

# Catering to the

# GATE

## Concessionaires Expand Reach In Gate-Hold Areas

By Sally Kral

Over the past several years airport concessionaires have noted the opportunity to reach more consumers by introducing dining options in gate-hold areas. Some are seizing this opportunity with mobile carts offering grab-and-go items, while others have invested in technological solutions like mobile ordering apps.

As Jeff Yablun, chief operating officer at **HMSHost Corp.**, notes, the consumer demand is there. “Airports are busier than ever and connection times are shorter today, so there is a real need for convenient options in gate-hold areas. We’ve found that travelers are very receptive to these expanded offerings, and demand for gate-

hold options is being driven by travelers who are short on time, prefer to be near their departure gate or will make a purchase before boarding their plane out of convenience.”

But Yablun does note the challenges of entering such a limited airport space: “High-traffic gate-hold areas are ideal for these types of offerings – however, in order to not interrupt the circulation patterns of smaller areas, some gate holds cannot accommodate food and beverage solutions.”

Despite the challenges, concessionaires recognize the value of staying ahead of consumer demands for convenience and working to find the best solutions for all involved.





HMSHost has seen success with its various mobile food and beverage carts, which can be moved to whichever terminal is busiest and most in need of expanded concessions. The Mobile Ala Cart debuted in Chicago O'Hare International Airport in October 2016 and sells fresh fruit, salads, sandwiches and chilled beverages to travelers.





Though many gate-hold areas are very limited on space, HMSHost Chief Operating Officer Jeff Yablun notes that some larger terminals can accommodate scaled-down versions of full-service restaurants, like Goose Island Brewing Company in Chicago O'Hare International Airport's Terminal 1 gate area.

"We're a part of it, but not the driver of it," says Pat Murray, executive vice president of business development for **SSP America**, referring to advances in gate-hold dining options, specifically tech-focused ones like ordering and delivery apps. "These types of innovations are becoming more and more important, and we're supportive of that and try to supply services where we can."

### On-the-Fly Options

For HMSHost the key to gate-hold concessions is considering each airport on a case-by-case basis and finding solutions from there, Yablun says. "The product mix at gate-hold concepts has to match the traveler demographic and traffic, similar to how a traditional restaurant offering would."

He adds that mobile carts that offer "impulse and pre-packaged items that are easy to hold and transport" have been most successful for HMSHost.

The company rolled out the Mobile Ala

Cart in **Chicago O'Hare International Airport** (ORD) in October 2016. This refrigerated cart sells fresh fruit, salads, sandwiches and chilled beverages to travelers at their gates in Terminals 1, 2 and 3, responding to the busiest gates that day, according to Yablun.

HMSHost launched mobile "eTuk" wagons in **Honolulu International Airport** (HNL) and **Kahului Airport** (OGG) in 2016 as well. These wagons offer snack items and beverages and are also equipped with electric flat-top cooking surfaces and sandwich presses to prepare a variety of hot items.

At press time HMSHost planned to introduce an eTuk wagon at **Charlotte Douglas International Airport** (CLT) and three wagons at **Toronto Pearson International Airport** (YYZ) in the near future. "These gate-hold solutions enable us to be nimble in our offerings by responding to flight delays or temporary demand created by restaurants under construction," Yablun notes.

**Delaware North** has also introduced

mobile carts to several airports and plans to continue expanding in this area. "We're getting ready to debut our rechargeable Harvest & Grounds mobile coffee carts serving coffee drinks, pastries and snacks in **Fort Lauderdale-Hollywood International Airport** [(FLL)] in the first quarter. They have the capability of driving to different gates based on traveler traffic and need," says Kevin Kelly, president of Delaware North's travel division.

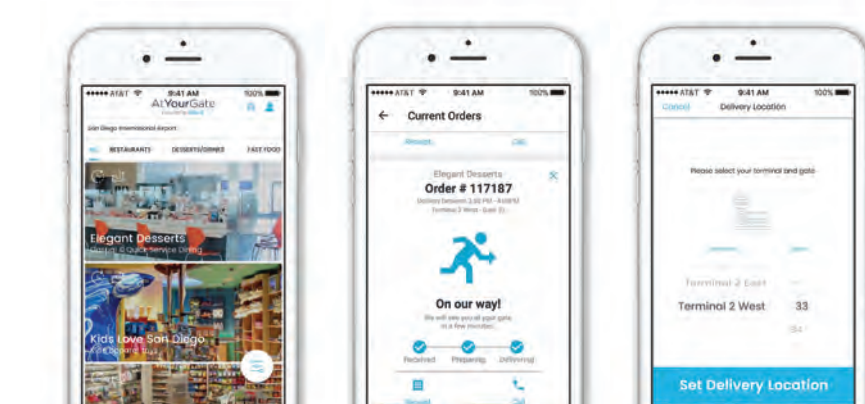
While carts of these kind help address the challenge of bringing food and beverage to space-limited areas, especially gate areas where it's not possible to add shops, Yablun adds that, in some cases, full-service concepts are possible. Goose Island Beer Company in ORD's Terminal 1 is a smaller-scale version of the streetside concept and offers travelers the service of a full-scale restaurant right in the gate area.

Overall, no matter the specific concept, Yablun says that these gate-area options have led to higher capture rates for the



**Above:** With the new Airport Sherpa app users can purchase food and retail items on their smartphones, and a “sherpa” will deliver their items to them.

**Below:** Delaware North has introduced mobile carts and plans to keep doing so to accommodate demand for convenient concession options in gate areas. Harvest & Grounds coffee carts (pictured) will be introduced in Fort Lauderdale-Hollywood International Airport in the first quarter of 2018.



**Left:** The AtYourGate airport delivery app was designed to connect time-pressed consumers with concessionaires eager to expand their reach.

company. “We’ve been able to reach guests who may have skipped making a purchase at a traditional in-line restaurant in the past.”

Yablun believes that gate-hold areas will feature more concession options in the future as airports take note of increased demand. “We’re already seeing airports planning for and adding food and beverage spaces in these areas as part of new construction projects – however, having gate-hold solutions now is beneficial to all.”

### Bringing Tech to the Terminal

Most major concessionaires offer some kind of mobile app for food purchasing. Delaware North uses the **Grab** app, while HMSHost

has the **Host2Coast** app and SSP America has **FlyZone**. These apps are, for now, primarily for pick-up orders – users select and purchase food through the app but then need to go to the venue to pick up their orders.

Airport delivery app **Airport Sherpa**, which launched at **Baltimore-Washington International Thurgood Marshall Airport** (BWI) in July 2017, has a different approach. The app allows users to order and purchase food and retail items that are then delivered to them by a uniformed employee using the user’s travel itinerary to know when and where to deliver the order.

Airport Sherpa co-founder and CEO Patrick DellaValle says that the app has reached thousands of users since launching

and continues to receive positive responses. “Users, along with our store and airline partners, are always providing feedback on things like the functionality they would like to see: for example, making it easier for them to share the app with friends, family and co-workers with our referral program and making it easier for us to deliver to different areas, such as airline check-in counters or employee lounges. We are always working on the next version of the app to give customers the best possible experience.”

DellaValle says expansion in multiple airports is planned for 2018. “We believe that we’re only scratching the surface of gate ordering and delivery as the adoption and expansion of platforms such as Airport

Sherpa is being embraced by consumers in every ecosystem, especially ones that relate to travel,” DellaValle says. “Much in the way that delivery and mobile ordering is central to commerce outside of the airport, we believe that it will be utilized more and more inside the airport.”

Another new delivery app, **AtYourGate**, recently partnered with Grab for a trial at **San Diego International Airport (SAN)**.

“Through our business development team, which considered passenger survey data, concession order and delivery was identified as a concept that could bridge the gap between our passengers and concessions,” says Rick Bellioti, director of innovation and small business development at SAN. “The goal is to expand customer choice and bring into the airport the on-demand/sharing economy that our passengers are now used to outside of the airport.”

David Henninger, president of AtYourGate, notes that with more than 75 different dining and shopping venues, SAN offers myriad options for passengers, but due to location and time constraints, “the average airport consumer will only walk past a selection of them and will only manage to shop in up to two or three.” In addition to increasing convenience for passengers, AtYourGate hopes to help airport retailers grow their sales. After launching in SAN, Henninger aims to bring the app to airports across North America and Europe.

Henninger’s main concern for the launch of AtYourGate is driving awareness and encouraging consumers to try the app. “It will require a collaborative effort between us, the airport and the concessionaires in order to drive usage of this new service.”

DellaValle notes that the majority of Airport Sherpa users thus far have been frequent business travelers and also airport employees, while other demographics of travelers are less familiar with the latest airport innovations since they travel less frequently.

“Although the concept of food and retail delivery isn’t completely new, it hasn’t previously been at the airport, so we’ve found that we need to make customers aware that this service exists,” he says, noting that the company has used in-airport advertising, social media and corporate marketing to increase consumer awareness of the app.

SSP America’s Murray sees this as a major challenge with mobile apps in general. “Convincing users to download an app can be difficult because these things take time, and we’re all very conscious of our time

these days – we’re overstimulated and we’re busy,” he says. “Plus, the audience is very different in an airport than streetside. People who go to Starbucks daily have a reason to have the Starbucks app, but for someone who flies infrequently, there’s very little incentive to have an airport app on their phone.”

## A Worthwhile Investment?

Murray adds that while he’s seen more third-party companies bringing technology services into the airport, it’s still a very small part of the larger airport concessions environment.

“Usage of our FlyZone app, and I think airport apps in general, is still somewhat low. They’re really just designed for customer satisfaction, but they’re not necessarily cost-effective,” he says. “At the same time we recognize that we can’t halt innovation, that we have to understand it and get in front of it. But we’re not a tech company – we’re in the food business.”

Murray adds that for SSP America, implementing simpler, lower-cost solutions to the lack of concession options in gate-hold areas is the focus. The company offers billboard menus in gate areas so travelers know what food options are close by. They also install buttons in gate areas that, when engaged, will bring a server from the nearby venue of your choice to you. “It has to work for everybody – not just people in their 20s or 30s. It also has to work for my parents, who are in a generation that is still put off by technology,” Murray explains. “We have to be the jack-of-all-trades for everyone.”

Delaware North’s Kelly also doesn’t see app delivery as a worthwhile investment at this time.

“We wanted to gauge traveler interest in various gate-hold programs, so we commissioned a survey asking travelers how likely they would be to use different ordering services at the airport,” Kelly says. “Our research found that a very small percentage, 5-6 percent, of travelers said they would ‘definitely use’ gate-hold services such as kiosks, tablets, express pickup lanes, mobile ordering, pre-order for pickup or gate delivery. When specifically asked about gate delivery, nearly half said it’s ‘not at all likely’ they would use it. Overall, our research shows the majority of travelers surveyed, about two-thirds, are interested in trying new ways to order food – kiosks, express pickup, mobile ordering, virtual ordering wall panel – but it doesn’t

appear to be a priority at this time.”

And so Delaware North is happy to stick with its partnership with Grab, which continues to focus primarily on the pre-order and pickup model with its app and the more recent introduction of self-ordering kiosks.

“I believe there is demand for gate delivery, but establishing a strong base of mobile orders is an important first step in the journey to meeting that demand,” says Grab founder and CEO Mark Bergsrud. He adds that while delivery services offer consumers even more convenience, they also tend to include higher fees, and it’s a question of how much consumers would be willing to pay extra for delivery versus pickup service.

“I have confidence that the logistical issues can be solved, but we’re not currently well-positioned to hire and staff efficiently in the many airports needed for delivery success, and it would distract us from our core business of mobile ordering and integrations,” Bergsrud explains. “Though we’re not planning to provide delivery services ourselves, we are happy to partner with delivery services that are chosen by our airport and operating partners.”

Despite Delaware North’s reluctance to invest in delivery capabilities at this time, the company is committed to coming up with gate-hold concession options to please consumers. “We’re always exploring and continuously looking for better ways to serve the traveler. We plan to pilot a program that delivers to mobile-order pickup lockers so that customers will be able to pick up their mobile orders within proximity to their gate,” Kelly says. “It’s the same ordering model as Grab, but instead of the customer picking up their order from the venue, they will be able to pick it up from a secure locker within their gate area.”

Despite questions of the usefulness of certain tech innovations like delivery apps, concessionaires can’t deny that they are “the wave of the future,” as SSP America’s Murray says.

“As the world moves along, we have to. Something like Apple Pay was unimaginable 20 years ago, and now it’s a necessary function,” he adds. “So while we’re not quite there yet with our concessions technology, as the innovation grows we can grow into it. We all benefit from the air travel experience being better.” ■

We’d like to hear your opinion about this article. Please direct all correspondence to Carol Ward at [carol@airportrevenueews.com](mailto:carol@airportrevenueews.com).