

PARKING PERKS

Services, Amenities Generate Massive Revenue For Airports



By Andrew Tellijohn

Indianapolis International (IND) expects to bring in \$30M in revenue this year from its parking facility, more than it will take in from food, beverage and retail combined. Airport officials expect to see that number go up by as much as one-third or more in years ahead when IND's new 5,900-space parking garage opens with the new terminal building.

In fact, there will be so many more spaces available that IND officials are expecting \$40M or more in parking-related revenue, even after dropping the maximum rate to \$16 for a full day – about 27% less than what is charged in the current building.

"We will maximize revenue by pursuing a majority of the market share, some of which is currently diverted to commercial operators operating on properties that are adjacent to the current airport campus," says Susan Sullivan, a spokeswoman for the airport. "Since the new airport will offer about three times more parking than the current location supports, there will be less need for passengers to utilize commercial parking services that are off-site and shuttle passengers to and from the airport."

Pricing Parking An Issue Everywhere

IND isn't the only airport pondering its pricing structure. **Southwest Florida**

Southwest Florida International opened new short- and long-term parking structures three years ago. The airport is now re-evaluating its pay rates to determine whether changes would even out demand between the two facilities. Officials say it's a balancing act between maximizing revenues and not angering local citizens and politicians.

International (RSW), which opened a new short-term parking garage and long-term parking lot three years ago, had left its prices at \$18 per day and \$12 per day, respectively.

But although airport officials think the rates are fair, they have also noticed that the short-term garage isn't being utilized as much as the long-term lot. That adds costs, as travelers who use the long-term lot must be bused to the terminal.

The airport is now working with **Albersman & Armstrong Ltd.** to evaluate how they might even out demand for both facilities, says Ben Siegel, division director of administration at RSW.

"It's an important balance that needs to take place," he says, adding that the airport doesn't want to alienate the community or its local politicians. But it also needs to consider the need for non-airline revenue and maintaining a competitive rate structure for airlines serving the area. Together the parking facility is expected to generate about \$14M in revenue this year.

"What you don't want is one of your lots

being significantly underutilized," Siegel says. "If we can shift some of these passengers to the short-term garage without overburdening our short-term garage, it would make sense to do that."

Dave Albersman, president of Albersman & Armstrong Ltd., says these are battles every airport faces these days in an effort to maximize their revenues. One strategy for doing so is identifying ways of competing with off-airport locations by providing better service, he says. Another is charging a higher amount for a longer time increment – \$3 per hour rather than \$1 for 20 minutes – because while it might register the same in the passenger's mind, the airport can collect more revenue because many people cycle out faster, Albersman says.

Membership Parking And Reserving Spots

Although fresh infrastructure is nice, many airports are finding that even greater benefits can arise from catering to premium travelers. As the need for non-



ABOVE: The new Indianapolis airport comes with a new parking structure that has 5,900 spaces. It's so big that airport officials determined they could lower the maximum daily rate from \$22 to \$16 and still make more revenue than was provided by the old parking facility.

RIGHT: Between 150 and 160 people use the valet services at Dallas/Fort Worth International each day.



airline revenue increases, airports are being more and more creative and aggressive in these efforts.

Detroit Metropolitan Wayne County (DTW) expects later this year to launch Select Park, a program by which customers can go online and reserve specific parking spots within an area of its parking decks at the McNamara Terminal.

When they arrive at the airport, those travelers will go to the Select Park area, where an attendant will point them to the spot they reserved. Details are being worked out, but spokesman Scott Wintner told ARN the spaces will be strategically located near terminal entrances, check-in counters and security areas – and travelers will pay a premium for the service.

“We’re the only airport in the country where you will soon be able to reserve a specific spot online,” he says, adding that DTW will likely expand the program to the Blue Deck opposite the soon-to-open North Terminal sometime in 2009. “There

are people who have the money for whom spending a little money for some convenience is worthwhile.”

Airport officials began considering such options when they briefly floated the notion of shutting down a valet parking program. Feedback from users of that program, Wintner says, indicated that they counted on the service and would continue using it even if the airport decided to increase the fee.

“It’s always been a one-size-fits-all approach,” Wintner says. “There is a huge market for people who are willing to pay for extra conveniences.”

Officials at **Hartsfield-Jackson Atlanta International** (ATL) are counting on reaching the same upscale market. The airport last month introduced its Silver Reserve Parking Lot, which targets frequent flyers and offers 1,300 guaranteed parking spaces 24 hours a day.

The Silver Lot joins ATL’s Gold Lot program as part of the airport’s Parking

Revenue Control System, a \$22M project aimed at improving efficiency at the world’s busiest airport, according to the Atlanta Business Chronicle.

The overall system includes 42 electronic payment stations for motorists and 35 new express credit/pre-paid exit gates across all airport lots, an effort to reduce waits.

“Our driving force and inspiration in these improvements is making the experience more convenient, efficient and pleasurable for the 6 million people who park in our lots annually,” General Manager Ben DeCosta told the Chronicle.

Valet Parking In Dallas

The same concept is in place at **Dallas/Fort Worth International** (DFW), where airport officials have created five tiers of parking, ranging from a \$7 daily charge for economy lots a ways from the airport to \$21 a day for premium spots.

The airport recently inked a three-year deal with Irvine, Calif.-based Parking Concepts Inc. to establish an official valet parking program.

The airport already has three companies providing valet service but they are not doing so as an official partner of DFW. The arrangement with Parking Concepts allows the airport to have its own branded partner.

“One of the things we try to do is make sure we have a portfolio of products that meet the needs of all the consumers,” says Ken Buchanan, executive vice president of revenue management. “We introduced valet for a number of reasons, but one of them is we are a heavily business traveled airport. ... A lot of our passengers wanted a higher-end service.”

Passengers who park off airport with The Parking Spot get complimentary newspapers when they drop off their vehicles. They then climb aboard leopard-spotted buses that take them the short distance to the airport. The company says its services include reducing congestion at airports by lowering the number of vehicles trying to find places to park.

Tom Gill, owner of a Florence, Ky.-based Chevrolet dealership, mingles with a dozen finalists who entered a contest at Cincinnati-Northern Kentucky International to win a car. Gill donated the car as part of a promotion CVG ran to raise awareness of its short- and long-term parking operations.



The program started in March. On the first day, 51 people used the service and now about 150 to 160 a day use it, says Dean Ahmad, DFW's assistant vice president of parking.

Valet parking will increase revenue for DFW because the partnership calls for a minimum annual guarantee in revenue plus a percentage of sales. The airport collects 8% of gross sales from the non-partnered valet providers.

DFW also increases its revenue by providing coupons and discounts to travelers to sample a lot closer than the ones at which they would typically park. Oftentimes, once they have tried the upgraded product, they will come back on future visits.

"During peak parking periods, our lots will fill up," Buchanan says. "If we are able to offer them an opportunity to move up to valet parking at reduced or comparable rates, many customers will take us up on that."

There are no new parking ramps at **Cincinnati-Northern Kentucky International** (CVG), either. But airport officials decided to try to increase utilization of existing spaces by more aggressively branding and marketing them. One dramatic example came through a partnership with a local auto dealership that provided CVG with a car. For six months, that vehicle sat in the terminal while anyone who could produce a parking receipt dated between Oct. 1, 2006, and April 8, 2007, could submit an entry for the car giveaway drawing.

"Anyone who passed by got to see how to enter," says Dale Huber, deputy executive director.

The airport hosted a drawing each week and each finalist received a key. The one with the key that started the car won it. Huber says the downturn in traffic during the year makes it difficult to determine whether the promotion helped, but it did raise awareness of CVG's parking options.

"It gave us notoriety," he says.

Companies Helping Airports Out

One firm providing passengers with assistance in parking their cars and getting to the airport is **The Parking Spot**, a 10-year-old company with 19 facilities at 12 airports across the U.S. including ATL, DFW and **Dallas Love Field** (DAL), both

Porta-King has been supplying airports and other industries with parking kiosks and booths for 40 years. As technology has improved, the company has begun introducing additional facilities, such as weather shelters for valet parkers or guard facilities raised on platforms that allow employees to guard their facilities rather than collect payment.



major Houston airports and **Los Angeles International** (LAX).

Guests of The Parking Spot receive a complimentary newspaper when they arrive. They are offered covered or uncovered parking – even valet in some locations. They get picked up at their spot, which is generally between a quarter mile and five miles away from the terminal, by a yellow-and-black spotted shuttle bus that runs every five to seven minutes.

"It's a very short shuttle ride," says Mark Wildman, vice president of marketing.

The company provides a service to passengers, who can park their cars away from crowded airports and not worry about getting caught up in congestion – and for a lower price, he says. They also benefit from frequent shuttles rather than having to wait for buses that only run a few times an hour and might make multiple stops, he adds.

The Parking Spot, Wildman says, also serves the airports by reducing congestion and clearing space for people who need to park closer.

"We're taking cars off the road that otherwise would be driving to the airport and taking up road space," he says. "On the capital side ... one of the things we do is allow airports to defer capital spending to build more parking."

The Parking Spot pays airports a per-shuttle fee.

"What we provide is another choice for air travelers," Wildman says. "In addition to getting a parking space like they get at the airport, with us they don't have to drive around and around looking for a spot."

Passengers can participate in a "spa club," fashioned much like an airline frequent flyer program. And, Wildman adds, upon their return, passengers are given a chilled bottle of water.

The company hopes to have 23 or 24 locations at top 40 airports by sometime next year.

"It takes time to get the right real estate at the right price," Wildman says.


Porta-King Producing Parking Kiosks

With the upgrade in recent years of airport parking technologies comes the need for improved facilities for employees to monitor airport passengers. One firm that has evolved during the past decade is **Porta-King Building Systems**, which has long been providing parking booths and pedestrian and valet shelters where travelers can wait for their limousines and shuttle buses.

The company started 40 years ago providing airports and other industries with one-person parking structures, and the pre-assembled kiosk or booth is still Porta-King's primary product. But in recent years, with electronic pay technologies coming along, the company has begun manufacturing items such as guard booths on platform stands where employees can do more observing than actual fee collection, says Gregg Pearlstone, vice president of sales for Porta-King.

"We have a great deal of experience at both international airports and regional airports where we have supplied those structures," he says.

At ATL, for example, Porta-King provided basic attendant booths and shelters for shuttle services, which are larger and more modular. In other locations, the company has done combination buildings that can function for all of those purposes.

"It's all in one controlled, secure area," Pearlstone says. "These are large areas, and they want to make sure they are secure." 

We'd like to hear your opinion about this article. Please direct all correspondence to Andrew Tellijohn at andrew@airportrevenue.com.