

Car parking gets creative in the digital space



Competition ranging from better public transport connections to ride-hailing apps are making stakeholders in airport car parking more creative in the way they deliver services. Kevin Rozario investigates.

Car parking is the unglamorous cousin of glitzy airside retail in the world of airport commercial income. Yet this far less-publicised segment can account for up to 40% of non-aeronautical revenue in a region like North America and averages out globally with a 22.9% share (source: 2016 ACI Airport Economics Survey based on 2015 data). That is second only to retail concession revenue at 26.5%.

The regional variation in share – for example it drops to 9.5% in Asia Pacific – reflects several factors. Cranfield University’s Senior Lecturer in the Centre for Air Transport Management, Rich Moxon, tells The Moodie Davitt Report: “In North America, there is a high proportion of car ownership and usage, hence the high demand for car parking. Also, as airports privatise more – which is often not the case in Asia – they must wash their faces financially, so there is a much greater focus on car parking revenue.”

Concession Planning International Australia Managing Director Susan Gray adds: “We have several airport clients for whom parking is the single biggest revenue source, and by far the most important part of their commercial business.

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Car parks and their associated fees are



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therefore important to airports, but to differing degrees depending on the location. However, their evolution – in a time of better transport links or alternative services like Uber and Lyft – is being carefully managed.

At London Heathrow, 4% of total income comes from car parking but it jumps to 7.3% of the operating revenue at Los Angeles International. For Heathrow, one of its main constraints

is less about competing apps, but lack of space which presents a challenge of how to manage it versus the demand that is there.

A Heathrow spokesperson says: “All our facilities are within the airport boundary, and under planning conditions we are limited to a maximum number of spaces. We must ensure we maintain the best parking service; frequent shuttles, friendly



strategy that will bring automation and digital access to our parking facilities and will allow us to optimise our capacity and revenue across all airport parking facilities.”

Dynamic pricing moves forward

Such optimisation is well established in other parts of the world. It often means that the price to park varies depending on demand – just as with a plane seat, and travellers seem to accept this at the airport.

“There is now much more sophisticated revenue management – like the airlines – and the price for parking in space x or y over a period will vary significantly. If you turn up on the day you could pay a great deal more for it. Hence most people book in advance,” says Moxon.

Gray comments: “Airports which implement an appropriate yield-management system for their parking facilities can deliver good value, while still generating solid returns to the airport. Matching capacity to customer volumes to maximise occupancy, influence parking product choices, and dynamically manage revenue, is the ultimate goal with yield management.”

Technology is driving change in the car parking business and it has played a major role in tapping extra or new demand for both booking platforms and operators over the past year. Mark Pegler, Managing Director at ParkCloud, an online parking reservation service that lets drivers book a parking space in advance, comments: “For an online business, 12 months is a lengthy period, with technology and consumer demand changing all the time.

“We focused on our own technology platform in 2017, to better cater for the only growing device segment: mobile. Tablet usage has plateaued, and desktop is starting to shrink. We are making mobile a better experience and trying to get to the point where we



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always present the right car park for a customer, first time.”

ParkCloud, founded in 2008, has expanded from one country to over 40 in that time and saw strong year-on-year growth in 2017.

Meeting rising passenger expectations

Australian parking payment solutions provider Advam points to the ascent of ride sharing and rising customer expectations across the whole ‘journey experience’ as key developments last year – although most car parking players say ride hailing apps generally affect taxi operators more.

Advam Head of Marketing and Global Communications Clare Briggs tells The Moodie Davitt Report: “There has been a definite shift in airports wanting to work with us, to look at how they can incorporate ride share into their passenger parking/transport business, without causing a negative impact to the existing taxi and limo services.

“With the increase of online self-

staff, good security monitoring and innovative technology.”

In Los Angeles the view is a little different. “Changes in technology and competing transportation options have created more alternatives to public parking, but the real impact on future revenue is unclear,” says a spokesperson.

“We are embarking on the development of a ‘smart parking’

service for everything from online banking to ride share and food delivery apps – people are becoming used to the experience. Parking needs to be the same. Our clients are continually looking at ways that they can improve the customer experience, using membership and loyalty programmes.”

The large German-based car parking group APCOA grew by double-digits overall in 2017, with the airport sector providing single-digit growth. At the end of the year the company added several new sites at Scandinavian airports to its portfolio, pushing its locations across Europe to 58 (or nearly 200,000 parking spaces).

APCOA sees a big future for its Traffic Management System currently installed at Berlin’s Schönefeld Airport. “It helps to coordinate taxi traffic as well as forecourt management, while air travellers benefit from more convenient transport to and from the airport with reduced waiting times,” says a spokesperson. The airport also gains from reduced CO₂ emissions – an aspect that is central to the planning of ground transportation.

Chantry, another online parking provider, has been pre-booking airport spaces for at least three years with transactions up by +11%, and a +13% increase in revenue. The best performers are Canada, Australia and New Zealand with a +20% increase in parking transactions.

CEO Theresa Hughes says: “We are now seeing US airports adopting online booking although the parking charges are still very flat and US airports are mainly selling at the gate rate or at the gate rate plus a booking fee. This means the airports don’t have the strong customer proposition that many of the off-airport car parks have.”

Nevertheless, the region is gradually modernising. In May 2015, LAX operator, Los Angeles World Airports

How to avoid things going wrong

Concession Planning International Australia Managing Director Susan Gray offers The Moodie Davitt Report her frank views on some key issues facing airports and car parking stakeholders.

“Car parking should be addressed commercially as part of an overall ground transportation strategy,” says Concession Planning International Australia Managing Director Susan Gray. “For example, if an airport has poor, infrequent or expensive rail access – sometimes all three apply – it is appropriate to have a parking pricing strategy that delivers cost-effective options as part of a tiered pricing model.

“The impact of car parking on the overall perception of the airport cannot be underestimated. We still see airports charging obscene amounts for short-term parking without providing a level of service to justify the cost or giving customers realistic cheaper alternatives.

“Some airports completely miss the mark with regards to the quality of the experience and the value for money offered. This is very damaging for the airport’s reputation and does nothing to improve the image of the broader airports industry.”

On pricing strategy, Gray adds: “Parking customers cannot be classified into the same groups that an airport may use to develop its commercial strategy for retail and F&B. Car parking customer segments are dissimilar to shopping segments; motivators and behaviours for using car parking are different to those for shopping or dining.

“Car parking needs a tailored approach and is, in fact, very specialised. If an airport has a significant car parking



business this revenue stream should have a dedicated internal resource that understands the market.”

An internal resource can, for example, ensure better car park positioning when master-planning (or during expansion/development), especially when costly multi-level car parks are involved. “Airports can charge a premium for a multi-level car park. But only if it is close to the terminal, easy and quick to access and has covered walkways etc.,” notes Gray.

But even if these are built, budget-cutting key ‘vertical circulation’ can compromise the project. “There are some airports which have built impressive new facilities with totally inadequate lifts and escalators to service the passenger volumes in busy periods. This impacts the passenger experience and contributes to the sense that the airport is ‘ripping off’ customers,” she warns.

installed a Zeag Parking Access & Revenue Control System (PARCS), with a traditional in-lane cashier set-up. But for employee parking, there is now online permit purchasing.

“Airports which are not delivering a range of car parking products via their website are missing an opportunity,” believes Gray. “The car parking offer is often a driver of traffic for those

Distribution of non-aeronautical revenue by region (% of total non-aeronautical revenue*, 2015)

Region	Retail concessions	Food and beverage	Car parking**	Rental car concessions	Advertising	Fuel and oil	Aviation catering service	Utility recharges	Property and real estate revenue or rent	Other non-aeronautical revenue***
Africa	33.4%	1.5%	13.7%	6.3%	6.8%	2.7%	0.2%	5.5%	18.7%	11.2%
Asia-Pacific	31.3%	4.5%	9.5%	1.2%	5.8%	1.8%	0.9%	5.1%	25.4%	14.5%
Europe	33.4%	6.0%	19.7%	3.2%	2.9%	1.1%	0.2%	3.8%	16.9%	12.9%
Latin America-Caribbean	39.4%	7.6%	10.8%	3.2%	5.5%	4.9%	0.7%	1.2%	6.6%	20.1%
Middle East	55.0%	4.6%	8.5%	0.9%	2.8%	3.8%	1.0%	3.4%	11.1%	8.8%
North America	9.5%	7.2%	40.4%	18.8%	0.8%	2.9%	0.0%	0.0%	5.8%	14.6%
World	26.5%	6.1%	22.9%	7.6%	3.1%	2.2%	0.4%	2.7%	14.4%	14.2%

* Excluding ground handling concession revenues

** Car parking revenue includes revenue from airport-operated parking lots and car parking concessions revenues.

*** Other non-aeronautical revenue includes revenue from other unspecified concessions, revenue from other unspecified activities undertaken by an airport and other unspecified non-aeronautical activities.

Source: ACI Airport Economics Survey (2016)

airports who do commercialise their website. It can be the revenue stream that forms the basis of a business case for an online strategy." [This is a topic discussed in further detail on page XXX with AeroParker CEO Jon Keefe]

All the companies The Moodie Davitt Report spoke to were of the view that digital technology and 'intelligent' car parking were extremely important developments at airports. They are both streamlining and personalising the parking experience and heading in the direction of a unified menu of wider services.

Pegler explains: "Consumers no longer want numerous booking references and touch points – they want a fast, stress-free experience that integrates as many touch points as possible across one interface. This leads to

where the opportunity lies for generating extra revenue: utilising consumer appetite for a convenient one-stop solution to provide relevant add-ons."

Car parking is gradually moving in step with the wave of digitalisation. Briggs at Advam says: "What is going to change is how this technology not only makes it easier for the consumer, but what the operator does with the information that they can acquire.

"Big Data has been a buzz word for a long time, but the next few years will see it come into play in the airport parking industry – from forecasting occupancy and improving yield, to looking at customers as individuals and how best to engage with them."

Chantry's Hughes points to an increased level of personalisation. "It's

all about the customer – making the experience personal to them from the moment they search for parking right through to when they leave the car park. The experience needs to be joined up so that everyone involved in the supply chain has the same, single view of the customer, what their buying habits are and what their preferences are."

APCOA's spokesperson notes: "Customers and their cars will be recognised by the car park, making the process quick and easy.

"As part of the Smart Cities movement, traffic management systems, car parks becoming mobility hubs for electric cars, car sharing and logistics (for example the delivery of parcels to your car while you are gone) will all be driving factors in the future." This future is not far off at all.