bagel
  - Bakery
  - Cafe
  - Deli
  - Juice
  - Microbrewery
  - Yogurt
- Specialty Coffee

21. Quizno's Sub
- Bar
- Restaurant & Bar
  - Cafe
- Food Court
  - Chicken
- Quick Serve/Snack
  - Cafe
  - Deli
  - Juice

22. Wolfgang Puck
- Bar
- Restaurant & Bar
  - Cafe
- Food Court
  - Chicken
  - Coffee
  - Pizza
- Quick Serve/Snack
  - Juice
  - Yogurt

23. Cantina Grill
- Bar
- Restaurant & Bar
  - Cafe
  - Mexican
- Food Court
  - Chicken
  - Coffee
  - Mexican
- Quick Serve/Snack
  - Juice
  - Mexican

24. New Belgium Hub
- Bar
  - Wine Bar
- Restaurant & Bar
  - Cafe
  - Microbrewery
  - Pub
  - Sports Bar
- Food Court
  - Burger
  - Chicken
  - Coffee
- Quick Serve/Snack
  - Bagel
  - Bakery
  - Cafe
  - Deli

Juice
Microbrewery

25. Woody Creek Bakery & Café
- Bar
  - Wine Bar
- Food Court
  - Coffee
- Quick Serve/Snack
  - Bakery
  - Cafe
  - Juice
  - Yogurt

26. Lounge 5280 Wine Bar
- Bar
  - Wine Bar
- Restaurant & Bar
  - Microbrewery
  - Pub

27. Cru Food and Wine Bar
- Bar
  - Wine Bar

28. Udi's Café and Bar
- Bar
  - Wine Bar
- Restaurant & Bar
  - Cafe
  - Mexican
  - Microbrewery
  - Pub
- Food Court
  - Coffee
  - Mexican
- Quick Serve/Snack
  - Bakery

Cafe
Juice
Mexican
Microbrewery

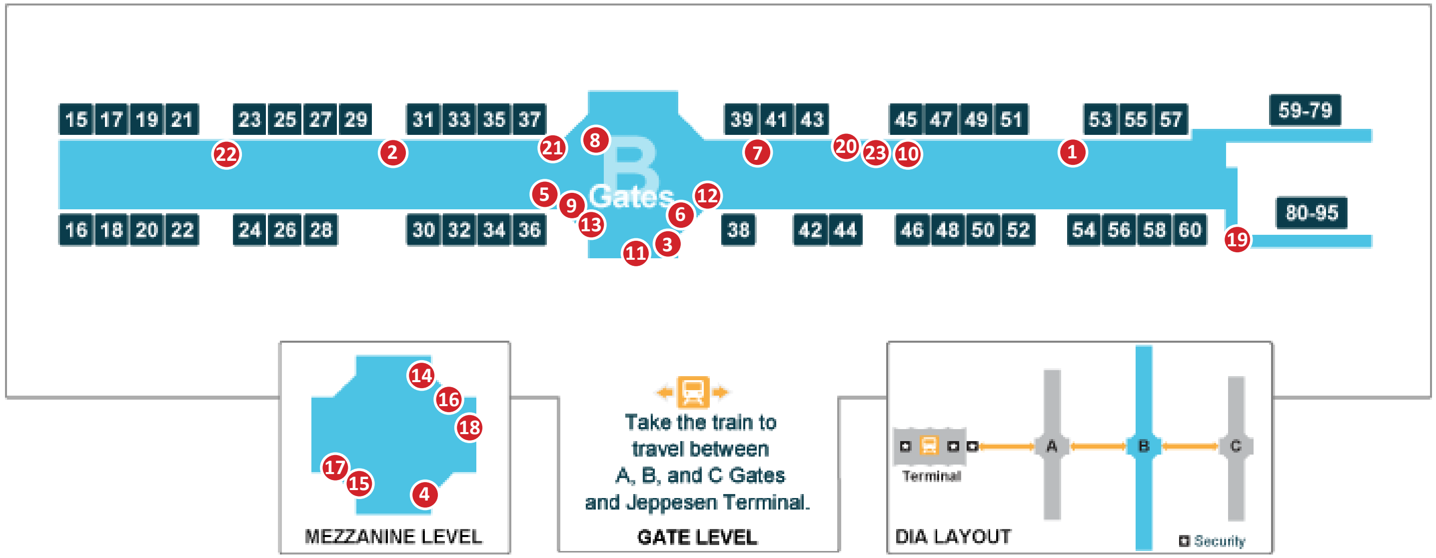
29. Sara Lee Sandwich Shoppe
- Food Court
  - Coffee
- Quick Serve/Snack
  - Deli
  - Juice

30. Rocky Mountain Chocolate Factory West
- Quick Serve/Snack
  - Candy/Chocolate

31. Starbucks
- Food Court
  - Coffee
- Quick Serve/Snack
  - Bakery
  - Candy/Chocolate
  - Juice
- Specialty Coffee

B GATES

RETAIL SHOPS



1. Hudson News

- Electronics
  - Batteries
  - Chargers
  - Earphones
  - Headphones
  - Other Accessories
- Books/Magazines/News
  - Children's Books
  - Fiction/Non-Fiction Books
  - Game/Puzzle Books
  - Newspapers
  - Magazines
- Convenience Food and Snacks
  - Bottled Water
  - Candy
  - Snacks
- Health & Beauty
  - OTD Medications
  - Toiletries
  - Lotions
- Entertainment
  - Games
  - Toys
  - Movies (DVD's)
- Eyewear
  - Reading
  - Sunglasses
- Men's Apparel
  - Casual
  - Sport
  - Sports Team
  - Accessories
- Women's Apparel
  - Casual
  - Sports Team
  - Accessories
- Kid's Apparel
- Travel
  - Travel Accessories
- Gifts
  - Other food
  - Souvenirs and Knick-Knacks

2. Newsstand

- Electronics
  - Batteries
- Books/Magazines/News
  - Children's Books
  - Fiction/Non-Fiction Books
  - Game/Puzzle Books
  - Newspapers
  - Magazines
- Convenience Food and Snacks
  - Bottled Water
  - Candy
  - Soft Drinks
  - Snacks
- Health & Beauty
  - Cosmetics
  - OTD Medications
  - Toiletries
  - Lotions
- Entertainment
  - Games
  - Toys
- Eyewear
  - Reading
  - Sunglasses
- Men's Apparel
  - Casual
- Women's Apparel
  - Casual
  - Sport
  - Sports Team
- Gifts
  - Other Food
  - Clothing
  - Souvenirs and Knick-Knacks
  - Stationary

3. Brookstone

- Electronics
  - Batteries
  - Chargers
  - Earphones
  - Headphones
  - Music or video player
  - Speakers
  - Other Accessories
- Travel
  - Luggage
  - Travel Accessories
- Jewelry
  - Watches

4. Kazoo & Company Toy Store

- Books/Magazines/News
  - Children's Books
  - Game/Puzzle Books
- Entertainment
  - Games
  - Toys

5. Hudson Booksellers

- Electronics
  - Chargers
  - Earphones
  - Headphones
  - Speakers
  - Other Accessories
- Books/Magazines/News
  - Children's Books
  - Fiction/Non-Fiction Books
  - Game/Puzzle Books
  - Magazines
- Convenience Food and Snacks
  - Bottled Water
  - Candy
- Entertainment
  - Games
  - Toys
  - Movies (DVD's)
- Eyewear
  - Reading
- Travel
  - Travel Accessories
- Gifts
  - High-end chocolate and sweets
  - Souvenirs and Knick-Knacks

6. Connections Made EZ

- Electronics
  - Batteries
  - Chargers
  - Earphones
  - Speakers
  - Other Accessories
- Books/Magazines/News
  - Fiction/Non-Fiction Books
  - Game/Puzzle Books
  - Newspapers
  - Magazines
- Convenience Food and Snacks
  - Bottled Water
  - Candy
  - Snacks
- Health & Beauty
  - OTD Medications
  - Toiletries
- Entertainment
  - Games
  - Toys
  - Movies (DVD's)
- Women's Apparel
  - Sport
  - Accessories
- Kid's Apparel
- Travel
  - Luggage
  - Travel Accessories
- Jewelry
  - Earrings - Costume
  - Necklaces - Costume
  - Bracelets - Costume
- Gifts
  - High-end chocolate and sweets
  - Other Food
  - Clothing
  - Souvenirs and Knick-Knacks
  - Stationary

7. Duty Free

- Health & Beauty
  - Perfume
- Gifts
  - Other food

8. InMotion Entertainment

- Electronics
  - Batteries
  - Chargers
  - Earphones
  - Headphones
  - Music or Video Player
  - Speakers
  - Other Accessories
- Entertainment
  - Games
  - Toys
  - Movies (DVD's)
- Travel
  - Travel Accessories

Continued on next page

B GATES

RETAIL SHOPS (Continued)

Continued on next page

9. Bella - Tugals
- Health & Beauty
  - Perfume
  - Cosmetics
  - Toiletries
  - Lotions
- Travel
  - Travel Accessories

10. Colorado Collection
- Women's Apparel
  - Accessories
- Jewelry
  - Watches
  - Earrings - Fine
  - Necklaces - Fine
  - Bracelets - Fine
  - Rings - Fine
- Gifts
  - Art

11. Johnston & Murphy
- Men's Apparel
  - Business
  - Casual
  - Fashion
  - Accessories
- Travel
  - Travel Accessories
- Footwear
  - Men's

12. Spirit of the Red Horse
- Books/Magazines/News
  - Children's Books
  - Fiction/Non-Fiction Books
- Convenience Food and Snacks
  - Candy
  - Snacks
- Health & Beauty
  - Toiletries
  - Lotions
- Entertainment
  - Toys
  - Music (CD's)
  - Movies (DVD's)
- Eyewear
  - Sunglasses
- Men's Apparel
  - Casual
  - Accessories
- Women's Apparel
  - Business
  - Casual
  - Fashion
  - Sport
- Kid's Apparel
- Travel
  - Luggage
  - Travel Accessories
- Footwear
  - Women's
- Jewelry
  - Watches
  - Earrings - Costume, Fine
  - Necklaces - Costume, Fine
  - Bracelets - Costume, Fine
  - Rings - Costume, Fine
- Gifts
  - High-end chocolate and sweets
  - Other Food
  - Clothing
  - Souvenirs and Knick-Knacks
  - Art

13. Mosaic Gallery
- Electronics
  - Batteries
  - Chargers
  - Earphones
  - Other Accessories
- Books/Magazines/News
  - Children's Books
  - Fiction/Non-Fiction Books
  - Game/Puzzle Books
- Entertainment
  - Games
  - Toys
  - Music (CD's)
- Eyewear
  - Reading
  - Sunglasses
- Women's Apparel
  - Accessories
- Travel
  - Travel Accessories
- Jewelry
  - Watches
  - Earrings - Costume, Fine
  - Necklaces - Costume, Fine
  - Bracelets - Costume, Fine
  - Rings - Costume, Fine
- Gifts
  - Clothing

14. Jet Pets Boutique
- Eyewear
  - Sunglasses
- Men's Apparel
  - Accessories
- Women's Apparel
  - Accessories
- Travel
  - Luggage
- Gifts
  - Clothing
  - Souvenirs and Knick-Knacks
  - Stationary
  - Art

15. I-Tech X-Perience
- Electronics
  - Batteries
  - Chargers
  - Earphones
  - Headphones
  - Music or video player
  - Speakers
  - Other Accessories
- Entertainment
  - Games
  - Music (CD's)
- Travel
  - Luggage
  - Travel Accessories

16. Sunglass Hut
- Eyewear
  - Reading
  - Sunglasses
- Men's Apparel
  - Accessories
- Women's Apparel
  - Accessories
- Kid's Apparel

17. Crocs
- Electronics
  - Other Accessories
- Men's Apparel
  - Accessories
- Women's Apparel
  - Accessories
- Kid's Apparel
- Travel
  - Travel Accessories
- Footwear
  - Childrens's
  - Men's
  - Women's
- Jewelry
  - Bracelets - Costume
- Gifts
  - Clothing

18. Mile High Harley Davidson
- Entertainment
  - Games
  - Toys
- Eyewear
  - Reading
  - Sunglasses
- Men's Apparel
  - Casual
  - Sport
  - Accessories
- Women's Apparel
  - Casual
  - Fashion
  - Sport
  - Accessories
- Kid's Apparel
- Travel
  - Luggage
  - Travel Accessories
- Jewelry
  - Watches
  - Earrings - Costume, Fine
  - Necklaces - Costume, Fine
  - Bracelets - Costume, Fine
  - Rings - Costume, Fine
- Gifts
  - Clothing
  - Souvenirs and Knick-Knacks

19. Connections
- Electronics
  - Batteries
  - Chargers
- Books/Magazines/News
  - Children's Books
  - Fiction/Non-Fiction Books
  - Game/Puzzle Books
  - Newspapers
  - Magazines
- Convenience Food and Snacks
  - Bottled Water
  - Candy
  - Snacks
- Health & Beauty
  - Cosmetics
  - OTD Medications
  - Toiletries
  - Lotions
- Entertainment
  - Games
- Eyewear
  - Reading
  - Sunglasses
- Women's Apparel
  - Accessories
- Travel
  - Luggage
  - Travel Accessorie
- Gifts
  - Souvenirs and Knick-Knacks

20. Connections Made EZ
- Electronics
  - Batteries
  - Chargers
- Books/Magazines/News
  - Children's Books
  - Fiction/Non-Fiction Books
  - Game/Puzzle Books
  - Newspapers
  - Magazines
- Convenience Food and Snacks
  - Bottled Water

B GATES

RETAIL SHOPS (Continued)

- Candy
- Snacks

Health & Beauty
- Cosmetics
- OTD Medications
- Toiletries
- Lotions

Entertainment
- Games
- Movies (DVD's)

Eyewear
- Reading
- Sunglasses

Women's Apparel
- Accessories

Kid's Apparel

Travel
- Luggage
- Travel Accessories

Gifts
- Souvenirs and Knick-Knacks
- Art

21. Newsstand

Electronics
- Batteries
- Chargers
- Earphones
- Other Accessories

Books/Magazines/News
- Fiction/Non-Fiction Books
- Game/Puzzle Books
- Newspapers
- Magazines

Convenience Food and Snacks
- Bottled Water
- Candy
- Snacks

Health & Beauty
- OTD Medications
- Toiletries
- Lotions

Entertainment
- Games
- Toys

Eyewear
- Reading
- Sunglasses

Men's Apparel
- Accessories

Women's Apparel
- Accessories

Kid's Apparel

Travel
- Travel Accessories

Gifts
- Other Food
- Clothing
- Souvenirs and Knick-Knacks
- Stationary

22. Hudson Group News

Electronics
- Earphones
- Headphones

Books/Magazines/News
- Newspapers

Convenience Food and Snacks
- Bottled Water
- Candy
- Snacks

Health & Beauty
- OTD Medications

Entertainment
- Toys

Eyewear
- Reading
- Sunglasses

Men's Apparel
- Accessories

Women's Apparel
- Sport
- Accessories

Kid's Apparel

Travel
- Travel Accessories

Gifts
- High-end Chocolate and Sweets
- Other Food
- Clothing
- Souvenirs and Knick-Knacks
- Stationary

23. Gifts in Flight

Electronics
- Batteries
- Chargers
- Earphones
- Speakers
- Other Accessories

Books/Magazines/News
- Fiction/Non-Fiction Books
- Game/Puzzle Books
- Newspapers
- Magazines

Convenience Food and Snacks
- Bottled Water
- Candy
- Snacks

Health & Beauty
- Cosmetics
- OTD Medications
- Toiletries
- Lotions

Entertainment
- Games
- Toys
- Music (CD's)
- Movies (DVD's)

Eyewear
- Reading
- Sunglasses

Men's Apparel
- Casual
- Accessories

Women's Apparel
- Business
- Casual
- Fashion
- Accessories

Kid's Apparel

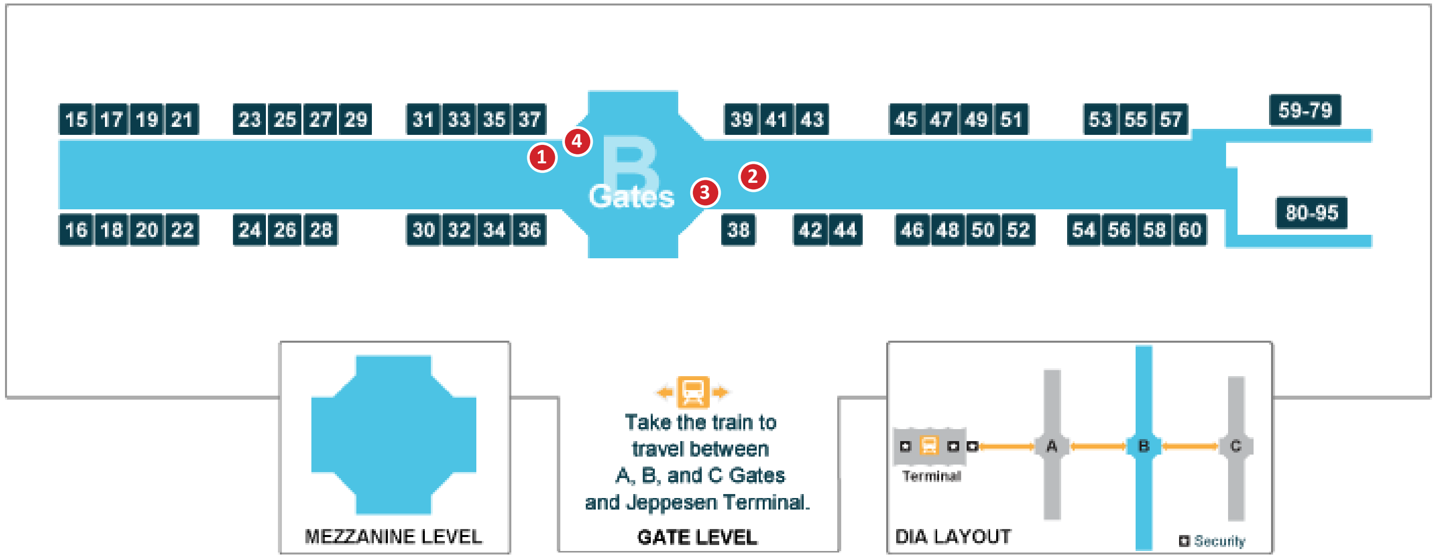
Travel
- Luggage
- Travel Accessories

Footwear
- Women's

Jewelry
- Earrings - Costume
- Necklaces - Costume
- Bracelets - Costume
- Rings - Costume

Gifts
- Clothing
- Souvenirs and Knick-Knacks

B GATES
SERVICES



1. Executive Shoe Shine
   Shoe Shine

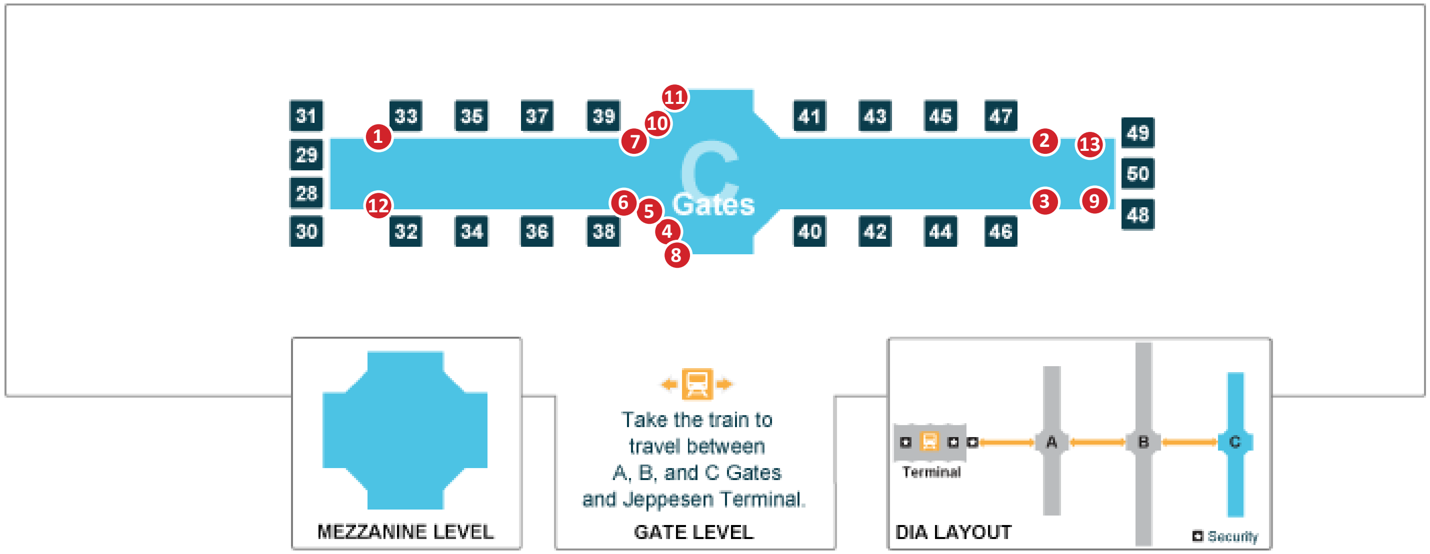
2. Executive Shoe Shine
   Shoe Shine

3. A Massage, Inc.
   Massage

4. Money Exchange
   Currency Exchange

C GATES

FOOD AND BEVERAGE



1. Caribou Coffee
   - Restaurant & Bar
     - Cafe
   - Food Court
     - Coffee
   - Quick Serve/Snack
     - Bagel
     - Bakery
     - Cafe
     - Candy/Chocolate
     - Juice
     - Yogurt
   - Specialty Coffee

2. Dazbog Coffee
   - Food Court
     - Coffee
   - Quick Serve/Snack
     - Bakery
     - Juice
   - Specialty Coffee

3. Woody Creek Bakery & Café
   - Restaurant & Bar
     - Cafe
   - Food Court
     - Chicken
     - Coffee
   - Quick Serve/Snack
     - Bagel
     - Bakery
     - Cafe
     - Deli
     - Juice

4. McDonald's
   - Food Court
     - Burger
     - Chicken
     - Coffee

5. Villa Pizza
   - Food Court
     - Coffee
     - Pizza
   - Quick Serve/Snack
     - Bakery
     - Deli
     - Juice
     - Pizza

6. TCBY Yogurt
   - Food Court
     - Coffee
     - Frozen yogurt
     - Ice Cream
   - Quick Serve/Snack
     - Bagel
     - Bakery
     - Ice Cream
     - Juice
     - Yogurt
   - Specialty Coffee

7. Einstein Bros Bagels
   - Food Court
     - Chicken
     - Coffee
   - Quick Serve/Snack
     - Bagel
     - Bakery
     - Deli
     - Juice
   - Specialty Coffee

8. Tamales by La Casita
   - Bar
   - Restaurant & Bar
     - Mexican
   - Food Court
     - Chicken
     - Mexican
   - Quick Serve/Snack
     - Juice
     - Mexican

9. Lefty's Front Range Grille
   - Bar
   - Restaurant & Bar
     - Cafe
   - Food Court
     - Burger
     - Chicken
     - Coffee
   - Quick Serve/Snack
     - Bakery
     - Cafe

10. Timberline Steaks & Grille
    - Bar
    - Restaurant & Bar
      - Cafe
      - Steak
    - Food Court
      - Burger
      - Chicken
      - Coffee
    - Quick Serve/Snack
      - Cafe

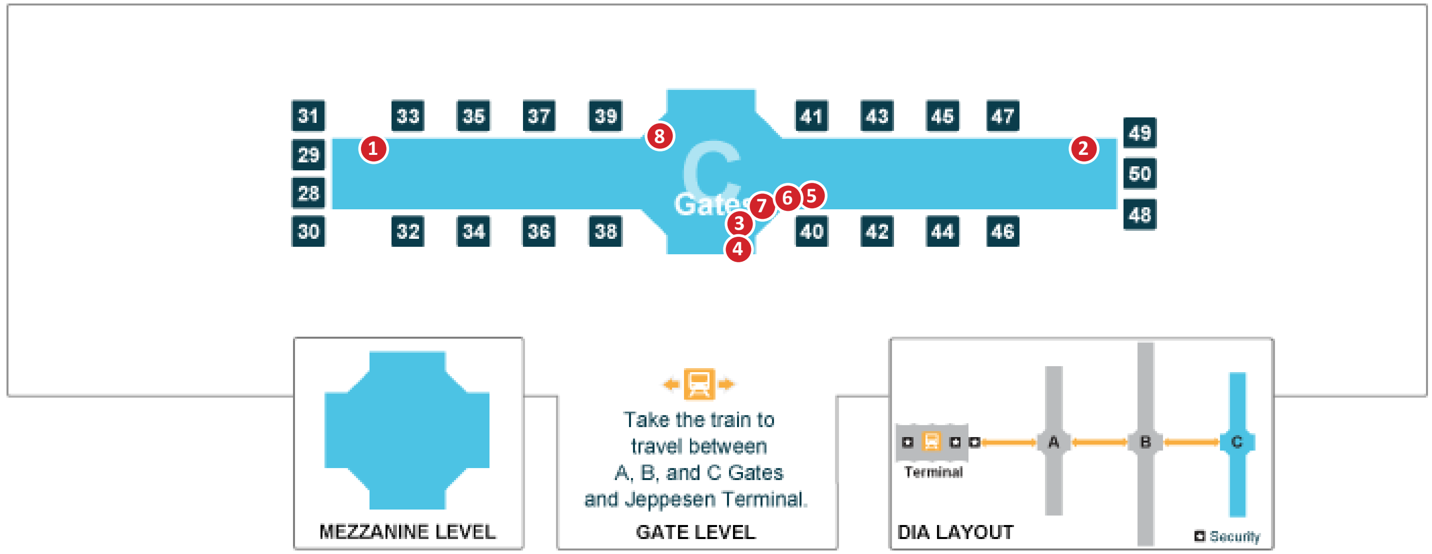
11. Smokin' Bear Smoking Lounge
    - Bar
      - Smoking
    - Food Court
      - Coffee

12. Rock Bottom Restaurant & Brewery
    - Bar
    - Restaurant & Bar
      - Cafe
      - Microbrewery
      - Sports bar
    - Food Court
      - Burger
      - Chicken
      - Coffee
    - Quick Serve/Snack
      - Bakery
      - Cafe
      - Microbrewery

13. Vino Volo
    - Bar
      - Wine Bar
    - Restaurant & Bar
      - Cafe

C GATES

RETAIL SHOPS



1. Connections Made EZ
   - Electronics
     - Batteries
     - Chargers
     - Earphones
     - Other Accessories
   - Books/Magazines/News
     - Fiction/Non-Fiction Books
     - Game/Puzzle Books
     - Newspapers
     - Magazines
   - Convenience Food and Snacks
     - Bottled Water
     - Candy
     - Snacks
   - Health & Beauty
     - OTD Medications
     - Toiletries
   - Entertainment
     - Games
     - Toys
     - Music (CD's)
     - Movies (DVD's)
   - Eyewear
     - Reading
     - Sunglasses
   - Men's Apparel
     - Casual
     - Accessories
   - Women's Apparel
     - Casual
     - Sport
     - Accessories
   - Kid's Apparel
   - Travel
     - Luggage
     - Travel Accessories
   - Jewelry
     - Earrings - Costume
     - Necklaces - Costume
     - Bracelets - Costume
   - Gifts
     - High-end Chocolate and Sweets
     - Other Food
     - Clothing
     - Souvenirs and Knick-Knacks
     - Stationary

2. Hudson Group News
   - Electronics
     - Batteries
     - Chargers
     - Earphones
     - Headphones
     - Other Accessories
   - Books/Magazines/News
     - Fiction/Non-Fiction Books
     - Game/Puzzle Books
     - Newspapers
     - Magazines
   - Convenience Food and Snacks
     - Bottled Water
     - Candy
     - Snacks
   - Health & Beauty
     - OTD Medications
     - Toiletries
     - Lotions
   - Entertainment
     - Games
     - Toys
   - Eyewear
     - Reading
     - Sunglasses
   - Men's Apparel
     - Accessories
   - Women's Apparel
     - Accessories
   - Kid's Apparel
   - Travel
     - Travel Accessories
   - Gifts
     - Clothing
     - Souvenirs and Knick-Knacks
     - Stationary

3. Hudson Booksellers
   - Electronics
     - Chargers
     - Earphones
     - Headphones
     - Music or Video Player
     - Speakers
     - Other Accessories
   - Books/Magazines/News
     - Children's Books
     - Fiction/Non-Fiction Books
     - Game/Puzzle Books
     - Magazines
   - Convenience Food and Snacks
     - Bottled Water
     - Candy
     - Snacks
   - Entertainment
     - Games
     - Toys
     - Movies (DVD's)
   - Eyewear
     - Reading
   - Travel
     - Luggage
   - Gifts
     - High-end Chocolate and Sweets
     - Stationary

4. Newsstand
   - Electronics
     - Chargers
     - Earphones
     - Other Accessories
   - Books/Magazines/News
     - Fiction/Non-Fiction Books
     - Game/Puzzle Books
     - Magazines
   - Convenience Food and Snacks
     - Bottled Water
     - Candy
     - Soft Drinks
     - Snacks
   - Health & Beauty
     - OTD Medications
     - Toiletries
     - Lotions
   - Entertainment
     - Games
     - Toys
   - Eyewear
     - Reading
     - Sunglasses
   - Men's Apparel
     - Casual
     - Sport
     - Sports Team
   - Women's Apparel
     - Casual
     - Sport
     - Sports Team
     - Accessories
   - Kid's Apparel
   - Travel
     - Luggage
     - Travel Accessories
   - Gifts
     - Other Food
     - Clothing
     - Souvenirs and Knick-Knacks
     - Stationary

5. Way Out West
   - Books/Magazines/News
     - Children's Books
     - Fiction/Non-Fiction Books
   - Health & Beauty
     - Lotions
   - Entertainment
     - Games
     - Toys
     - Music (CD's)
   - Eyewear
     - Reading
   - Men's Apparel
     - Accessories
   - Women's Apparel
     - Accessories
   - Kid's Apparel
   - Jewelry
     - Watches
     - Earrings - Costume, Fine
     - Necklaces - Costume, Fine
     - Bracelets - Costume, Fine
     - Rings - Costume, Fine
   - Gifts
     - High-end Chocolate and Sweets
     - Other Food
     - Clothing
     - Souvenirs and Knick-Knacks
     - Stationary
     - Art

6. Body Shop
   - Health & Beauty
     - Perfume
     - Cosmetics
     - Lotions

Continued on next page

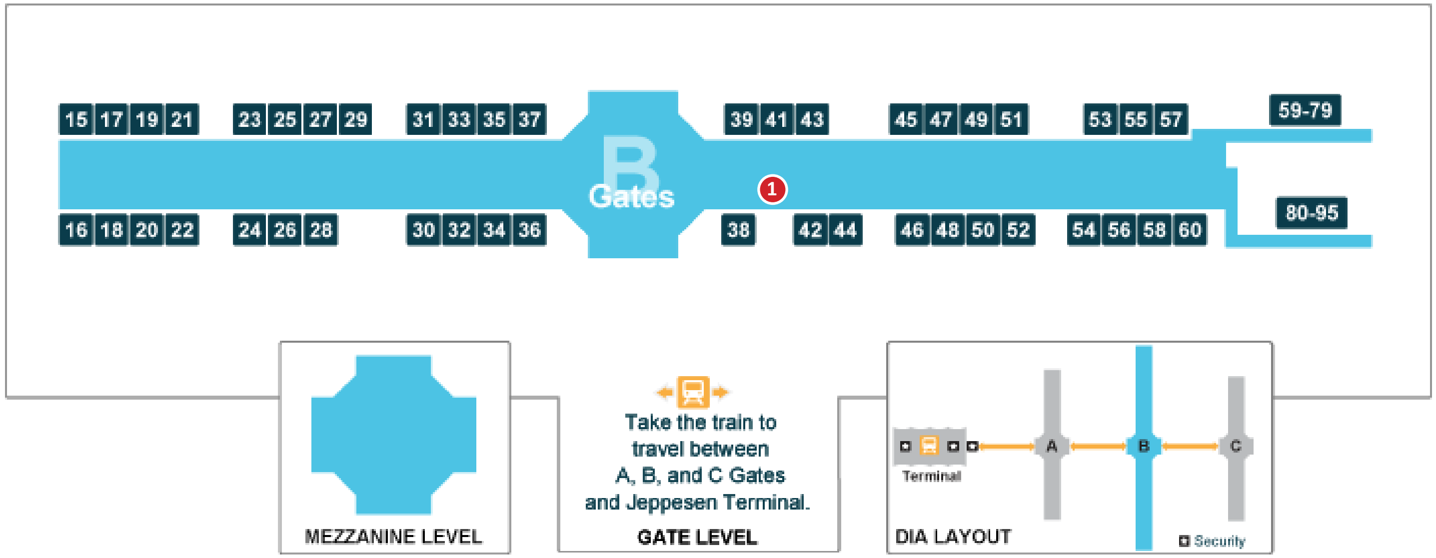
C GATES

RETAIL SHOPS (Continued)

7. Gifts in Flight
   - Electronics
     - Batteries
     - Chargers
     - Earphones
     - Other Accessories
   - Books/Magazines/News
     - Game/Puzzle Books
   - Convenience Food and Snacks
     - Candy
     - Snacks
   - Health & Beauty
     - Lotions
   - Entertainment
     - Games
     - Toys
     - Music (CD's)
     - Movies (DVD's)
   - Eyewear
     - Reading
     - Sunglasses
   - Men's Apparel
     - Accessories
   - Women's Apparel
     - Business
     - Casual
     - Fashion
     - Sport
     - Accessories
   - Kid's Apparel
   - Travel
     - Luggage
     - Travel Accessories
   - Footwear
     - Children's
     - Women's
   - Jewelry
     - Watches
     - Earrings - Costume, Fine
     - Necklaces - Costume, Fine
     - Bracelets - Costume, Fine
   - Gifts
     - High-end Chocolate and Sweets
     - Other Food
     - Clothing
     - Souvenirs and Knick-Knacks
     - Stationary

8. Connections Made EZ
   - Electronics
     - Batteries
     - Chargers
     - Earphones
     - Other Accessories
   - Books/Magazines/News
     - Fiction/Non-Fiction Books
     - Game/Puzzle Books
     - Newspapers
     - Magazines
   - Convenience Food and Snacks
     - Bottled Water
     - Candy
     - Snacks
   - Health & Beauty
     - OTD Medications
     - Toiletries
   - Entertainment
     - Games
     - Toys
     - Music (CD's)
   - Eyewear
     - Reading
     - Sunglasses
   - Men's Apparel
     - Casual
     - Sport
     - Accessories
   - Women's Apparel
     - Casual
     - Sport
     - Accessories
   - Kid's Apparel
   - Travel
     - Luggage
     - Travel Accessories
   - Jewelry
     - Earrings - Costume
     - Necklaces - Costume
     - Bracelets - Costume
   - Gifts
     - High-end Chocolate and Sweets
     - Other Food
     - Clothing
     - Souvenirs and Knick-Knacks
     - Stationary

C GATES
SERVICES



1. Executive Shoe Shine
   Shoe Shine

APPENDIX B.

2013 DIA Merchandise Guidance Survey Instrument

DIA CUSTOMER SURVEY

Q1. Which of the following categories includes your age?

Select only one.

Under age 18 **[TERMINATE]**
18 to 24
25 to 34
35 to 44
45 to 54
55 to 64
65 to 74
75 or older

Q2. Which of the following best characterizes your DIA travel today?

Select only one.

Departing from Denver
Transferring through Denver
Arriving to Denver **[TERMINATE]**
I work at DIA and am not traveling today. **[TERMINATE]**

Q32. How many roundtrip commercial airplane trips do you typically make in a 12-month period?

Select only one.

0
1 – 2
3 – 5
6 – 9
10 or more
I don't know.

Q33. What is your gender?

Select only one.

Male
Female

Q34. What is the highest level of education you have completed?

Select only one.

Some high school or less
High school graduate/GED
Some college/technical school
College graduate/technical school graduate
Graduate school
Post-graduate school

Behavior

Q3. Are you traveling for business, leisure, or both?

Select only one.

Business
Leisure
Both

Q4. Are you travelling internationally today?

Yes
No

Q5. Using the dropdown boxes below, please indicate **how many people** are travelling with you today (don't count yourself).

[NUMBER 0-10, INCLUDE 10+ AT END]

[SKIP to Q7 if 0]

Q6. Using the dropdown boxes below, please indicate **how many children** (under the age of 18) are traveling with you today and their ages. **[TWO QUESTIONS NOW]**

[NUMBER 0-10, INCLUDE 10+ AT END][DROPDOWN BOXES FOR AGES]

Q7. What airline are you using for your travels **out of Denver**?

Select only one.

Aeromexico
Air Canada
AirTran Airways
Alaska Airlines
American Airlines
British Airways
Delta Air Lines
Frontier Airlines
Great Lakes
Aviation
Icelandair
JetBlue Airways
Lufthansa
Southwest Airlines
Spirit Airlines
US Airways
United Airlines
Volaris

Q8. Using the dropdown boxes below, please indicate the approximate time at which you arrived at **the concourse** today.

[HOUR][MINUTE IN INCREMENTS OF 15][AM/PM]

Q9. Using the dropdown boxes below, please indicate the approximate time at which your flight **departs** today (including any known delays).

[HOUR][MINUTE IN INCREMENTS OF 15][AM/PM]

Q11. Which of the following statements best characterizes how you typically spend your time in the concourse before boarding your flight?

Select only one.

[RANDOMIZE, EXCEPT OTHER]

I go to my gate and wait there until it's time to board.
I go to my gate first, but then I visit airport concessions and other areas of the concourse before returning to my gate in time to board.
I visit airport concessions and other areas of the concourse first, and then I go to my gate and wait there until it's time to board.
I go back and forth between waiting at my gate and visiting concessions and other areas of the concourse until it's time to board.
Other (please specify): ______________________________

Q12. Using the dropdown boxes below, please select the concourse letter and gate number that corresponds to your **departure gate** (e.g., C-34).

[LETTER][NUMBER]

[IF INDICATED CONCOURSE A IN Q12]

Q13a. From the list below, please select the restaurants or shops in Concourse A that you have **visited** or **purchased** something from today. For each restaurant/shop that you visited, please select the "Visited" box next to it. For each of the restaurant/shops that you also purchased something from, please also select the "Made purchase" box.

Select all that apply.

Ben & Jerry's Ice Cream
Blue Sky Bar
Brookstone
Caribou Coffee
Chef Jimmy's Bistro & Spirits
Colorado Crossfire
Denver Chophouse
Greetings/Colorful Colorado
Hope's Country Fresh Cookies
Hudson Booksellers
Hudson News
KFC Express/Pizza Hut Express
Lefty's Colorado Trail Grille
Liberty Tax & Duty Free
McDonald's
Mesa Verde Restaurant
New Belgium Spoke
Newsstand
News Travels
Panda Express
Quizno's Sub
Radio Road/Fly Babies
Schlotzky's
Spirit of the Red Horse

Kiosks/stands

I haven't visited or purchased anything from any restaurants/shops in Concourse A today. **[SKIP to Q15]**

I have visited restaurant/shops in Concourse A but don't remember which ones. **[SKIP to Q15]**

I have made purchases from restaurant/shops in Concourse B but don't remember which ones.

[IF INDICATED CONCOURSE B IN Q12]

Q13b. From the list below, please select the restaurants or shops in Concourse B that you have **visited** or **purchased** something from today. For each restaurant/shop that you visited, please select the "Visited" box next to it. For each of the restaurant/shops that you also purchased something from, please also select the "Made purchase" box.

Select all that apply.

Bella
Ben & Jerry's Ice Cream
Blue Wire
Bose
Brookstone
Candy Shoppe
Cantina Grill
Caribou Coffee
Coffee Beanery
Colorado Collection
Colorado Limited
Colorado Sports Bar
Columbo Frozen Yogurt/
Sara Lee Sandwich Shop
Connections
Crocs
Cru Wine Bar
Domino's Pizza
Duty Free
Gifts in Flight/Connections Made EZ
Heidi's Brooklyn Deli
Hudson Booksellers
Hudson News
I-Tech X-Perience
Itza Wrap! Itza Bowl!
Jamba Juice
Jet Pets Boutique
Johnston & Murphy
Lefty's Mile High Bar & Grill
Lounge 5280 Wine Bar
McDonald's
New Belgium Hub
Pizza Hut Express/Haagen Daz
Pour La France!
Que Bueno! Mexican Grill
Quiznos Sub
Rocky Mountain Chocolate Factory
Rocky Mountain Coffee Café
Starbucks Coffee

Kiosks/stands

I haven't visited or purchased anything from any restaurants/shops in Concourse B today. **[SKIP to Q15]**

I have visited restaurant/shops in Concourse B but don't remember which ones.

I have made purchases from restaurant/shops in Concourse B but don't remember which ones.

[IF INDICATED CONCOURSE C IN Q12]

Q13c. From the list below, please select the restaurants or shops in Concourse C that you have **visited** or **purchased** something from today. For each restaurant/shop that you visited, please select the "Visited" box next to it. For each of the restaurant/shops that you also purchased something from, please also select the "Made purchase" box.

Select all that apply.

Body Shop
Caribou Coffee
Colorado Limited
Connections Made E Z
Dazbog Coffee
Einstein Bros. Bagels
Gifts in Flight
Hudson Booksellers
Hudson News
Lefty's Front Range Grille
McDonald's
Newsstand
Rock Bottom Restaurant & Brewery
Smokin' Bear Lodge
TCBY
Tamales by La Casita
Timberline Steaks & Grille
Villa Pizza
Vino Volo
Way Out West
Woody Creek Bakery & Café

Kiosks/stands

I haven't visited or purchased anything from any restaurants/shops in Concourse C today. **[SKIP to Q15]**

I have visited restaurant/shops in Concourse C but don't remember which ones.

I have made purchases from restaurant/shops in Concourse C but don't remember which one.

[IF INDICATED IN Q13a, Q13b, or Q13c THAT MADE PURCHASE]

Q14. Which of the following products did you purchase in this concourse today?

[RANDOMIZE, EXCEPT OTHER]

Snack
Meal
Non-alcoholic beverage
Alcoholic beverage
Luggage
Electronics
Electronics accessory
Beauty or personal care product
Jewelry
Men's clothing
Women's clothing
Children's clothing
Western clothing
Fashion accessory
Gift
Duty free item
Newspaper/magazine
Book
Art
Toys
Other (please specify): ________________

Q15. Have you **visited** any restaurants/shops in any other concourse or in the terminal today?

Select all that apply.

Yes, in the terminal.
Yes, in a different concourse. Which concourse? _____________
No

Q16. Have you made any purchases in any other concourse or in the terminal today?

Select all that apply.

Yes, in the terminal.
Yes, in a different concourse. Which concourse? _____________
No

Perceptions

Q17. In terms of **restaurants or dining options**, were you able to find **exactly** what you were looking for in this concourse?

Yes **[SKIP to Q19]**
No
I wasn't looking for anything in particular. **[SKIP to Q19]**

Q18. What were looking for that you were unable to find?

____
____
____

Q19. In terms of **newsstands/bookstores or products**, were you able to find **exactly** what you were looking for in this concourse?

Yes **[SKIP to Q21]**
No
I wasn't really looking for anything in particular. **[SKIP to Q21]**

Q20. What were looking for that you were unable to find?

____
____
____

Q21. In terms of **retail shops or products**, were you able to find what you were looking for in this concourse?

Yes **[SKIP to Q23]**
No
I wasn't really looking for anything in particular. **[SKIP to Q23]**

Q22. What were looking for that you were unable to find?

____
____
____

Desires

Q23. We are interested in your thoughts about future **restaurant and dining options** at DIA. Using the table below, please indicate the types of restaurant and dining options that you would like DIA to add in the future. Please indicate both the type of cuisine *and* the style of restaurant below. For example, if you would like DIA to add a fine dining Thai restaurant, you would select cell #24 below. You can select as many or as few cells as you'd like.

Select all that apply.

[RANDOMIZE CUISINE TYPES, EXCEPT OTHER]

	Restaurant style			
Cuisine type	**Pre-packaged grab & go**	**Fast food/ carry out**	**Casual sit-down**	**High-end fine dining**
Steakhouse/grill				
Hamburgers/hot dogs				
Pizza/Italian				
Mexican				
Chinese				
Thai				
Japanese/sushi				
Ethiopian				
Mediterranean				
Coffee/tea shops				
Bakery/Pastry shops				
Chocolatier/candy shops				
Ice cream/frozen yogurt				

Other(please specify): ______________________________

Q24. To what degree do you agree with the following statements about future **dining options** at DIA? For each statement below, use the drop down box to rate how much you agree with it on a scale from 0 (completely disagree) to 9 (completely agree). If you don't have an opinion, select "N/A."

[RANDOMIZE]

DIA should add more Colorado-based restaurants that highlight the local cuisine.
DIA should add more national chain restaurants that people recognize.
DIA should add more family-friendly restaurants that both adults and children can enjoy.
DIA should add more healthy — that is, low calorie, low cholesterol, and low fat — dining options.
DIA should add more affordable dining options.
DIA should add more high-end restaurants that focus on elegant, fine dining.
DIA should add more fresh and organic dining options.

Q25. Are there any specific restaurants or restaurant chains that you think DIA should strongly consider adding?

[NO CODING]

Type up to 5.

____
____
____
____
____

Q26. If DIA were to add more **retail or shopping** options, what types of stores would you most like DIA to add? For each type of store below, use the dropdown box to rate how much you would like DIA to add it on a scale from 0 (would definitely not like DIA to add) to 9 (would definitely like DIA to add). If you don't have an opinion, select "N/A."

[RANDOMIZE, EXCEPT OTHER]

Store type	
Book stores	
News or magazine stands	
Cosmetics/personal items stores	
Convenience stores	
Electronics stores	
Music stores	
Pharmacies	
Barber shops or hair salons	
Clothing stores	
Shoe stores	
Sports apparel stores	
Day spas or massage parlors	
Toy stores	
Movie rental stores	
Jewelry stores	

Other (please specify): ________________________

[IF SELECTED "CLOTHING STORES" IN Q26]

Q27. We are interested in the types of **clothing stores** you think DIA should add in the future. Using the table below, please indicate the types of clothing stores that you would like DIA to add in the future. Please indicate both the type of clothing and the price point below. For example, if you would like DIA to add a high-end women's clothing store, you would select cell #6.

	Price point		
	Discount (such as T.J. Maxx)	**Mid-range** (such as J. Crew)	**High-end/ designer** (such as Michael Kors)
Men's clothing	1	2	3
Women's clothing	4	5	6
Children's clothing	7	8	9

Other (please specify): ______________________________

Q28. To what degree do you agree with the following statements about future **retail and shopping options** at DIA? For each statement below, use the dropdown box to rate how much you agree with it on a scale from 0 (completely disagree) to 9 (completely agree). If you don't have an opinion, select "N/A."

[RANDOMIZE]

DIA should add more Colorado-based stores that highlight local merchandise.
DIA should add more national chain stores that people recognize.
DIA should offer more family-friendly stores that offer products for both adults and children.
DIA should offer more high-end stores that offer designer products.
DIA should offer more affordable shopping options.

Q29. Are there any specific stores or store chains that you think DIA should strongly consider adding?

[NO CODING]

Type up to 5.

____
____
____
____
____

Demographics

Q35. What is your total household income from all sources?

Select only one.

Less than $25,000
$25,000 - $49,999
$50,000 - $74,999
$75,000 - $99,9999
$100,000 - $149,999
$150,000 - $200,000
More than $200,000