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# European Airport Concessions: Retail Strategies to Improve Commercial Revenue from Leisure Travelers

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# Walden University

College of Management and Technology

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René Werner Bernd Puls

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Walden University  
2015

Abstract

European Airport Concessions: Retail Strategies to Improve Commercial Revenue from  
Leisure Travelers

by

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BBA, Graduate School of Business Administration (CH), 2004

Doctoral Study Submitted in Partial Fulfillment  
of the Requirements for the Degree of  
Doctor of Business Administration

Walden University

December 2015

## Abstract

Aeronautical revenue from landing and handling charges to carriers is falling significantly below 60% of total revenue and will not persist as the main source of income for airports. Airports in Europe cannot continue to rely on profits from airlines; operating companies need to improve the competitiveness through commercial income from different traveler types. The purpose of this multiple case study was to understand the elements of successful sales strategies by concessionaires (retailers) at the metropolitan airport system of Zurich and Basel in hopes of improving the nonaeronautical revenue from leisure travelers, a price-sensitive customer segment. The conceptual framework was corporate strategic planning with the underlying concept of sustainable business operations. Semistructured interviews included 9 executives and senior managers of concessions and retail operations at Zurich International and Basel EuroAirport, and covered major themes such as managing the shopping experience of passengers as well as collaboration between concessionaires, airports, and airlines. The key findings, which emerged from an inductive analysis of the data, were that the identification of personalized offerings and the inclusion of individual travelers' needs are required to ensure a flexible approach by each airport and shop location throughout the terminal. The collected data contained indicators for holistic and targeted concepts by retail concessions in cooperation with airport stakeholders. Social implications include sustainable retail strategies by promoting value adding products and services, improving the passenger's travel experience, and ensuring the profitability of concessionaires in a changing aviation market.

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## Dedication

To my beloved wife, who has been a continuous and patient supporter during this period of learning, traveling, research, and writing. Without her, many achievements would not have been possible. She provided an environment, in which I was able to focus on the essence and quality of this doctoral study and during the course of the entire DBA program.

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I would also like to acknowledge my committee members, Dr. Gwendolyn Dooley and Dr. Judith Blando, who provided valuable feedback during the review process and enabled the ultimate learning experience for achieving the goals and objectives of such an endeavor called DBA study. For me as a non-native English speaker, their support has been much appreciated. Having had such a great committee was truly an honor and privilege to me.

Some of the required networking efforts would have been a lengthy and most likely iterative cycle without the help of Dr. Andreas Wittmer, who managed to provide contacts and making connections of invaluable contribution as part of the research process. My appreciation to all interview participants, experts, and friends, who shared their knowledge and opinions, making this doctoral study a solid contribution to the academic and business world. I am grateful for their time, wisdom, and friendship.

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## Section 1: Foundation of the Study

Business owners in the aviation industry of the 21st century evaluate alternative offerings for passengers to compensate for decreasing profitability from conventional ground and flight services (Ringle, Sarstedt, & Zimmermann, 2011). In a traditional business model, airport operators focused on aeronautical revenue from carriers through aircraft landing fees and handling charges (Graham, 2013). Since the mid-1990s, however, airports' profit share of commercial, nonaeronautical income from business relationships with concessionaires (retailers) has grown in importance, and operators have increasingly concentrated on revenue from passengers rather than airlines (Ison, Francis, Humphreys, & Page, 2011).

The relevance of commercial revenue resulted in accelerated business activities by concessionaires at European airports, serving frequent and mainly business travelers and an increasing number of leisure passengers from low-cost carriers (Martínez-García, Ferrer-Rosell, & Coenders, 2012). The exposure to multiple traveler types and passengers' shopping patterns created uncertainties about the effect of customers' spending behavior on revenue, and caused concessionaires to introduce product portfolios at different price levels and profit margins, leaving a gap in best practices for sustaining business operations with a broader range of different customer groups (Lin & Chen, 2013). The purpose of this study was to gather data on how long-standing concessionaires of the Zurich and Basel metropolitan airport system define and execute retail strategies to improve commercial revenue from leisure travelers.

## **Background of the Problem**

The ongoing deregulation of the aviation industry by the European Union (EU) has also resulted in more private ownership and competition between concessionaires (Gillen, 2011). Although not in competition for the same location, concessionaires serve different passenger types from an overlapping customer base with neighboring airports, called a *catchment area* (Fröhlich & Niemeier, 2011). Europe's aerodrome inventory exceeded 400 regional and international airports in 2008 (Thelle, Pedersen, & Harhoff, 2012) resulting in a high density of corresponding metropolitan airport systems, as well as overlapping catchment areas for generating revenue from different traveler groups (Starkie, 2012).

Results from existing research do not contain a comprehensive overview of how concessionaires at airports in Europe incorporate traveler-type specific shopping patterns into retail offerings. Nor is there comprehensive research on how such incorporation positively affects sales volumes and nonaeronautical revenue, and secures business owners' profitability (Ringle et al., 2011). Chien-Chang (2012) assessed different evaluation methods of financial input and output parameters in the aviation industry, and found topics unaddressed for subjective and qualitative elements such as customer-centric and tailored retail offerings. The presence of a deregulated and competitive airport retail business in a densely populated market such as Europe requires a view on profit-generating strategies by concessionaires (Gibbons, Kennedy, Burgess, & Godfrey, 2012). The lack of information about travelers' shopping preferences at airport retail stores can

result in less nonaeronautical revenue for concessionaires, and can negatively affect the sustainability of business operations (Adler, Liebert, & Yazhensky, 2013a).

### **Problem Statement**

Concessionaires at European airports fail to improve commercial revenue from leisure travelers (Pavlyuk, 2012). Between 2011 and 2013, traffic at Zurich International increased by 0.6 million mainly business travelers, and commercial revenue per passenger has increased by 1.48 CHF, or 11% (Zürich Flughafen, 2014). In the same period, commercial revenue at Basel EuroAirport decreased by 1.40 CHF per passenger, or 10.4%, despite a traffic growth of 0.8 million mainly leisure travelers (EuroAirport, 2014). The general business problem was that concessionaires do not have sufficient information about the influence of shopping patterns regarding the commercial revenue from different traveler types (Thelle et al., 2012). The specific business problem was that business owners, executives, and managers of concessions lack strategies to improve commercial revenue from leisure travelers (Jimenez, Claro, & de Sousa, 2013).

### **Purpose Statement**

The purpose of this qualitative multiple case study was to explore which strategies concessionaires lack to improve commercial revenue from leisure travelers. The goal of this study was to conduct semistructured interviews with executives and senior managers of long-standing retail operations at the airports of Zurich and Basel to discover strategies of sustained profitability from sales to leisure travelers. Long-standing and experienced concessionaires endured financial crises in the aviation industry and could provide insights into commercially successful retail concepts by different customer categories

(Wittmer, Bieger, & Müller, 2011). Considerations of a potentially passenger-centric approach for the commercial revenue model of concessions at airports may result in predictive and sustainable decision-making models for executives and senior managers to realign the retail concept, and improve sales to all traveler types. A holistic strategy includes the potential for improving the financial performance of retail concessions and refining the end-to-end travel and shopping experience of passengers (Livingstone, Popovic, Kraal, & Kirk, 2012).

### **Nature of the Study**

The search for concessionaires' revenue strategies which affected passenger-centric product and service attributes required an explanatory approach such as qualitative research (Barratt, Choi, & Li, 2011). Lai, Potter, and Beynon (2012) assessed different studies within the transportation industry, using statistical approaches and confirmed the applicability of quantitative research. A quantitative approach, however, includes the identification of correlations based on empirical analysis, but not the discovery of opinions or experiences by business leaders as in the case of this study (Symonds & Gorard, 2010). Harrison and Reilly (2011) found the application of a mixed methods approach requires the combination of qualitative and quantitative data which for this study would have limited the exploration of executives and senior managers' views, and would have missed rich insight into traveler-centric sales strategies.

Eisenhardt (1989) recommended a qualitative case study approach to assess and understand novelty areas such as this study's topic regarding European airport concessionaires' definition of traveler-specific retail strategies. A phenomenological

design relates to lived experiences by the potential research population (Smith, 2011). For this study, a phenomenological design would have focused on passengers' and customers' perceptions in the case of an airport, but not professional experiences by concessionaires who represented my research population. The size and scope of Zurich International and Basel EuroAirport did not qualify for an experimental design which would have required a large and complex research study to analyze consumer behavior (Onwuegbuzie & Leech, 2005). Therefore, I determined that the application of qualitative research, using a case study design, was appropriate to address research questions related to airport retail strategies for different traveler types from a business leader's point of view (Chien-Chang, 2012).

### **Research Question**

The research question for the proposed multiple case study supported the identification of strategies by executives and senior managers of airport concessions intended to address the business problem of decreasing commercial revenue from leisure travelers and missing information about passengers' shopping patterns (Barratt et al., 2011).

*RQ:* What strategies do concessionaires lack to improve commercial revenue from leisure travelers?

One central research question did not cover all aspects of the business problem. To elicit the interviewees' thoughts and experiences, scholars should include probing questions into the research process (Schultze & Avital, 2011). The following two supporting questions helped define the semistructured interviews with concessionaires:

*SQ1*: What information do business owners require to increase sales volumes or commercial revenue from different traveler types?

*SQ2*: What are the strategies to improve profitability from less-profitable traveler types?

### **Interview Questions**

1. What are your sales strategies to increase commercial revenue from leisure travelers?
2. What are your sources of information when making a decision to introduce, discontinue, or amend a retail product?
3. How do you distinguish between your offerings for business travelers, leisure travelers, and others?
4. What are the influencing elements for retail price adjustments?
5. How do you ensure sustained profitability from customer groups generally buying low-margin products?
6. How did you adjust your retail offerings after the number of leisure travelers increased at your airport (i.e. when low-cost carriers entered service)?
7. How do you incorporate results from customer satisfaction surveys into your product portfolio?
8. How do you involve your personnel into the process of improving sales to travelers in general, and leisure travelers, in particular?
9. What additional services and retail offerings at airports do you consider to be attractive to a leisure traveler, and why will they spend money for them?

10. What other comments or observations would you like to address with respect to a leisure passenger's shopping pattern and experience in terminals?

### **Conceptual Framework**

The research approach I took to discover concessionaires' strategies of sales concepts for leisure travelers, intended to improve commercial revenue, included the conceptual foundation of corporate strategic planning. Freathy and O'Connell (1999) analyzed different forms of strategic planning as part of their research in the privatization and commercialization of European airports in the 1990s. Freathy and O'Connell concluded that relationships and collaboration between business leaders of airports, concessions, and airlines play a critical role in the linear planning of demand by passengers and supply by service providers. Building on the theory of strategic planning to assess commercial activities at airports in the new millennium, Freathy and O'Connell (2012) included customer segmentation to focus on consumer groups and product differentiation, enabling yield management, revenue improvements, and increased profitability for business owners in the 21st century.

The concept of adaptive airport strategic planning (AASP) represents the evolution of the original theory for the aviation industry and also includes passenger-driven and other criteria of demand generation such as economic or climatic conditions (Kwakkel, Walker, & Marchau, 2012). In this study, I executed semistructured, open-ended interviews to derive conclusions from concessionaires' views and insights into passenger-centric retail strategies that affect nonaeronautical revenue and profitability from leisure travelers. By understanding gaps between planned retail offerings, sales

expectations, and commercial results from different traveler types, decision-makers can define strategic plans and the alignment with the service and product portfolio, to be important and relevant to specific customer groups (Tsai, Hsu, & Chou, 2011). My focus on executives and senior managers of proficient and long-standing retail operations resulted in the analysis of interview answers with respect to superior concepts in profit optimization by traveler types.

### **Definition of Terms**

Industry-specific expressions exist which not all readers understand and may limit comprehension. The following definition of terms is intended to help the reader apprehend the context of the study within the aviation sector. In addition, the clarification of the most relevant expressions also supported the identification of focus topics in the definition of categories during the data analysis phase.

*Airside*: Passengers, airport and airline staff use airside facilities, when they move or operate behind the security check area, including departure gates, transit, and the apron (Pabedinskaitė & Akstinaitė, 2014).

*Business traveler*: A passenger, mainly traveling for business purposes and in high frequencies as well as considering full-service carriers, represents the customer segment business traveler (Baker, 2013).

*Catchment area*: The catchment area represents the geographic and economic space surrounding an airport in which potential passengers travel or live (Thelle et al., 2012).

*Concessionaire*: The airport operator who executes concessions or provides concessions to a retail service provider, owns or manages the retail operations, and pays a concession fee to the airport, usually as a share of the commercial revenue (Czerny, 2013).

*Full-service carrier (FSC)*: A network airline offering traditional ground and in-flight services at no or little charges for the passenger operates as a FSC (Choo & Oum, 2013).

*Landside*: Passengers, airport and airline staff use landside facilities when they move or operate before the security check area including parking, check-in, airline offices, and arrival (Pabedinskaitė & Akstinaitė, 2014).

*Leisure traveler*: A passenger traveling for non-business and mainly recreational reasons and who considers an increasing number of low-cost carriers, represents the customer segment leisure traveler (Baker, 2013).

*Low-cost carrier (LCC)*: A point-to-point airline offering limited ground and in-flight services or at additional charges for the passenger, operates as LCC (Daraban, 2011).

### **Assumptions, Limitations, and Delimitations**

In this research study, assumptions and limitations derived from the size of the European aviation industry, the geographic relevance of the Zurich-Basel metropolitan area, and business leaders' ability to provide meaningful insights into traveler-specific retail strategies. In addition, boundaries existed to my interpretation of personal opinions such as incidents that may have taken place before the interview, or personal discomfort

in the life of the study participants which could affect the answers (Sirgy, Kruger, Lee, & Yu, 2011). The implications of strategic and financial decisions by concessionaires of Zurich International and Basel EuroAirport prior to this study may affect financial results, evaluations, or opinions by business leaders (Meng, 2012).

### **Assumptions**

A few assumptions based on common sense or general understanding. As of 2011, the airports of Zurich and Basel served an overlapping customer base of approximately four million potential passengers (Flughafen Zürich, 2012; Bundesamt fuer Raumentwicklung, 2014; EuroAirport, 2014). The route overlap to common destinations consisted of 19 frequently served connections in Europe for years 2011 to 2013 (see Appendix A). Given the size of the catchment area for this metropolitan airport system and the overlap in common routes, one assumption in the commercial revenue model was that choices existed for travelers to chose a preferred departure airport and its concession offerings (Thelle et al., 2012). I also assumed that the participants' were capable of understanding the research questions (in English language) and providing honest answers based on the experience as executives and senior managers of retail operations.

### **Limitations**

The limitations of the study included a constraint in time to the years 2011 to 2013, and the population of retail concessionaires. The aim of this case study was to discover the influential factors for concessionaires' strategies regarding retail offerings for leisure travelers because of the relevance of nonaeronautical revenue (Lin & Chen, 2013). The limited selection for long-standing concessions at Zurich International and

Basel EuroAirport did not cover all European airports, nor did this selection include the criteria for tailored offerings for all customer groups such as airline crews, airport employees, or visitors. Concessionaires might take deliberate decisions to invest or not invest in facilities, services, and products because of operational constraints or regulatory reasons, which I did not address within this study.

### **Delimitations**

The delimitations concerned the scope of this doctoral study which covered perceptions by the study participants made until shortly before the interviews and based on the actual performance of concessions. My thorough interpretation of the answers provided the differentiation between effects of time and changing conditions that otherwise could affect the conclusions based on adverse patterns and trends (Englander, 2012; Postorino & Praticò, 2012). This case study of decreasing nonaeronautical revenue from leisure travelers and retail strategies by concessionaires applied to commercial activities at the airports of Zurich and Basel.

### **Significance of the Study**

#### **Contribution to Business Practice**

In general, business owners of different services at airports base their decisions on passengers' assessments that represent a substantial level of recognition of consumer needs and helps to optimize profitability from travelers (Pérezgonzález & Gilbey, 2011). The heterogeneity of such appraisals by travelers marks the need for descriptive actions to investigate the relevance for each business owner's financial result (Ha, Yoshida, & Zhan, 2010). Interpretations from efficiency measures and analytical models alone do not

provide a sufficient explanation for fluctuations in profitability or selection preferences by passengers (Bezić, Šegota, & Vojvodić, 2010). The execution of qualitative studies about concessionaires' sales strategies for leisure travelers, however, permits a foundation on which to understand the financial implications from tailored retail offerings, and may lead to deductions for other traveler types and the aviation industry's commercial revenue model in general (Arif, Gupta, & Williams, 2013).

### **Implications for Social Change**

One intention of this study was to identify financially successful retail strategies for concessions at airport systems similar to the Zurich-Basel metropolitan area. The purpose was to understand how consumer behavior affects retail concepts to determine the service and product viability with respect to revenue improvements for concessionaires by traveler type. Despite ongoing privatization, civil airport operators and contracted concessionaires continue serving public interests by definition (Murphy, 2012). The study contains the foundation for a predictive and passenger-centric decision-making process by improving business owners' profitability for reason, with a sustainable attitude, and refining the travel experience by passengers (Ingledeu, 2010; Livingstone et al., 2012).

The loss of revenue and profitability from passengers affects both the concessionaire and the airport operator as part of the concession fees. This can result in detrimental financial and social consequences, and may eventually cause unwanted losses for the general public and the economy (Flyvbjerg, Cantarelli, Molin, & van Wee, 2010). Airport expansions or service upgrades represent areas where in-depth knowledge of

travelers' consumer behavior and concessionaires' strategic plans can help optimize both the profitability for business owners and passengers' travel experience at the planning level (Love, Edwards, & Irani, 2012). Airport operators grant and allocate the retail concessions, but also provide retail offerings and general transportation services to the public. The integration of business and community emphasizes the importance of airports' and contracted concessions' strategic setup and its influence on the social and economic environment (Brown, 2008).

### **A Review of the Professional and Academic Literature**

The purpose of my literature review was to understand the concepts and findings in existing work, and to synthesize the content to make it relevant to this doctoral study. The purpose of the study, based on the analysis of concessionaires' strategies for revenue improvements from leisure travelers within a metropolitan airport system, had a foundation in multiple research areas (Arif et al., 2013). The content search of existing literature required the identification of seminal peer-reviewed scholarly work. In general, the inclusion of peer reviewers improves the quality and value of the corresponding information, for which the researchers completed the studies and published the content (Jackson, Srinivasan, Rea, Fletcher, & Kravitz, 2011). This literature review followed Walden University's academic standards and criteria for peer-reviewed journals and articles published within a 5-year range as shown in Table 1.

Table 1

*Summary of References in Literature Review*

Year of publication in journal	Peer-reviewed?		Total
	Yes	No	
2011 – 2015	76	6	82 (93%)
< 2011	5	1	6
Grand Total	81 (92%)	7	88

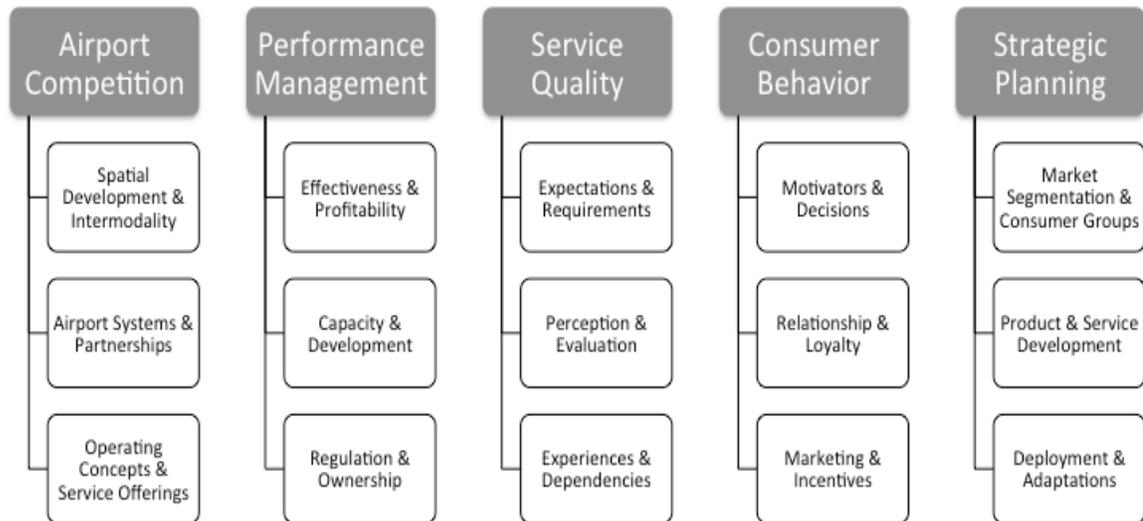
*Note.* This table shows the peer-review status (based on Ulrich's) and year of publication for the reviewed articles.

The business activities of airports and concessions closely connect to each other via the contractual agreements and financial interlock from the commercial revenue and sales volume from customers. In the literature review, I reflected on the relationship between airport operators and concessionaires, and searched for academic work by scholars who addressed the areas of competition, performance, and consumer behavior individually and in an integrated context. The conclusions from existing research and literature marked the importance of commercial activities at civil airports to ensuring the economic viability and financial profitability of airport operators and contracted concessionaires.

In addition, researchers such as Graham (2013), Forsyth, Niemeier, and Wolf (2011), and Sirgy et al. (2011) explained the relationship between an airport's operating concept, the commercial strategies by concessionaires, and the travel experience by passengers as a holistic and integrated network in which stakeholders collaborate and synchronize the efforts to improve sales and revenue. This work helped me identify the conceptual framework of corporate strategic planning and its applicability to aerodromes'

retail stores including concessionaires' efforts for the general profitability per site at one airport, but marked the need for further research regarding both competing and collaborating metropolitan airport systems as well as the differentiation of profitability by traveler type (Jimenez et al., 2013).

Other frameworks such the convenience model by Berry (2002), or the spill-over theory of well-being by Diener (1984) contained valid contributions to efficient retail concepts for customers; however, researchers applying those frameworks have mainly focused on the short-term effects of getting access to retail stores and post-shopping experiences (Chung, Wu, & Chiang, 2013; Sirgy et al., 2011). The purpose of this doctoral study related to long-standing concessions and the strategies by executives and senior managers to affect the in-store shopping by leisure travelers and other passenger groups in a commercially successful manner. Based on the defined conceptual framework and the identified business problem as well as the research question, the structural topics for this literature review were: (a) the competitive forces between airports; (b) the financial and operational implications of performance management; (c) the key elements of service quality; (d) the behavioral factors of consumption; and (e) the influence of strategic planning on product, service, and consumer portfolios (see Figure 1).



*Figure 1.* Literature review structure diagram. This diagram provides an overview of the main topics applied to this study's literature review.

### **Airport Competition**

The degree of competition between airports depends on the availability of choices for passengers and the level of interaction with neighboring aerodromes' operations (Forsyth, Gillen, Müller, & Niemeier, 2010). Airport operators may choose to cooperate with other airports or decide to serve certain markets only, and therefore affect the customer base (Fu, Homsombat, & Oum, 2011). The size and structure of an airport's catchment area can also include an indicator of both the accessibility and intermodality with other means of transport such as railways, buses, or cars (Fröhlich & Niemeier, 2011). Quantitative research in the aviation sector, predominantly containing data envelopment analysis (DEA) techniques and the concepts of decision making units (DMU), did not include an explanation of the competitive forces between airports, and has left a gap for the investigation of their qualitative and subjective aspects for air transport industries' business owners (Adler et al., 2013a; Brehmer, 2011). In the

following paragraphs on airport competition, I review (a) the geographical spread and intermodality; (b) the concept of airport systems and partnerships; and (c) airports' operating concepts and service offerings.

**Spatial development and intermodality.** The most common approach to describing competition in a geographical context is the catchment area concept (Pavlyuk, 2012). The concept includes the definition of different competitive levels for point-to-point and transfer airports, components of departing and arriving travelers, and estimations of passenger flows. Appold and Kasarda (2011) incorporated the catchment area concept into a research study about spatial elements in the aviation industry, and stated that the development of multiple airports within the same metropolitan area can lead to strategic cost advantages for affected operators and their contractors.

The scaling effects resulted from proportionally higher costs for one single airport when growing in size and traffic, so airport operators could share their cost structure and generate a competitive advantage through a spatial setup (Appold & Kasarda, 2011). Fröhlich and Niemeier (2011) added that airport operators in close proximity might differentiate the service offerings between each other, resulting in an imperfect stage of competition and less comparability of spatially proximate airports. The service operators and contractors in a spatial setup of metropolitan airport systems in Europe compete for commercial activities of the individual concessions, but this does not result in a perfect stage of a one-to-one competition between two distinct airports as of yet (Airports Council International [ACI], 2011).

The growth of leisure travel with low-cost carriers (LCC) also accelerated the development of so-called secondary airports in Europe that share most of the passenger base with at least one larger international airport (Homsombat, Lei, & Fu, 2011). Those secondary and mainly regional airports face additional competition with Europe's increasing rail network because of improved connections and shortening travel times between cities and metropolitan areas (Chiambaretto, 2012). For the purpose of this study about retail operations, the argument of air-rail competition and ground transportation did not play a critical role. In the case of landside operations that include commuters, visitors, and local residents as potential customers, however, the intermodality, access time, and the catchment area represented a relevant competitive factor because Zurich International's accessibility concept includes not only a train station for regional and long-distance services, but also multiple highway intersections for improved access options by car and bus.

Lieshout (2012) stated the catchment areas could vary in size based on the destinations flown from a particular airport, as well as the offered service levels. Increased levels of commercial services and higher service quality result in expanded catchment areas and more diversified customer groups (Lieshout, 2012). The effect of intermodality on traveled distances to access the airport applies to ground transportation as well as airlines' multi-hub approaches using a portfolio of transfer airports, expanding the competition beyond the scope of neighboring aerodromes, and including transfer passengers as retail customers (Chiambaretto, 2012).

**Airport systems and partnerships.** Most airport operations, forming a system within the European aviation market, require holistic concepts such as total airport management (TAM) and airport collaborative decision-making (ACDM). According to Brehmer (2011), those networks positively affected service levels and revenue including commercial activities and collaboration between airport operators and concessionaires. The benefits of airport-retailer cooperation in a TAM environment can result in benchmarks for an airport or concessionaire's profitability (Brehmer, 2011). Despite the influence on total income through joint efforts, the concept of airport ownership by other airport operators often results in increased financial attractiveness rather than service improvements (Forsyth et al., 2011). In addition to the return-on-investment (ROI) from such airport stakes, operators consider vertical contractual relationships with airlines similar to those with concessionaires, requiring initial investments to attract partners but eventually resulting in a share of fixed costs to maintain the airport infrastructure (Hihara, 2012).

Gillen (2011) assessed airport operators and concessionaires' collaboration with airlines and concluded that all three serve each other and address clients' needs for transportation and consumer services. Collaborating within a partially monopolistic market structure such as enclosed airports as well as embedded service and retail offerings, however, may result in so-called *differential pricing* through an imperfect stage of demand and supply (Gillen, 2011). The airport-airline partnership does not always represent a sustainable collaboration. According to Graham (2013), low-cost carriers seemed to show less-binding commitments in case of decreasing margins on routes from

some airports in Europe, affecting the departure airport's customer base and profitability, as well. Passengers perceive these levels of partnership differently. Maertens (2012) analyzed the influence of European aerodromes' catchment areas on the airport's market power and found that passengers evaluated an airport's competitiveness based on the availability of routes, while airlines mainly referred to the size of airports in their assessment; however, both passengers and airlines did not consider price aspects or retail offerings as the main objective for the airports' level of competitiveness.

**Operating concepts and service offerings.** According to Njoya and Niemeier (2011), the airports' investments in retail space and concessionaires' offerings for passengers of full-service carriers (FSC) differed from those offerings for passengers flying with low-cost carriers (LCC), mainly leisure travelers. Njoya and Niemeier added that even smaller but more specific investments in dedicated low-cost terminals bare an economic risk and may result in losses, if an LCC decides to discontinue operations from such airports, eventually affecting the nonaeronautical income of concessionaires. Secondary airports, serving LCCs, show elements of increased competition with other regional airports than with primary airports, as main airports serve a broader range of airlines, passengers, and routes (Carlisle, 2013).

Safeguarding those passenger and traffic flows remains essential to airport operators, concessionaires, and airlines, resulting in above-mentioned vertical relationships and mutual investments in both the infrastructure and retail offerings (Fu, Homsombat, & Oum, 2011). Carlisle (2013) concluded that geographical aspects matter with respect to market growth which results in an increased importance of retaining

passengers at individual airports in Europe that represents a mature aviation market with less potential to grow traffic and commercial revenue than airports in Asia or South America. Nonaeronautical revenue, as opposed to a fixed aeronautical income per aircraft and passenger, represents a flexible component at European airports and can vary by criteria such as traveler or customer type, departure and arrival time, or the individual performance and efficiency of each retail store (Vogel & Graham, 2011).

Low-cost concepts and financial relationships resulted in an increased commercialization of the airport business in Europe in the 1990s and 2000s, which included the provision of incentives as part of lower landing fees or handling charges, mainly providing competitive advantages to airlines rather than concessionaires (Fichert & Klopheus, 2011). Kratzsch and Sieg (2011) confirmed that airports, showing capabilities to set discretionary price levels, do not maximize those fees and charges when operators and associated concessionaires manage to generate a certain level of nonaeronautical income instead. Such a threshold behavior does not apply to most regional airports as those operations represent a comparatively small market power and business leaders must achieve profit maximization through all available revenue channels or cost reduction measures (Ingledeu, 2010). According to Ingledeu, regional airport operators face more fluctuations in passenger traffic and commercial income than international operators, but require a different organizational setup and the definition of multi-task roles for their workforce.

## **Performance Management**

Most airport operators and concessionaires in Europe do not perform at an optimal scale, requiring further analysis and the implementation of adaptive concepts to improve profitability from aeronautical and commercial activities (Adler et al., 2013a). Economic inefficiencies such as financial losses or the need by public and private airport operators for communal subsidies create capacity issues and gaps in the optimal use of an aerodrome's infrastructure and retail space (Marian, 2012). Kwakkel et al. (2012) analyzed the efficiency and development of airport operations and the fluctuations of an airport's handling performance as part of traditional strategic frameworks such as airport master planning (AMP). Kwakkel et al. concluded with the necessity of improved and adaptive concepts, increasing the importance of managerial instruments and the realization of sustainable strategies by business leaders of privatized companies. In the following paragraphs, related to performance management, the review includes: (a) measurements of efficiency and profitability; (b) capacity constraints and options for the development of airports and concessions; and (c) the financial implications of regulatory and ownership structures.

**Efficiency and profitability.** The influencing elements for the efficiency of airports and concessions seem to differ in a geographical context. Bezić et al. (2010) found that airports in Croatia with increased commercial focus on LCC operations showed higher efficiency scores than those primarily serving traditional carriers. Carlisle (2013) provided examples of similar scenarios for the United Kingdom and Germany to explain the efficiency gain through increased competition among regional airports in

Europe. Airport operators and concessionaires face difficulties in achieving profitable results because of the ongoing transitions from traditional to low-cost operations, without understanding the requirements of an optimized concept for a particular location or consumer group (Graham, 2013).

Choo and Oum (2013) could not replicate the same findings for U.S. airports and stated that LCC operations negatively affect the efficiency of large and primary airports that started offering low-cost and traditional services to LCC and FSC. Business leaders of the U.S. airline industry, however, increase their LCC efforts, appreciating the airports' initiatives and resulting in more LCC service offerings from primary airports (Daraban, 2011). Airport operators and concessionaires experience passenger and aircraft traffic as the primary driver of their cost and revenue structure, affecting every part of the commercial business (Carlisle, 2013). Graham (2013) analyzed the findings of other research studies related to low-cost operations at airports, and confirmed the geographical differences for retail offerings and airline operations between the aviation markets of Europe, Asia, and North America.

Usually, executives of airports and concessions explain cost efficiency through profitability, expressed by expenses and revenue; however, regional airports' executives mainly focus on labor and capital as input and passenger traffic as output parameters (Merkert, Odeck, Brathen, & Pagliari, 2012). The minimum volume of passenger traffic to achieve an airport's economic break-even increased over time and negatively affects small and regional airports because of the proportionally high capital investments in the infrastructure and retail space (Adler, Ülkü, & Yazhensky, 2013b). Again, the exposure

toward more LCC operations and leisure travelers, showing seasonal traffic variations at regional airports in Europe in particular, negatively marks the operational and financial input-output performance for business owners (Pyrialakou, Karlaftis, & Michaelides, 2012). The profitability of standalone and mainly regional operators, as opposed to airport groups, depends on the capabilities of providing commercial opportunities and other in-house services to improve all available income options through revenue from direct sales or retail concession fees (Adler et al., 2013b).

**Capacity and development.** The gap between demand and supply of capacity for aircraft movements at congested airports determines the so-called *capacity crunch* and affects efficiency improvements to a significant extent (Marian, 2012). Katz and Garrow (2014) identified large airports facing capacity constraints with hub airlines' peaking system to optimize the feeder flights and stated that airports and airlines should increase de-peaking efforts to distribute capacity and resources evenly, thereby improving the financial efficiency of airport operators and concessionaires at lower costs. De-hubbing, a process similar to de-peaking, includes the diversification of airports to attract more airlines, avoiding congestion by one single carrier's hub-and-spoke network and attracting a broader portfolio of passenger types (Redondi, Malighetti, & Paleari, 2012).

Marian (2012) stated that efforts to decrease congestion also prevent delays and positively influencing passengers' well-being, the travel experience, as well as the spending behavior in retail stores. Concepts for future airport developments extend to passenger services, as travelers want to be in control of individual trips end-to-end (Rostworowski, 2012). Adler et al. (2013a) defined an economic input-output framework

within a decision-making model that enables airport executives to manage the travel experience by passengers. Adler et al. stated that airport operators and concessionaires possess enough control over their business-related input and output parameters to administer the infrastructure, capacity, and service offerings.

Katsaros and Psaraki-Kalouptsidi (2011) confirmed the effectiveness of airport collaborative decision-making (ACDM) models, especially for the deployment of ACDM across regions or countries. In addition to these influential elements by airport operators, Fuerst, Gross, and Klose (2011) identified the size of airports as a positive determinant of commercial revenue. In Europe, an airport's size plays a critical role in sustaining economic as well as passenger and airline traffic fluctuations, also affecting profitability from retail offerings (Painvin, 2011).

**Regulation and ownership.** Marques and Barros (2011) deployed a frontier model to assess the relationship between airport ownership, regulation, and performance and found an undesirable effect as part of a positive and significant correlation between regulated environments and costs, while private ownership disclosed a beneficiary effect. In a similar setup, using a data envelopment analysis (DEA) approach, Assaf and Gillen (2012) confirmed the largest efficiency gains at airports through moves from governmentally regulated enterprises to privately owned companies. Despite the relevance of ownership structures, the communication and cooperation between stakeholders at airports seem to complement the effectiveness of both the management organization and the leadership style (Noronen-Juhola, 2012).

Czerny (2013) assessed regulatory elements in combination with nonaeronautical revenue and found that retail activities at airports can make price regulations obsolete. Goulmy, Stern, and Eggenkamp (2013), however, argued that price control leads to improved service quality at airports, as operators have to compensate the capped aeronautical revenue through enriched commercial and service-oriented offerings by contracted concessionaires. Malighetti, Meoli, Paleari, and Redondi (2011) analyzed the value determinants of European airports to characterize the financial attractiveness to investors and found that state control harms economic evaluation criteria and results in a negative perception by stakeholders, including airport operators and concessionaires.

Stryčeková (2011) compared multiple airport studies with respect to efficiency drivers of operators and concessionaires and concluded with the importance of size and private ownership as positive influencers. Ison et al. (2011) confirmed the positive influence of airport privatization on operational efficiency; however, Ison et al. also found the trends of increased commercialization more relevant than the ownership structure. The privatization of airports in Europe does not always result in performance improvements, but serves as an approach to raise financial capital and share economic risks between a broader group of investors and business owners (Graham, 2011).

### **Service Quality**

Airport operators and concessionaires manage a multi-product concept and offer a variety of services that travelers perceive differently (Badawi, 2012). The level of satisfaction may differ based on the type of travel, the services expected and offered, or a combination of other perceptive elements throughout the journey (Lubbe, Douglas, &

Zambellis, 2011). The conceptual model of service quality (SERVQUAL) includes a foundation to detect gaps toward customer satisfaction, but requires additional elements for researchers to identify passengers' preferences and determining the service and product implementation strategy by business owners (Tsai et al., 2011b). In the following paragraphs, related to service quality, I review: (a) service expectations and fulfillment requirements; (b) travelers' perceptions and service quality assessments; and (c) the travel experience and interdependencies.

**Expectations and requirements.** Lubbe et al. (2011) adapted a dependency model by Fodness and Murray (2007) to explain the service expectations of different types of travelers and found that leisure travelers expect more functionality, interactivity, and diversification from an airport's product portfolio than business travelers. With respect to time spent in accessing an airport and within the terminal, however, business travelers are less likely to accept the so-called *traffic leakage* than leisure travelers (Lian & Rønnevik, 2011). Lian and Rønnevik confirmed the competitive disadvantage of secondary airports because of the aerodromes' remote locations, but also highlighted the benefits of short distances between check-in areas and departure gates. A business traveler expects and appreciates the reduced waiting phase, but also spends less money within retail facilities than a leisure traveler spends after a certain threshold time, resulting in the need for differentiated service offerings by passenger type (Torres, Domínguez, Valdés, & Aza, 2005).

As part of an assessment of airports' service ranking and economic performance, Pérezgonzález and Gilbey (2011) showed a positive relationship between both factors

and concluded that airport operators and concessionaires could make advanced assumptions on the fulfillment level of quality expectations based on an airport's own financial indicators. Rostworowski (2012) argued that business owners should respond to these different expectations through broad and customized retail offerings that also provide optimized use of an airport's excess infrastructure or space. The number and types of services offered at aerodromes affect a passenger's perception of the airport's economic and operational performance (Lubbe et al., 2011).

In general, concessionaires can leverage offerings through convenience, loyalty, individual features, or pricing, enabling smaller airport operators to differentiate themselves from competitors through innovation such as providing additional services to low-cost carriers and leisure passengers, for example (Rothkopf & Wald, 2011). Innovation in the aviation industry, focusing on adding value to passengers, can lead to substantial business growth for both aeronautical and commercial services (Gumus, Bejar, Malaquin, Vidon, & Wiibroer, 2013). Arif et al. (2013) assessed the quality requirements for international travelers using different service models and found each of the three criteria *interaction*, *convenience*, and *culture* equally necessary to fulfill passengers' needs for service satisfaction and value creation.

**Perception and evaluation.** Liou, Tang, Yeh, and Tsai (2011) combined two quantitative approaches of defining an operational tool for potential improvements in the level of service (LOS) at airports. Liou et al. concluded that the perceptive capabilities of customers do not always follow reason and highlighted the little recognition by frequent travelers toward airport staff courtesy. Park and Jung (2011) confirmed the differences in

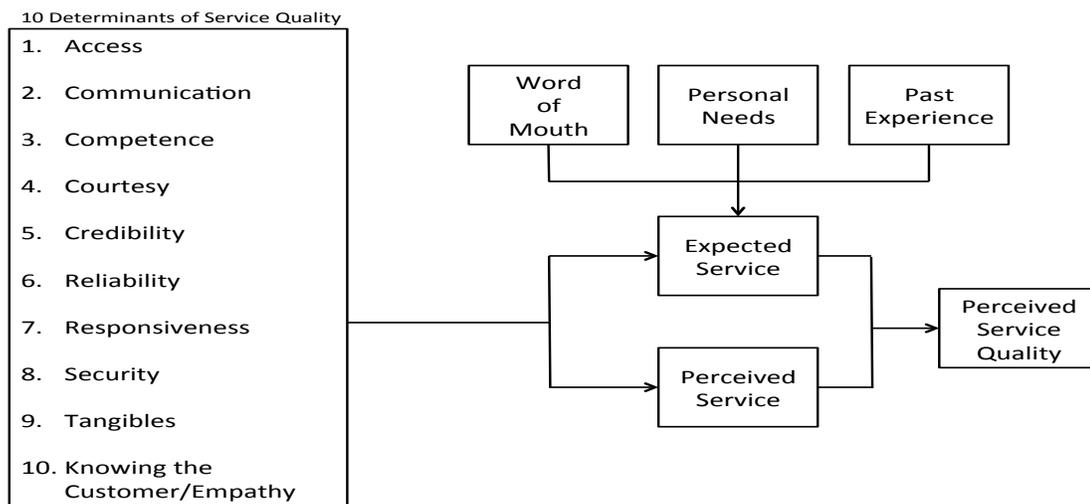
the service perception by traveler type and added examples of the cultural influence from a study of transfer passengers. Those passengers in transit use airside offerings, and showing different consumption patterns and service needs than landside customers or departing passengers (Freathy & O'Connell, 2012).

In an analysis of airline passengers' appreciation of safety features, Ringle et al. (2011) found that the perception of safety measures seems to affect customer satisfaction. Ringle et al. included travel purpose and loyalty factors to assess the airline's LOS and concluded that leisure travelers value safety criteria significantly higher than business travelers do. Tourists value service and product prices and the availability of a full stock as critical satisfaction factors of their shopping experience in a duty-free retail store (Lin & Chen, 2013). Martínez-García et al. (2012) conducted a similar study related to LCC passengers' valuation of flight quality and found that leisure travelers care less about service quality aspects than business travelers do.

Airport customers, in general, value staff courtesy, availability of information displays, and the sanitation of facilities as convenience factors of personal satisfaction (Chien-Chang, 2012). According to Badawi's (2012) analysis of airport quality scorecards, a predictable indicator of client satisfaction is terminal cleanliness. The conclusions from those service quality assessments apply to passengers, employees, and business partners of airport operators (Badawi, 2012). Staff courtesy and hygiene factors represent an indicator of client satisfaction in retail areas for all passengers and lounge facilities, mainly affecting the service experience of business travelers (Han, Ham, Yang, & Baek, 2012).

**Experiences and dependencies.** A service experience results from the combination of expectation and perception. According to Tsai et al. (2011a), decision-makers of service quality improvements at airports have to consider preferences and satisfaction levels by different types of passengers. Airport operators and concessionaires should address gaps in service quality via passengers' evaluation criteria and individually expressed expectations (Tsai et al., 2011a). Adderley (2012) made similar findings in a research study about London Heathrow Airport's service assessment and concluded that a positive journey experience results from a passenger-centric approach. The travel experience covers time spent in the airport or on board the aircraft but also includes total walking distances between retail areas inside the terminal (Hanaoka & Saraswati, 2011).

Tsai and Kuo (2011) deployed the five elements *tangibles*, *reliability*, *responsiveness*, *access*, and *empathy* of the service quality (SERVQUAL) model's ten determinants by Parasuraman, Zeithaml, and Berry (1985) into a quality assessment tool for business owners to manage service quality and the value proposition to passengers (see Figure 2). Pabedinskaitė and Akstinaitė (2014) extended SERVQUAL to include both airlines and airports and combined the service classification with expert opinions. Pabedinskaitė and Akstinaitė concluded that *tangibles*, such as staff and equipment, and *reliability*, such as operations and safety, seem to have a significant positive influence on the perception of service quality by travelers.



*Figure 2.* Overview of the 10 determinants of service quality as part of the SERVQUAL model. Adapted from “A conceptual model of service quality and its implications for future research,” by A. Parasuraman, V. A. Zeithaml, and L. L. Berry, 1985, *Journal of Marketing*, 49, p. 48.

Airport operators and concessionaires have to incorporate a customer-centric approach into the business strategy and service delivery plan (Coutu, 2012). Yang, Hsieh, Li, and Yang (2012) analyzed how service quality, customer value, and company image affect passengers’ shopping intentions and purchasing decisions. Yang et al. found that travelers make decisions for cost and price reasons but also include service quality criteria into the considerations for a final selection. Product and marketing managers of a duty-free retail operator may affect the shopping experience of tourists through the definition of quality attributes for the product, customer service, or the store’s layout, as leisure travelers show a better responsiveness toward a holistic retail concept than business travelers (Lin & Chen, 2013).

## **Consumer Behavior**

In this study, the focus was on executives and senior managers of concessions with respect to those retail strategies and offerings that affect the consumer behavior of leisure travelers, in particular. Passengers, along with their shopping and spending habits, follow the patterns of other industries' consumers, but under different time and location circumstances (Lin & Chen, 2013). A proactive marketing approach within the aviation industry can affect operational and financial efficiency in a positive way, but also requiring further analysis with respect to commercial activities at airports (Scheraga, 2004). The concepts of scenario forecasting at airports and strategic plans for travelers' spending behavior require supportive research results in consumer preferences and the application in concessionaires' business plans (Jevons, Hoe, & Shepherd, 2011). In the following paragraphs, related to consumer behavior, the study includes a review of: (a) the motivators of service selection and consumers' preference-based decisions; (b) the business-to-consumer (B2C) relationships and aspects of customer loyalty; and (c) the influential powers of marketing and incentives.

**Motivators and decisions.** Findings in consumer psychology show that customers do not necessarily require comparability and objective criteria to make a decision. Yang, Hsee, Liu, and Zhang (2011) extended joint- and single-evaluation models and analyzed approaches, comparing objective product specifications and subjective consumer feelings. Yang et al. concluded that experiencing a product leads to better post-choice satisfaction than comparing product specifications. Goswami, Miller, and Hoel (2011) studied the service selection model at remote or offsite facilities of

airports, in which passengers could use pre-flight service offerings such as check-in and luggage handling. Goswami et al. showed that passengers, experiencing timesaving as a motivator, clearly value service improvements in the aviation sector, especially in catchment areas with a proportionally high density of potential customers. Lieshout (2012) included the size of catchment areas into an analysis of airports' commercial activities and found that airport operators with a high level of service (LOS) could extend the consumer base, as passengers and visitors show a strong motivation to travel longer distances for better service and retail offerings.

Lin and Chen (2013) analyzed the shopping behavior at airports with respect to influencers and motivators, as well as time and pressure elements. Lin and Chen identified critical areas to be the shopping environment and product quality, as passengers seem to increase such expenditures for better quality and within a stimulating atmosphere. Lin and Chen argued that concessionaires could proactively affect the purchasing process through shorter transaction cycles because of the time constraints by passengers. Chung et al. (2013) conducted a similar research study and confirmed the findings related to decision convenience and time; however, results for passengers differed by shopping patterns such as *apathetic*, *traditional*, *mood*, and *shopping lovers*, as well as by travel purpose. Chung et al. highlighted that most business travelers collect product information just at the airports, as opposed to leisure travelers, who gain information in advance, enabling concessionaires to deploy a traveler-specific marketing and product concept at retail stores. Practical and convenience factors of travelers' shopping motivations at airports seem to affect the price levels at retail stores

significantly, resulting in a reduced price sensitivity or awareness by passengers (Geuens, Vantomme, & Brengman, 2004).

**Relationship and loyalty.** The generalization of results from consumer research in the automotive industry shows the importance of service-orientation, customization of offerings, and its positive influence on the client relationships (Godlevskaja, Iwaarden, & Wiele, 2011). The Transportation Research Board (TRB) (2013) commissioned a study to analyze the criteria for different measurements of service quality at U.S. airports and the relationships between retailers and passengers. The findings in the study included quality surveys to be a standard assessment method among participating airports without revealing a consistent approach or unique value proposition from an airport's point of view. Airport operators seem to have a need for loyalty programs or similar initiatives by concessionaires to improve nonaeronautical revenue from leisure and business travelers (TRB, 2013).

For the airline industry, however, Ringle et al. (2011) already found positive correlations between customer satisfaction and loyalty, regardless of the travel class or purpose. Prasatadisak and Chailom (2013) confirmed the findings with respect to brand and service loyalty in the aviation industry and referred to customer loyalty and switching costs, that deter passengers from changing an airline or its service product, but not for quality or service excellence reasons. Prasatadisak and Chailom concluded that various effects, including personalized and passenger-centric gestures by airline staff, might affect customer loyalty in a positive way. At airports, relationships and affections between passengers, products, and the influence of travel companions seem to play a

critical role in the shopping pattern, but require further research related to the travel purpose (Perng, Chow, & Liao, 2010).

Jevons et al. (2011) defined a model to forecasting the demand for a fast train access to London Heathrow Airport and assessed multiple clip levels for business and leisure travelers with respect to the willingness of accepting incremental cost or time. Jevons et al. concluded that leisure travelers show more sensitivity to changes in price than business travelers. Felkel and Klann (2012) deployed a forecast model to measure and manage the passenger flow at Frankfurt Airport and identified movement dynamics to be controlled by precise signaling, that also results in increased positive ratings in the airport's customer satisfaction index. The measurement of the satisfaction level plays a critical role in the definition and adjustments of services and products, as concessionaires rely on convenience factors to improve the consumption habits and spending behavior of passengers (Halme, Sinervo, & Punakivi, 2013).

**Marketing and incentives.** Business owners of multi-product companies such as airlines and airports have to consider their existing service concept, market position, and customer perception, when defining a marketing strategy, as the approach might differ from *cost* to *quality* leaders (Tansitpong, 2012). Goulmy et al. (2013) analyzed drivers of improvements in financial performance indicators within a global airport benchmark study and found that individual marketing and pricing activities generate only 2% more commercial income, while comprehensive efforts to optimize nonaeronautical revenue could add up to 12%, or 0.80 USD per passenger. Ariffin and Yahaya (2013) added that the image of an airport and offered services positively affect passenger delight, and

business owners should include elements of an airport's national identity into the commercial and marketing concept.

Passengers in the 21st century want to manage their end-to-end travel experience. Nijhuis (2012) analyzed the innovative concepts of Amsterdam Airport's holistic approach to improving the self-driven travel experience. Nijhuis argued that the introduction of social media supported the interaction between airport operators, concessionaires, and customers, permitting an increased cooperation with other stakeholders such as airlines or hospitality services. Han et al. (2012) referred to airlines and airports with respect to lounge offerings and the perception of quality by different traveler types and found that only a minority of lounge customers traveled for leisure purposes.

In addition, Han et al. (2012) stated that both the atmosphere and dining options are the most valued incentives to use a lounge offering. Another incentive applies to the vertical relationships between airlines and airports and the mutual and long-term investments in infrastructure. Painvin (2011) assessed the development of carriers creating multiple hubs in Europe to secure a broad market representation and concluded that the size of airports positively matters. Such significant investments by airlines at predominantly large airports represent an incentive to increase marketing activities by concessionaires and improving profitability from particular airlines' customers (Painvin, 2011).

## **Strategic Planning**

Business leaders of airport concessions manage a complex service and product portfolio in an economically uncertain environment and at changing conditions with respect to passenger and aircraft volumes (Kwakkel et al., 2012). Strategies to improve nonaeronautical revenue included an adaptive and sustainable use of the airport's infrastructure, enabling concessionaires to deploy mechanisms of using retail space and developing new products in collaboration with other airport partners (Forsyth et al., 2011). To accommodate for a passenger's need for information about the retail experience and offerings in the terminal, concessionaires have to define strategies aiming at the individual requirements by different traveler types (Chung et al., 2013). In the following paragraphs, related to strategic planning, the study includes a review of : (a) the concepts of market segments and consumer groups; (b) the implications of product and service development; and (c) the process of strategy deployment and adaptations.

**Market segmentation and consumer groups.** The market orientation and deregulation of the airport business in the European Union requires an integrated approach for business owners and policy makers to define and control commercial activities of both landside and airside terminal areas (Jimenez et al., 2013). Airport operators have to consider retail opportunities as well as passengers' preferences for accessing the airport, environmental consciousness, and social needs, including market segments beyond the scope of consumption by travelers (Budd, Ryley, & Ison, 2014). Business owners in the aviation industry added travel maturity, time sensitivity, and personal engagement to the strategic focus on traditional market segments such as

business and leisure travelers, enabling services and products also for new market segments such as non-travelers (Harrison, Popovic, & Kraal, 2015).

The focus by concessionaires on traveler types also includes age, gender, culture, and other criteria to differentiate offerings and reflect the broad consumer portfolio in the retail business of aerodromes (Freathy & O'Connell, 2012). Jimenez et al. (2013) assessed different aspects of travelers and non-travelers with respect to the consumer needs at landside retail areas that all types of customers can access publicly and concluded with the importance of airport visitors, neighboring residents, and employees as critical contributors to the financial profitability of operations and concessions. Non-travelers seemed to appreciate the convenience of access and extended opening hours or using the airport infrastructure for recreational purposes (Jimenez et al., 2013). Customer groups of airside concessions show increased time sensitivity, because of the constraints by scheduled departures and boarding slots, requiring business leaders of concessions to improve the focus on so-called *efficiency lover* passenger groups (Harrison et al., 2015).

**Product and service development.** Product managers include the customer's shopping motivation when defining offerings, translating into leisure or business traveler's intentions to spend in airport retail stores rather at their local shopping facilities (Geuens et al., 2004). Geuens et al. found the category *mood shoppers* mainly referring to leisure travelers, *apathetic shoppers* to business travelers, and *shopping lovers* to both types of travelers to create a matrix for corresponding product and service offerings. The shopper motives of passengers and the time constraints at airports result in product requirements that reflect this portfolio of stimulating elements for leisure and business

travelers (Lin & Chen, 2013). Lin and Chen also commented on the difficulties in defining compelling offerings that can attract different types of travelers in short timeframes with limited options for a second chance after a passenger's departure.

With respect to the element of time, Torres et al. (2005) analyzed the correlation between time spent at the airport and expenditures made in airside retail stores. Torres et al. concluded that leisure travelers complete most of the consumption cycle in the first 2 hours of waiting time, while business travelers usually start increasing such expenditures only after unexpected delays and a waiting time of 2 hours and more. Concessionaires have to offer and sell products to business travelers in a very short timeframe if delays at airports are less likely to occur. The service and product satisfaction by travelers depends on the category of the retail store and the portfolio, as customers, buying brands, evaluate their retail experience higher than consumers, buying food, or entertainment products (Perng et al., 2010).

**Strategy deployment and adaptations.** Business owners of concessions at airports can implement retail strategies based on the statistical estimations for commercial revenue by different traveler types (Torres et al., 2005). In addition, concessionaires may use the generalization from experiences made at shopping malls that tested the introduction of kiosks, pushcarts, or stalls to assess revenue implications from the emotional responsiveness of consumers. Runyan, Kim, and Baker (2012) found that the existence of a pleasant environment and the grouping of *in-mall* kiosks by products result in a positive reception by customers, who generally have a tendency to rate those non-traditional retail spaces more negatively and perceiving salespeople to be more

aggressive than the *in-store* personnel. Despite the applicability of general models, both the business concept and strategy also have to include aviation-centric characteristics, especially the relationship between service quality and customer satisfaction (Baker, 2013). Baker stated that good results from service excellence positively affect customer loyalty as well as the financial performance and strategy of the assessed businesses in the aviation industry.

Concessionaires predominantly base long-term strategies on master plans that contain assumptions for aircraft traffic volume, passenger development, and commercial predictions for the aviation sector or the economy (Kwakkel et al., 2012). According to Kwakkel et al., business owners need to break down the existing master plans into adaptive concepts, enabling executives to include uncertainties such as capacity constraints or third-party risks, and therefore improving the response time and the continuous financial viability of retail operations. The strategic framework of a commercial organization at airports may include a customer-centric approach, focusing on very individualized needs by traveler type and employees, ensuring a holistic and flexible concept for the total operations of a service provider or retailer (Vel, Creed, & Narayan, 2012). Freathy and O'Connell (2012) confirmed the importance of broad and holistic strategies for concessionaires and the necessity to understand consumer needs, the requirements for large landside and airside retail spaces, and how business owners should adapt service and product offerings to travel patterns.

## **Transition and Summary**

In Section 1, I presented the spatial competition between airports in an overlapping catchment area and the commercial offerings by concessionaires for different types of travelers. Passengers show individual patterns of airport selection and shopping behavior in terminals, resulting in a potential need for tailored service offerings (Lin & Chen, 2013). The competition includes airport operators and concessionaires as well as LCC and FSC airlines, forming a complex network of stakeholders, interested in optimizing profitability from passenger-related revenue (Forsyth et al., 2011). Despite the presence of quantitative research to evaluate the efficiency of the aviation industry, existing literature seems to contain gaps in qualitative studies about concessions at European airport systems and the service and product specifications by different types of travelers, leaving opportunities for further exploration (Arif et al., 2013).

In Sections 2 and 3, I address the process of compiling opinions from concessionaires as well as the interpretation of answers with respect to retail strategies and implications for service and product offerings for leisure travelers. The following section includes aspects of ethical research, the selection of participants, as well as data collection and analysis. In addition to the focus on contributing executives and senior managers, Section 2 includes a reflection on the role of the researcher and the importance of maintaining a neutral perspective by the executing scholar.

## Section 2: The Project

In Section 1, I provided an overview of concessionaires' need to define strategies and understand service and product preferences by passenger groups. The seminal work by Graham (2013), Liou et al. (2011), and Pavlyuk (2012) summarized the operational setup and competitive factors of airports and contracted concessions and identified the implications for different types of travelers. The assessment of existing research in airport-retail competition, commercial offerings, and consumer behavior marked a need for further exploration of strategies for individual passenger categories (Tsai et al., 2011b).

In Section 2 I offer an overview of the research elements I used to gather primary data related to the elements influencing commercial offerings for leisure travelers from executives and senior managers of retail operations. The research elements of the case study design included the definition of an appropriate participant pool and the conduction of semistructured interviews to ensure the collection of reliable data (Bolderston, 2012). In this section, I also describe the roles and techniques I used to comply with the ethical standards of conducting research, and to provide valid and transferable results.

### **Purpose Statement**

The purpose of this qualitative multiple case study was to explore which strategies concessionaires lack to improve commercial revenue from leisure travelers. The goal of this study was to conduct semistructured interviews with executives and senior managers of long-standing retail operations at the airports of Zurich and Basel to discover strategies of sustained profitability from sales to leisure travelers. Long-standing and experienced

concessionaires endured financial crises in the aviation industry and could provide insights into commercially successful retail concepts by different customer categories (Wittmer et al., 2011). Considerations of a potentially passenger-centric approach for the commercial revenue model of concessions at airports may result in predictive and sustainable decision-making models for executives and senior managers to realign the retail concept, and improve sales to all traveler types. A holistic strategy includes the potential for improving the financial performance of retail concessions and refining the end-to-end travel and shopping experience of passengers (Livingstone et al., 2012).

### **Role of the Researcher**

In this study, my role was to observe and analyze the answers and experience-based opinions executives and senior managers of concessions provided regarding retail strategies to improve sales to leisure travelers (Schultze & Avital, 2011). The intention was to explore the knowledge of the study participants and understand their professional interpretations, perceptions, and strategies for tailored retail offerings. I maintained a fair interview setup, including objective and neutral observations during the data collection and analysis process, and followed the protocols and standards of the *Belmont Report* for ethical principles and guidelines for protecting human subjects (U.S. Department of Health and Human Services [HHS], 1979; DuBois et al., 2012).

The avoidance of bias and misinterpretation was an essential component of this doctoral study. Because I am familiar with airport business operations through my personal experiences as a project controller for Frankfurt Airport between 1998 and 2001, I adhered to an interview protocol and made careful efforts to keep an objective position

with respect to the business leaders' answers and opinions (Bolderston, 2012). The introduction of an interview protocol (see Appendix B) for every participant of this doctoral study served as a checklist for critical elements of the interview and provided a record of each session, enabling thorough documentation in a written or audible manner (Guion, Diehl, & McDonald, 2011a).

### **Participants**

This qualitative study's pool of participants covered a selective group of nine concessionaires at the airports of Zurich and Basel. The participants possessed a long-standing experience as a business leader of retail services at airports for a minimum of 10 years, or as an executive or senior manager of a concession that operates at Zurich International or Basel EuroAirport for at least 10 years. Castro (2013) empirically assessed the duration of business cycles and found a threshold of 10 years for commercial activities resulting in the economic independence from expansion or contraction requirements. In addition to the duration criteria, participants were able to provide answers and statements with respect to retail customers by different traveler types (Jevons et al., 2011). Customers of restaurants and bars shop less in terminals or show less travel-type specific spending habits in retail stores (Freathy & O'Connell, 2012). I excluded business leaders of catering services from the research population to focus on non-food retail operations. Basel EuroAirport served as a secondary hub for FSC SWISS International Air Lines and Air France and as a base airport for LCC EasyJet, resulting in a control population of concessionaires comparable to that of Zurich International for the purpose of this study (Wild, 2011). The planned research population did not include

vulnerable adults or protected groups. If an unexpected situation occurred in which a vulnerable interview candidate happened to participate, the continuation of the data collection with this concessionaire would still take place as no particular risk existed other than in a participant's daily life or environment.

To gain access to the research population of executives and senior managers of concessions at the airports of Zurich and Basel, I used my personal network within the Center for Aviation Competence (CFAC) (see Appendix C). Both airport operators engage in research activities with the CFAC, creating a valuable network through which to request additional projects and ask for contacts. Because airport operators provide concessions for landside and airside retail spaces, I requested permission from the airports to approach concessionaires and execute interviews (see Appendices D & E). Qualifying concessionaires received initial requests similar to the request to airport retail departments, asking for contribution and participation (see Appendix F).

Establishing a trustful relationship with study participants is critical to qualitative research (Swauger, 2011). The population included nine executives and senior managers from pre-selected and approved retail operations who qualified for the participant pool of this study. Because the identification of strategies by business leaders was the primary intention of this qualitative case study, the participants did not have to refer directly to their companies or contractual partners, eliminating the need to provide any corporate financial information (Blair & Conrad, 2011). Participating executives and senior managers shared information and expected acknowledgement and feedback in return (Goldblatt, Karnieli-Miller, & Neumann, 2011). To create an environment of partnership

and meet the giveback expectations by concessionaires, I shared thoughts and findings from the preparation phase of this doctoral study and conclusions from the final document as an executive summary presentation. I conducted personal interviews using a series of semistructured questions and follow-up questions to answer the research question using the contribution of each business owner or executive (Bolderston, 2012). The interviews took place in the meeting and conference facilities of Zurich International and included the participating company's office location in case of time constraints by some of the participants.

### **Research Method and Design**

Qualitative researchers use interviews to obtain in-depth information about the participants' conditions, experiences, and opinions, and I extended to the knowledge of tailored retail offerings at Zurich International and Basel EuroAirport in the case of this study (Schultze & Avital, 2011). The conduction of interviews resulted in answers by concessionaires that directly addressed the research question regarding the strategies and retail concepts to improve commercial revenue from leisure travelers. Quantitative research, for example, does not contain a focus on rich and explanatory information, but instead focuses on relationships and statistical data (Symonds & Gorard, 2010). The business need for the analysis of passenger-specific retail offerings and underlying strategies by executives and senior managers of concessions at the airports of Zurich and Basel resulted in the execution of a case study to identify common approaches and success factors of concessions within this metropolitan airport system. Researchers use

interviews in a case study design to facilitate perspectives and statements by participants, and to enable the scholar to listen and observe (Wahyuni, 2012).

### **Research Method**

Business leaders and researchers in the transportation industry rely on quantitative studies to understand the correlation between input and output parameters of organizational or financial operations and to identify areas of efficiency improvements (Markovits-Somogyi, 2011). For the purpose of this study, the measurement and quantification of performance indicators could not contain strategic concepts or opinions by concessionaires to assess profit-generating retail strategies with respect to tailored offerings for leisure travelers. In the SERVQUAL model, for example, business owners and customers evaluate the service experience and provide perceptive data, resulting in the need for a qualitative analysis (Chien-Chang, 2012).

Qualitative research, with respect to retail offerings that affect the travel experience and shopping patterns by passengers, may also include service satisfaction from customers in different circumstances or life domains such as work, family, and social life (Sirgy et al., 2011). Some gaps I identified in existing literature related to so-called fuzzy methods, using multiple criteria and linguistic terms to determine the level of service for customers (Kuo & Liang, 2011). Both the inclusion of different life domains by travelers and the expression of service criteria in linguistic terms by concessionaires required qualitative research elements such as the case study design for an in-depth analysis (Liao, Xu, & Zeng, 2014).

## **Research Design**

Scholars in qualitative research, related to retail offerings at airports, face a certain level of complexity and diversity, for which a case study design represented the required elements of exploration and interaction in a controlled environment (Tronvoll, Brown, Gremler, & Edvardsson, 2011). Phenomenological design does not include experiences over a timespan and researchers mainly focus on a single event or a non-particular environment (Wahyuni, 2012). Both ethnography and grounded theory cover an extensive and broad analysis of cultural developments of individuals or groups (Cunliffe & Karunanayake, 2013; Dunne, 2011) that was not the intention of the focus on retail strategies for improving commercial revenue from leisure travelers in a metropolitan airport system. The case for this study consisted of the retail business at Zurich International and Basel EuroAirport, including the scope of executives and senior managers of concessions.

In a case study design, researchers determine the population through the required experience of the interviewees, not through the participants' distribution within a theoretical or phenomenological sample size (Englander, 2012). The concept of inductive reasoning, or purposeful sampling, provides the data collection around an idea or hypothesis and restricting both the type and the number of study participants (O'Reilly & Parker, 2013). The determination of an exact number of participants would not necessarily result in the expected outcome or meaningful conclusions by a researcher and required the inclusion of a saturation concept, too (O'Reilly & Parker, 2013). The data saturation level had to result in sufficient coverage of the research question of the study

to ensure reliability of the given answers (Bolderston, 2012). Data saturation represented a pivotal element for the proposed study and from which I could draw conclusions with respect to the research findings (Chenail, 2011).

### **Population and Sampling**

For the purpose of this study, I selected nine participants from a defined group of executives and senior managers of retail operations at the airports of Zurich and Basel. The constructivist paradigm of this qualitative research required a participant pool of long-standing and experienced concessionaires to participate in knowledge exchange with the interviewer or researcher (Schultze & Avital, 2011). The population consisted of business leaders, who gained professional experience in commercial services at airports for a minimum of 10 years or worked as executives or senior managers of concessions that operated for at least 10 years at Zurich International or Basel EuroAirport. The application of a minimum threshold, applied in years to the participant's experience or the duration of the retail operation, ensured the economic viability of long-standing concessions (Castro, 2013). Executives and senior managers, who possess multiple years of experience and insight in retail operations at facilities, were more likely to endure financial downturns in the aviation industry in the 1990s and early millennium, and therefore capable of defining strategies to overcome similar scenarios, including decreasing revenue from leisure travelers (Wittmer, Bieger, & Müller, 2011). The qualitative nature of this study included the importance of exploring the population's thoughts and experiences, resulting in a standard taxonomy from categories and themes (Harrison & Reilly, 2011).

The approach of purposeful sampling involved the selection of candidates for reason and included the nomination of snowball participants from executed interviews, where participants recommended other candidates, who could have contributed to this research study with a similar level of experience (Bolderston, 2012). The exclusion from participation for data reliability or ethical research issue considerations required a considerate communication process to ensure the respectful treatment of every participating and non-participating interview candidate. Within the saturation process for this doctoral study, the development and modification of thematic categories represented an indicator for the number of required interviews (Ando, Cousins, & Young, 2014). Ando et al. (2014) did not record significant theme modifications after seven interviews, while Blair and Conrad (2011) identified a minimum level of nine participants for cognitive interviews in case studies and deploying checks of the research questions after five interviews to confirm the trends from answers already given. Marshall (1996) confirmed a single digit population for very detailed research as in case study designs and clear objectives as for the focus on strategies in improved commercial revenue from leisure travelers in one metropolitan airport system. The minimum number of participants for this case study was seven executives and senior managers of retail operations with an extension of two additional concessionaires that resulted in data saturation and no significant changes identified in the thematic categories, aligned with the common practice for the number of participants in other case studies.

## **Ethical Research**

In academic research, ethical standards represent a fundamental framework to ensure the truthfulness of studies and safeguarding of participants' privileges, privacy, as well as physical and psychological integrity. Ethics became an important element of institutional integrity and its adherence in programs and scholarly work (Myers & Venable, 2014). Within this study, I ensured the application of general and Walden University's principles to protect participants' rights and dignity through coordination with the study committee and Walden's Institutional Review Board (IRB). The final document of the doctoral study includes the IRB approval number (see Appendix G), showing compliance with the ethical principles by the university. The international setup as part of a study in Switzerland complied with the regulations and guidelines of the *International Compilation of Human Research Standards* and the planned interviews with concessionaires did not contradict local legislation (HHS, 2015).

The key elements of participation in research are informed consent and voluntariness (Edens, Epstein, Stiles, & Poythress, 2011). Before the active involvement in the interviews, participants received a consent form during the preliminary meetings to understand the nature and purpose of the study as well as the voluntariness and options to withdraw from the participation in this study at any point in time (see Appendix G). The participant could have withdrawn by informing the researcher via phone, email, or in person about the intention not to participate or to be excluded from the presentation of findings in the study prior to publication (Qu & Dumay, 2011). In addition, the consent form included a privacy statement, highlighting the confidentiality of the answers with

respect to the participants' names, organizations, or other personally identifiable information through the application of pseudonyms and identifying numbers. The participants contributed by choice and without any compensation or incentives. Any form of compensation may have a manipulative effect on the study results or conclusions (Edens et al., 2011). I store all information related to the study participants, including digital material, personal notes, and recordings in physically or digitally protected locations for a minimum of 5 years before a secure and permanent deletion of the data.

### **Data Collection Instruments**

In qualitative studies, using interviewing techniques, the researcher represents the instrument within the data collection process (Pezalla, Pettigrew, & Miller-Day, 2012). Chenail (2011) associated this researcher-as-instrument approach with risks related to the researcher's rigor and bias as the personal situation and appearance might affect the data collection and the participants' statements. Evans and Jones (2011) confirmed the benefits and necessity of validating the data collection process with a small group of candidates, establishing a foundation for further interviews. For the purpose of this study, I executed exemplary interviews after the IRB approval, validating the questions, interview location, and atmosphere with two qualifying, but non-participating candidates to understand the nature of the answers given, the context, and potential improvements required for the main interview process.

The analysis of experience-based statements, preferences, and opinions required open-ended questions to ensure a broad and adapting portfolio of information, following the individual and professional characteristics of each study participant (Iversen,

Bjertnaes, & Skudal, 2014). Bolderston (2012) recommended the application of semistructured interviews that provide a predefined format and options to deviate from originally designed questions or to apply follow-up questions for more flexibility based on the answers given. Guion et al. (2011a) elaborated on the interview process in a semistructured format, including the application of a written protocol and the transcription of the audio recordings after each interview. Guion et al. concluded with the importance of active listening by the interviewer to enable the researcher in adapting the questions for an in-depth interaction.

The case study design included the application of open-ended interview and follow-up questions (see Appendix H). I deployed an interview protocol and the transcription of the audio recordings for further exploration of themes, using a computer-assisted qualitative data analysis tool. The protocol was part of a conceptual interview scheme and supported a seamless transition from the interview narratives to the analysis of themes related to the original research question (Dierckx de Casterlé, Gastmans, Bryon, & Denier, 2012). The application of an interview protocol for each participating executive and senior manager enabled the consideration of critical elements of the data collection instrument and creating a record for each interview (Guion et al., 2011a). In addition, I used the protocol as an outline for the sequence of the interview questions and the qualifying criteria for follow-up questions (Bolderston, 2012).

### **Data Collection Technique**

The instrumentation of interviews within a case study enables the researcher to interact with participants (Schultze & Avital, 2011). From an efficiency point of view, the

execution of face-to-face interviews generate a direct and interactive method and permit a real-time experience and immediate responsiveness (Englander, 2012). I executed in-room and face-to-face interviews in the meeting facilities of Zurich International, participants' office locations, and via telephone, creating a contributing atmosphere, in which participants were most likely to share information about retail and revenue strategies for leisure travelers (Bolderston, 2012). The immediacy of in-room interviews could cause a discomfort by participants, resulting in less deliberate answers (Englander, 2012). Englander recommended preliminary meetings with interviewees to establish a trustful environment and inform about the research question upfront, potentially supporting more conceived responses by participants. Alternatively, Irvine (2011) assessed the feasibility of telephone interviews with respect to the level of interaction and talk time by participants. Despite some unaddressed topics such as withhold or underexposed information, Irvine argued that interviews in a virtual and audible setup could result in meaningful data in qualitative research. In this study, I established a preliminary networking before the face-to-face interviews. Physical and introductory sessions were not always be possible because of the nature of the population of executives and senior managers, and resulted in telephone interviews in three cases.

The interview participants' native language could vary, as operators and concessionaires at the airports of Zurich and Basel serve a predominantly German-speaking customer base, and resulting in many executives and senior managers to be from the same cultural and linguistic background. All interviews, however, took place in English, because of the aviation sector's international nature and language proficiency in

fluent English of market participants in general and the interview participants in particular. The program specifications of Nuance *Dragon Recorder* permits voice recording in different native languages. During the execution of the interviews, I used an iOS based recording device to run *Dragon Recorder* and creating an audio file for each session. The use of an iOS mobile device resulted in a seamless integration with the voice recognition software Nuance *Dragon Dictate 4.0* for MacOS, providing multiple language and dialectic support for audio recordings, ensuring the recognition of European English. The requirements concerning language and operating system for this study resulted in a limited selection of supportive recording and voice-recognition systems, for which the Nuance *Dragon* product portfolio provided sufficient coverage within my financial budget.

The inclusion of member-checking in form of second interviews or queries may cause unnecessary discomfort by the participants (McConnell-Henry, Chapman, & Francis, 2011). Goldblatt et al. (2011) confirmed the potential ethical threat of sharing research findings with study participants at an early stage of the inquiry process and recommended the application of peer debriefings or research method triangulation instead. Should research participants have shown forms of unstable psychological states, recognizable by the executing interviewer, I would have applied respectfully, but immediately discontinue the interview for this particular candidate. Researchers also can validate statements by participants through the insertion of probing questions and amplification comments into the interview process (Thomas & Magilvy, 2011). The validation concept for the data collection process of this study included follow-up and

clarification questions embedded in the interviews. In addition, participants could have reviewed the transcript of their interview for making comprehensive adjustments to the original statements if required.

### **Data Organization Techniques**

The information gathered from executives and senior managers contained different opinions, views, and perceptions. In interview-based qualitative research, scholars may deploy notes, transcripts, and protocols to collect and hold the broad portfolio of data (Rowley, 2012). A researcher keeps the overview during and after the interview process through structured and sequential interview sections and the application of introductory, indirect, or follow-up questions (Qu & Dumay, 2011). I took notes, containing reflections from an elaborative question, including the participant's reactions and behavior (Irvine, 2011).

For the purpose of this study, I created data packages that contain the audio recording, transcription, notes, protocol, and the consent form, securely saved in an encrypted folder on my personal computer and backup hard disk, using identifying numbers in the filing system to ensure the anonymity across the collection, analysis, and presentation process. A locked deposit box contains all paper-based documents for 5 years. In addition, an electronic research folder includes the consolidation of anonymized data from all participants, reflecting the identified categories and themes in the analysis process. In the consent form, the participants agreed with the data retention and the deletion of both digital and physical raw data after 5 years of study completion.

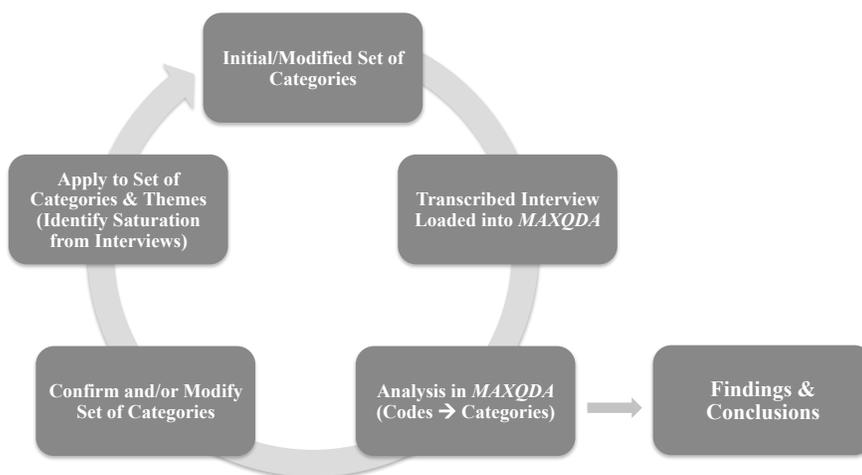
## Data Analysis

The collected data from concessionaires' interview statements represented the raw material of this doctoral study. In case studies, a researcher has to reduce the content of verbal and linguistic communication to elicit the meaning of each participant, thereby suspending the scholar's own views and beliefs (Hycner, 1985). Hycner's bracketing concept represents an adaptation of Keen's (1975) investigative reduction to focus on the case's own reality and implication. In other words, researchers assess the study participants' answers without bias or preconception. Dierckx de Casterlé et al. (2012) confirmed the importance of impartiality and proposed an adaptive qualitative method to capture the verbal statements and non-verbal signals by participants for a staggered approach of defining and applying categories and themes to the transcripts. The development of categories provided a breakdown of the interview content and supported the definition of themes with respect to the research question (Broom, 2005).

In this study, the use of Nuance *Dragon Dictate 4.0 for MacOS*, a computer-based voice-to-text transcription enabled the file conversion of the *Dragon Dictate* audio-recorded interviews into a text file, serving as transcripts for each participant's interview statements. Transcripts did not contain any corporate or personally identifiable information after a thoroughly executed review and editing process. The requirements for a multi-language support of English and dialectic speech in the audio files as well as the system support of Apple MacOS limited the selection process. For the purpose of this study, I selected Nuance *Dragon* for performance reasons and multi-language and OS support. Preliminary tests with both *Dragon Recorder* and *Dictate* in British English and

European English resulted in an automated recognition score of more than 90%, or 2500 words.

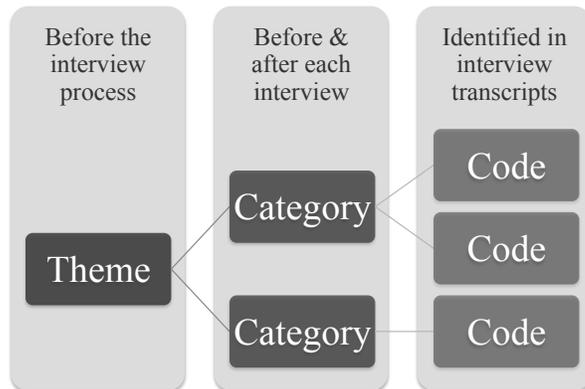
After the recordings I correlated the participants' words to my personal observations from the notes taken and summarized into one document per interview for the identification of codes. Broom (2005) recommended the application of themes and categories before the interview process and potential adjustments after each interview based on the codes identified. The process of data saturation does not support a concluding definition of all categories already before the execution of the interviews (O'Reilly & Parker, 2013), resulting in the need for continuous alterations and decisions by the researcher. For the analysis process of this study, I applied an iterative cycle of category modifications to address the research question and achieve data saturation (Chenail, 2011; see Figure 3).



*Figure 3.* Data analysis cycle. This diagram provides an overview for the iterative process of defining and modifying categories.

Researchers, who collect data through interviews and transcripts, can select from various qualitative data analysis (QDA) software programs supporting the management of annotations, keywords, and codes (Rowley, 2012). Dierckx de Casterlé et al. (2012) agreed with the possibilities to defining categories and deriving themes by deploying such programs, but argued not to over-emphasize the use of qualitative research software, as the researcher may face more constraints by the tool to reflect on the content than in a manual setup. The use of QDA software *MAXQDA* in this study permitted a time-efficient data analysis process and supported the definition of themes, identification of codes, and modification of categories (Bolderston, 2012). The approach of understanding certainties and uncertainties in the model for adaptive plans by Dewey (1927) served as a reference to the conceptual framework of this study and guideline to identify codes, categories, and themes.

For the purpose of this study, I selected *MAXQDA* for reasons of software specialization in qualitative research and support of MacOS as well as multiple languages, including English and German. The hierarchical code system and the assignment of weighted code segments in *MAXQDA* permitted the application of the adaptive plans model and the inclusion of focus topics from the literature review and conceptual framework (see Figure 4). QDA tools such as *NVivo* and *ATLAS.ti* cover similar functionalities as *MAXQDA*, but researchers may face limitations in language support and less intuitive user front-ends. In *MAXQDA*, purposeful developed categories and themes comprised a comprehensive and conclusive data analysis section for the purpose of this study.



*Figure 4.* Code hierarchy. This diagram provides an overview for the relationship between themes, categories, and codes, as used in *MAXQDA*.

### **Reliability and Validity**

The analysis and interpretation of information required a controlled foundation embedded into the research process ensuring both the reliability and validity of the underlying data (Morse, Barrett, Mayan, Olson, & Spiers, 2002). Creswell and Miller (2000) analyzed concepts of data validation and defined the researcher, participant, and external view to elaborate on the different approaches. In qualitative research, aspects related to reliability translate to dependability as well as validity to creditability, transferability, and confirmability (Thomas & Magilvy, 2011). The elements of data quality assurance and saturation for this study applied to the three views by Creswell and Miller and the four aspects by Thomas and Magilvy.

### **Dependability**

Whether the collected research data represents a reliable source of information depends on the level of dependability and the rigor of the underlying study (Morse et al., 2002). Morse et al. recommended a verification process, which may include member-checking for the validation of interview statements, but must not rely exclusively on these

post hoc reflections to ensure flexibility during the data analysis. For the purpose of this study, I deployed member-checking within the interview process through the application of discrete follow-up and verification questions allowing for the truthfulness of the narratives from a participant's point of view (Creswell & Miller, 2000). The conduction of an interview evaluation with two participants preceded the interviews, following the guideline of selecting a minimum of 10% of the expected research population for a preliminary evaluation of the approach and applicability to the defined research questions (Connelly, 2008). Finally, a review of the consolidated interview transcripts, notes, and protocols provided a holistic assessment of the collected data, as well as its reliability and interpretability from a researcher's point of view (Guion et al., 2011a).

### **Creditability**

Validating the information in qualitative research through the inclusion of third party opinions supports a broad perspective and the creditability of the provided information (Wahyuni, 2012). Wahyuni recommended the application of evaluator triangulation, a form of peer debriefing, to ensure the researcher's understanding matches other experts' work and views with respect to similar studies. In addition to this internal validity, Guion, Diehl, and McDonald (2011b) confirmed the efficiency of using method triangulation that enables the scholar retrieving alternative information from other research instruments such as observations or related documents. The inclusion of observations, made at Zurich International and Basel EuroAirport by non-participating executives managers of other airport departments, and business leaders from my personal and professional network, served as a reference to validate identified categories and

themes. Additional opinions by the doctoral study committee and fellow members of the Air Transport Research Association (ATRS) ensured a rich and thick layer of peer-reviewed information, covering further elements of the credibility from interview responses in this study (Creswell & Miller, 2000).

### **Transferability**

The focus of this study on commercial activities at the Zurich-Basel metropolitan airports contained limitations to the statements and findings for a particular population and geography. A researcher can ensure the transferability to other criteria of the original population through a rigorous setup and execution of the method and design along the defined delimitations (Thomas & Magilvy, 2011). Onwuegbuzie and Leech (2005) confirmed this approach and argued that conducting further research, using modified criteria and resulting in a similar or related outcome, might confirm the general findings of the original study to ensure its external validity. O'Reilly and Parker (2013) found data saturation in the research process represents an additional indicator for transferability; however, limitations may exist with respect to the definition of an appropriate sample size, affecting the relative accuracy of saturation. For the data validation of this study, I reviewed the interview statements, identified codes, and modified categories to enable data saturation within an iterative cycle, following each interview. Readers of this study about tailored service and product offerings for airport concessions at the airports of Zurich and Basel may identify further opportunities to adapt the concept and criteria for research related to other types of travelers, modes of transportation, or geographical regions.

### **Confirmability**

In general, saturation relates to the transferability and confirmability of the findings from a study (O'Reilly and Parker, 2013). Thomas and Magilvy (2011) concluded that the establishment of dependability, creditability, and transferability as a collective achievement within the research process also results in confirmability of the underlying study. The introduction of a reflective protocol, or research log, enabled me assessing the status of each of the four aspects of the validity of the study against internal and external factors to ensure a continuous update of its adherence to quality assurance (Creswell & Miller, 2000). A constant review of the research agenda and adjustments to defined categories and follow-up questions improved the associations between the research questions and contribution by participants (Morse et al., 2002).

### **Data Saturation**

Data saturation in qualitative research represents the combination of multiple aspects, including the confirmability of the answers by study participants (O'Reilly & Parker, 2013). A critical element of saturation was the coverage for the underlying business problem of the research question and answers by executives and senior managers concerning profit-generating strategies by traveler-type. A researcher lacks confidence in the findings, if participants' answers do not result in conclusive aggregations for themes and categories, leaving gaps in the identification of common approaches or trends (Chenail, 2011). For the purpose of this study, I applied initial definitions of themes in *MAXQDA* and modifications of categories after each interview to

identify trends for concessionaires' retail strategies at an early stage and preparing for additional interviews to ensure data saturation (Ando et al., 2014).

### **Transition and Summary**

Section 2 included the description of the research setup for this qualitative case study, using semistructured interviews and a validation process. The application of ethical and reliable research represented the fundamental concept of conducting studies to protect the rights of all participants and ensuring full compliance with institutional and governmental regulations (Myers & Venable, 2014). Hycner (1985) stated that a researcher should explore the richness and depth of the case study and reducing any interpretation to data, provided by study participants, only. A scholar has to ensure the collected data's internal and external validity with respect to creditability, transferability, and confirmability of the provided information (Thomas & Magilvy, 2011). In this study, I applied the concepts of triangulation, bracketing, and data saturation, as well as the introduction of an interview protocol, covering the relevant aspects of the research project's general integrity.

The following Section 3 includes the results of the executed interviews and analyzed data. Within the presentation of the findings, I address the application to professional practice and the implications for change of the concession business at metropolitan airports in Europe. The conclusions may reflect impressions from the participants' answers, referring to topics for future research.

### Section 3: Application to Professional Practice and Implications for Change

Local carrier SWISS International Air Lines announced plans to discontinue most of the scheduled flights from Basel EuroAirport because of additional competition by low-cost carriers and the increase in less profitable leisure and cost-sensitive passengers (SWISS, 2014). The airline's strategic decision confirmed the need to evaluate financially successful retail strategies at regional airports and understand commercial concepts at international airports (Thelle et al., 2012). The announcement by SWISS represented a valid indicator for the underlying assumptions regarding the commercial attractiveness of international hub airports and their diversified customer groups in contradistinction to regional airports' predominantly leisure-travel-centric passengers. My focus on leisure travelers in this doctoral study contributed to the evaluation of a business problem that existed during the course of its execution, requiring input from business leaders of airport retail concessions regarding how best to address and solve the problem of improving commercial revenue from leisure travelers (Graham, 2013).

#### **Overview of Study**

The key elements of the study included the participation of concessionaires from the airports of Zurich and Basel, representing one international and one regional aerodrome that serve an overlapping portfolio of airlines, business, and leisure travelers (Thelle et al., 2012). My interviews with executives and senior managers and subsequent data interpretation resulted in meaningful conclusions regarding sustainable business concepts on how to improve commercial revenues from leisure passengers (Fuerst et al., 2011). The research question and the interview questions contained references to (a)

strategies by concessionaires; (b) the needs and preferences of different customer groups; and (c) elements positively affecting the concessions' profitability (Ringle et al., 2011).

**Themes for the interview process.** In addressing this study's business problem, I based the definition of the interview questions and themes on the following main research and supporting questions:

*RQ:* What strategies do concessionaires lack to improve commercial revenue from leisure travelers?

*SQ1:* What information do business owners require to increase sales volumes or commercial revenue from different traveler types?

*SQ2:* What are the strategies to improve profitability from less-profitable traveler types?

The interview preparation was based on discussions with retail experts who highlighted the importance of creating a shopping experience for leisure travelers, as stated by Graham (2013). The process of identifying focus areas for all interview questions supported the definition of a set of themes, and resulted in the following four groups: (a) shopping experience; (b) tailored products; (c) offers and sales; and (d) collaboration. These themes correlated to the findings of the literature concerning retail strategies within an airport environment as noted by Arif et al. (2013). The concept of managing consumer behavior from a business leader's point of view derived from my review of scholarly work about airport-concession relationships and the commercial attractiveness of different traveler types (Forsyth et al., 2011).

Themes represent critical components in an interview-based research approach because the participants' answers should show corresponding patterns related to one or many defined topics (Ando et al., 2014). Once the selected participants provide answers that overlapped with replies by their predecessors, the researcher assumes a saturation level for the associated theme, which is an important element in a qualitative case study (O'Reilly & Parker, 2013). The saturation concept covers the integrity of a qualitative research study with respect to the applicability of collected data to a broader population (Chenail, 2011). Interview participants provided verbal cues in their answers with respect to the defined or modified categories (see Figure 5) that I subsequently coded and consolidated into a relational overview of themes, categories, and codes (see Appendix I).

Category	Explanation
Airlines	Cooperation and synergies with airlines and their marketing concept (Vogel & Graham, 2011).
Cost	Determination of value drivers, price impacts, and investments (Hanaoka & Saraswati, 2011).
Customer	Expectations, perceptions, and shopping behavior of travelers (Lin & Chen, 2013).
Data	Sources of information, data exchange, and benchmarking concepts (Goulmy et al., 2013).
Frequency	Periodical and time-dependent concepts, including customer loyalty (Prasatadisak & Chailom, 2013).
Infrastructure	Availability and limitations in size, including flexible approaches (Jimenez et al., 2013).
Internal	Corporate concepts to prepare organizations and people for continuous changes in market and industry (Ingledew, 2010).
Price	Financial profitability vs. value proposition in a semi-competitive environment (Lian & Rønnevik, 2011).
Strategy	General guidelines for achieving long-term goals in the retail business (Harrison et al., 2015).

*Figure 5.* Explanation of categories. This overview provides a short explanation of each category's underlying context.

**Interview preparation.** The interview preparations required acknowledgement and support from the airport operating companies of Zurich and Basel. Zurich

International provided me approval to execute the research study and contact concessionaires (see Appendix D). After further discussions with the Centre for Aviation Competence (CFAC) and extended networking efforts, I acquired permission from Basel EuroAirport to conduct the research study with concessionaires there as well (see Appendix E). The data collection process included a sequential plan to select and invite participants, continue with preliminary networking meetings as a preparation for the interview execution, and verify transcribed dialogues between the researcher and the participant (see Figure 6).



*Figure 6.* Data collection technique plan. This diagram provides an illustration of the sequence from selecting participants to verifying collected data via transcripts.

In addition to the networking activities via the CFAC and the airport operators of Zurich and Basel, I used an extended personal network to contact executives and senior managers, ensuring a broad and diversified assessment of potential interview candidates for this doctoral study and further research activities after its completion (Aral, Dellarocas, & Godes, 2013). The qualitative case study design for two airports in a metropolitan region represented an opportunity to understand the nature and patterns of such an airport system and its commercial viability (Brehmer, 2011). Leaders of different retail businesses at the airports of Zurich and Basel provided additional experiences with tailored offerings and strategies from other airports or comparable commercial concepts of other industries (Lin & Chen, 2013).

The interviews took place at the conference facilities of Zurich International, Basel EuroAirport, and office locations of participating concessionaires. Three participants showed no availabilities for personal meetings, hence I conducted the interviews via telephone using high quality phone lines to ensure the execution of audio recordings. The interview process via telephone did not affect the collection of valuable answers for this research study and permitted the same data analysis and interpretation process as for answers from face-to-face interviews (Irvine, 2011). All interview participants provided answers in less than 1 hour, confirming the feasibility of using a limited number of interview questions, as described by Pezalla (2012), and the applicability to the main research question of this study. For confidentiality reasons, all documents and recordings include identifiers *I-xx*, eliminating personal information and any association with the participants' companies or functions (Bolderston, 2012).

The data collection period covered 7 weeks, including the parallel activities of data analysis and theme modification (see Figure 7). The study participants contributed by answering the interview questions in their role as a decision-maker of the airport operator or the concession company. For this case study, I executed a total of nine interviews with executives and business leaders from the airport retail departments and concessionaires from contracted retail operators, and identified saturation after eight interviews (see Table 2).

Activity (Data Collection)	Schedule (2015)
Initial Discussions with Retail/Aviation Experts	October 1 <sup>st</sup> – October 8 <sup>th</sup>
Execution of Exemplary Interviews (“Pilot”)	October 2 <sup>nd</sup> – October 9 <sup>th</sup>
Interviews with Zurich International Retail Department	October 12 <sup>th</sup> – October 26 <sup>th</sup>
Interviews with Basel EuroAirport Retail Department	October 19 <sup>th</sup> – October 29 <sup>th</sup>
Interviews with Contracted Retailers Zurich	October 26 <sup>th</sup> – November 6 <sup>th</sup>
Interviews with Contracted Retailers Basel	October 29 <sup>th</sup> – November 13 <sup>th</sup>
Data Analysis (Codes & Themes, Contextual)	October 2 <sup>nd</sup> – November 13 <sup>th</sup>
Findings & Conclusions	October 12 <sup>th</sup> – November 15 <sup>th</sup>

*Figure 7.* Data collection schedule. This schedule provides an overview of the activities for executing interviews and analyzing collected information.

Table 2

*Overview of Interview Candidates*

Airport	Type		Total
	Retail	Concession	
Zurich International	x	x	x
Basel EuroAirport	x	x	x
Grand Total	x	x	9

*Note.* This table shows the combination of interview candidates by location and type and total number of interviews.

### **Presentation of the Findings**

For the purpose of a preliminary evaluation of the interview questions, I approached two experts in the area of retail operations and the aviation business to gain feedback concerning commercial strategies in a multi-segment market such as business and leisure travelers (Blair & Conrad, 2011). The feedback included an indication of the feasibility and appropriateness of the 10 defined interview questions, with respect to customer-specific pricing and product differentiation (Tansitpong, 2012). In addition,

these expert opinions about retail concepts at airports confirmed the need for improving commercial revenue from passengers to compensate for decreasing aeronautical revenue from airlines (ACI, 2013). All interview questions contained a reference to one or multiple defined themes, ensuring the coverage of the underlying research and support questions of the study (see Figure 8).

Question and Topic	Theme
1 General sales strategies	Shopping experience, Tailored products, Offers & sales, Collaboration
2 Sources of information	Collaboration
3 Product differentiation	Tailored products
4 Price adjustments	Offers & sales
5 Low-margin products	Shopping experience, Tailored products
6 Product adjustments	Tailored products
7 Customer satisfaction	Shopping experience
8 Involvement of personnel	Collaboration
9 Additional services for leisure travelers	Tailored products, Offers & sales
10 Other comments & observations	Shopping experience, Tailored products, Offers & sales, Collaboration

*Figure 8.* Interview topics and themes. This overview contains the link between the interview question and defined themes.

### **Interview Question 1**

The interview question “*What are your sales strategies to increase commercial revenue from leisure travelers?*” contained the introduction into the research question and provided the general focus of the problem and purpose statement in this study. The purpose of this general question was to ensure a common understanding for the analyzed revenue stream from leisure travelers and avoiding any misinterpretations in qualitative research, as stated by Qu and Dumay (2011). Rowley (2012) recommended, interviewers

should enable participants in making general statements, leading to further explanations in the subsequent interview questions.

Question 1 linked to all identified themes of this study. The interview participants referred to each theme in their answers, providing codes with a strong focus on *shopping experience* as well as *offers and sales*. Concessionaires identified a general business problem of the consumer behavior in a changing environment such as shifts towards low-cost carriers and price-sensitive passengers, also described by Martínez-García et al. (2012). In addition, participants I-01 and I-03 stated the importance of *repeatable sales* concepts that ensure continuous improvements of the underlying price and volume assumptions. Kwakkel et al. (2012) confirmed the continuity of improvements as a key element for long-term approaches by concessionaires, hence corresponding to the findings of the literature review with respect to the relevance and importance of corporate strategies and airport master plans.

Other codes included *special discounts* during school holidays and offerings for winter, spring, summer, and fall *seasons* as being more relevant to leisure travelers than business travelers. Similar to findings by Chung et al. (2013), participants I-01 and I-02 referred to *mood shoppers* and *shopping lovers* as a basis for their strategic decisions concerning offerings and pricing. One issue of understanding the effectiveness of sales strategies contains the success and failure factors with one type of customer that might not come back for a second shopping experience, because of the nature of leisure passengers travelling less frequent or only once from a certain airport (Lin & Chen, 2013).

## Interview Question 2

The interview question “*What are your sources of information, when making a decision to introduce, discontinue, or amend a retail product?*” included a reference to the theme *collaboration*, understanding the usage of information from the concessionaire’s internal sources, business partners, and third parties. The purpose was to highlight decision criteria that affect the retail offering based on post-hoc information and defining reasons within and beyond the control of the concession’s business leader (Chung et al., 2013). The result from these decision factors could motivate concessionaires in determining a traveler-type specific offering or introducing more transparent methods of evaluating a product’s profitability cycle (Harrison et al., 2015).

Question 2 and the associated theme linked to a broad set of codes from the answers given by the research population. Most concessionaires provided feedback on *market data*, internal sales *databases*, and input by shop *managers* concerning criteria to review the commercial revenue from a retail offering or certain products. Participant I-02 referred to own *research* activities by the company that ensure detailed analyses of their retail investments’ influence on revenue and profitability. Goulmy et al. (2013) confirmed a larger influence from tailored profit optimization efforts on nonaeronautical revenue than from general and non-targeted marketing and pricing activities. Collaboration also included the *data exchange* between airport retail departments and contracted retailers, allowing for mutual agreements on product portfolios as well as optimized demand coverage and usage of the available retail infrastructure (Hihara, 2012).

In addition to codes about collaboration and the flow of information from internal and external sources, participants I-01 and I-03 mentioned the importance of ad-hoc decisions based on *real-time information* such as regional and international news as well as incidents at the airport that, according to Brehmer (2011), can affect the shopping behavior and needs of leisure travelers on a very short notice. With respect to Basel EuroAirport's low-cost carrier (LCC) initiatives, business leaders answered that they consider airline-related information to offer products and services for LCC passengers and supporting the airport's strategic activities, as well as appreciating more competition with other regional airports. Carlisle (2013) confirmed the increased level of competition between smaller and secondary airports in Europe, requiring individual measures to compensate from decreasing aeronautical revenue.

### **Interview Question 3**

The interview question "*How do you distinguish between your offerings for business travelers, leisure travelers, and others?*" contained the underlying assumption of the presence of passenger-specific retail offerings at airports. The purpose of this question was to understand the product and service criteria that show the differentiation in concessions' offerings as well as the conscious and unconscious recognition by different traveler types, as described by Jevons et al. (2011). In addition, the participating business leaders could also provide input concerning potential shortfalls of making such product distinctions by customer groups at international or regional airports (Ingledeu, 2010).

Question 3 linked to the theme *tailored products* with associations to the *shopping experience* as part of an airport's layout and configuration (Hanaoka & Saraswati, 2011). The interview participants referred to this question very differently, depending on the shop they operate, as well as the products and services offered. Concessionaires of duty free stores differentiate by low and high value products, ensuring tailored offerings for passengers by available *income* rather than travel purpose. This statement represented a contrast to the findings by Lin and Chen (2013), stating the duty free stores' holistic concept and positive appreciation by leisure travelers. In addition, participant I-03 provided the code *seasonal* offerings as a differentiation criteria and being relevant to products of low- to medium-value categories, or up to 20 CHF, and mainly targeting leisure travelers. Chung et al. (2013) found a lower degree of product awareness during the shopping process of business travelers, hence the improved responsiveness for seasonal products by leisure travelers.

Other codes included *touch & buy* as a concept for stores in which, according to Yang et al. (2011), shoppers perceive products directly such as fashion outlets or bookstores. The product and service portfolio seemed to have a critical role for executives and senior managers and their strategic definition of passenger-centric offerings, especially with respect to *holistic* concepts that include the in-store experience by leisure travelers (Perng et al., 2010). All interviewed participants highlighted the importance of applying *flexibility* to retail offerings and the need for a continuous analysis of passengers' preferences. Pabedinskaitė and Akstinaitė (2014) confirmed the

relevance of tangibles, including products that affect the perceived service quality by travelers.

#### **Interview Question 4**

The theme *offers and sales*, associated with the interview question “*What are the influencing elements for retail price adjustments?*” aligned to the potential product strategy and marketing initiatives by retailers. The purpose was to understand the offerings at airports with respect to different passenger groups and the need to differentiate those offerings within a tailored pricing approach, identified by Rothkopf and Wald (2011). Results from this question may facilitate a more price-sensitive retail concept for leisure travelers and ensuring revenue improvements through targeted products, services, and prices (Gumus et al., 2013).

Question 4 resulted in financial codes such as *profitability*, *profit maximization*, and *seasonality*. Participating concessionaires responded according to internal and corporate initiatives, but also respecting prices of the local market as an instrument of setting price levels for their retail store at a specific airport and its regulatory environment, as stated by Kratzsch and Sieg (2011). Despite significant passenger fluctuations within an annual cycle at Basel EuroAirport, the level of leisure traveler-specific pricing initiatives by concessionaires remained lower than at Zurich International, confirming the relevance of an aerodrome’s size on the commercial attractiveness of the airport’s retail business (Ingledeu, 2011). Participants I-05 and I-07 referred to the airport’s concept of setting commercial charges and *concession fees* as a less important driver of prices to the end consumer, as well as the importance of a holistic

view on all cost elements, confirming Kwakkel et al. (2012) and the relevance of product procurement as well as the retail infrastructure.

In addition to cost and profit as influencing elements, concessionaires also mentioned the adoption of airlines' service and price adjustments, such as the quality and luxury criteria for full-service carriers' passengers, described by Njoya and Niemeier (2011). By contrast to findings by Carlisle (2013), the airports of Zurich and Basel also showed competitive elements between this international and regional airport operator and concessionaires with respect to price levels, not limiting the relevance of competition to similar sized airports. Participants I-01 and I-02 confirmed the concept of increased profitability in case of price adjustments with a focus on products for leisure travelers, and also referred to the existence of excess *shopping time* for this passenger group.

### **Interview Question 5**

The interview question "*How do you ensure sustained profitability from customer groups, generally buying low-margin products?*" contained a reference to the study's conceptual framework of corporate strategic planning and an extension of this theory by customer segmentation and yield management (Freathy & O'Connell, 2012). The purpose of this question was to understand the connection between a challenging business environment with low-margin customers and a company's need for sustainable operations and financial profitability (Adler et al., 2013b). The responses supported the identification of strategies at airports with respect to revenue improvements from certain customer groups and defining approaches for tailored offerings as per findings by Arif et al. (2013).

Question 5 linked to the themes *shopping experience* and *tailored products*, showing more relevance to concessions at Basel EuroAirport and its increase in low-cost carrier (LCC) operations and price-sensitive leisure customers, following the findings by Graham (2013) concerning European regional airports. The concessionaires confirmed the limitations in expanding the product and service portfolio at regional airports, also described by Pavlyuk (2012), because of the smaller *size* and lower passenger turnaround, as well as non-existing *transfer passengers*. Participants I-01 and I-06 referred to the walk-through duty free concept as an important development since 2005 to increase the so-called penetration rate for sales activities and stimulating passengers' *impulse buying* habits after the security check area (Lin & Chen, 2013).

In addition, codes included *experiences* from retail locations other than airports, providing commercially relevant indicators for customer profiles similar to leisure travelers such as public transport or non-traveling consumers at tourist locations (Budd et al., 2014). Five interview participants responded that retailers shifted from low-margin products to *convenience* articles to improve the perceived significance of a sales transaction rather than offering products and services that, according to Gumus et al. (2013), do not add value from a customer point of view. The creation of value and achieving a satisfaction level seemed a common concept among the interviewed concessionaires, confirming findings in the literature review with respect to customer requirements and expectations (Arif et al., 2013).

### Interview Question 6

The theme *tailored products* as part of the question “*How did you adjust your retail offerings after the number of leisure travelers increased at your airport (e.g. when low-cost carriers entered service)?*” included the connection between concession strategies, product development, and the application throughout different locations in the airport terminals. The frequency and loyalty factors of leisure versus business travelers was important in identifying the criteria for making product and service adjustments in retail stores (Perng et al., 2010). The goal was the analysis of sales trigger points for each shopper category with respect to shopping motivation, time spent in the stores, and buying habits of leisure travelers (Lin & Chen, 2013).

Participants I-06, I-08, and I-09 elaborated on the product portfolio concepts for categories, described by Park and Jung (2011) such as *impulse buyers* and *mood shoppers* and including the destination of the flight itinerary as well as the cultural origin of the leisure traveler. During the execution of the interviews, I identified a similar and repeating pattern of concessionaires highlighting the *cultural* background of passengers as an important and relevant indicator for product and service adjustments. Based on the interview answers by some participants, the market entrance of LCC operators did not significantly change the product portfolio of retailers, contradicting the findings by Njoya and Niemeier (2011) with respect to a differentiation of products and investments by customer categories LCC and FSC. However, all participating concessionaires stated the increased focus on commercial activities and profitability after low-cost carriers entered

service at their airports, confirming the commercialization of the retail business at European airports, as stated by Fichert and Klophaus (2011).

Other codes included the shopping *sensitivity* of both leisure and business travelers, who often experience personal limitations not in sales prices but in quantities because of the weight restrictions for hand luggage by airlines and the value restrictions by custom authorities (Freathy & O'Connell, 2012). None of the interviewed concessionaires made distinctions just between LCC and FSC passengers. The predominant approach among airport operators and retailers seemed the application of a *holistic* concept, described by Brehmer (2011), that includes multiple customer and traveler criteria and using in-store sales data as well as benchmark data from retail and airport organizations as a reference point. The statements by participating concessionaires showed a consistent pattern toward data analysis and *collaboration* between airports and concessions; however, the findings did not match the conclusions from other studies, containing indicators for LCC passengers acting as low-margin customers (Lin & Chen, 2013; Martínez-García et al., 2012).

### **Interview Question 7**

The interview question “*How do you incorporate results from customer satisfaction surveys into your product portfolio?*” combined the approach of using external data with making internal decisions, and identifying potential drivers for customer-centric retail offerings as part of the purpose statement of this study. Customer expectations represent the key trigger for completing a sales transaction as well as defining a satisfaction level by a consumer of the aviation industry (Prasatadisak &

Chailom, 2013). The purpose for this question was gaining a general understanding of concessionaires' exposure to a traveler's well-being and the implication of social elements such as customer opinions and needs (Ingledeew, 2010).

Question 7 linked to the theme *shopping experience* and the purpose of the study in identifying opportunities for social change of the society and improvements in the business community, also mentioned by Livingstone et al. (2012). All study participants stated a use of a certain form of customer-based data for the decision-making process, either from own *surveys*, research projects, or third-party information, ensuring a *value proposition* to travelers as their customer base. Participants I-01, I-04, I-05, and I-08 mentioned the importance of consumer *tests*, as a direct responsiveness to real products, prices, and feedback especially by non-frequent customers such as leisure travelers. Concessionaires understood the relevance of *satisfaction* levels on consumer habits and spending behavior, confirming the need to include an increasing number of popular convenience and instant consumption products such as snacks or sweets into the retail portfolio (Halme et al., 2013).

In addition, the interviewed participants provided codes such as *reference data* from stores at other airports, as well as customer satisfaction data from airlines, highlighting Painvin's (2011) *vertical relationships* and synergies between carriers, airports, and concessions. The loyalty factor by customers of the aviation industry seemed to be stronger for airline customers in general, and business travelers in the case of airport retail operations (Ringle et al., 2011). Only one participant mentioned *brand*

*loyalty* as an indicator for leisure travelers' shopping pattern in a preferred retail store, referring to shopping preparations or experiences already made before the leisure trip.

### **Interview Question 8**

The theme *collaboration*, associated with the interview question “*How do you involve your personnel into the process of improving sales to travelers (and leisure travelers, in particular)?*” included the idea of corporate identity, personal commitment, and continuous improvements of operational and financial efficiency, as well as incentives to optimize sales to certain customer groups, as provided in Badawi's (2012) empowerment concept for employees. The inclusion of frontline sellers and managers into the product evaluation and decision-making process provides direct information related to consumer preferences and customer segmentation, and enabling business leaders to adjust their concepts and offerings for increased profitability (Güçdemir & Selim, 2015). The purpose of the question was the identification of codes that relate to retail concepts and management styles, and to feedback on the interaction with leisure travelers inside the store (Lin & Chen, 2013).

The interviewed concessionaires showed a tendency to generalize the topic without making detailed comments on the involvement of personnel, and confirming the need for data from sales systems and *corporate guidelines* for product and service adjustments, as described by Geuens et al. (2004). Participant I-06, however, mentioned an *informal* approach of exchanging information and ideas by employees with business partners to discuss the feasibility of the potential concept and its influence on profitability. Only participant I-05 highlighted the concept of self-employed *shop*

*managers*, who take responsibility for making adjustments to the product portfolio based on sales data and personal experience with the shop's position in the proximity of certain departure gates, replicating findings by Lian & Rønnevik (2011) with respect to the importance of the location concept for airport operations.

Other codes included *periodical meetings* with the sales teams, shop managers, and employees to review targets and forecasts, as well as *corporate improvement programs*, in which employees could make recommendations of any nature, including sales and performance optimization. Participants' responses did not reveal unique nor relevant concepts that show an improved company image or service quality, affected by employees' commitments or contributions (Yang et al., 2012). Despite the relevance of customer-centric strategies for successful sales improvements, the concessionaires seemed to underrate Coutu's (2012) findings on the positive implications of feedback from employees and shop personnel.

### **Interview Questions 9 and 10**

Most interview participants combined answers related to the questions "*What additional service and retail offerings at airports do you consider being attractive to a leisure traveler, and why will they spend money for it?*" and "*What other comments or observations you would like to address with respect to a leisure passenger's shopping pattern and experience in terminals?*" into a final statement about their strategic orientation within the airport concession industry and confirming Brehmer's (2011) conclusions about airports being the key driver for changes to existing retail approaches. The original purpose of the two questions was to create a portfolio of ideas for further

research, including the reflection of a leisure traveler's role within the retail concession business of a metropolitan airport system (Jimenez et al., 2013). The interviewed business leaders provided feedback on *limitations* at Zurich International and Basel EuroAirport as concessionaires have to respect the airports' image and stay within the specifications for retail offerings. Deviations from those definitions, however, should support the cultural differences between the airports' and the travelers' home countries (Park & Jung, 2011).

Questions 9 and 10 linked to all themes of the data collection process. The purpose refers back to the main research question "*What strategies do concessionaires lack to improve commercial revenue from leisure travelers?*" and identifying elements of missing information about decreasing nonaeronautical sales to this particular passenger group (Barratt et al., 2011). Participants I-01 and I-03 commented on the impulse and *spontaneous* shopping habits by all traveler types because of the increased assortment and product variety in the stores, also found by Chung et al. (2013). Participants I-06 and I-08 mentioned the needs by the *digital generation* and the culmination of a saturation level with respect to product category electronics and services such as battery charging and internet access.

Eight participating concessionaires confirmed the findings by Torres et al. (2005) concerning the necessity and importance of corporate strategies and plans with respect to target customer groups and product differentiation. The interviewed business leaders appreciated the need for a greater focus on leisure travelers, also in alignment with Graham's (2013) conclusions for an increasing market of low-cost carriers and point-to-

point itineraries in Europe. Finally, the concessionaires concluded with the requirement of *holistic* sales concepts that contain considerations of both the travelers' needs and the financial profitability of the retail business at airports and confirming Freathy and O'Connell (2012) with respect to the relevance of corporate strategic planning in the airport retail business.

### **Applications to Professional Practice**

The defined research question, executed interviews, as well as findings from the analysis of codes, categories, and themes supported the identification of a gap that exists for tailored concepts to improve commercial revenue from leisure travelers (Barratt et al., 2011). Despite the increased focus on customer expectations and shopping preferences from a business leader's point of view, concessionaires in the metropolitan airport system of Zurich and Basel did not reveal unique trends or sustainable strategies based on traveler type only. The approaches to increasing sales and profitability included tailored offerings by location, seasonality, and convenience factors such as value products, articles of instant consumption, or services that promote a general shopping experience (Livingstone et al., 2012).

Interview participants appreciated an increasing number of LCC passengers and the need to defining value-for-money offerings, as well as referring to products and services based on which concessionaires would generate similar profits from leisure travelers as from business travelers. The key drivers of profitability remain offerings for very individual needs of passengers by their origin, destination, culture, and personal circumstances, not necessarily related to a customer's travel purpose (Chung et al., 2013).

For the case of Zurich International, individual passenger needs and preferences seemed to correlate to travel purpose when analyzing the retailers' location concept and the stores' proximity to gates with primarily charter and leisure airlines as opposed to stores and offerings near concourses serving airlines with business destinations and travelers (Painvin, 2011).

### **Relevance to Concessions**

The findings of this study concerning revenue improvements from sales to leisure travelers contain a general statement about the concept of motivating customers to spending money for products and services that matter to them individually (Lin & Chen, 2013). Concessionaires have to include product characteristics, reflecting travelers' needs in general, but also personal customer requirements and expectations in particular (Arif et al., 2013). Interview participants highlighted the trend for selling quality and value-adding services, as well as offering convenience articles and promotional products.

The reduced travel frequency of leisure passengers limits the sales opportunities based on loyalty factors and encouraging business leaders of concessions to identify customer requirements for products and services that motivate shoppers and facilitate short sales transaction cycles (Lin & Chen, 2013). One highlighted concept included the assignment of popular franchises, known to all passenger groups, and leisure travelers in particular. The placement of existing and already tested retail concepts and brands at airport terminals reduces the need for feasibility studies and consumer surveys, because of experiences already made at similar locations or with similar customer groups (Leheyda, Müller, & Pashkin, 2011). In addition, leisure and price-sensitive passengers

do not appreciate uncertainties during a trip or a shopping experience, and have preferences for an environment, with which they are familiar or able to control (Rostworowski, 2012).

### **Relevance to Airports**

The airport operators provide concessions, financially interlock with retailers, or execute a retail business of their own throughout the terminals (Czerny, 2013). Interviews with the operators of Zurich International and Basel EuroAirport revealed the importance of commercially successful sales strategies and the relevance of the financial profitability from nonaeronautical revenue. The inclusion of passenger-specific criteria into the definition of product portfolios and service offerings, that increase sales to some or all traveler types, seemed to affect the airports' retail concept similar to the one of concessionaires (Perng et al., 2010). The interview results indicated an increasing focus by the operators' retail departments on concession income and additional attention to the commercial strategy and customer preferences for future concepts.

Business leaders of airports and concessions use synergies from the shared infrastructure in terminals, as well as financially benefitting from the same customer groups (Hihara, 2012). The collaboration between business partners results in the need of holistic concepts to address commercial shortfalls of executed concepts or with certain customer groups and opportunities for increased sales to leisure, business, or other traveler types (Freathy & O'Connell, 1999). The mutual agreements and dependencies cause business owners, executives, and managers to react and interact on seasonal, cultural, and travel-purpose-related requirements by shared customers.

### **Relevance to Passengers**

The mutual benefits of a holistic retail strategy at airports extend to the served customer groups such as travelers, airport and airline personnel, as well as non-travelers (Love et al., 2012). Passengers' shopping behaviors, abilities, and willingness to spend at retail stores at airports affect concessionaires' decision to introduce new products, amending existing offerings, and generating a profitable business concept for all traveler types (Tsai et al., 2011a). Interviewed participants explained the approach of testing the acceptance level of certain products and services, as well as different price points, leading to more detailed conclusions about the requirements by customer segment, including leisure travelers. The size of Zurich International and its wider array of traveler types, including transfer passengers and a balanced distribution of business and leisure travelers, result in a broader set of retail offerings than at Basel EuroAirport.

The inclusion of passenger-centric considerations by business leaders of the airport retail industry ensures a better and individual customer service, less gaps between quality expectations and perceptions, and more incentives for infrequent travelers to shop for products of their personal needs (Pabedinskaitė & Akstinaitė, 2014). Concessionaires at the airports of Zurich and Basel highlighted trends of analyzing customer data that defined a relaxing shopping atmosphere, stimulating travelers within newly defined store designs and offering a mall experience, rather than creating an aerodrome and terminal environment. Decision-makers of the airport retail industry understand the importance of service quality perception by customers, the influence of personalized offerings on the shopping behavior, and the effect on profitability for business owners (Scheraga, 2004).

### **Implications for Social Change**

The social benefits for leisure passengers and other travel categories with respect to the findings of this study include the appreciation of individual needs by less experienced traveler groups; concessionaires focus on products and services of relevance to individual travelers, setting the foundation for value-adding retail concepts of the future (Lin & Chen, 2013). The creation of relaxing and stress-repelling shopping experiences in a regulated airport environment enables customers in perceiving elements of the end-to-end travel trip with less limitations of a secured and restricted airside retail space and improving the total attractiveness of airports from a passenger's point of view (Adderley, 2012). The role of airports as an important infrastructure for inbound and outbound travelers of a region, country, or continent shows the relevance of sustained and positively perceived approaches of retailers to interact with passengers as consumers and community members (Park & Jung, 2011).

The interviewed study participants of Zurich International explained the airport's pretension of serving as Switzerland's gateway for international tourists and leisure travelers, offering products and services of a higher quality level than most of the other European airports. The commercial concept of Basel EuroAirport includes products from surrounding areas, providing a sales platform to the region's agricultural and artisan heritage for local produces and seasonal offerings. The inclusion of a retailer or airport's regional background into commercial offerings enables a lever for the business community, selling sustainably delivered products to new or less frequent customers. This approach also represents a lever for the local communities, producing or even

handcrafting products that differ, but appeal individually to different traveler types that would not consider the airport a reasonable choice to buy specialized or local offerings (Freathy & O'Connell, 1999). Non-conventional retail concepts, that include travelers' preferences and needs, may improve the end-to-end travel experience of leisure travelers and leading to socio-economic considerations of sustainable and value-adding strategies for concessionaires and increased revenue from those newly defined products and services (Goulmy et al., 2013).

### **Recommendations for Action**

Building on the conclusive elements of this study with respect to personalized offerings and an airport's exposure to leisure travelers and LCC passengers, the recommendations from the findings include the application of holistic strategies and collaboration between airports operators, concessionaires, and carriers, as stated by Freathy and O'Connell (2012). Stakeholders and business leaders assessed the potential for sales by traveler types and confirmed Lin and Chen's (2013) conclusions concerning retail concepts based on the stores' locations, and including passenger-specific criteria such as culture, origin, and travel destinations. The answers given by concessionaires and senior account managers revealed the need for combining information about a passenger's itinerary, travel purpose, and personal requirements during the trip. Results from studies about service quality in the airline industry highlighted the importance of a passenger's satisfaction level based on tangible elements that matter to a traveler's personal situation and expectations (Baker, 2013; Prasatadisak & Chailom, 2013).

Business owners, executives, and managers of airport retail operations do not rely on traveler types and associated shopping patterns only, as those patterns may not contain sufficient information about the required purchasing incentives for passengers of a certain flight, staying in a certain concourse, or traveling from, to, or through a certain airport. The interview statements by business leaders corresponded to observations by Kwakkel et al. (2012) about concepts such as airport master planning or adaptive strategic airport planning, promoting a collaborative and flexible approach of predicting future demands by passengers as part of the conceptual framework corporate strategic planning. Paying attention to a set of criteria -similar to the defined categories of this study from the data analysis of the interview answers- enables business leaders assessing the key drivers of improved sales to leisure travelers and other passenger groups. The implementation of detailed catalogues containing passengers' preferences by cultural background, itineraries, and other dynamic criteria and the combination with information by airports and airlines may result in commercial strategies that improve nonaeronautical revenue from all customer segments in the aviation industry (Coutu, 2012).

The answers by concessionaires contained an indication for retail concepts that reflect the airport's function as a gateway for a country or region, restating the need for understanding a passenger's requirements and expectations from an airport's retail offering (Lu, 2014). The awareness for an airport's competitiveness and market position within a network of aerodromes and corresponding commercial activities is important to managers of retail operations and their decisions about product portfolios and service offerings for different traveler types (Jimenez et al., 2013). According to Gillen and

Mantin (2014) and confirmed by findings of this study, business leaders need to continue analyzing customer requirements and measuring financial performance of retail operations to correlate profitability to different and potentially changing passenger criteria.

The decision-makers of concepts for retail spaces, product portfolios brief shop and service personnel concerning the evaluation of passengers' needs and selling personalized offerings to less frequent and time-restricted customer groups, and have to consider a broad set of tasks for all management levels (Thelle et al., 2012). Corporate trainings about potentially new definitions of customer segmentation enable employees of a concession business to understand travelers' requirements and deciding for targeted concepts and adapted sales approaches for improved revenue. Researchers and business leaders of the aviation industry may share information about extended concepts and strategies for sales to different consumer groups, and present results to research audiences and business communities at public conferences and industry events.

### **Recommendations for Further Research**

The focus of the study included the nonaeronautical revenue stream from leisure travelers at the airports of Zurich and Basel. In addition to retail activities by concessionaires, I analyzed the airport's own commercial activities with respect to viable concepts of improved sales to different traveler types. Based on the answers given by interviewed business leaders, the decision-makers of concessions and airports seemed to generalize the customer groups without a specific attention to leisure or business travelers when defining product and service portfolios. Retail branches such as duty-free shops,

fashion stores, or print media apply less tailored approaches for different passenger categories, providing opportunities for further studies of consumer behavior, retail strategies, and customer segmentation in the aviation industry (Budd et al., 2014).

Influencing elements on the shopping and spending behavior of passengers may vary by location, cultural background, and seasonality, creating additional criteria for researchers to investigate root causes of revenue fluctuations and identifying potential solutions to improve concessionaires' financial profitability (Lu, 2014). The inclusion of restaurants, hospitality services, as well as spa and lounge offerings into future research about travelers' consumption habits contain the potential for the identification of correlations between sales to certain passenger categories and the influencing factors of other businesses or circumstances at the airport (Han et al., 2012). Interviewed executives and senior leaders of retail concessions provided answers from a management point of view, resulting in opportunities for case studies with mid-level, store managers, and employees to collect information about the tactical and operational layer of commercial activities at airports.

The limitations of the study referred to the selection for leisure travelers and experienced concessionaires at Zurich International and Basel EuroAirport. The European airport business and retail operations throughout the various aerodromes differ in size, passenger mix, and turnover, as well as by a country's regulatory setup for the terminal and retail management (Marques & Barros, 2011). Further research activities should include local and regional circumstances of the airport operator and its business partners to define future studies with a holistic and integrated focus on the sustainability

of aeronautical and nonaeronautical revenue, including demographical data of the served customer groups (Harrison et al., 2015). In addition to the airport's geographical conditions concerning location and customer mix, researchers may want break down a customer's travel pattern into *international* versus *domestic* and *direct* versus *transfer* for a better understanding of the effect on the shopping behavior and commercial attractiveness for the retail concession business (Volkova & Müller, 2012).

### **Reflections**

Interviewed concessionaires provided a broad and holistic view on retail operations at the airports of Zurich and Basel with respect to customer segmentation, product portfolios, and revenue improvements. During the preparation phase of this doctoral study, I ensured that the definition of the research approach and the selection of qualifying interview participants included a reference to value-adding information by business leaders of the aviation and retail industry, as well as subject matter experts from my personal network. A review of the existing literature by other scholars preceded this study, enabling a thorough formulation of prevailing issues, findings, and solutions for topics similar to the problem statement and research question of the study (Jackson et al., 2011).

The initial ideas of the proposal phase resulted in different concepts with respect to the research population, the interview questions, and the strategy of approaching concessionaires and airport operators. Following the academic requirements of Walden University's DBA program, I decided for the execution of a qualitative multiple case study at a metropolitan airport system in Europe. The selection for concessions at Zurich

International and Basel EuroAirport and the existing business problem of decreasing revenue from leisure travelers defended the need for the approach of accessing and networking with the industry's business leaders as the main research population.

The approached executives and senior managers showed an immediate interest in participation after the first contact and the exchange of information about the purpose of the study, and the possible contribution to business practice and improving commercial revenue from leisure travelers. My background as a former project controller at Frankfurt Airport supported professional meetings, honest and trustful discussions as well as valuable networking activities in preparation for the interviews. In this former role, I did not focus on nonaeronautical revenue nor concessions, reducing the potential of personal bias because of my limited experience in these areas and creating a condition of sharing thoughts from interview participants in an open environment and without preoccupied opinions during the data collection phase (Bolderston, 2012).

After analyzing the data from executed interviews, the findings did not reflect the original considerations of concessionaires' sales concepts purely by travel purpose, but resulted in valid conclusions for more detailed customer segments and containing passengers' individual characteristics. The findings of the study covered a differentiated view on customer segmentation in the aviation industry with respect to product portfolios and service offerings. Leisure travelers seemed to represent a customer group with more impulse buying habits than business travelers, requiring additional attention by concessionaires concerning sales strategies and improved revenue (Lin & Chen, 2013)

### **Summary and Study Conclusions**

The airport retail concession business shows fluctuations in sales with different groups of passengers and by different locations throughout terminals and concourses (Pavlyuk, 2012). The airport operators and concessionaires of Zurich and Basel attract an overlapping range of traveler types, but do not focus on the same concepts for generating aeronautical and nonaeronautical revenue. In general, the commercial revenue from leisure travelers results from different strategies than revenue from business travelers or other traveler types, and require additional criteria for defining profitable retail offerings (Ringle et al., 2011). Concessionaires apply individual customer and sales strategies that include a tailored product portfolio based on the needs and shopping preferences by passengers (Chien-Chang, 2012).

This doctoral study included a focus on successful sales strategies to increase commercial revenue from leisure travelers. The interviewed concessionaires at the metropolitan airport system of Zurich and Basel responded with similar statements about the importance of attracting a broad customer population regardless of travel purpose, also reflecting the cultural and demographic background to match individual requirements of passengers. Independent of the store, the location, or the services offered, business leaders highlighted the relevance of holistic strategies that include collaboration with airlines and airports to gain a sufficient level of information about travelers and their needs, as well as involving the store's personnel to improve sales through a personalized and individual customer service.

The nonaeronautical revenue from passengers represents a critical component of income for a European airport's economic viability and sustainability of its business operations (Thelle et al., 2012). The financial profitability of an airport requires contracted concessionaires to generate sales to all customer groups and defining retail strategies with a distinct customer focus (Freathy & O'Connell, 2012). Findings and conclusions from this study showed a trend for individual considerations of passengers and commercial concepts with tailored products and services, without indicating specific definitions by traveler type or other characteristics and leaving opportunities for future research.

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## Appendix A: Destination Overlap for Zurich and Basel Airport

Destination (IATA 3-Letter Code)	Number of passengers (per year)		
	2011	2012	2013
<b>from Basel</b>	<b>1211932</b>	<b>1280066</b>	<b>1420654</b>
AMS	71722	123638	141783
BCL	118158	120373	122293
BRU	0	0	64922
CPH	42335	50141	44140
DUS	56767	49356	47925
FCO	62241	62648	61451
FRA	64425	64051	70015
HAM	100830	112337	119644
IST	38818	47941	48621
LCY	0	20746	37327
LGW	91420	111354	124155
LHR	148431	143185	106939
LIS	29230	29319	32176
MAD	47970	48876	49617
MAN	22028	0	30486
MUC	65170	63087	65405
BER	205099	174585	197751
TLV	25349	33847	33092
VIE	21939	24582	22912
<b>from Zurich</b>	<b>4860393</b>	<b>4927907</b>	<b>4966075</b>
AMS	334326	338815	350675
BCL	260843	281605	279065
BRU	139524	137033	127533
CPH	229315	212191	200949
DUS	352125	349596	346222
FCO	155142	166151	207691
FRA	318683	304445	299321
HAM	305966	294282	232000
IST	215042	245150	271997
LCY	212075	201116	201498
LGW	81283	87575	89672
LHR	473394	503677	518188
LIS	151468	163327	193475
MAD	245222	243156	241012
MAN	146938	116513	97085
MUC	180036	173686	176953
BER	429769	452854	464187
TLV	196828	205132	204418
VIE	432414	451603	464134
<b>Grand Total</b>	<b>6072325</b>	<b>6207973</b>	<b>6386729</b>

Figure A1. Listing of shared destinations between 2011 and 2013 for Basel and Zurich Airport. Retrieved from Eurostat (<http://ec.europa.eu/eurostat>), 04.10.2014

## Appendix B: Interview Protocol (Checklist)

**PARTICIPANT INFORMATION (coded)**

Identifier: \_\_\_\_\_ Date &amp; Time: \_\_\_\_\_

**ELIGIBILITY**

- Working for retail department or concessionaire (with airport presence of 10+ years)
- Being in a decision-making position as an executive or senior manager (related to strategy, product development, retail concept)

**PERMISSIONS (as per consent form)**

- Permission to record and transcribe the interview
- Audio recording
- Data storage for 5 years

**INTERVIEW PROCESS****Inform participant as per consent form:**

- Purpose of the study
- Risks
- Benefits
- Participant confidentiality
- Right to withdraw

- 
- Interview executed
  - Follow-up / clarification questions applied
  - Notes / research log

**POST HOC INTERVIEW**

- Review draft transcript
- Participant feedback for draft transcript (“member-checking”)
- Final transcript created
- Merge transcript with notes (consolidated research file)
- Categories & themes applied

**OTHERS**

- Collected raw data securely stored away
- \_\_\_\_\_
- \_\_\_\_\_

## Appendix C: Document of Understanding: CFAC

**From:** <xxxxx@unisg.ch>  
**Date:** Sat, Jul 4, 2015 at 5:38 AM  
**To:** 'Walden Gmail' <xxxxx@waldenu.edu>  
**Subject: AW: Case Study: Airside Retail Concessions at European Airports: Collaboration with CFAC**

Dear Mr Puls  
I confirm that you can use the CFAC network to contact study participants. Let me know if I can be of any help.  
Best regards

xxxxx

(Excuse brevity. Sent from mobile device.)

Am 04.07.2015 um 05:01 schrieb Rene Puls Walden Gmail <xxxxx@waldenu.edu>:

Dear xxxxx,  
as per our discussions about the collaboration with the Center For Aviation Competence (CFAC), kindly provide your agreement of using the CFAC network to contact potential study participants and to make the necessary connections for executing my research study (strategies of airside concessions to increase non-aeronautical revenue from leisure travelers).  
Thank you and kind regards

Rene Puls  
Doctoral Student, DBA Program  
Walden University, Minneapolis (US)

## Appendix D: Document of Understanding: Zurich Airport

**From:** "<xxxx@zurich-airport.com>  
**Date:** 12 Mar 2015 09:31:00 CET  
**To:** 'Walden Gmail' <xxxx@waldenu.edu>  
**Subject:** **AW: Doctoral Study: Rene Puls: Case Study "Concessions at Zuerich Airport": Document of Understanding**

Dear Mr Puls

Thank you for your e-mail.

Under the premises as stated below I can agree with the next steps.

Best regards;

xxxxx

Flughafen Zürich AG  
Postfach  
CH-8058 Zürich-Flughafen  
www.flughafen-zuerich.ch

-----Ursprüngliche Nachricht-----

Von: Walden Gmail [mailto:xxxx@waldenu.edu]

Gesendet: Donnerstag, 12. März 2015 09:05

An: xxxxx

Betreff: Doctoral Study: Rene Puls: Case Study "Concessions at Zuerich Airport": Document of Understanding

Dear xxxxx,

Thank you for our conversation and discussion about the participation of Zuerich Airport concerning the case study to assess the retail concepts of the airport operator and its concessionaires. Your support is appreciated and I would like to inform you about the next steps, including requests to concession licensees of Zuerich Airport. The case study will involve marketing managers, analysts and business owners to participate in interviews (open-ended questions) and to get quality and value-adding information from experienced concessionaires.

Kindly confirm our conversation and agreement to go ahead with the above mentioned approach. All requests, information and answers given by study participants are treated with absolute confidentiality and data privacy and a consensus form will be handed out to each participant before this voluntary participation.

Kind regards,

Rene Puls  
Doctoral Student, DBA Program  
Walden University, Minneapolis (US)

## Appendix E: Document of Understanding: Basel Airport

----- Forwarded message -----

From: <xxxxx@euroairport.com>

Date: Fri, Oct 9, 2015 at 4:20 PM

Subject: Antwort: Doctoral Study (Rene Puls): Airport Retail Concessions: Information and Approval EuroAirport

To: Rene Puls Walden Gmail <xxxxxx@waldenu.edu>

Dear Mr. Puls

The EAP is willing to participate in the Doctoral Study. xxxxx is already informed.

Kind regards,

xxxxx

Flughafen Basel-Mulhouse  
Postfach 142 - CH 4030 Basel  
www.euroairport.com

An: xxxxx@euroairport.com,

Datum: 08/10/2015 23:43

Betreff: Doctoral Study (Rene Puls): Airport Retail Concessions: Information and Approval EuroAirport

—> To xxxxx

Dear xxxxx

Thank you for the time in this Wednesday's call regarding my doctoral study (Airport Retail Concessions) in cooperation with the retail department and concessionaires of EuroAirport Basel/Mulhouse.

As mentioned, a short approval (as a response to this email) is appreciated to comply with standards of informed consent in research studies. The study's interview population may include business owners, executives or managers of retail operations at EuroAirport. All interviews will be treated strictly confidential and no information about sensitive nor financial information is collected. All participants will be handed out a consent form upfront, in which all details are described regarding participation.

I am looking forward to the interviews and your airport's contribution.

As discussed, I will approach xxxxx on Monday concerning further details.

Thank you and kind regards,

Rene Puls

Doctoral Student, DBA Program

Walden University, Minneapolis (US)

## Appendix F: Invitation Letter

Dear \_\_\_\_\_,

My name is Rene Puls and I am a doctoral student of Walden University, currently writing my doctoral study about European airport concessions and the identification of successful retail strategies for leisure travelers. With this letter you are invited to take part in this research, addressing executives and senior managers at Zurich and Basel Airport (non-food retail concessions) with a minimum of 10 years of professional experience.

The purpose of this case study is to explore which strategies concessionaires use to improve commercial revenue from leisure travelers. Additional elements also include the consolidation of experiences and opinions from executives and senior managers of long-standing retail operations.

I appreciate the support by corporations, business owners, and executives, sharing experiences, opinions, and strategies in addressing passengers' shopping patterns at airport retail concession stores.

Your time is precious and I kindly ask for your contribution during a 1-hour interview within the following 4 to 6 weeks in the Zurich Airport Conference Center.

To provide further information and setting the foundation for a serious and value-adding contribution, please contact me for a short preliminary conversation over the phone or in person to discuss your eligibility to participate in this research study.

I look forward to talking with you and await your kind reply regarding your willingness and ability in participation.

Kind regards,

## Appendix G: Consent Form

You are invited to take part in a research study of retail strategies for leisure travelers. The researcher is inviting executives and senior managers at Zurich and Basel Airport (retail concessions) with a minimum of ten years of professional experience. This form is part of a process called “informed consent” to allow you to understand this study before deciding whether to take part.

This study is being conducted by a researcher named Rene Puls, who is a doctoral student in the Doctorate of Business Administration program at Walden University.

### **Background Information:**

The purpose of this qualitative multiple case study is to explore which strategies concessionaires define to improve commercial revenue from leisure travelers.

### **Procedures:**

If you agree to be in this study, you will be asked to:

- Take up to one (1) hour to participate in an interview with the researcher.
- Provide additional clarification after the interview in the form of phone calls or electronic mail (e-mail).
- Audio recordings and handwritten notes will be used to collect information.

Here are some sample questions:

- How do you distinguish between your offerings for business travelers, leisure travelers, and others?
- How do you incorporate results from customer satisfaction surveys into your product portfolio?

### **Voluntary Nature of the Study:**

This study is voluntary. Everyone will respect your decision of whether or not you choose to be in the study. If you decide to join the study now, you can still change your mind later and may stop at any time. Inform the researcher (by email, phone, or in person) of your intentions to withdraw prior to the study being published.

### **Risks and Benefits of Participating in the Study:**

Participating in this type of study involves some risk of the minor discomforts that can be encountered in daily life, such as time spent in the interview or minor fatigue and stress from the length of the interview. Participating in this study would not pose risk to your safety or wellbeing.

The purpose of this qualitative case study is to research how business owners and decision-makers of commercially successful concessions in a European metropolitan airport system manage retail offerings to improve profitability from passengers. The considerations of a potentially passenger-centric approach for the commercial revenue model of airport concessions may result in predictive and sustainable decision-making

models for executives and senior managers to realign the retail concept, and improving sales to all traveler types. A holistic strategy includes the potential of improving the financial performance of concessions and the end-to-end travel and shopping experience of passengers.

Revealing information about criminal activities or information concerning child/elder abuse may result in exclusion from the confidentiality of the executing researcher.

**Payment:**

There will be no payments or incentives for your contributions in this study.

**Privacy:**

Any information you provide will be kept confidential. The researcher will not use your personal information for any purposes outside of this research project. Also, the researcher will not include your name, your company, or anything else that could identify you in the study reports. Data will be kept secure by imposing digital safeguards (i.e. encryption or password security), removing personally identifiable information (PII) and corporate information of affiliations from the recordings and notes through the application of pseudonyms and identifying numbers, and disposing of data after the required period to keep the data. Data will be kept for a period of at least 5 years, as required by the university.

**Contacts and Questions:**

You may ask any questions you have now. If you have questions later, you may contact the researcher via email at xxxxx@waldenu.edu or phone at (41) 79-xxxxx. If you want to talk privately about your rights as a participant, you can call Walden University's Research Participant Advocate, international number is (1) 612-312-1210 or contact via email: irb@waldenu.edu . Walden University's approval number for this study is 07-30-15-0352070 and it expires on July 29, 2016.

**Statement of Consent:**

I have read the above information and I understand the study well enough to make a decision about my involvement. By signing the form below and returning it to the researcher, I understand that I am agreeing to the terms described above.

Please print and keep a copy of the signed consent form for your own records.

Printed Name of Participant:

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Date of Consent:

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## Appendix H: Interview Questions

1. What are your sales strategies to increase commercial revenue from leisure travelers?
2. What are your sources of information when making a decision to introduce, discontinue, or amend a retail product?
3. How do you distinguish between your offerings for business travelers, leisure travelers, and others?
4. What are the influencing elements for retail price adjustments?
5. How do you ensure sustained profitability from customer groups generally buying low-margin products?
6. How did you adjust your retail offerings after the number of leisure travelers increased at your airport (i.e. when low-cost carriers entered service)?
7. How do you incorporate results from customer satisfaction surveys into your product portfolio?
8. How do you involve your personnel into the process of improving sales to travelers in general, and leisure travelers, in particular?
9. What additional services and retail offerings at airports do you consider to be attractive to a leisure traveler, and why will they spend money for them?
10. What other comments or observations would you like to address with respect to a leisure passenger's shopping pattern and experience in terminals?

## Appendix I: Overview of Themes, Categories &amp; Codes (Relational)



Figure A2. Overview of how four defined themes and nine defined / modified categories relate to all identified codes from the executed interviews.

## Appendix J: NIH Certificate Rene Puls

