

AIRPORT PARKING

INCREASING MARKET SHARE & REVENUE

Airports can realize a significant increase in revenue by marketing to patrons of private off-airport parking facilities.

Public parking is one of the largest revenue sources for airports but the potential is often not fully realized because private off-airport facilities capture a significant portion of the airport related parking revenue. Private off-airport parking facilities often capture as much as 30% or more of airport related parking revenue.

During the 1990's, Airports were not concerned with the growth of private off-airport parking because they were focused on trying to keep up with the increasing on-airport parking demand. Almost every airport in the U.S expanded their parking system by developing multilevel park-

ing structures, remote shuttle lots or both.

The recent decline in airline passenger activity has resulted in a decline in on-airport parking demand. Many of the airport parking spaces are underutilized and parking revenue is

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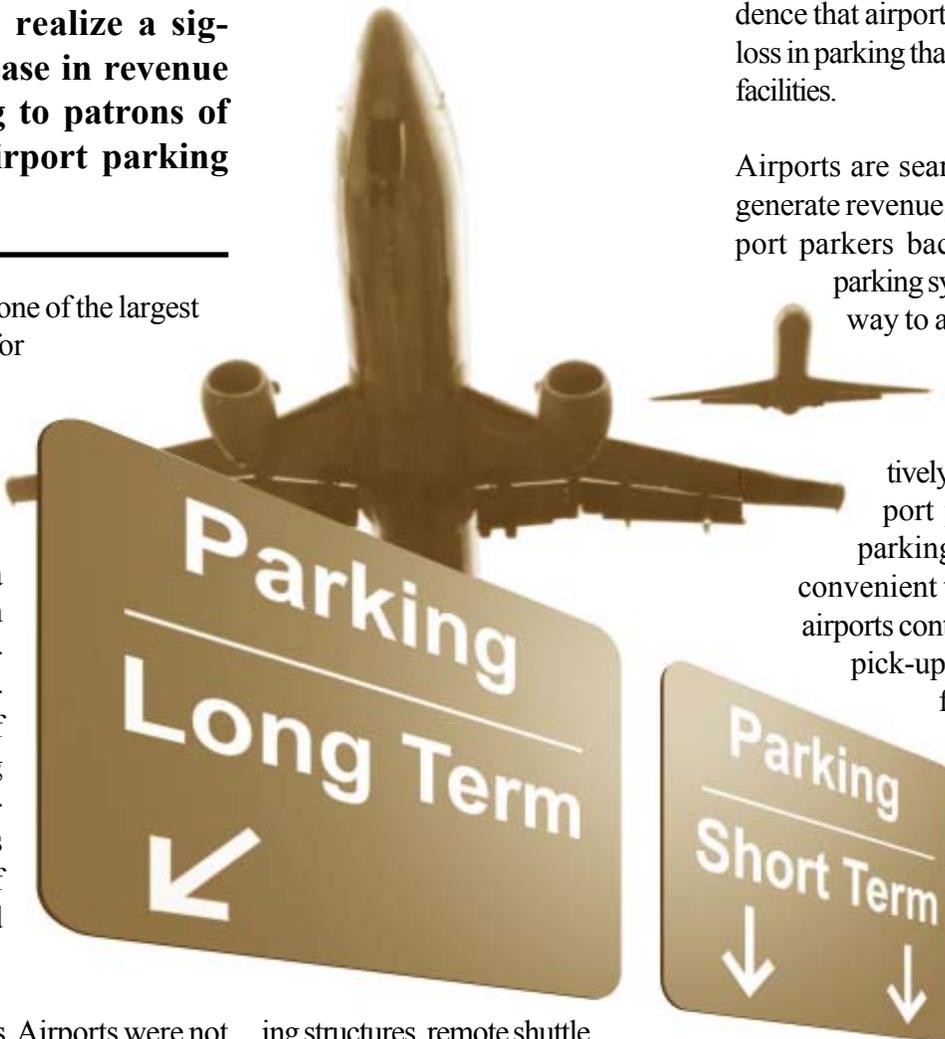
down. There is also anecdotal evidence that airports suffered a greater loss in parking than private off-airport facilities.

Airports are searching for ways to generate revenue, and luring off-airport parkers back to the airport's parking system is an excellent way to accomplish this objective. Airports are well positioned to compete effectively with private off-airport providers. Airport parking spaces are more convenient to the terminal and airports control both access and pick-up/drop-off locations for private off-airport facilities.

A successful effort to increase airport parking revenue will consist of four basic components;

1. Customer Service Enhancements
2. Parking Rate Adjustments
3. Space Reallocation
4. Marketing and Promotion

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1 CUSTOMER SERVICE ENHANCEMENTS

Typically, when off-airport parking patrons enter a parking facility they are greeted by an attendant and directed where to park. A shuttle bus is dispatched to pickup the patron at their parked car. This compares to the typical remote airport-owned parking facility where patrons are required to walk, with luggage, to a collection point where a shuttle bus picks up the passengers. In order to compete effectively with private off-airport operators, Airports must provide a similar level of service. Operating expenses will increase due to increased busing costs, but increased utilization should more than offset these costs.

2 SPACE REALLOCATION TO MEET DEMAND

Typically, airports provide three types of parking; short term parking adjacent to the terminal, premium long term parking within walking distance of the terminal, and economy parking where parkers are shuttled from remote parking lots. All of these parking facilities should be carefully monitored to determine the utilization characteristics. A physical plan should be developed to reallocate spaces in order to get greater utilization for the most convenient spaces and accommodate parkers lured from private off-airport parking facilities.

SHORT TERM PARKING

New security regulations do not allow meeters and greeters to accompany airline passengers to gate holding

areas. Some airports have seen a marked decrease in the number of short-term parkers. Since occupancy has decreased as much as 30% or more, space dedicated to short-term parking should be down-sized, and the available spaces should be allocated to premium short term parking.

LONG TERM PARKING

The decline in parkers has reduced the number of long-term parkers willing to pay premium prices to park within walking distance of the terminal. This is partially due to the decline in the number of business travelers who typically frequent this parking category. If possible, the least desirable long-term parking spaces should be converted to economy parking to compete with private off-airport parking facilities.

ECONOMY PARKING

In order to attract parkers from private off airport lots, the airport must have a plentiful supply of economy priced parking. The airport should be able to absorb 20% to 30% of the private off-airport demand with a successful marketing program.

3 PARKING RATE ADJUSTMENT

Off-airport parking lots have been successful in part because they offer a low cost alternative to on-airport parking. In addition to improving customer service in the Economy Parking lots, the key to effectively competing with private off-airport parking lots is to price at or preferably below the off-airport market. If the Airport provides a lower cost alternative at the same

level of service, these cost conscious parkers will migrate over to the airport's parking system. One concern might be that this tactic could backfire and also attract parkers from the airport's premium long-term lot. Our experience suggests that premium long term parkers that would leave the long term lot in search of less expensive parking have already left and the remaining parkers are willing to pay the higher price for the higher level of service.

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4 MARKETING AND PROMOTION

Parking at airports is a big business. The parking infrastructure often represents a capitol investment in the hundreds of millions of dollars. Promotion of the parking program is critical. Airport parkers are creatures of habit and reluctant to alter their parking behavior. Once a parking marketing program is adopted, the plan should be extensively promoted to patrons of the private off-airport parking facilities. Our experience suggests it will take three to four months for parkers, in significant numbers, to move to the airport's parking system.

SUMMARY

A successful parking marketing program designed to lure patrons of private off-airport parking facilities back to the airport parking system has the potential to provide airports with millions of dollars in additional revenue. All Airports are different and the details of a parking marketing plan will naturally vary from Airport to Airport. However, the basics of the approach described here address the fundamental areas that should be included in any successful marketing program. There are few airport initiatives that have the potential, in this difficult environment, to yield comparable economic benefits. ■



David Albersman
President

David J. Albersman leads Albersman & Armstrong's airport parking and landside planning efforts. He has more than 25 years of experience in planning and economics and has worked at over 40 U.S. airports.

Dave is currently working on landside consulting assignments in Providence - Rhode Island, Fort Myers and San Antonio. He is a Bush Leadership Fellow and holds the degree of Bachelor in Architecture from the University of Minnesota and a Master of Public Administration from Harvard University.

He can be contacted at our Minneapolis office or by e-mail (dalbersman@offcenters.com).

Albersman & Armstrong, Ltd. was one of nine award winning entries in an international design competition for a riverfront adaptive reuse project in downtown Saint Paul. The competition was sponsored by the Saint Paul Riverfront Corporation. Two hundred and twenty entries were received from firms represented by 17 foreign countries and 26 U.S. States.

Albersman & Armstrong's entry featured a transparent stainless steel structure resembling the grain silos that were once part of the original 20th century building. The structure would be illuminated at night thus providing an artistic light sculpture representing the "ghostly" effect of silos.

"GHOST OF THE PAST" WINS INTERNATIONAL DESIGN COMPETITION AWARD

