



# THE TIMES OF INDIA

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## Airport retail biz hits \$1b revenue

Samidha Sharma | TNN

**Mumbai:** The country's airport retail business topped \$1 billion in revenues during 2011, on the back of robust growth in passenger traffic and more people shopping on the go, according to a boutique retail consultancy. Airport retailing is growing at 17-18% annually, emerging as a viable platform for retailers and operators of the new airports, says Bangalore-based consulting firm Asipac Projects. Beauty, personal care, alcohol and tobacco emerged as the top three categories in the duty-free section, while food & beverage, books, periodicals and stationery took the top spot within the duty-paid segment.

Globally, airports registered approximately \$43 billion in sales, with the likes of London Heathrow and Seoul's Incheon being the most lucrative ones.

"Airport stores are twice as productive for us compared to stores outside, in terms of sales per sq ft, though operational costs go up substantially at airports. Internationally, sales per



### FLYING OFF THE SHELVES

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- ▶ Global airport retail sales near \$43 billion – London Heathrow and Seoul's Incheon most lucrative

sq ft are four to five times more compared to street stores at some of the busiest airports. We have a long way to go to reach those numbers," said Dipak Agarwal, chief executive (operations and strategy), DLF Retail, which runs retail stores like Mango and Boggi Milano at Delhi's IGI Airport.

The Delhi domestic-cum-international terminal (T3) has a retail area of around 2 lakh sq ft and built to tap the potential of retail revenues.

No wonder airport operators like GMR and GVK, who started off with exorbitant rental rates, are now moving towards a revenue-share model. Malls still work on a per-sq-ft

rental model, with the exception of a few. "Rentals were too high in the beginning. Therefore, the revenue-share model works better. It is like a win-win situation for both parties," said Anuj Puri, chairman and country head, JLL India, a real-estate consultancy.

While many retailers shut down some of their airport stores as rentals did not justify sales, others stuck to these stores as a great branding tool. "We have been drawing three to four times more sales from our four stores in Mumbai and Delhi airports compared to outside stores. In fact, we are doing better in Mumbai," said Shashi Kapoor of Parcos, which sells

fragrances, cosmetics and skincare.

What retailers point out is that the positioning of stores is important for the store's success at airports. This is where an airport like Bangalore scores despite being no match in size and scale to Delhi. That, coupled with the fact that it is on the outskirts of the city, adds to its retail section's success. "Flyers hang around more at an airport like Bangalore as it is far away from the city. Also, shopping at airports in India has a novelty attached to it, considering it is a new concept for us," said Amit Bagaria, chairman & CEO of Asipac Projects.

As a result of passengers spending more time at airports and a lot of on F&B (food and beverages), Blue Foods which operates restaurant chains like Copper Chimney and Noodle Bar, besides many others, launched a separate subsidiary Travel Food Services (TFS). The company has an airport franchisee with over 30 brands, including McDonalds, Dominos, The Coffee Bean & Tea Leaf, Baskin Robbins and Café Coffee Day.