ISCTE ◈ Business School
Instituto Universitário de Lisboa

STUDY ON HOW TO INCREASE THE COMMERCIAL
OFFERS IN AIRPORTS WHILE IMPROVING
CUSTOMER EXPERIENCE – LISBON CASE

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Abstract

The main goal of this thesis relates not only with the study on how to improve the customer experience in Lisbon airport through the enclosure of new commercial offerings but also it is about presenting a business plan with possible feasible proposals.

Nowadays, the experience provided to passengers at the Portuguese capital airport is not at the same level as other worldwide airports, nevertheless there are many opportunities that are worth exploring and advantages, such as its proximity to the city center, transportation network and easy accesses that can work in favor of the Lisbon airport in order to make it a reference and also take advantage of potential benefits resulting there from, such as the non-aviation revenues.

Therefore, a study was performed taking in consideration the main literature existing on various relevant topics to elaborate the project, and tried to understand the acceptance of adding new services to the ones already existing and also the passengers' perception about the Lisbon airport through a questionnaire. Also a business plan for a hotel with some other services enclosed such as the possibility of sightseeing in Lisbon, was presented, as a recommendation, broken down into the various analysis and items.

Key words: experiential marketing, customer experience, airport cities, commercial offerings

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Abstrato

O objetivo desta tese prende-se não só com o estudo de como melhorar a experiência do consumidor no aeroporto de Lisboa através da inclusão de novos serviços mas também em apresentar um plano de negócios com possíveis sugestões com viabilidade para serem implementadas.

Atualmente, a experiência vivida no aeroporto da capital portuguesa não está ao nível dos principais aeroportos mundiais, mas no entanto há oportunidades que merecem ser exploradas e vantagens, como a sua proximidade com o centro da cidade, rede de transportes e a facilidade de acesso que devem ser aproveitadas para tornar o aeroporto de Lisboa numa referência e também tirar proveito de possíveis benefícios que daí advêm, principalmente em termos de possíveis lucros.

Por isso, elaborou-se um estudo visando a principal literatura nos variados tópicos relevantes para o projeto, procurou-se perceber a recetividade da inclusão de novos serviços e a perceção dos passageiros relativamente ao aeroporto de Lisboa através de um questionário, bem como, a apresentação de um plano de negócios, relativo a um hotel que inclui alguns outros serviços diferenciadores como a possibilidade de ir numa visita guiada por Lisboa, decomposto nas diversas análises e pontos que o constituem.

Palavras-chave: marketing experiencial, experiência do consumidor, cidades aeroportuárias, ofertas comerciais

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1. Executive Summary

Numa altura em que o consumidor é altamente informado e tem um poder muito maior sobre as empresas, estas precisam não só de pensar em alternativas para se diferenciarem dos concorrentes mas também há uma necessidade maior de criar fortes ligações com os seus consumidores.

Como muitas vezes aquilo que o consumidor se recorda é não só a qualidade do produto mas principalmente a experiência que este provocou, muitas empresas começaram a adotar esta nova maneira de interagir com os seus consumidores, isto é, as empresas iniciaram a usar experiências na sua maneira de comunicar os seus produtos/ serviços.

Os aeroportos, como outras empresas, não são diferentes. Nos dias de hoje, os aeroportos já não são meros locais onde se apanham aviões. Atualmente e dado o aumento do número de passageiros, que se deve principalmente aos preços atrativos praticados pelas empresas low-cost, estes já desempenham um papel muito importante na vida dos passageiros que o frequentam. Sendo um espaço onde muitas pessoas gastam uma grande parte do seu tempo, os aeroportos tiveram de se adaptar e fazer face às necessidades dos passageiros, daí a inclusão de restaurantes e lojas, que estão a tornar-se cada vez mais ultrapassadas.

Alguns aeroportos a nível mundial já perceberam que são muito mais que um sítio onde se apanham aviões e agarram as oportunidades de negócios e, por isso, os serviços que oferecem podem perfeitamente ser comparáveis com a oferta existente numa cidade. Entre esses serviços podem encontrar-se hotéis, piscinas, ginásios, galerias de arte e exposições, spas, verdadeiros centros comerciais e até mesmo pistas de carros.

O aeroporto de Lisboa possuí muitas vantagens tais como a sua proximidade com o centro da cidade, a rede de transportes e a facilidade de acessos. No entanto a experiência vivida é fraca quando comparado com outros aeroportos a nível mundial e não está a tirar proveito das suas vantagens.

Posto isto, o objetivo desta tese prende-se não só com o estudo de como melhorar a experiência do consumidor no aeroporto de Lisboa através da inclusão de novos serviços mas também em apresentar um plano de negócios com possíveis sugestões com viabilidade para serem implementadas.

Tendo isto em conta, o presente estudo reúne uma revisão de literatura existente sobre os tópicos relevantes para o projeto, servindo de base para o restante estudo. De seguida a análise dos questionários feitos para perceber o grau de aceitação dos novos serviços por parte dos

passageiros, bem como perceber a perceção do aeroporto de Lisboa por parte dos mesmos. Posteriormente foi elaborada uma análise benchmark a alguns dos melhores aeroportos a nível internacional em termos quer de serviços oferecidos quer em termos de qualidade da experiência oferecida aos consumidores. Após todas estas análises, as recomendações ganham forma através de um plano de negócios que inclui sugestões de alguns serviços, nomeadamente um hotel e uma visita guiada a Lisboa, que têm viabilidade de serem implementados.

Para a elaboração do plano de negócios, teve-se em consideração a envolvente externa sendo por isso importantes as análises PESTAL, Porter, EFE, IFE de forma a ter uma perpectiva da envolvente económica, da atractividade do sector e uma visão das oportunidades e das ameaças ao negócio. Foi também elaborado uma matriz IFE de forma a auferir os pontos fracos e fortes do negócio. Juntando as duas matrizes (EFE e IFE) obtém-se uma análise SWOT.

Depois destas análises, tornou-se mais fácil as elaborar todas as decisões estratégicas necessárias para o sucesso quer da empresa, que contempla um hotel com outros serviços diferenciadores da concorrência, nomeadamente a possibilidade de se efectuar uma visita guiada por Lisboa.

2. Introduction

Throughout the years, the marketing concept has been evolving mainly due to technological changes and also because of customers' needs.

What started as simple cries announcing the news paper, ice creams and other products as the only way companies had to communicate and engage with its customers, with the rise of television it set a period of changing where companies could take advantage of this new channel to create relationships with the customers. This new trend in marketing lasted for years, and it is yet in use. However, people started to avoid this kind of communication because they became saturated with TV ads. Though marketers had to think of new ways to communicate and engage with its consumers and other forms of communicating arose.

With the introduction of internet, customers became more knowledgeable and empowered than ever, they search for product information and reviews before they make the decision of purchasing and with social networks companies are easy targets when something goes wrong and the customer becomes unsatisfied with it. Also since almost every company is online with Facebook pages, accounts on Twitter and so on, companies still need to differentiate from competitors and be the first choice on consumers' minds. Also with Facebook, Twitter and other social networks, the communication became more interactive and bidirectional.

One of the ways marketers found to differentiate from competitors was start providing experiences to its customers, which after all it is what is going to last in customers' minds and what will be remembered.

Airports as any business are no different and need to come up with new things in order to provide a quality service and to engage with passengers as the old shops and restaurants way of spending time in airports is becoming outdated and obsolete.

This study aims to create a hotel in the airport, located airside, which will provide other differentiating services to its passengers in order to improve the customer service and customer experience in the Lisbon airport.

So in order to improve the commercial offerings in the Lisbon airport while improving customer experience, this study will begin with a background to the study, where one can find the reason why this is an applicable study and also the research questions. Then in order to ground the study one can find a literature review where the previous studies on this area are included. Throughout the project one will also find an analysis to the questionnaire that was conducted and a benchmark analysis to see what other airports are doing to please their passengers while they wait for the plane. Then one will find the recommendations, which will

take place as a business plan, in order to answer to the problem raised in the background to study and finally the main conclusions of the study.

3. Background to study

Airports can be one of the most crowded places in a city and in some cases its localization is not the best since it can be very far away from the city center and in the middle of nowhere. Thus, airports should pay more attention to these issues and improve its concerns in customer experience and customer service in order to meet customers' needs.

Portuguese airports which are managed by ANA are no different. Despite they state in their mission statement that they want *"[...] to provide our customers with a world-class service offering."*, and it is also stated in their principles and their values a concern with customer satisfaction since one can read *"customer satisfaction: we are fully focused on understanding our customers' needs and fulfilling them flawlessly"* (ANA's annual report, 2011). So, one can say that, one of their concerns is to offer a good service to its customers.

However, in the same report, and regardless of the figures about customer satisfaction show an improvement between 2010 and 2011 (Graph 1), Lisbon airport, which will be the one being analyzed in more depth throughout this work, still have room to improve its customer satisfaction by improving the customer experience and be able to match and overcome the rest of the airports managed by ANA.
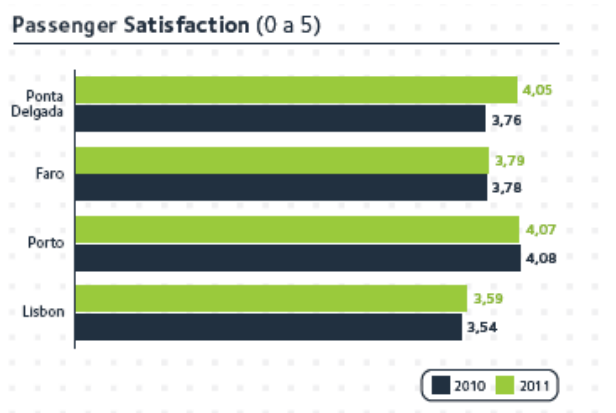
Graph 1 - Customer satisfaction in ANA's airports (2011)
Source: ANA's annual report

In 2011 the non aviation revenue of ANA Group accounted for 109.6 M€, which represents 25.8% of its overall revenue (Figure 1). However, as the ANA group manages other non aviation entities, one need to focus on the company's results per se. So since the overall revenues were 352M€, the non aviation revenues accounted 106.7M€ which is 30.3% of the overall revenues.
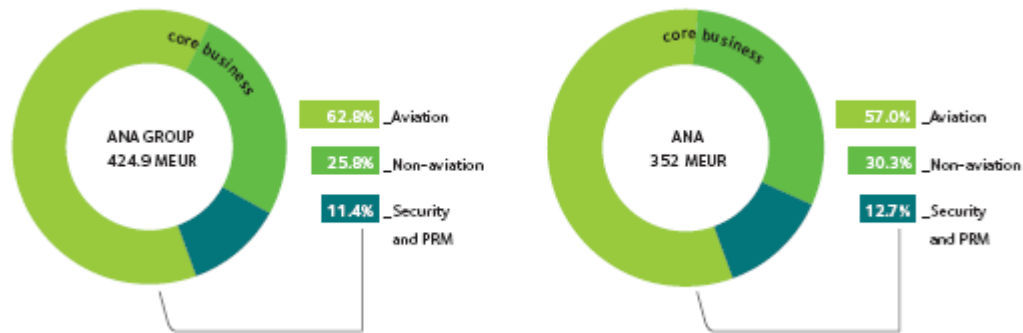
Figure 1 - ANA's revenue

Source: ANA's annual report

This result, when compared with the European airports' non aviation revenue, shows that ANA falls short on its figures since the European accounted for 46.5% of the total revenue.

When looking at other figures, bearing in mind the Lisbon case, one can see that the despite the passenger volume growth in 5.1% from the last year, there are still room to improve and still seats to be taken since the load factor is only 74%. So, ANA can take some measures in order to improve its non-aviation revenue and thus improving overall revenues.

Lisbon's Airport has many advantageous features such as a central location in Lisbon and after July 2012, passengers can go to airport through subway, which until then was only possible to do by taxi, by aero bus, or by car. Besides that it is a common stopping, transfer point for passengers going to South America from the North of Europe.

Since the opening of the subway station, Lisbon Airport has many characteristics that can be used in its own benefit, such as the location of the airport; its access and the transportation network, there are many dead spaces in the airport and thus the available space for new developments exist.

In order to satisfy customers' needs, Ana's airports can take advantage in a new trend in marketing, the experiential marketing, to promote, improve and also to increase their commercial offer and the non aviation services in the airports. By doing so, the company would be engaging in a larger scale to its customers and thus improving customer experience which can have some significant impacts on the ANA's brand perception and also to better compete with its competitors.

Another issue that ANA can consider, because there is an opportunity for improvement, is the fact that airports give a lot more importance to business passengers rather than leisure passengers. One can notice that most services are designed to meet the business passengers because they represent a large slice of the overall passengers. Lounges, hotels landside are

just a few examples of the services provided which were created to meet business passengers. So Lisbon airport is very good at providing solutions for the business passengers' needs once non aviation is most related to business passengers.

However, this type of passengers has less time to spend in the airports and consequently less time to spend on shopping.

This means that maybe there's a lack of attention in leisure and transfer passengers which in 2011(ANA's annual traffic report), accounted for 15.977 passengers (less 32.4% than the previous year). These type of passengers are the ones who actually have time to spend and thus the amount of money spent maybe higher.

So here relies a huge opportunity for ANA to explore and thus improve its customer satisfaction and increase non aviation revenue.

All in all, Lisbon airport has outstanding possibilities to grow. Its privileged location both in the west end of Europe and in the city center allows different kind of passengers with different kind of needs. Yet, the services offered are mostly for business passengers and there is a lack of non aviation focus on leisure and transit passengers which represents an opportunity for ANA to increase its commercial offerings and thus increase non aviation revenues and also a way to improve equally customer experience and satisfaction which is far behind from the rest of the Europe's values.

Objectives
- To create a service proposal sustained not only by a market research but also by a literature review;
- To present and study in dept a project with the feasibility to be implemented in the future;
- To have the opportunity to be enrolled / to develop a pilot project;
- Have the opportunity to do a linkage between the know-how gathered during the master programme with the implementation of those in a real service;

4. Literature Review

This chapter aims to address the different research areas which are pertinent to this study, in order to provide an organized and flowing walkthrough along the research topics and thus allowing a better understanding of the work.

4.1. Customer experience

Nowadays, we live in a world where customers are progressively more demanding, more informed and empowered than ever. To address this issue, companies need to become more innovative in order to meet both customer's expectations and needs. Though, companies no longer can solely rely in offering the best quality in their products/ services, present the latest innovative goods/services nor bid the lowest price, so that they can prevail over their competitors.

In this day and age, companies need to go beyond that and provide a good **customer experience** and this is what can make a huge difference over the competition because at the end of the day if a customer had a good experience with a certain brand, they will return and buy more products or enlist the service for more than once, creating the sense of loyalty and also they might recommend it to other people. The opposite might happen as well and once the customer had a negative experience, they will also spread it and probably faster than if they had a good experience.

For many years, the literature only considered customer experience as a separate construct, since until very recently, "*researchers only focused their attention on measuring customer satisfaction and service quality*" (Verhoef, Lemon, Parasuraman *et al*, 2009). Whereas customer satisfaction is, according to the Financial Times Press, *"the number of customers or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals" (*Reibstein, Bendle, Farris, Pfeifer, *2006).* Service quality is mainly based on a comparison between the expectations and the real performance and it is narrowly linked with customer service which in logistics, Christopher (Christopher, M., 2005) defines customer service as *"the consistent provision of time and place utility. In other words, products don't have value until they are in the hands of the customer at the time and place required.* However, regarding services this concept cannot be completely applied since the customer is not buying a product that needs to be available in a certain quantity and in a certain time.

In overall terms, customer service is ensuring the satisfaction of customers' needs. This can be achieved during the sale and especially afterwards. In service industry, companies don't

have to worry about returns, but still they have to pay special attention to customer service because the customer service can be used as physical evidence of quality. This can make a huge difference in customer retention, loyalty and thus in the success of the business.

When a company is able to keep its customers satisfied, and according to Kotler (Kotler, P., 2000),*"a satisfied customer tells three people about a good product experience, but the average dissatisfied customer gripes to 11 people. If each of them tells still other people, the number of people exposed to bad word of mouth may grow exponentially"*, it can have a great impact on the company's performance. So having a good to excellent customer service can also be a way to differentiate a company from its competitors.

According to Meyer and Schwager (Meyer, Schwager, 2007), *"Customer experience encompasses the quality of customer care, of course, but also advertising, packaging, product and service features, ease of use, and reliability"*. This means that when considering customer experience all the characteristics from the employees, quality of the product/service, the surrounding environment to the marketing matter. Besides the elements which the retailer can manage (service interface, retail environment, price and assortment, for instance) there are other essentials that run out of the retailers control such as influence of other people and purpose of shopping, but both will influence the overall customer experience.

According to Verhoef, Lemon and Parasuraman (Verhoef, Lemon, Parasuraman *et al*, 2009), customer experience covers the overall experience, i.e. not only the consumption but also the search, purchase and after sale phases and can engage numerous retail channels. Also customer experience can vary from a person to another as they have diverse backgrounds, different experiences and they can value different things when they are purchasing a product/service, in another words, customers will perceive customer experience in diverse ways.

So, since the customer's perception of the experience is not homogeneous, one can say that companies do not offer the so called experience; they simply provide the accurate environment and the right tools and thereby people create their own experience with the tools the company has given them.

Companies are often in position to establish a good relationship with and between customers since they have a lot of intelligence about them like their purchasing habits collected through CRM software tools, but companies do not use this information to design a service or to launch a new product that meets the costumer. Instead, companies use this information to sell more and to know to whom they could sell a certain product/service. However, sometimes is

not about the amount of data a company has but if they have the right information that allows them to improve the customer experience.

Besides this, companies should pay more attention to what customers are saying and have a deeper understanding of their wants and needs in order to meet their expectations because after all customer satisfaction is the result of many customer experiences (Meyer, Schwager, 2007). In a study conducted in 2011 by Harris Interactive was stated that 86% of consumers would be willing to pay a higher price for a better customer experience and was also stated that only 1% of the respondents feel that their expectations are always met.

However, customer experience doesn't have a common formula that works for every company and sometimes many companies search and study the practices of organizations with good to excellent customer experience only to find that what suits for one company doesn't necessarily fits another company since *"effective best practices in customer-focused organizations are supported by its underlying assumptions, philosophy, culture and performance management skill sets." (Tate, White, 2008).*

So in order to overcome this problem, companies should be more open to the concept of Customer Experience Management (CEM), which according to Schmitt is *"a process-oriented satisfaction idea. In addition, CEM goes far beyond CRM by moving from recording transactions to building rich relations with customers"* (Schmitt, B; 2003). This concept, when accurately implemented can generate profit and allow a company to grow. Companies just have to analyze the experience they are offering to customers, then develop an experience-focused strategy and add value through implementations focused on the customer experience.

Given the customer experience in airports, is not that different from other businesses as the provided experiences and the customer service in a certain airport can have an impact on the airport's overall brand and thus have a positive impact on revenues and the general perception of the airport.

Although this is actually true, the customer's experience in airports may also depend on many different stakeholders, such as check-in staff, security, custom-houses and also the people involved in airport stores, cafes and restaurants. And thus, the effective management of both customer satisfaction and customer experience is linked with the impact of each stakeholder's proceedings.

So, airport management should engage in a strategic and holistic approach to customer service in order to improve the overall airport customer experience by pleasing their clientele with

exclusive experiences while having an impact on the revenues and be able to be a step further from the competition.

4.2. Experiential Marketing

In an era where products and services are very alike, both in terms of appearance and in terms of price, the way companies communicate and engage with its customers has a very preponderant role. However it is a hard and challenging task to come up with new and innovative ways to connect with consumers.

The old school ways to communicate are getting outdated and obsolete due to many factors such as the amount of ads on television and other media, since the technology and social networks improvements have allowed a targeted, live and interactive communication. So, nowadays marketers know that they have to provide experiences in order to overcome the competition and so the **experiential marketing** concept has risen.

According to Smilansky (Smilansky, S., 2009), *"the experiential marketing era, focuses on giving target audiences a fabulous brand-relevant customer experience that adds value to their lives, and ultimately makes the consumer remember the brand's marketing – not because it shouted the loudest, but because it gave them an unforgettable experience"*.

Experiential marketing is altering the marketing as we know it since there are huge differences among both methodologies. While in traditional marketing consumers are seen as rational decision-makers in experiential marketing consumers are rational and emotional human beings.

In order to better understand the concept of experiential marketing, one should look for the characteristics of traditional marketing. Schmitt (Schmitt, 1999) states that there are four characteristics of traditional marketing (Figure 1).
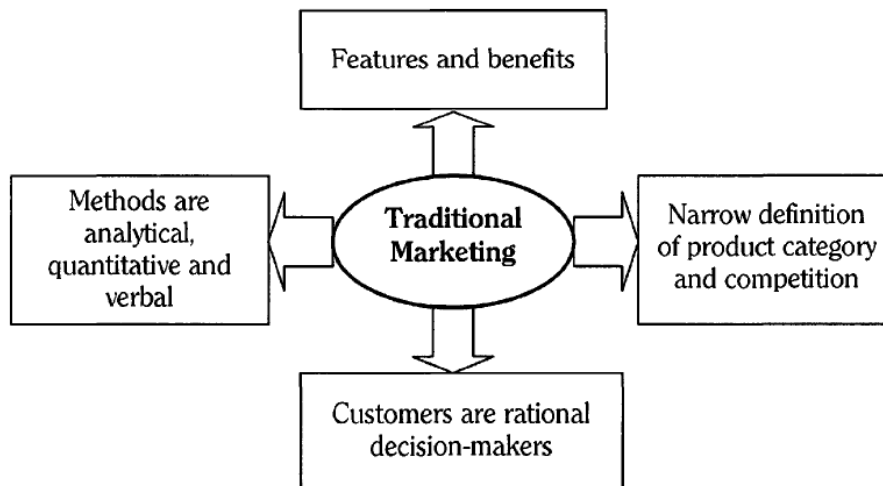
Figure 2 – Traditional marketing characteristics

Regarding features and benefits, Schmitt states that consumers give a lot of importance to this characteristic and in the end they will select the product according to the highest overall utility which is defined as the sum of considered features. So once the customers support their decision in features, these are key tools to differentiate its products/services from the competition.

Given the narrow definition of product category and competition characteristic, Schmitt says that *"competition occurs primarily within narrowly defined product categories"*, i.e. products in the same product category are more likely to compete against each other if the same or very similar features take place. For instance, McDonald's competes against Burger King and not against Pizza Hut, because the product they are offering is similar to the one provided by Burger King.

Customer decision making process engage more than a few steps: it starts with the recognition of a certain need, then the customer seeks for information bearing in mind the need, then it's very likely to have several alternatives so the consumer evaluates the several options, after that the customer makes a decision and purchase and consumes the best alternative for him/her. So customers are rational decision makers because they engage in this process of having a need – problem solving which according to Schmitt quoting Engel, Blackwell and Miniard says *"problem solving refers to thoughtful, reasoned action undertaken to bring about need satisfaction"*.

The last characteristic concerns the analytical, quantitative and verbal methods and tools collected through interviews and surveys and the way it's processed after being collected: regression models where the objective is to predict purchase habits or choices using predictors to assess their importance and weight; another way to handle the data is building the

positioning maps which consists in adding brands to a matrix measuring some functional and emotional features scales. These methodologies might be useful in certain situations by offering practical insights. However it may not provide accurate insights for gaining competitive advantage among customers.

Nowadays customers take the overall offer, meaning features and benefits, quality, brand image and the experience provided into consideration. The brand went from being seen as an ID to become a *"rich source of sensory, affective, and cognitive associations that result in memorable and rewarding brand experiences: Brand = EX"* (Schmitt, B. 1999). Customers want not only products or services that they can relate to and incorporate in their lifestyles but also that the communications deliver an experience to their senses. If companies are able to integrate and engage these features, it will determine the success in the market.

Bearing this in mind, there are also some key characteristics of experiential marketing: Customer Experience; Consumption is a holistic experience; Customers are rational and emotional and methods are eclectic (Figure 2).
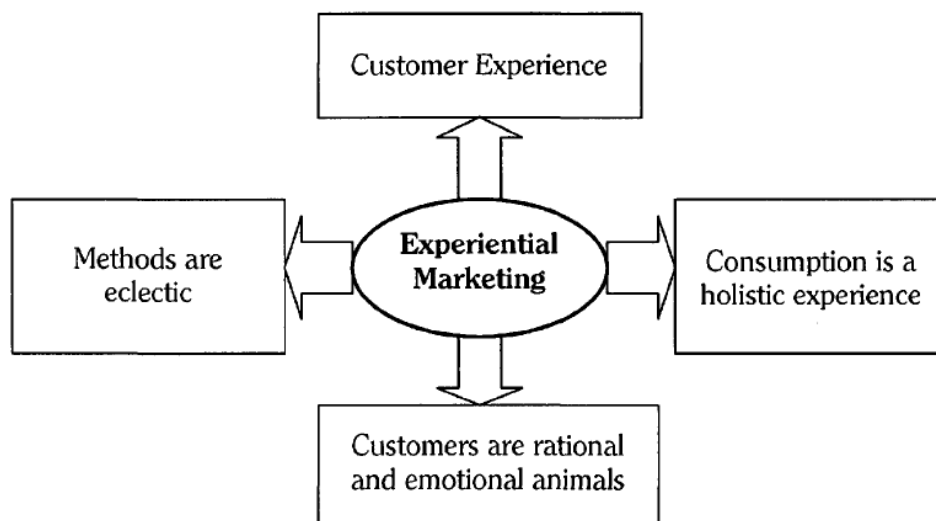
Figure 3 - Experiential marketing characteristics

Regarding the first characteristic, in experiential marketing there is a focus on customer experience, which can happen as a result of *"of encountering, undergoing or living through things. Experiences provide sensory, emotional, cognitive, behavioral, and relational values that replace functional values".*

Given the consumption as a holistic experience characteristic, the product/service is not merely a problem solving for a need. Instead it is designed, either its packaging or the way it is communicated, to provide and enhance a consumption experience.

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Despite the fact that consumers still engage in the decision making process and are rational, often they are also driven by emotions, which means that consumers are not only rational decision makers but also emotional decision makers. This occurs because consumers are impelled to fulfill their feelings and impulsive needs.

Unlike the methodologies used in traditional marketing, the ones used in experiential marketing are miscellaneous and multi-faceted. However and despite the methods are still analytical, qualitative and verbal, they are also intuitive, quantitative and visual and can occur in a lab environment or *in loco* and are often customized for a certain situation and objective.

All in all, traditional marketing views consumers as merely rational animals that will base the purchase decision on features and benefits while in experiential marketing, consumers are not only rational but also emotional beings who seek for holistic experiences.

Experiential marketing can have a huge impact on brands once, and according to Sharma and Sharma (Sharma, R., Sharma, V., 2011), it has several objectives. Experiential marketing can be used to build relationships or produce interactions not only between companies and customers but also among customers. It can also be used to verify target audiences and increase brand awareness once if the customers have a good experience they can spread the word between other people. It increases the relevance, the brand loyalty and the trial. And also it is used to create memories of the brand.

There are two concepts within experiential marketing that are essential. Those are: strategic experiential modules (hereafter SEMS) and experience providers (hereafter ExPros).

SEMS are different strategic modules that can be used to provide different types of experiences, such as: sensory experiences (SENSE), affective experiences (FEEL), creative cognitive experiences (THINK), physical experiences, behaviors and lifestyles (ACT) and social-identity experiences (RELATE). All of these types of experiences have different structure and principles.

SENSE modules' goal is to stimulate the five senses of the customer through sight, sound, touch, taste and smell by creating sensory experiences. The correct approach is to offer a concept that although the fact that it is clearly detectable, it feels always fresh and new.

In a TV campaign this kind of marketing would amaze consumers with music and nice images in order to get and win their attention in a short period of time (usually 15-30 seconds).

FEEL modules' aims to create affective experiences in the customer by appealing to his/hers inner feelings and emotions. It may be either a strong or weak experience since it depends on which industry the company is integrated.

FEEL TV ads are often part of day-to-day life ads that take time to get viewer in, once it builds emotion gradually.

THINK marketing provides a creative cognitive experience in customers, i.e. in psychology cognitive means that is recognizing and understanding things so a creative cognitive experience is the ability to appeal to the intellect engaging customers creatively.

This campaigns are usually calm and with voice over and text at the end.

ACT modules' enhance *"customers' lives by targeting their physical experience, showing them alternative ways of doing things" (* Schmitt, B. 1999), i.e. customers throughout their lives acquire real life physical experiences by consuming and using products and services.

These campaigns usually show behavioral outcomes or lifestyles.

RELATE modules use features of the above SEMS and are commonly used to appeal to self-improvement and the need to be socially accepted and thus have positive relations with others.

RELATE campaigns show the group or entourage that the customer wants to relate to or be perceived as part of.

These experiential modules are implemented through the so called ExPros. These are, as stated before, experience providers which can include communications, visual and verbal identity, signage, people, products/services presence and the surrounding environment. ExPros can be used as single forms of providing experiences or they can be used conjointly.

In order for the ExPros to work, there are three ways in which they need to be managed: 1) coherently; 2) consistently over time and 3) by paying attention to detail and explore each ExPro to its maximum potential.

Experiential marketing is a great way to bring the brand's personality to life and thus matching some of the objectives stated above such as improving trial, improving customer's loyalty and creating memories. By doing so, it will increase the world-of-mouth leading to more customers and thus more sales. It can also be beneficial once throughout the experimentation, companies can show how the products work and also show its features and benefits in the real life. This is especially advantageous for those industries where a simple differentiation relying on the features of the product are difficult to achieve. By doing an experiential marketing campaign companies are adding value to their brand not only

promoting its products/services but also by promoting an interactive way for customers to engage not only with the company but among each other.

4.3. Non aviation revenue

The high pressure of competition in airlines and also the entrance of low cost players have forced the fares to go down. This resulted in an increase in the number of passengers on several airports. This issue plus the high government regulation forced the airports to find new ways of revenue. Since nowadays the airport is no longer a facilitator of airline operations, the concept of **non aviation revenue** *"has become a key figure for measuring an airport's performance" (* Zenglein, Müller, 2007).

Therefore, non aviation revenue is related to all revenue that is not directly linked with the core business of an airport and having high non aviation revenue can influence the number of investors.

However, a lack of non aviation revenue definition makes it hard to compare and benchmark one airport to another since the basis of comparison may be not the same. In addition the data available can mostly be found in the financial reports under non aviation revenue with no further explanation of what non aviation revenue stands for.

Despite there's no definition and no information on what constitutes the non aviation revenue, Airports Council International (Echevarnme, 2012) (hereafter ACI) states that it can be divided into retail, pax & general services, non aero infrastructure and industrial, passengers, meters & greeters and employees.

The ACI's 2011 Airport Economics Survey states that the non aviation revenue accounts almost half (46.5%) of the total airport revenues, number that has been growing in a very significant way in the past years. By contrast, in a time when most European countries are distress with economical crisis and hence the retail is struggling to survive and also facing strong competition from internet and new challenges on how to engage consumers, airports' non aviation revenue is considerably increasing.

As one can see in the picture below (Figure 4) the non aviation revenues are almost even with the aviation revenues in certain continents, showing the increasing importance of non aviation revenues in an airport's performance and also to show investors that airports are attractive

businesses. These revenues will help to subsidize aeronautical charges and debt.
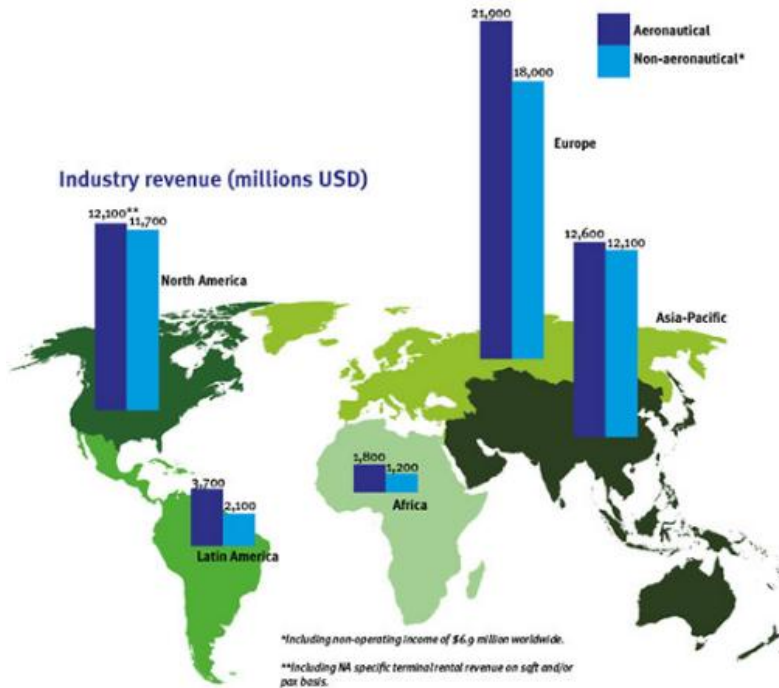
Figure 4 - Aviation and non aviation revenues worldwide
Source: Airport World (Bates, 2013)

A great slice of these profits is still generated from the retail concessions followed by parking and real estate (Figure 5).
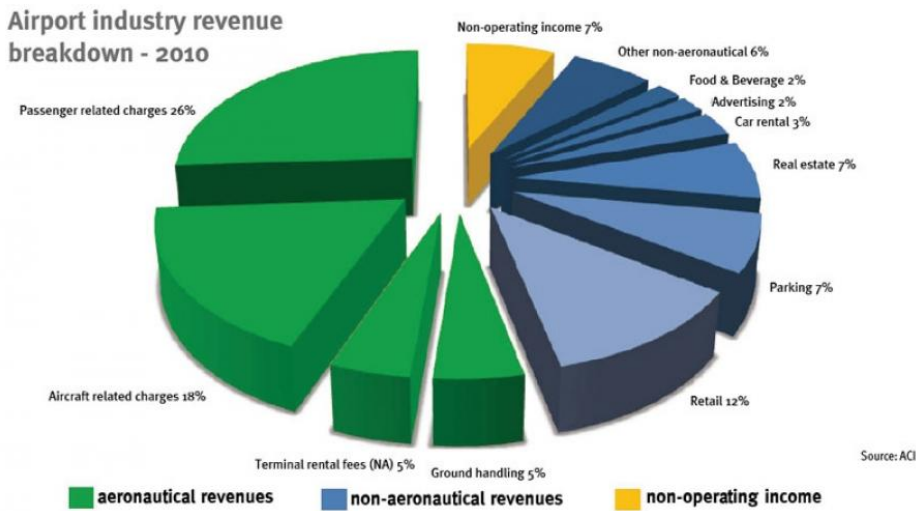
Figure 5 - Detailed sources of non aviation revenue
Source: Airport World (Echevarne, 2012)

Moreover and according to ACI, there are many reasons that will drive the non aviation revenue, such as passenger volume, airport and passenger profile, commercial offer, prices, architecture, dwell time, contractual arrangements and management.

Passenger volume is one of those drivers since it's more important than the amount of money spent per passenger (Little, 2012). Regarding commercial offer, there can be three types of offerings: needs, wants and impulse, bearing in mind the customer's profile and adapt not only the offerings but also the prices to it. The architecture is also a key driver once the space available, the design and the layout should be well passed in order to better distribute the shops according to its profile and thus providing a flowing experience for its customers. Another key driver is the dwell time because it is during this period that customers are more open and willing to spend some time and money in shops. Also, since they have already pass through check in and security, the levels of stress decrease (Graph 2).
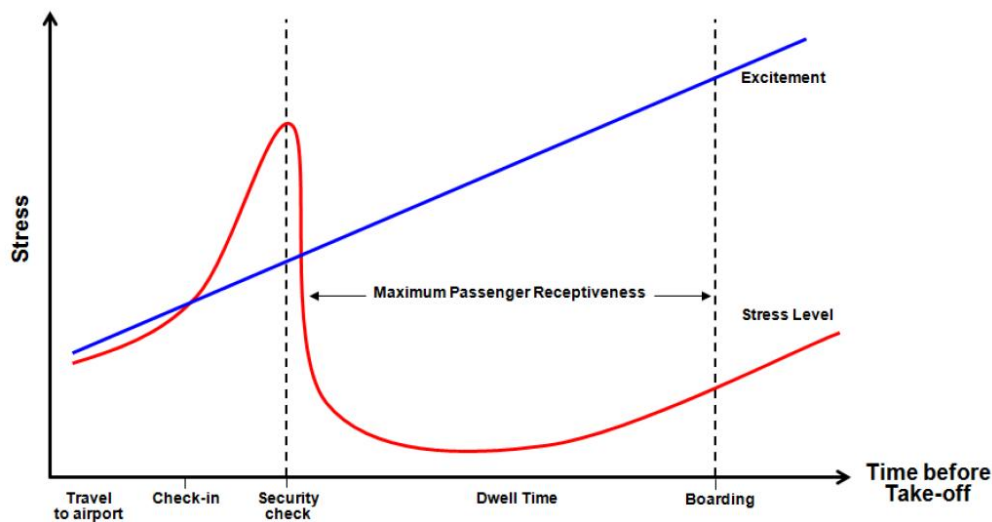
Graph 2 - Passenger receptiveness during dwell time
Source: Airports Council International (ACI) 2011 report

Aiming to create non aviation revenue, there are some key success factors that airports can pursue (Bamberger, Bettati, Hoeffinger, Kuruvilla, Wille, 2012): optimizing passenger footfall by converting the browsers in actual consumers and thus increasing the conversion rate and also increase the time spent in shopping. This can be achieved by fostering the purchasing of "must-buy" products placing them right after the security check-points; in addition airports can also position last minute products for those people who don't spend much time airside. In order to address this key success factor is to build walk-through stores where customers have mandatorily to walk in on their way to the boarding gate and provide flight information inside the shop.

Another key success factor is promoting price advantage over retailers that are outside the airport since some products are cheaper inside the airport than in the city center shops, which

can be an advantage both for customers and the airport itself, but to take advantage of it, airports need to communicate and promote it.

Expanding customer target groups and diversifying sales channels is an additional key success factor because airports are not only attended by passengers, so airports can and must develop landside retailers and thus emphasize the concept of airport city ensuring that the non-travelers can also have access to some retails. A further measure that could be taken by airports is bearing in mind the arrival passengers and add an 'arrival shop' for them. Considering the sales channels, it can be a way to develop sales and thus to increase the revenues. So, airports should include new services such as "pick up on return", home delivery or pre-order websites and it would work between a link on the airport website and the other provider. This would make the airport experience run smoother and reduce space since it would save on the amount of goods displayed.

4.4. Airport cities

Airports managers soon realized that they were more than just a place for planes and airlines and in the early 90's started to include shops and restaurants in order to better serve, provide a better experience to its customers and attract more passengers. However, people now travel more than they used to do in the past, mainly because of low-cost carriers and thus airport terminals had to adjust to this demand shift.

Among employees, passengers and the called meters /greeters, the number of people in some airports can exceed the number of people in a medium size city (Kasarda, 2009). This fact plus the adding services offered by certain airports, such as *"incorporating gallerias, shopping streets, and gourmet and culinary clusters, as well as meeting, entertainment, arts, and cultural venues" (* Kasarda, 2009), led to a new concept called **airport cities**.

Before going in more depth into the concept of airport cities, firstly it is important to understand why some cities are more likely to develop an airport city, and a broader concept, global cities, rises once they are correlated as airport cities have a certain tendency to grow around international airports and, of course, the size of the surrounding metropolitan area size can impact the implementation of an airport city. Hence, global cities are those that have a huge contribution in the global economic system and have to obey to certain basic economic, political, cultural and infrastructural characteristics. In figure 6, it is shown the 2008 Globalization and World Cities Study Group and Network (hereafter GaWC) world's global

city rankings. This ranking had in consideration 24 metrics in five different areas: business activity, human capital, information exchange, cultural experience, and political engagement.

Figure 6 – 2008 GaWC ranking of global cities

The numbers above the legend of figure 3 are the number of cities that actually implemented the airport city concept. It is important to stress that none of the alpha ++ cities implemented the model. So after understanding the concept of global cities and realizing that despite the fact that alpha ++ cities were more likely to develop airport cities and none implemented the model, one can say that airport cities are, *"in addition to their core aeronautical infrastructure and services, providers of significant non-aeronautical facilities, services, and revenue streams"*.

According to Kasarda, the concept of airport city is due to four drivers: 1) non-aviation revenue pursuit; 2) the search of affordable land by the commercial segment 3) with more commercial offerings, the number of passengers and cargo traffic will increase; 4) the need of business development in the airport related field. These four drivers will allow the airports to better compete and prevail over competitors and also to serve its core business in a more proper way. In addition, it is known that airport cities are playing a magnet role for some economic businesses such as real state, services as convention and hospitality and retail sectors.

Among the most common commercial activities, both in landside and airside, one can find many different offerings, besides the usual and ordinary duty-free shops, restaurants, magazine/ newspaper shops and currency exchange, such as: cultural and entertainment attractions (Singapore Changi Airport that includes Cinemas and Hong Kong International Airport has a galleria); hotels and accommodations; convention and exhibition centers;

leisure, recreation, and fitness (Singapore Changi Airport has a swimming pool) ; logistics and distribution; golf courses; factory outlets; health and child care facilities (Frankfurt Airport has the largest airport health clinic) and churches (Stockholm Arlanda Airport has a chapel where nearly 500 weddings were celebrated in 2007).

In addition, the Hartsfield-Jackson airport in Atlanta and Philadelphia International Airport offer a hotel in theirs airside, which means that the hotels are located right after passing the security. It cannot be compared to a regular hotel since the rooms are very small and there is no plumbing available. However, people can take a rest and shut the door and not only find a quite place away from the chaos, characteristic of many airports, but also discover a private place to stay while waiting, according to a New York Times article.

This concept of airport city can be very useful, profitable and seen as a magnet to attract in one hand more passengers, and in the other hand more business, but of course it depends on numerous factors such as airport location, the space availability for new developments and of course the services offered have to provide benefits to passengers and yet differentiate from competition. Also it has to obey to government laws and regulations.

Besides this, if we consider the surrounding area of the airport, where many aviation related companies and business parks want to be besieged and the fact that the airport area is a region wide multimodal transportation area, then this new urban form is called **aerotropolis**.

Both this concepts have many advantages in being implemented not only regarding the revenue they can generate but also because of the increase in jobs.

4.5. Services

Kotler (2000) defines service as *"any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product."*

So in other words, a service is an intangible asset that a company can offer to its customers and have to be consumed, most of times, right after they have been bought.

According to Kotler, there are five categories that a company can incur when providing a service: 1) pure tangible good, where no service is provided; 2) tangible good with complementary services: the company sells a product/ good accompanied by one or more services; 3) hybrid: the offering has both product and service and they have the same weight; 4) Major service with accompanying minor goods and services*:* the company provides a service that has some products included 5) Pure service: no product is offered.

Services for its nature, according to Kotler, have four characteristics that impact the marketing design, and they are intangibility, inseparability, variability and perishability.

Intangibility means that *"they cannot be seen, tasted, felt, heard, or smelled before they are bought"* and though consumers will look for signs of quality from the environment surrounding the service, i.e, they will search for quality features in employees, physical space or store, price, among other. So when providing a service is important to manage all of these features or as stated by Kotler *"tangibilize the intangible"* and thus is very important to transform the abstract patent on a service nature in concrete benefits for and perceived by the customers.

Inseparability is related with the time of consumption of the service, once it is produced and consumed at the same time, and as so *"both the provider and the customer affect the outcome"*. There is no way to separate the provider and the consumer from the service itself.

Once a service is highly dependent on many variables such as provider, time and place of the providing the service, so one can say that there is a high variability. So, companies have to keep an eye on quality control in order to be the customers' choice. There are three steps that a company can do to monitor quality control: 1) Having the right employees and provide them with excellent training; 2) standardizing the service performance throughout the organization and 3) monitor customer satisfaction.

Perishability is, again, related with the time of consumption because it cannot be stored or saved for later, like it happens when talking about a product. According to Sasser (1976), companies can try different strategies to deal with perishability both from the demand and from the supply side. Regarding demand side, companies can use different pricing to shift demand from peak to off-peak periods or develop complementary services or install reservation systems. From de supply side there are also some strategies, namely hiring part-time employees or increase consumer participation in order to speed transactions or plan facilities for future expansion or they could even share services with other providers.

Besides this characteristics, Parasuraman (1985) states that services are also characterized by its heterogeneity because each provider is different from other providers and each costumer is a different customer, thus the service even if it is basically the same offer will differ from provider to provider and will be perceived in a different way by customers.

4.6. Marketing in Services

Besides the four characteristics stated above and the usual four P's, Kotler says that when a company offers a service it should manage other three P's: People, Physical Evidence and Process. Here people is related with the employees, because once they are providing a service, they become the face of the company, so in order to manage this P, companies should provide employees with training and motivate them to do their best job when facing the customer. Physical evidence relates with the way that customers perceive quality in a certain service, since its intangible people will look for tangible features that will provide a certain level of quality. Finally process means that companies can chose their own process of doing things.

Also, according to Kotler (2000) "*service firms face three key marketing tasks: increasing competitive differentiation, service quality, and productivity*". When managing differentiation, service companies tend to compete merely on price. However, according to Kotler, there are other ways to achieve competitive differentiation such as differentiating the service itself through adding secondary service features which will add value to the service. These features can be easily copied by competitors but they will provide a brief competitive advantage.

Another way to reach differentiation is through delivery, i.e., companies can provide training to its employees and improve the physical evidence so that customers perceive a bigger quality in the service provided. Additionally, a way for a firm to succeed is to continuing investing on service quality and by exceeding the customers' expectations.

Summary and scientific questions

The times companies are facing ask for different and innovative methodologies not only because of the economic crisis but also because of the huge competition out there in some industries. Also it is not new that social media had an important role in the shifting behavior of the consumers, making them more informed, demanding and empowered than never.

Therefore, companies started to seek alternative ways of engaging with its customers and create stronger ties with them. In order to bring something that in one hand was completely new and in the other hand was efficient, companies started to provide experiences to its customers and thus the experiential marketing was born on a basis of traditional marketing evolution.

Airports are no different and had to evolve from a simple place for catching a plane and for airlines to new commercial hubs where many people spend a lot of time and thus airports look

forward to satisfy some of their needs. Nevertheless, with the entrance of low cost airlines the number of passengers increased and airports had to keep pace with the rest of the retailers industry to satisfy passengers' needs.

By improving its commercial offerings it also improved a new way of making revenues, with the non aviation services provided which many times are used to pay for aviation debt. This non aviation revenue, despite lacking a common definition, can be used to benchmark in order to look for investment. Also, by improving the retail offerings in an airport, they can satisfy different customer needs more easily and by doing so the customer experience and satisfaction will improve.

Another consequence of adding new services that will meet both business and leisure passengers' needs, since their main focus is nowadays the business' passengers, airports can gather the conditions to become an airport city due to its size, location and accessibility, among other factors.

However, and after doing this research there are some questions that lack an answer, which will try to be replied during the present work:

- **How can airports benefit with experiential marketing?**

Since the concept of experiential marketing is recent and there aren't many studies about it, it is important to see how this concept works in terms of a service and not only when the subject are products. It is also important to see the way that experiential marketing will influence the lives and behavior of thousands of passengers in airports, in the case of this research, how it will affect their lives in the Lisbon airport by adding value not only to their lives but benefit from a value adding in the airport brand.

- **How to leverage airport's customer experience among leisure and transit passengers?**

As stated above, Lisbon airport, as many other airports put a lot of their efforts and focus in the business passengers. As one could see through the literature review, there are some services and features that can be added or transformed in order to meet passengers' needs, either business passengers, in transit passengers or leisure passengers.

- **How can airports increase its non-aviation revenue while taking advantage of airport cities?**

As stated in the previous question, by adding new services airports are increasing its non-aviation offerings to its passengers and thus it can be a way to increase the non-aviation revenue and consequently moving towards to the concept of airport cities.

5. Methodology

The methodology used depends on three factors (Yin, 2009): a) the typology of the research questions; b) the control that the investigator has over actual behavioral events and c) up to date subjects versus historical events and there are five methods that one can choose bearing in mind the relation with the three factors stated above (table 1): experiment, survey, archival analysis, history and case study.

METHOD	(1) Form of Research Question	(2) Requires Control of Behavioral Events?	(3) Focuses on Contemporary Events?
Experiment	how, why?	yes	yes
Survey	who, what, where, how many, how much?	no	yes
Archival Analysis	who, what, where, how many, how much?	no	yes/no
History	how, why?	no	no
Case Study	how, why?	no	yes

Table 1 - Relevant Situations for Different Research Methods

However, many investigators despise this approach and still consider that case studies are more suitable for the exploratory phase while other methods, such as surveys and histories, are more appropriate for the descriptive phase.

In this work, as the research questions all start with "how", the most appropriate method could be whether the experiment, history or case study. Then one should look for the other two factors remaining, so the investigator does not have control over the actual behavioral events and there is a focus on modern events, then the methodology to follow is the **case study**.

The author states that *"The case study is preferred in examining contemporary events, but when the relevant behaviors cannot be manipulated. The case study relies on many of the same techniques as a history, but it adds two sources of evidence not usually included in the historian's repertoire: direct observation of the events being studied and interviews of the persons involved in the events. Again, although case studies and histories can overlap, the case study's unique strength is its ability to deal with a full variety of evidence-documents, artifacts, interviews, and observations-beyond what might be available in a conventional historical study."*

After deciding whether methodology is more suitable for the present work, concluding that case study was the best option, is time to define what is a case study. A case study is a way to "*understand a real-life phenomenon in depth, but such understanding encompassed important contextual conditions-because they were highly pertinent to your phenomenon of study*" (Yin, 2009).

In a case study design, one of the most important steps is to determine the research questions, once they'll lead to the case of study, which in this particular case attains to study how to increase commercial offerings in airports while improving customer experience.

Then it is also important to decide which type of case study one wants to follow from three types (Yin, 2009): explanatory, exploratory or descriptive. Explanatory case studies aim to explain the phenomenon in the data by looking closely to data and can also be used to explain cause-effects relationships. On the other hand, descriptive case studies concerns in describing the data as it occurs while exploratory case studies is more commonly used to explore the data and see where it may lead. Another author distinguishes other three types of case studies (Zainal quoting Stake, 1995): intrinsic, instrumental and collective.

Regarding the intrinsic type, is the most exploratory of the three types and the researcher looks to know more about an issue instead of looking forward to create new theory and insights. On the other hand, instrumental case studies the case study is nothing more than a tool to achieve new theory and generalizations and collective case studies use data from different sources, namely instrumental case studies.

For the purpose of this project, the typology is exploratory since "*this type of case study is used to explore those situations in which the intervention being evaluated has no clear, single set of outcomes*" (Baxter and Jack quoting Yin, 2008) and intrinsic.

There are many advantages in using a case study methodology such as the examination of real life events, the differences between intrinsic, instrumental and collective case studies allow both qualitative and quantitative analysis of the data and also the qualitative data produced helps to describe the data and the complexities of real life situations but also it allows further exploration of the topic, which may not be achieved by other research methodologies (Zainal, 2007).

There are also many criticism around the case study methodology once many argue that case studies lack thoroughness and don't give room for many generalization once very often they are formed by a single case. Another critique to this methodology is the amount and the extent

of data that it produces which can lead to misinterpretation and biased conclusions if the information is not well managed and organized.

Contrary to popular beliefs, the case study methodology is not only a way of qualitative research since some case studies also includes quantitative evidence and thus it uses a mix of both qualitative and quantitative research. Qualitative data refers to words and image and is by definition exploratory, and it is used when we don't know what to expect, to define the problem or develop an approach to the problem. It's also used to go deeper into issues of interest and explore nuances related to the problem at hand. While quantitative data is more conclusive in its purpose as it tries to quantify the problem and understand how common it is by looking for projectable results to a larger population. By considering both evidences, the researcher is able to find a holistic understanding of the subject topic.

 If the researcher mixes both qualitative and quantitative research, then it is called a mixed methods research, which according to Yin quoting Johnson & Onwuegbuzie (2009) is *"class of research where the researcher mixes or combines quantitative and qualitative research techniques, methods, approaches, concepts or language into a single study".*

For case study purposes, information can and should be gathered from many different kinds of sources, such as documents, archival records and interviews, which are the ones used in this project, among others. Collecting data from various sources allows a better understanding since it establishes a research timeline from past events to more up to date events, more accurate and complementary results and findings, the case study becomes more convincing and it helps addressing a broader range of issues than if a single source of information was considered.

Nevertheless, multiple sources of data collection has also its downturns since the investigator can become overwhelmed with the amount of data gathered, so it needs focus and organization on what is important otherwise tons of data management and analysis will be necessary (Baxter and Jack, 2008).

Regarding the different data sources, more exactly documents, the secondary data was collected from administrative documents (annual reports), formal studies conducted by other investigators whom wrote about relevant topics for this work, books and newspaper clippings. These articles and papers were searched on important publications of the subject topics.

Considering other source of information – the archival documents – those who were consulted are mainly related to service records (e.g. passenger volumes), organizational charts (e.g. non aviation revenues) and survey data.

In order to add more value to the present work, a survey was live from 22nd February until 15th March in order to complement the data gathered from other authors and papers, assuming the form of primary data. This survey has a random sample of respondents, accounting for 131 surveys answered online. By doing this structured interviews, it will produce quantitative data which are an essential source of case study evidence since most case studies are about human affairs and behaviors.

The survey results will be analyzed with the assistance of a program that analyzes statistical data. There are several programs that can be used for this end, such as Eviews, Microsoft Excel and Statistical Package for the Social Sciences (hereafter SPSS), which is the one chosen to analyze the survey results (IBM SPSS Statistics 20).

This program allows an easy way to perform statistical analysis from simple frequency calculations to more in depth analyses (variance, correlations and so on). A more formal definition is that SPSS consists of an integrated series of computer programs which enable the user to read data from questionnaire surveys and other sources and then it allows to operate the results in various ways, producing a wide range of statistical analyses and reports, together with documentation that it is easy to read and understand for most readers.

SPSS has many advantages such as effective data management, once the program is meant for organizing the data in a proper way as rows represent cases and columns represent variables. Once the program knows the exact location of cases and variables, it will accurately know where to look for the right information and for this reason the data analysis is quicker. Another benefit of SPSS is a wide range of options once it was created with the purpose of analyzing statistical data it offers a broader range of methods, the possibility of creating graphs and charts and the third main reason for using SPSS is related with the output organization since it separates the outputs from the data, by opening a new separate file for outcomes, assuring that are no problems with overwriting information.

Besides this, a benchmark of other airports will be conducted to see how well they are doing with its non-aviation services and to look for ideas that can be implemented in Lisbon's airport in order to improve the customer service and experience.

All these data collected from different sources, will serve as a background for the study and further recommendations

After gathering all the information requested to ground this project, the recommendations will take place as a business plan. To do so, firstly it is important to analyze the external

environment, using some frameworks such as the PEST analysis and Porter's five forces in order to verify the attractiveness of the sector/market and also check the competitors.

Then it is time to perform a deep analyze of the opportunities and threats using an EFE matrix and analyze the strengths and weaknesses using an IFE matrix. Gathering the two matrixes it will form the SWOT analysis.

After using all these frameworks, it's time for strategic decisions, mainly vision, mission and objectives as well as the marketing-mix options.

6. Survey Results

In this section, the results of the survey (Annex 1) conducted online will be analyzed. The survey has a random sampling of 131 respondents, 70 females and 34 males, 13 that never flew (so the survey did not consider their demographic data) and 14 that for unrelated reasons did not complete the questionnaire. The respondents were mostly females (53.4%), ages between 19 and 55 years old and mostly Portuguese (Graph 3).

Graph 3- Demographics (gender and age)
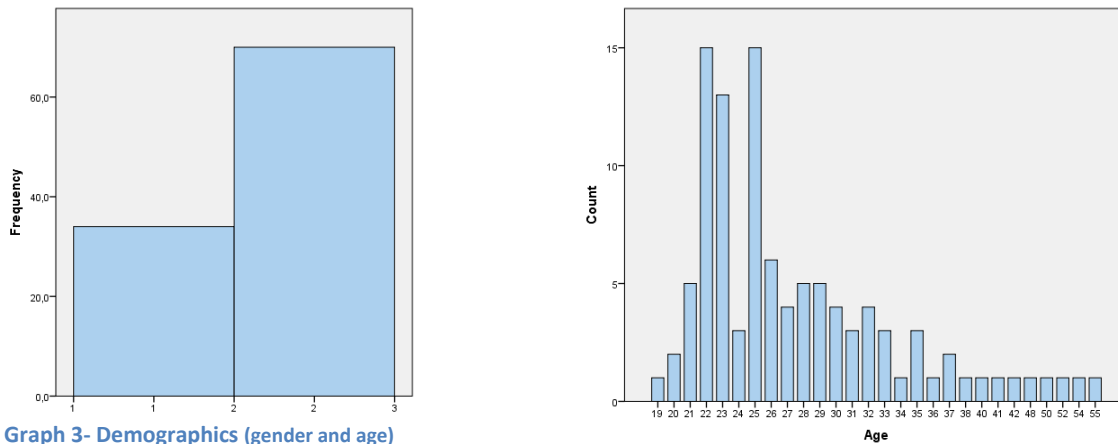
The survey showed that of that 131 people, almost 42% (55 people) fly at least one time in a year, only 8% fly more than five times and 10% never flew in their lives (Graph 4).
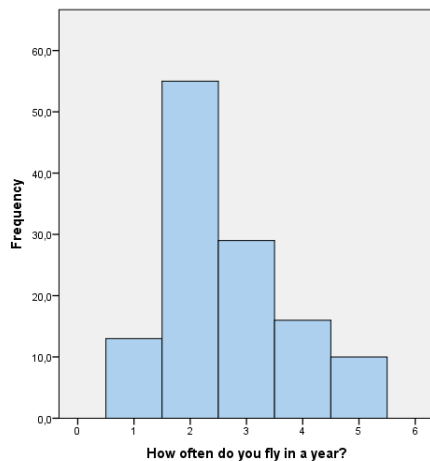
Graph 4 - How often respondents fly in a year

Also it states that people usually chose the companion of their friends (38.2%) and family (28.2%) to travel or they go alone (13%).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Alone	17	13,0	16,3	16,3
	Family	37	28,2	35,6	51,9
	Friends	50	38,2	48,1	100,0
	Total	104	79,4	100,0	
Missing	System	27	20,6		
Total		131	100,0		

Table 2 - with whom to you fly with?

Most people travel for leisure purposes (75.6%), consider that airports are equally focused
both on business and travel passengers (40.5%) and 52.7% has already been stuck in an
airport and some of those for several hours or for a day long.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Business	5	3,8	4,8	4,8
	Leisure	99	75,6	95,2	100,0
	Total	104	79,4	100,0	
Missing	System	27	20,6		
Total		131	100,0		

Table 3 - Do you usually fly for business purposes or leisure?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	37	28,2	35,6	35,6
	Equally focused	53	40,5	51,0	86,5
	No	14	10,7	13,5	100,0
	Total	104	79,4	100,0	
Missing	System	27	20,6		
Total		131	100,0		

Table 4 - Do you think that airports are mainly focused on business passengers?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	69	52,7	66,3	66,3
	No	35	26,7	33,7	100,0
	Total	104	79,4	100,0	
Missing	System	27	20,6		
Total		131	100,0		

Table 5 - Have you ever been stuck in an airport?

Regarding the way they spend time while waiting for their plane or to board, the most common way to wait was sat on a chair next to the boarding gate (51.1%) and go to the duty-free shops (38.2%).

		How did you spend your time there?- Grab something to eat	How did you spend your time there?- Sat in a chair next to the boarding gate	How did you spend your time there?- Wandering	How did you spend your time there?- Sleeping	How did you spend your time there?- Lounges	How did you spend your time there?- Duty - free shops
N	Valid	38	67	23	16	21	50
	Missing	93	64	108	115	110	81

Table 6 - How did you spend your time there?

One of the most important illation that one can take from the survey is regarding whether or not people think that airports could be more concerned in increasing both customer service and experience and 75.6% said yes.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	99	75,6	95,2	95,2
	No	5	3,8	4,8	100,0
	Total	104	79,4	100,0	
Missing	System	27	20,6		
Total		131	100,0		

Table 7 - Do you feel that airports could be more concerned in increasing customer service and experience?

When asked to rate (1 – dreadful; 10 excellent) the overall experience provided by Lisbon airport, most people answered that it was 5 (30.5%).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	3	2,3	2,9	2,9
	4	7	5,3	6,7	9,6
	5	40	30,5	38,5	48,1
	6	13	9,9	12,5	60,6
	7	18	13,7	17,3	77,9
	8	15	11,5	14,4	92,3
	9	7	5,3	6,7	99,0
	10	1	,8	1,0	100,0
	Total	104	79,4	100,0	
Missing	System	27	20,6		
Total		131	100,0		

Table 8 - Experience in the airport (1 dreadful and 10 excelent)

Regarding ways to improve the customer experience, the most voted were add a sightseeing tour (43.5%), in addition 72.5% also stated that they would go on a sightseeing tour if they had the chance; add a hotel airside (42%) and add an arrival shop where people could buy some groceries on their way back home after landing (39.7%), people also stated that airport should have a playground for children.

		How do you think it could improve?-Add a hotel airside	How do you think it could improve?-Add sightseeing tours for passengers in transit during daytime	How do you think it could improve?-Add more shops	How do you think it could improve?-Add an "arrival shops", for people who need to buy some items on their return home	How do you think it could improve?-Add supermarkets landside	How do you think it could improve?-Other
N	Valid	55	57	29	52	17	11
	Missing	76	74	102	79	114	120

Table 9 - How do you think it could improve?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	95	72,5	91,3	91,3
	No	9	6,9	8,7	100,0
	Total	104	79,4	100,0	
Missing	System	27	20,6		
Total		131	100,0		

Table 10 - If you had the opportunity to go sightseeing while in transfer, would you go?

Considering the price people would be willing to pay for the sightseeing, most people said they would pay up to 15€ (35.1% said they would pay less than 10€ and 33% said between 10€ -15€).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 10€	46	35,1	44,2	44,2
	10€ - 15€	43	32,8	41,3	85,6
	15€ - 20€	13	9,9	12,5	98,1
	> 20€	2	1,5	1,9	100,0
	Total	104	79,4	100,0	
Missing	System	27	20,6		
Total		131	100,0		

Table 11 - How much would you be willing to pay?

Regarding the hotel airside, 40% of the respondents said it was a very useful service to airports and among services that it could include the most voted was electrical devices chargers (61.8%); awakening service one hour before the flight (52.7%) and lockers (45.8%).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Waste of space and money	3	2,3	2,9	2,9
	Very useful	52	39,7	50,0	52,9
	Never thought about it	27	20,6	26,0	78,8
	Good idea to increase the customer experience	22	16,8	21,2	100,0
	Total	104	79,4	100,0	
Missing	System	27	20,6		
Total		131	100,0		

Table 12 - How do you feel about the idea of having a hotel airside?

		Which services would you like to have included?-Electrical devices chargers	Which services would you like to have included?-Laundry services (extra fee)	Which services would you like to have included?-Spa (extra fee)	Which services would you like to have included?-Lockers	Which services would you like to have included?-"Awakening" service 1h before the flight
N	Valid	81	33	27	60	69
	Missing	50	98	104	71	62

Table 13 - Which services would you like to have included?

The other two options, despite not rated in such a vastly way, also accounted high values, since laundry services accounted for 25.2% (33 respondents) and spa accounted for 20.6% (27 people), so airports should also consider these two options in the way they can facilitate consumers lives and also improve the customer experience in airports.

The most important ideas to retain are people are neither pleased nor unpleased with the overall experience provided by the Lisbon airport but they think that airport should increase its concerns with the customer experience and take into consideration some of the services such as the sightseeing, the hotel airside, the arrival shop and the playground.

7. Benchmark

World Airport Awards (2012) are the *"prestigious recognition of quality for airports across the world, based on the annual SKYTRAX airport customer survey, covering 388 airports"*. The results account for 12 million passenger surveys and have several categories such as best airport, best staff and best airport for leisure amenities, which considering the topic of this work is the one to bear in mind. Under this category, the survey evaluates the passenger experience across 39 airport services provided and products features throughout the overall airport experience, i.e., from the moment passengers arrive at the airport, transit and departure.

For benchmark purposes I will consider two top 5 airports – Changi Airport Singapore (which was the winner in 2012) and Incheon International Airport (Seoul) – and also Dubai International Airport.

7.1. Changi Airport Singapore

There's a reason why Changi Airport was voted as the best airport for leisure amenities since its concerns with the passengers' wellbeing is their priority. This airport offers a wide range of services which can please and allow moments of relaxation to every passenger.

From business centers where one can type texts, mailing documents or photocopying and faxing to up to date financial information for business purposes.

Also it has a huge concern with people who are leisure travelers it offers free Singapore tours for passengers who have at least a five hour transit and passengers can chose one out of two tours, depending entirely on the hours the tour will take place: the heritage tour and city lights tour. Both take two hours long.

Besides this, passengers can also go to hair and beauty service, music lounges where they can enjoy some live music while grabbing something to eat, relax among nature in one of the airport gardens and look for a rest area where they can find some relaxing chairs. Passengers can also look for a refreshing shower, massage, a gym where they can work out and stretch after a long flight or go for a swim in the airport pool. They also have playground for kids, movie theaters and arcade games.

Beyond these services, Changi airport also offers a hotel airside, the Ambassador Transit Hotel. Here passenger can find two types of rooms: standard rooms which can be single, double, or triple and include ensuite bathroom, television, complimentary coffee/ tea making facility and wake-up call service; and budget rooms which can only be single bedded and have tv, wake-up call service and a common toilet and shower. The prices vary according to

the typology of the room and are set for a period six hours, for a standard room one can book a room from 76.51 Singapore Dollars (SGD) which is more or less 48€; for a budget room a room can be booked from 47.08 SGD (around 29€). After this period of six hours, there are one hour extensions, costing 16.48 SGD for standard rooms and 14.12 SGD.

All in all, the wide range of services provided by Changi Airport allows the fulfilling of several passengers needs and they are also concerned with the entire family offering attractions to every member. Due to the high customer experience offered it was voted as the best airport for leisure facilities.

"Changi has always excelled and setting the bench mark for how to run an airport. They have courteous staff that can speak different languages. Changi Airport is like a small city with everything that you want, its clean and efficient and would put a lot of western airports to shame. They provide free Wifi and entertainment for all ages. Food is reasonable with choice and price."

S Sulaiman (Australia)

7.2. Incheon International Airport (Seoul)

This airport was ranked number five at the World Airport Awards under the category of best airport for leisure amenities and ranked number one in best airport. As the Changi Airport, Incheon International have a huge concern with customer satisfaction and experience since the services they offer look for providing a good time for the whole family while in the airport.

Among its services and besides the regular services offered at any airport, one can find sauna and spa which beyond the massages also provides private sleeping rooms, meeting rooms and a snack-bar where passengers can relax; it also provides nurseries and play room for children (under 3 years old), his guardians and pregnant women can have a rest from the turmoil that is an airport. This airport offers the possibility to play golf at its golf course, a casino, a skating rink and theatre, a hair and beauty centre, laundry services medical centre and pharmacy for any emergency. It has also a prayer room for its passengers.

So, Incheon International is a place where there is a concern in paying attention to customer needs and it offers several attractions to its passengers whether they are arriving, leaving the airport, in transit and the public in general (meters and greeters, staff, non-customers) once many of the services stated above are open for the general public.

"Spacious, quiet and efficient is our experience of Incheon on two occasions Dec/Jan 2012-3. Distances to walk are relatively small, signage is good. Best is the superb rest and relaxation area with a wide range of good facilities all close together and close to gates: free shower, easy to access massage, loungers to snooze on, on site day hotel, children's play areas. Internet access. There was also free cultural activity to participate in which our 6 year old enjoyed. Only downside was a limited range of Western food outlets."

T Ellis   (UK)

7.3. Dubai International Airport

From the three airports selected to do a benchmark, Dubai International Airport is the only one that it is not in the top five ranking of the World Airport Awards. The reason that it is not one of the top five airports is because the range of offerings is not even compared with the previous two airports.

However, it is important to look at because of its airside hotel, the Dubai International Hotel which is categorized as a five star hotel. It is important to see this perspective because it's a bit different from the other two, not only in the services provided but also in the whole airport itself. While Changi and Incheon are considered as a five star airports, Dubai International accounts for only three stars. Here, much attention is put to business passengers and people who can actually have money to spend. But as I said, it is only for benchmark purposes and to have other insights for the hotel airside.

Dubai International Hotel accounts for 341 rooms, two health-clubs with swimming-pools each and two fully equipped business centers among other features as every five star hotel. Regarding the prices it is possible to book a room for 700 AED (Emirati Dirham) which accounts for around 149€. The downside is that not everyone can and be willing to afford the price for couple of hours while they are in transit or waiting for the flights.

"Generally, is a good airport. Though rather uneven - very good in certain aspects and with serious shortcomings in others. At one end if you fly Emirates on business, this is a fantastic airport with huge lounges, minimal or non-existent lines for check-in, immigration and boarding. At the other extreme, if you are using Terminal 2, you are stuck in a small crowded space with a couple of restaurants, not entirely clean bathrooms, and a very long transfer from other terminals in minibuses with space so limited that you cannot even stow carry-on luggage. Most experiences in Terminals 1 & 3 fall somewhere in between. Excellent shops

and a wide range of restaurants, but not much space to sit if you just want to wait for your flight without spending money."

D Hananel   (USA)

8. Recommendations

After analyzing the results of the survey and revising the literature existing about the topic, it's time to bring some recommendations, which will take shape through a business plan that will address some of the opportunities found upon the background to the study.

8.1. External analysis

### 8.1.1. PEST analysis
Economic context

The years of 2012/2013 are being really hard for Portuguese people in terms of economic purposes. After the economic crisis began in the USA in 2008, many economies spread all over the world suffer with its effects. The European Union, was no different and several countries had to ask for International Monetary Fund's (hereafter IMF) intervention, Portugal was one of those countries and many others face a risk of economic failure.

The bailout carries more than a few measures that the government had to implement and it have some impacts for both the people, who's facing a hard time with the decrease of its salaries due to an increase not only in social security rebates and other taxes, so the net income has decreased and with it theirs purchasing power, and also the companies saw some measures being implemented that affected its incomes and many, who didn't have the conditions to continue operating, were forced to close doors. Also due to this deep crisis, the rating agencies lower the rate of Portugal to a level of garbage and this had impacts in foreign investments.

With the closing of many of these companies and increases in taxes both for people and business, the unemployment rate is now on historical records, according to Eurostat (2013), in Portugal the unemployment rate is 17.1%, only preceded by Spain and Croatia whom have unemployment rates of 25.9% and 18.6%, respectively.

According to Instituto Nacional de Estatística (hereafter INE), the unemployment rate in

Portugal has been increasing from the past years as one can see in graph 5.
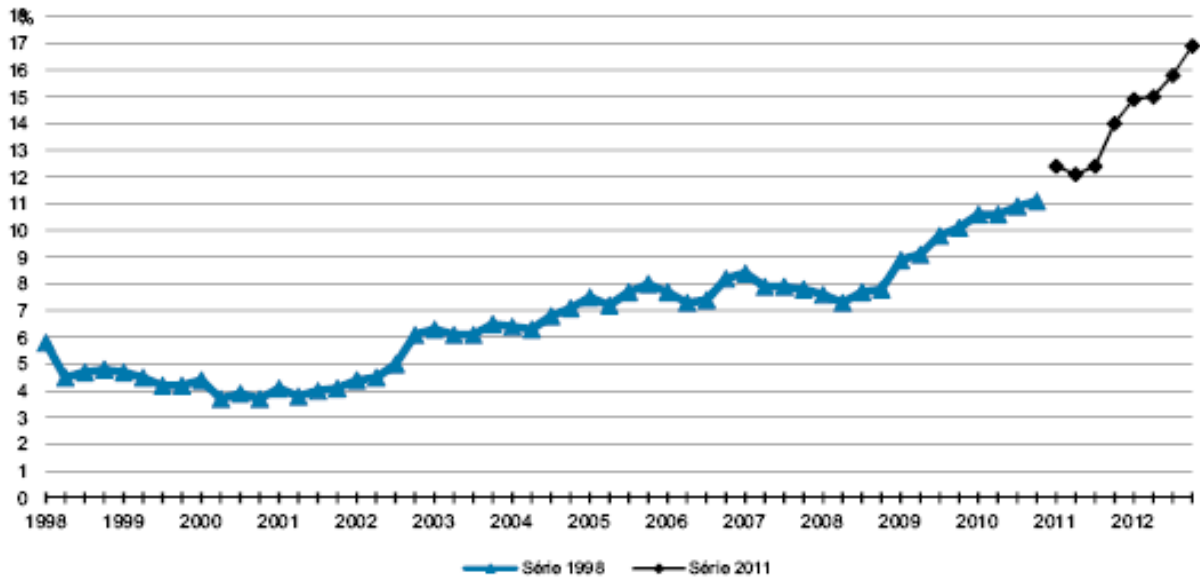
Graph 5 - Unemployment rate evolution [1998-2012]

Source: Boletim mensal de estatística 2013 - INE

However, and despite this deep crisis, the number of passengers in Portuguese airports is increasing, having a variation of 6.4% between 2010 and 2011, which in 2010 accounted for 28.274.898 and in 2011 accounted 30.088.767. These can be explained due to the increase weight of the low-cost carriers. Also the revenues regarding both aviation and non aviation have, too, increased since "*in 2011, the ANA Group had a turnover of 424.9 million Euros, an EBITDA of 199.8 million Euros and net profits of 76.5 million Euros, which equate to increases of 4.6%, 21.6% and 37.6%, respectively, over the previous year. These are the best results the Group has ever had*" (ANA's annual report, 2011).

Another measure taken by the government to tackle the financial rescue program was the privatization of several companies, including ANA. Thus, ANA has been bought by a French company, Vinci, after several candidates have presented their proposals which according to Jornal de Negócios, were very interesting bids, accounting for 12/13 times the EBITDA of ANA, i.e., some offers exceeded the 2.5 billion Euros. The one proposal that won the bid was the French company called Vinci, whom paid more than 3 billion Euros for 95% of ANA.

Regarding this privatization, many critiques arose on the ground that this was a strategic company for the country and now Portuguese government can no longer manage the exits and entrances on the country once its managed by a third party that it's not even Portuguese and we lost the opportunity to manage one of our main sources of exportation, the tourism.

Social context

Due to the economic conditions Portugal is facing, many people are now living in the poverty threshold. The fact that unemployment has reached new records brings a lot of consequences socially speaking.

People nowadays have less purchasing power, not only because they are forced to rebate a lot more of their salaries but also because the prices of the goods have increased a lot. Thus, there are more people looking for help in charities, not only for meals, but also shelter, and other kind of aid such as blankets and medical assist, among others.

Also, the Portuguese retirement age also increased, and most people can only ask for retirement at the age of 65, which also brings a lot of consequences in social terms.

However, since the idea behind this project is to create a new service for the Lisbon airport it will allow to create new job opportunities among young people and also in people over 50 years and thus have an impact on the social living conditions of its employees.

Technological context

Nowadays, with technological advances happening in such a rapid pace, many companies are replacing work force for machinery or using both for different intentions. While machines can do routine tasks in a short amount of time, people are still more friendly and helpful in some situations.

In order to avoid queue lines and to provide a better and faster service to its customers, many airports and airlines are including machines for check-in purposes and so the whole process is being more mechanical, but only in cases where passengers do not need to check bags.

Also in airports with so many lives at stake, other technological advances regarding security in and out the planes are taking place.

Besides this, people are now looking for faster ways to do things in airports and rather use machines, as long as the process is intuitive, once they are looking for do it yourself processes and become more independent.

8.1.2. Porter's five forces

This model argues that a company to better compete in a particular strategic segment or industry must decide its strategy based on knowledge of the structure of the sector in which it competes and perfect identification of target customers, i.e. in other words it aims to determine whether the industry is attractive or not. There are five forces one need to evaluate:

threat of new entrants; determinants of supplier power; determinants of buying power; threat of substitute products and rivalry among existing firms (Figure 7). However not all items in each force can apply to the present project.
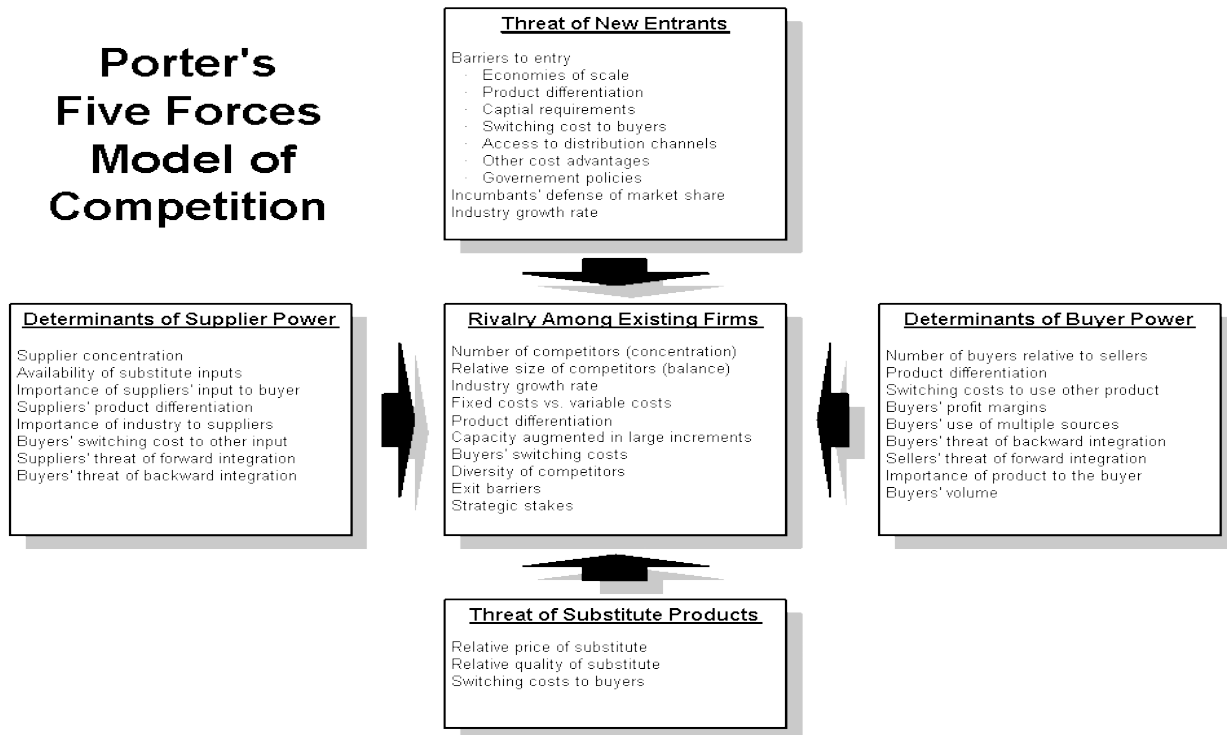

Porter's Five Forces Model of Competition

Threat of New Entrants
Barriers to entry
· Economies of scale
· Product differentiation
· Captial requirements
· Switching cost to buyers
· Access to distribution channels
· Other cost advantages
· Governement policies
Incumbants' defense of market share
Industry growth rate

Determinants of Supplier Power
Supplier concentration
Availability of substitute inputs
Importance of suppliers' input to buyer
Suppliers' product differentiation
Importance of industry to suppliers
Buyers' switching cost to other input
Suppliers' threat of forward integration
Buyers' threat of backward integration

Rivalry Among Existing Firms
Number of competitors (concentration)
Relative size of competitors (balance)
Industry growth rate
Fixed costs vs. variable costs
Product differentiation
Capacity augmented in large increments
Buyers' switching costs
Diversity of competitors
Exit barriers
Strategic stakes

Determinants of Buyer Power
Number of buyers relative to sellers
Product differentiation
Switching costs to use other product
Buyers' profit margins
Buyers' use of multiple sources
Buyers' threat of backward integration
Sellers' threat of forward integration
Importance of product to the buyer
Buyers' volume

Threat of Substitute Products
Relative price of substitute
Relative quality of substitute
Switching costs to buyers

Figure 7 - Porter's 5 forces

Threat of new entrants

Regarding the threat of new entrants' force, since the service in this work is a differentiated service among the present offer, due to its privileged location inside the airport and airside also. Besides this, the economies of scale are low, because no matter how full the hotel is the unitary price will remain unchangeable.

About the cost of changing between suppliers, one can consider that it is low because it doesn't involve high costs of switching.

Furthermore, for this service to be implemented there is a medium need of capital , due to the rental space in the airport, furniture and paychecks to its employees, the access to distribution channels is high and there are several strict government regulations.

Bearing all this in mind, one can say that the threat of new entrants force is low since the barriers are high.

Determinants of supplier power

Concerning the differentiation among companies, one can say that this item is medium, since there are a lot of similar companies providing the same service. Although, this hotel has a competitive advantage that makes it different from the rest of competitors, its location.

Since the ability to change among suppliers is high and at a low cost, the supplier power tends to decrease. Also, there are several numbers of suppliers and thus the supplier power tends, again, to be lower.

So bearing this in mind, the determinants of supplier power force is low.

Determinants of buying power

Regarding the amount and volume of buyers it is very high, since the buyers are passengers and tourists in an airport. And the costs of switching among suppliers will be high, since the customers sometimes have to pay an extra fee of cancelation the booking made previously. Customers are very sensitive to prices, not only because of the economic crisis but they look for the best value for the money. The power of substitutes is high, because neither of other hotels have the same location. Customers can't start offering the same service as the hotel, so the threat of backward integration does not apply in this case.

So, after this analysis, one can say that the buying power force is high.

Threat of substitute products

The hotel in the present project is just another hotel in Lisbon. However, it has a very strong competitive advantage due to its location inside the airport itself, right after the security check. Despite this, one can see further on this work that the quality/price ratio is one of the biggest concerns for the hotel managers, in order to offer not only the best location, but also the best value for the money, since there may be some other hostels that can offer a lower price, but the quality won't be that high.

Regardless of all these reasons, the relative price and quality of substitutes is considered a medium/high threat and the switching costs to buyers is also medium because even if passengers change to another hotel, the price alternative can be higher.

So, the threat of substitute products force is considered high.

Rivalry among existing firms

This industry is very fragmented because there are many players out there in the market, and some of those competitors have a considerable size, mainly because they're branches from worldwide hotel chains.

However, the industry is growing at a good pace since the number of hotels grew from 873 hotel units in 2010 to 975 units in 2011, representing a variation of 102 more units which means a growth of 55.6% beds. Besides this, and despite it is a fragmented industry, the hotel present in this work is different from the rest, having a sustainable competitive advantage due to its location.

Regarding fixed costs, these are high, since a huge investment is needed in order not only to build the hotel, and in this case to pay the concession price to the airport managing company, ANA. This also means that the exit barriers are high due the amount of investment that is needed in first place.

So, the rivalry among existing firms is high.

All in all, the industry is very fragmented and there are some high barriers regarding the entrance of new players, especially due to government regulations and also due to the high investments.

Since it is a fragmented and concentrated market, the rivalry among existing firms is high since they all are competing with each other for market share and customers' awareness and the risk of substitute products are also high due to the its fragmented nature.

The consumers have a lot of power in this industry and for that reason the determinants of buying power force is high. However, and since there are many players in the market, the suppliers force is low.

8.1.3. Competitors

In this case, the competitors are mainly substitutes, since they provide a similar offer that satisfies the same needs. Then the same features as the airside Hotel are offered, but are not exactly the same though, since they differ mainly in its location and price.

Bearing this in mind, the competitors are all hotels, hostels, bed and breakfast and all accommodations in Lisbon.

Since the industry of accommodations and hotels is very fragmented, due to the existence of many players in the market, offering a very similar service and competing mostly on price

Study on how to increase the commercial offers in airports while improving customer experience – Lisbon case

policies, for comparison sake one should only consider the ones that have a similar location to the hotel in this project.

As stated above, the location is the main difference because no other is located inside the airport. Some hotels have a privileged location, they are located very close to the airport and due to this factor it may influence the decision, and these hotels are namely one of the Tryp Hotel's branches and the Holiday Inn.

Although their proximity with the airport, the prices are a little big higher, and some people might find it too expensive paying an extra night for a couple of sleeping hours, for instance in Holiday Inn Hotel one can book a room from 55€ since and it is only a three stars hotel, but cozy though and chose to stay at the airport even if it is sating on chair by the boarding gate.

Regarding Tryp Hotel, since it is a four star hotel it is a little bit expensive than both Holiday Inn and the hotel in this project since one can book a room from around 70€ and it has also a high quality. Although people may chose to not stay for the same reason as the Holiday Inn.

So the service in this project aims to be a good alternative since it is located inside the airport and after the check-in and also because it would be a little bit cheaper than its competitors.

8.1.4. EFE matrix

Key External Factors	Weight	Rating	Weighted Score
Oportunities			
Increasing number of passengers;	0.25	3.0	0.75
People who aren't willing to pay another night at the hotel for a couple of hours only;	0.10	4.0	0.4
Passengers in traffic ;	0.15	4.0	0.6
Threats			
Economic crisis	0.20	3.0	0.6
Possible instability of either having no bookings or being full in a snap;	0.05	2.0	0.1
Substitutes (competition)	0.25	3.0	0.75
Total	**1**		3.2

Table 14 - EFE matrix

8.1.5. Critical Success Factors

In order to succeed in this business, hotels need to have:

- Quality/price ratio;

- Location;

- Additional services;

- Surrounding and overall environment;

- People working in the hotel;

8.2. Internal analysis

8.2.1. IFE matrix

Key Internal Factors	Weight	Rating	Weighted Score
Streghts			
Location (inside the airport);	0.30	4.0	1.2
Price (lower than the competitors and accessible to all classes);	0.20	4.0	0.8
Possibility of online and booking ahead or in site at the moment;	0.05	3.0	0.15
Services in which passengers can enroll	0.15	4.0	0.6
Weakenesses			
Room sizes;	0.15	2.0	0.3
Number of rooms available;	0.15	2.0	0.3
Total	**1**		3.35

Table 15 - IFE matrix

8.3. SWOT

Strengths	Weaknesses
- Location (inside the airport); - Price (lower than the competitors and accessible to all classes); - Possibility of online and booking ahead or in site at the moment; - Services in which passengers can enroll.	- Room sizes; - Number of rooms available;
Opportunities	**Threats**
- Increasing number of passengers; - People who aren't willing to pay another night at the hotel for a couple of hours only; - Passengers in traffic ; - Passengers' needs satisfaction;	- Economic crisis - Possible instability of either having no bookings or being full in a snap; - Substitutes (competition);

Table 16 - SWOT analysis

8.4. Strategy formulation

8.4.1. Vision

The hotel in this project aims to be an international reference in airport hotels and provide to customers a better and smooth experience while they wait for the plane.

The principal objective for the creation of this hotel is to provide a better customer experience and a better service to its passengers as well as be an international reference for other airports in terms of benchmark.

8.4.2. Mission

The hotel wants to fulfill some of the passengers' needs by providing a space, with a privileged location inside the airport, where they can find some privacy and some rest away from the turmoil that characterizes an airport. At the same time contribute to improve the Lisbon airport conditions and the passengers' perception of both the airport and the city.

The aim of this project is to create new commercial offerings in the airport in order to improve the customer experience in the Lisbon airport. But most of all, the main objective is

to increase the customers' experience by providing a good overall experience which can be achieved by adding new services that already can be found in some of the best airports worldwide. These services will allow the passengers to take some time for them, to rest and have some privacy away from the confusion of an airport.

**8.4.3. Values**
The hotel is based on several values, which are:

- Quality - the project intends to be a hotel with some other services included, and the main objective is to provide the best quality as the rest of the competitors rather for a lower price;

- Focus on customer – the customer is a very important asset for the hotel, thus the work and commitment are in order to provide a pleasant experience to customers, looking forward to their satisfaction and know what they value the most;

- Professionalism and integrity – the hotel team will be given training in order to provide a professional service to its customers in order to meet their needs and provide a high quality service.

- Credibility – assuring the customer's trust and loyalty through a close and personalized relationship looking forward to meet their needs.

8.4.4. Culture
In order to determine the culture of the present project, one should look first to the Quinn and Cameron Model, which states that there are two axes: one measures the flexibility/ control and the other axe measures the intern/extern. According to the combination of each feature stated in each axe, the model provides an understanding of which is the culture of a certain company.

So since the company is focused on people, either its employees since training will be provided to empower then; but mostly customers, one can say that it has a huge focus on the external. Also it seeks innovation and flexibility to adapt to different and new things.

However, as any company, it aims to be profitable and to grow and due to that there must be a focus on the internal part in order to achieve some results and though there is also some control. So the culture of the hotel can be shown in graph

Flexibility

External — — Internal

Control
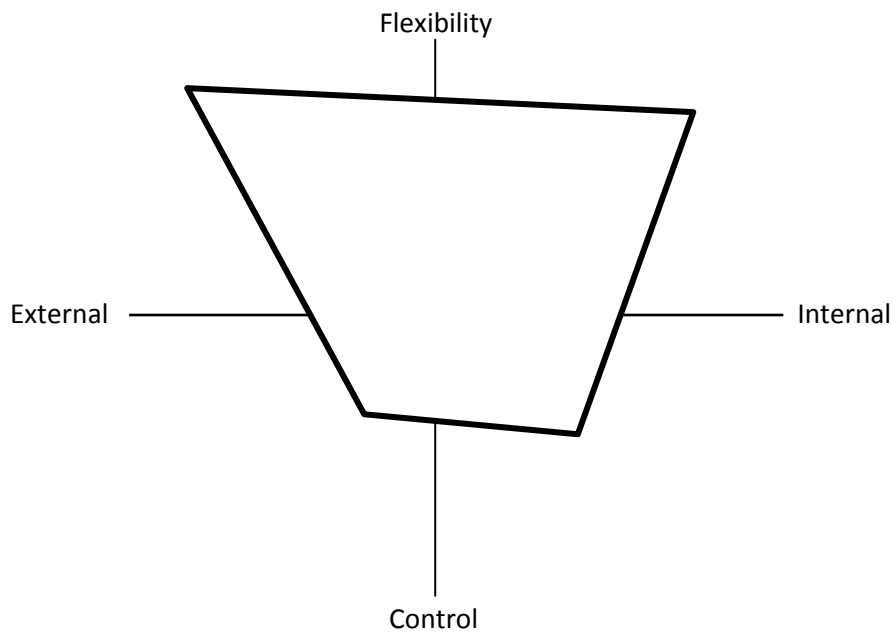
Graph 6 – Culture

After analyzing the graph shown above, one can say that the hotel's culture is mostly based on the human relations culture since the people are our priority. Moreover, one can see that there is a focus on flexibility and less attention is paid to control, even though it is important for a company to last and be profitable.

8.4.5. Objectives
- Have at least 2000 passengers during the first year;
- To improve customers lives during their stay at the airport;
- To satisfy passengers various needs;
- Create value to its stakeholders;
- To provide the possibility of sightseeing even for passengers who are just in transit;
- To improve the passenger's perception about the airport and the city;
- To improve the customer service and experience at the airport;
- To exploit all the advantages of the airport in order to become an airport city.

8.4.6. Corporate strategy
The corporate strategy is the direction a company pursues with the aiming of setting the right goals in order to achieve the business success in the long term.
In a fragmented industry as the one found in the hotel industry, a company that can find a way to differentiate itself from competitors can prevail. So bearing this in mind, the corporate strategy that will be adopted by the hotel will be the **differentiation** strategy through the

introduction of different features to the basic service offered by the other hotels in the way that it will improve the basic offer.

The hotel in this project will differentiate itself from other competitors not only in the price offerings but mainly because it has a privileged location inside the airport, which is its main competitive advantage, and, in addition, because it will compete with others through the introduction of many differentiated services such as the possibility of sightseeing. By doing so, the company will be creating value to its customers and also providing them a better experience within the airport.

In terms of strategic guidelines, the company as many others has the aim of being profitable and providing a quality service to its customers. In order to control and evaluate the business performance, some management control policies will be designed so that the quality can be achieved continuously as well as the attention to customer satisfaction is not neglected.

8.4.7. Structure

The company's structure has to be aligned both with the objectives set by the company and also with it strategy. Besides it is defined as an important tool to achieve what the company as set.

When the structure is well defined, there are several benefits for a company such as identification of needed tasks, organization of responsibilities, information, resources and employees' feedback, performance measures aligned with the objectives and motivational conditions.

Furthermore, a company has two types of structures: the informal and the formal structure. Regarding the formal structure, one can say that it is planed and in some situations it is represented by the company's organizational chart. On the other hand, the informal structure is made from the interaction among people and there is spontaneously development, representing relations that don't show up in the organizational chart.

Besides this, and bearing in mind the hotel in this project, one can say that its organizational structure is not very tall, existing only three levels: the board, the managers and employees that work directly with the customers, as show below (Figure 8)
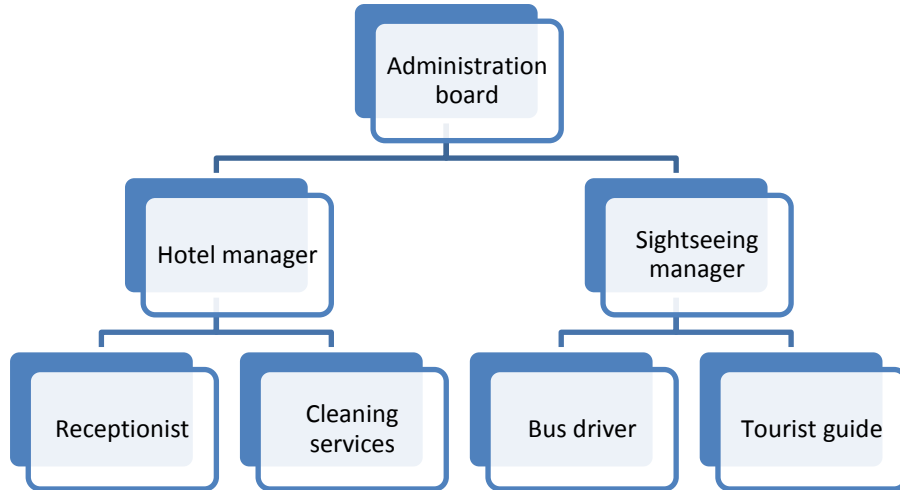
Figure 8- Hotel structure

So one can say that the hotel structure is a mix of two types of structures: the process oriented and functional structure. The process oriented is customer oriented and has a quick response to changes in the environment that might happen and also encourage team work within the organization. On the other hand functional structures take advantage of the resources available and maximize its utility and besides it is based on the knowledge share.

8.5. Human Resources

When managing a service company people play a very important role in the success of the company. So the human resources are very important to this hotel since they will be the face of the company.

In order to provide a good experience to its customers, the hotel will hire the best people possible with skills and/or studies in different areas for each position needed to smoothly run the hotel. So, the hotel will need the following positions: receptionist for greeting the passengers and customers and answer to their queries; cleaning services for cleaning the hotel and changing the sheets; drivers for the bus bearing in mind the sightseeing tour; tourist guides to explain the history of the Lisbon's monuments.

Since there are different openings, the people who will be hired to fill them have to have different backgrounds and skills, namely:

- Receptionist:
    - Bachelor degree in tourism (or similar);
    - Speak different languages fluently;
    - Friendly and welcoming;

- Cleaning services:
  - Experience in the field;

- Bus driver:
  - Professional driver license;
  - Experience in the field;

- Tourist guide:
  - Bachelor degree in tourism;
  - Speak different languages fluently;
  - Profound knowledge of monuments in Lisbon;
  - Experience in the field;

Furthermore, all employees will have training, in different areas, so that they can provide an excellent service to its customers.

Since the idea was to recruit both young people, i.e., people who are about to end their bachelors by providing them an opportunity of having a final internship at the hotel, which could be done through a partnership with the tourism schools and also to recruit people who are over their 50s, in order to provide them an opportunity of finding a job even in their ages.

Besides these main positions, the hotel would also need a board of administrators and managers line that could run both the hotel and the people below them. These boards of directors and managers would have to have high education in management and previous experience in the field. The salary would be accordingly to the employees' experience.

Regarding the laundry service that could be required by the passengers, since they would pay an extra fee, the hotel should outsource the service because firstly it is not their core business and the focus should stay on running the hotel, secondly because it is an extra paid service and people would not require it all the time and thirdly because it is a way to lower the costs.

8.6. Process

The process aims to explain how the organization works, i.e., it defines the way people should work and how it will be organized within the organization and also how it affects both the employees and the passengers, in the case of this project.

The main goal in defining the process is to have a clear definition of tasks and other processes that might occur in the organization and thus have a focus on each task and its importance for

the overall success. Also there must be a measuring and monitoring the tasks performance in order to correct it, if some alterations are needs, and also to improve the task itself.

So, bearing this in mind, the internal process is divided in two different areas that are independently managed: the hotel and the sightseeing.

Regarding the hotel, passengers will arrive at the hotel, do the check-in and providing some personal information so that the system can keep track of their preferences and also keep record of how many times they stayed before. By doing this, each time the customers book a room in this hotel, the company can know in advance the customer preferences. The personal information that will be gathered is:

- Name;
- Gender;
- Age;
- E-mail;
- Profession;
- Id number;
- Credit card number;
- Number of rooms;
- Number of people per room;

After gathering this information, for the first time the passenger does the check-in, the receptionist will show the passengers their room and the rest of the installations.

The next time passengers stay at the hotel, they only have to provide their name since the rest of the information is already in the system, although the receptionist should ask if there are any changes in the customer's profile. The payment will be done at the end of the stay so that it gathers all the services the passenger required.

At the end of their stay passengers will reply to a satisfaction questionnaire where they can scale their experience, if they would improve anything and also to know where they became aware of the service.

The cleaning services are in charge of keeping the hotel clean and also making the beds, changing the sheets and cleaning the rooms after passengers leave the hotel and make sure everything is ready to receive new passengers.

Regarding the sightseeing, since it is available for both hotel customers and those who are not staying at the hotel, they just have to go to the front desk and apply for the sightseeing tour. And wait for the next tour, since they occur every two hours.

8.7. Marketing Plan

8.7.1. Segmentation

For the purpose of this project, the segmentation is both genders with an age range from 15 to 80 years. Despite the age range stated above, is important to state that children and newborns are more than welcome to the airside hotel once the facilities have conditions to receive them. However it's mainly directed to people who already have some financial autonomy. Also this hotel is designed to receive people from all classes.

Despite its location in Lisbon, geographic segmentation does not apply in this case due to the location of the hotel. Since it is located inside the airport and airside, it is designed to people from all over the world who need a place to stay while waiting for their planes due to transit or flight delay/cancelation.

8.7.2. Target

- Both genders;
- 15 – 80 years;
- All classes

8.7.3. Positioning

8.7.3.1. Perceptual map

For comparison sake and since this is a very fragmented industry, the study will only considering the hotels nearest to the airport: **Holiday Inn and Tryp Hotel.**

Graph 7 - Perceptual map

8.7.3.2. Golden triangle of positioning

Consumer expectations

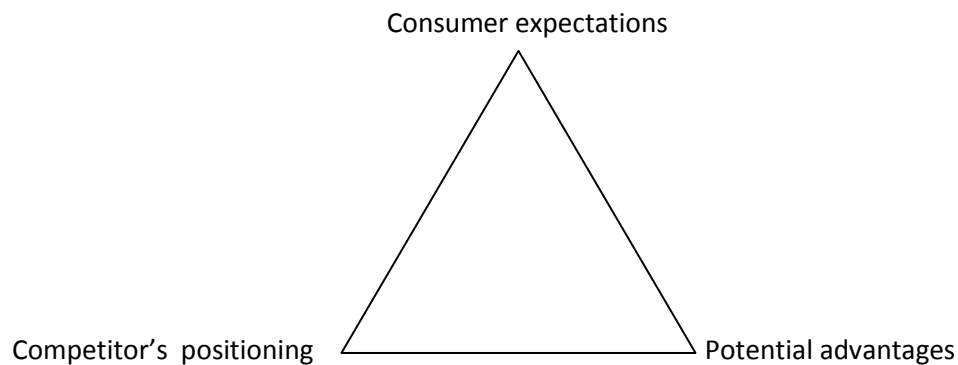Competitor's positioning   Potential advantages

Figure 9 - Golden triangle of positioning

Consumer expectations: bearing in mind that this aims to become a hotel, passengers expect it to be cozy and welcoming, comfortable, noiseless and quite so they can have a moment of peace away from the turmoil that characterizes an airport.

Potential advantages: the location is a huge competitive advantage for passengers since they don't need to leave the airport and search another hotel. Another advantage is the price offered, because as the hotel serves different needs regarding other hotels, once in this hotel one can book a room and have a few hours of sleep for a lower price rather than paying an additional night in a regular hotel.

Competitors' positioning:

Holiday Inn – It has a very close location to the airport (5-10 minutes walking) and it is positioned as medium/high quality at a medium price.

Tryp Hotel – It is locates near the airport (10-15 min walking), and it is position as a four star hotel, which mean high standards of quality at a high price.

8.7.4. Identification and differentiation
This work aims to create a new hotel inside the airport airside; airside means that it is located after the check-in and the security check. It is designed to improve passengers' lives while they are at the airport either in traffic, when there is flight cancelations or delays or even for those who don't want to pay an extra night for a couple of hours of sleep and in the other hand to increase the commercial offers at the airport in order to improve the customer experience and service. It will be the only hotel in Portugal with this privileged location and thus it

differentiates from its competitors, with the addition that it will be available at a lower price than the competitors and can be booked by everyone.

Besides this, some other features will be added such as the possibility of going sightseeing.

Slogan: Get some time away from chaos

Promise: Allow passengers to find some privacy and quietude away from the tumult of the airport and satisfying some of their needs while they wait for the plane.

8.7.5. Marketing-mix

8.7.5.1. Service

The service in this project is a hotel with a privileged location inside the airport. Aiming to not only improve the customer experience in Lisbon airport, but also to satisfy some of their needs and allow them to have a space where they can relax and have some privacy.

Bearing in mind the overall experience, this hotel will also include other services and features in order to make the passengers' stay more pleasant while they are at the airport. Among features one can find electrical devices chargers, awakening service one hour before the flight, free internet and lockers so that the passengers can leave their bags in a safe place while they go wander around the shops and restaurants, all of which will be include in price.

Besides this, and for an extra fee, passengers can also subscribe to laundry services (washing and ironing) and also spa (manicure, pedicure and massages).

In addition, the hotel staff will perform a follow up strategy to monitor the level of customers' satisfaction and to know what can be improved and done differently.

Since one of the most voted ways to improve the customer experience within airports was the sightseeing tour, passengers can also register in the hotel reception and go for sightseeing, and visit the most emblematic monuments that Lisbon has to offer to its visitors, such as Torre de Belém and Mosteiro dos Jerónimos, for an additional fee.

This service will be available for passengers who have at least three hours of duel time in the airport. The fact that people apply for sightseeing does not mean they have to stay in the hotel, once they are independent services, but rather complementary.

Both services are yet in designing phase and thus the product/service life cycle cannot be applied yet.

Since it is a service, which can be considered as an intangible asset that a company can offer to its customers and have to be consumed, most of times, right after they have been bought.

8.7.5.2. Price

Under this category, one can find the price policies that will be in use in both the hotel and at the sightseeing.

The strategy to follow will be **penetration** once the project is new and entering a very fragmented market and thus it needs to gain market share and also because the plan is that this hotel can be used by everyone, from different classes and ages, whom have different budgets to spend in voyages.

Bearing this in mind, the prices will be as such:

- Hotel

For the hotel, the aim is that the prices will be lower than the competitors not only for differentiation sake, but also to be accessible to all classes and to all passengers' ages.

So, the price strategy will consider the prices of the competitors but also the features provided by the hotel which are included in price.

Also, to make things easier it was thought in order of a predetermined amount of hours, as a block, and the price per extra hour.

Bearing this in mind, the price in the hotel will be:

- Four hours block – 25€;
- Extra hour – 10€;

Also the hotel will concede a 10% discount for passengers who have to stay more than six hours in the hotel.

- Sightseeing

Regarding sightseeing, it will be available to all passengers who have at least three hours of waiting for the plane at a cost of 10€.

Competitors' price

An important issue regarding the price policy is about checking the prices of the main competitors. As stated above, for comparison sake one should consider only the hotels that have a close location to the airport: Holiday Inn and Tryp Hotel.

Regarding Holiday Inn Lisbon airport, one can book a room from 55€ and regarding Tryp Hotel, since it is not open yet, one can consider the prices from the other branch they have in Lisbon, next to Oriente's Station. At this hotel one can book a room from 97€. So one can see that they are expensive and not everyone can and is willing to pay that money for a couple of hours.

8.7.5.3. Place

Its location is the competitive advantage that this hotel has. Since it is located inside the Lisbon airport, in terminal 1, one can say that its distribution is **exclusive** due to the existence of only one hotel in Portugal. This location brings a lot of advantages, not only because is inside the airport, but the accesses to it are very good and there are many signs spread out in the city that will lead people to the airport and consequently to the hotel. Besides this people who are planning their trips can book a room on the company website.

8.7.5.4. Promotion

Firstly it is important to determine to whom one wants to communicate, since there are two types of targets to communicate one service/product – marketing and communication.

Marketing targets are those who actually will be using or consuming the product/service and communication targets are those that one need to communicate the existence of the product/service and can influence others to buy the product/service.
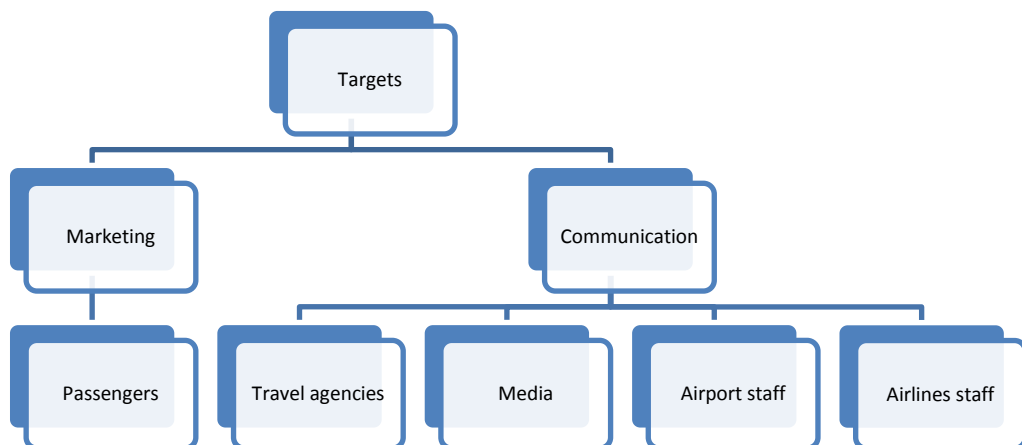
Then, the targets are divided as follows (Figure 10):

Figure 10- Marketing and Communication targets

Plan of actions

Since the hotel is located inside the airport which is a place where people from many nationalities,

Target	Objective	Action	Channel	Evaluation
Passengers	Raise awareness	Ads in inflight magazines (TAP, SATA)	Media	Circulation
		Qr codes linking to a message saying 'come stay with us' and indicating the hotel	Spread around the airport	Number of codes issued
		Door hangers for both subway and aerobus	Subway and aerobus	Number of people who take the buses and take the metro
		Site	Online	Number of visitors and clicks
		Clippings on specialized magazines	Media	Circulation, number of magazines bought
		Banners on travel agencies and airlines	Online	Number of clicks and number of visitors
	Interaction with customers and raise awareness	Facebook page	Online	Number of friends

Table 17 - plan of actions

Budgeting

Since it is a new service, the investment in communication will be higher in the first year because one of its objectives is to show the new service and to raise awareness among possible customers.

After the first year the need of new promotion campaigns will mostly rely on the internet since it is more cheaper, it is easier to measure, it is a targeted communication and also because it can reach more people.

Some actions are free and have huge impact on the customers, such as the Facebook and Twitter accounts, where there is an interaction with customers since they can post comments, critics and suggestions and the company can reply to them on real time.

The estimated budget for promotion purposes should not exceed the 50.000€ and should include the website, its maintenance whenever it is needed, the clippings on magazines (both inflight magazines and standard), the QR codes printing and the door hangers, both its creation and printing, which will probably be the most expensive action jointly with the clippings on the magazines and the banners on websites such as travel agencies, trip advisor.

As stated previously, the marketing costs will drop significantly after the first year, since it is not needed an intense communication as in the first year. Whenever it is needed a punctual campaign will be released and the channels will be chosen accordingly to the overall results of the company.

The company will perform an evaluation of its marketing plan to assess if what is being done is enough to reach the targets and if the resources are being correctly spent in successful and fruitful tools or if any change is needed and the resources need to be reallocated. In order to derive where customers became aware of the service, they will reply to a questionnaire at the end of their stay. One can find the evaluation measures in the table above (plan of actions).

New insights for the literature

Since most of the topics discussed in the literature review are very recent, some of those still need a definition in order to compare the performance of several companies from different industries.

Experiential Marketing is one of those topics that is lacking a common definition across all industries. However one can came up with a definition that is experiential marketing is the tools provided to customers in order to create a memory that is so good and so strong that customers will become loyal to a certain brand. Because that is, at the end of the day, what customers will remember about a brand.

Regarding customer experience, it is not rocket science. One just has to try to understand what customers want and adapt the company's service/ product instead of trying to come up with new ways of selling the same old product. And both these concepts can make a huge difference between companies that offer a very similar product. The one that put his focus on the customer needs and wants and adapt to it providing an experience, will prevail over competition.

9. Conclusion

9.1. Limitations

The first limitation is related to the amount of information available regarding the main topics of the project. It was a bit difficult to find some theory that could ground the project in this dissertation, mainly because some of the topics are recent and the information available is not much and accurate.

Since ANA was recently bought by Vinci, much financial information got inaccessible and due to this the business plan is lacking a financial analysis, whether the amount of investment needed to open the hotel and the other services that are included, the payback period and if the project is worth the investment.

9.2. Main conclusions

After doing this project, one can conclude that companies who already provide experiences to its customers are more likely to succeed nowadays because they differentiate and prevail over competitors, at least the ones who do it in the right way.

Airports are no different and the ones who already understood that passengers' needs have changed and that they no longer expect that airports are solely places to catch planes. Passengers as any other customer are more demanding and have no time to waste in airports and look for ways that can optimize their time while waiting.

So airports can gain with providing experiences and increasing its commercial offerings to its passengers not only because the service quality will increase but also because their revenues can gain with this, since passengers have more opportunities and places to spend time and money. By doing so, airports will be increasing its non-aviation revenues that can be used to pay for aviation debt, but also the brand will also gain awareness with this new concept of airport city. Besides that, Lisbon airport can became a reference at International level for other airports to base their decisions of improving the customer experience and the service quality.

Since Lisbon is known for the amount of Northern European passengers who are in transit to Brasil, this can be a huge advantage for the airport in order to provide new services, such as the ones described in this work, that will please and pay more attention to for both leisure and transit passengers, and thus increasing their satisfaction and the experiences provided in the airport.

All in all, Lisbon airport can benefit a lot with the introduction of new services to the ones already existing. By adding new commercial offering it will improve the customers' experience while in the airport, improve the service quality, be a reference to other airports, be a step further to the concept of airport city by taking advantage its location and accesses and also increase the non aviation revenues. Besides it would pay more attention on both leisure and in transit passengers.

9.3. Further research

After going through this work, one can see that there is no financial analysis. This topic has a high importance for the project in order to access is feasibility and would be very important to see the financial impact of the hotel, whether for the company whether for its stakeholders.

Also it would be a good topic for research, knowing how these business ideas would impact the ANA's brand both in financial terms and in customer perception terms.

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11. Annexes
11.1. Questionnaire

My name is Inês Serraninho and I'm a MSc. Business Administration's finalist at ISCTE-IUL. The present questionnaire is part of my final thesis which is a study on how to increase customer experience while improving commercial offers at airports – with special focus on the Lisbon's airport. I guarantee that the data collected is for my personal use only and will be completely anonymous. **It will take less than 5 minutes to complete**. Thank you in advance for participating.

1. **How often do you fly in a year?**

   - Never flew
   - 1 time
   - 2 times
   - 3 times
   - More than 5 times

2. **With whom do you fly with?**

   - Alone
   - Friends
   - Family
   - Co-workers
   - Boss

3. **Do you usually fly for business purposes or leisure?**

   - Business
   - Leisure

4. **Do you think that airports are mainly focused on business passengers?**

   - Yes
   - No
   - Equally focused

5. **Have you ever been "stuck" in an airport? (in transit, flight delay…)**

   - Yes
   - No

6. **If yes, for how long?**

   -

7. **How did you spend your time there?**

- Lounges
- Duty-free shops
- Grab something to eat
- Sat in a chair next to the boarding gate
- Wandering
- Sleeping

8. Do you feel that airports could be more concerned in increasing customer service and customer experience?

- Yes
- No

9. Please rate, in a scale of 1 to 10 (being 1 dreadful and 10 excellent), the overall experience provided by Lisbon's airport.

1 2 3 4 5 6 7 8 9 10

10. How do you think it could improve?

- Add a hotel airside
- Add sightseeing tours for passengers in transit during daytime
- Add more shops
- Add an "arrival shops", for people who need to buy some items on their return home
- Add supermarkets landside
- Other: which_____

11. If you had the opportunity to go sightseeing while in transfer, would you go?

- Yes
- No

12. How much would you be willing to pay?

- < 10€
- 10€ -15€
- 15€ - 20€
- > 20 €

13. Now please consider a hotel airside. How do you feel about the idea?

- Waste of space and money
- Very useful
- Never thought about it
- Good idea to increase the customer experience

14. Which services would you like to have included?

- Electrical devices chargers
- Laundry service (extra fee)
- Spa (extra fee)
- Lockers
- "Awakening" service 1h before the flight

15. Age

-

16. Nationality

-

17. Gender