



Lambert seeks takeoff in revenue

By Ken Leiser

ST. LOUIS POST-DISPATCH

Wednesday, Jul. 01 2009

Tough times in commercial aviation have forced St. Louis airport officials to reach into a new bag of tricks in their search for money.

Among the revenue sources being considered are:

- Selling the naming rights to concourses, parking garages or passenger lounges at Lambert-St. Louis International Airport.
- Piping in music over the airport sound system with advertisements sprinkled into the mix.
- Letting companies pass out samples of their products.

The St. Louis Airport Authority today will consider hiring Airport Marketing Income LLC to identify some of these nontraditional sources of money. The company, based in Beaverton, Ore., does similar work at Boston's Logan International Airport, Cleveland Hopkins International Airport and several others in the U.S.

"I think airports and any businesses have to be looking at everything," Lambert Director Richard Hrabko said. "Creating revenue and saving revenue. That's not new."

Like their counterparts at other airports, Lambert officials say they are taking steps to replace revenue lost to sagging passenger counts and cuts to airline

schedules. American Airlines, for instance, has slashed its schedule twice in the past year. The latest cuts will eliminate 18 departing flights.

Passenger boardings were down to 2.53 million — or 15 percent — in St. Louis through May of this year, compared to 2.97 million during the same period in 2008, said Lambert spokesman Jeff Lea.

Under the proposed three-year deal with the city of St. Louis — which operates Lambert — AMI would pay a fee to the city that would be based on a percentage of gross revenue. The agreement also must be approved by the city Estimate Board.

Faced with a stubborn recession that has stunted the demand for air travel, airports are placing greater emphasis on nonaviation revenue sources, said Spencer Dickerson, senior executive vice president of the American Association of Airport Executives.

Dickerson said some airports "are going through tremendous financial pain," and are delaying public works projects and shedding payroll in response to the downturn. While hardships have forced airports to seek new revenue, he said, major cities may not be ready to sell the naming rights to entire airports.

"I think we are some ways away from that," Dickerson said. "Once you get into the naming rights of the whole airport, it gets complicated. You get politics involved."

Hrabko said the city would get the final say on any revenue-generating proposals brought in by AMI, including any long-term naming rights agreements.

Cleveland and Boston have sought bids to name airport parking facilities, but nothing has materialized.

Operators of the Detroit Metropolitan Airport hired General Sports and Entertainment LLC to handle the naming rights for the new north terminal, which opened in September.

"They are still actively pursuing sponsorships," said Michael Conway, an airport spokesman. "We are in a tough economic climate. Nobody is sponsoring anything now. It's pretty bad."

In Boston, Logan International Airport earned about \$800,000 last year through

an agreement with AMI, said Jack Hemphill, business general manager at the Massachusetts Port Authority.

"In the past couple of years, it has caught on," Hemphill said.

Dunkin' Donuts, for instance, has large outdoor signs on a pedestrian walkway and 8-foot-tall Dunkin' coffee cups in airport terminals, he said. The airport now has its own "radio" network, featuring easy listening music punctuated by commercials and public service announcements produced by AMI.

In Cleveland, AMI helped the airport reach a five-year deal making PepsiAmericas the official beverage provider at Cleveland Hopkins International Airport.

More airports have turned to companies such as AMI during the latest downturn, said Julie Olson, the company's director of marketing. Despite the sluggish economy, companies still want to place their brands in front of the traveling public.

"You have this captive audience," Olson said. "It's a very high-end demographic."

If you enjoy reading about interesting news, you might like the 3 O'Clock Stir from STLtoday.com. Sign up and you'll receive an email with unique stories of the day, every Monday-Friday, at no charge.

Sign up at <http://newsletters.stltoday.com>
