

The Dallas Morning News

DFW AIRPORT IS MAKING A BID TO BE A PREMIER SHOPPING DESTINATION

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BY MARIA HALKIAS

Editor's note: This is part of a series of stories marking 50 years of DFW International Airport, previously known as Dallas-Fort Worth Regional Airport, which landed its first ceremonial flight in September 1973 and welcomed its first commercial passengers in January 1974, turning Dallas-Fort Worth into a major aviation hub and sparking an economic surge.

Corridors in DFW Airport look like a mall and have stores that are in a mall, but then between the Longchamp and Montblanc boutiques customers are changing flights at D24. It's one of those juxtaposition experiences that airline travelers have come to expect.

While new shops are coming into the airport, one longtime merchant has found success being there not only for passengers relieved that they can pick up a forgotten belt fast but also for a loyal customer base. Sadi Ertekin has operated his Ertekin Fashion upscale boutique for men and women in Terminal A since 2005. He sells Robert Graham, Tommy Bahama and imported labels from Italy. "We see customers who need socks and underwear, but we also have regular shoppers who are busy but have time to shop on their way home from a trip or they find out they can play golf when they land," Ertekin said.

Stores and restaurants can reach \$1 billion in sales by 2030 from \$730 million last year with announced airport expansions, said Ken Buchanan, DFW Airport's executive vice president of revenue management and customer experience.

The redevelopment of Terminal C will include more retail when it's completed in 2025. Additional space will come in the new Terminal F, DFW's sixth terminal, which is expected to be completed by the end of 2026. The airport's retail leases are for seven to 10 years and are now at a point where many are expiring. "We have an opportunity to totally reinvent our program and bring in more of what the customer wants to see here, combined with the growth at the airport reaching towards 100 million passengers," Buchanan said.

A recent global Kearney study found that airport shoppers have been dissatisfied with options and it's time for the travel retail industry to reinvent itself. Gen Z and millennials will represent half of air travelers by 2050 and they care more about the retail experience and assortment.

About 65 stores and dozens of digital vending machines occupy 100,000 square feet of retail and generated an average of about \$1,500 a square foot in sales last year, a number that beats almost every mall in America.

The first Toys R Us at an airport opened in November selling the latest Barbie dolls and Funko Pop! collectibles. A duty-free Chanel Beauty boutique opened last fall with the brand's new 31 Le Rouge lipstick priced at \$195 a tube.

Vending has to keep up too. "You'd be surprised how many people buy \$300 noise cancelation headphones out of our vending machine," Buchanan said. "With automated retail, we can put the hottest item out there quickly." Electronics are huge, especially in terminals with travelers on flights to business destinations like Chicago and New York, he said. "People forget their power cords." Cosmetics are a popular purchase at the airport with Estee Lauder and XXX. Remember Proactive was big and everywhere in vending, but now it's Kylie Cosmetics by Kylie Jenner," he said. There's one next to a Sprinkles Cupcakes vending machine in Terminal D. The Farmers Fridge has nine vending machines around the airport. "They cracked the code for premium and fresh out of a vending machine with their salads for \$8 to \$10," Buchanan said.

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While upscale and luxury retailers Chanel, Coach, Hugo Boss, Kate Spade, Kiehl's, L'Occitane, Longchamp, Michael Kors, Montblanc, Jo Malone London, Diptyque and Tumi are in terminal D, it's the 7-Eleven that's the No. 1 retailer in the international terminal. "It's a recognizable global brand. They're the McDonald's of retail, you have a sense of what they have in the store," Buchanan said. Irving-based 7-Eleven has franchised four stores at DFW since the first one opened in 2015. The 7-Elevens are open around the clock and airport employees are also big users.

It's not your imagination. Prices are higher at the airport because operating costs are higher than on a city street, Buchanan said. "Everything still has to go through security. There are obstacles to reaching the airport terminals." To compensate, DFW allows retailers to charge "street plus 15%," or as much as 15% higher than a store outside the airport, Buchanan said.

The airport surveyed passengers earlier this year. Buchanan said it was surprising they want to see books come back and they want more technology at the checkout. Beyond 7-Eleven, they didn't care about the branding of convenience stores that are peppered throughout the terminals. At some point, operators decided to co-brand their airport essentials shops as Univision, CNBC or Wall Street Journal stores. "The shoppers don't care what it's called. They just want it to have what they're looking for," Buchanan. But operators need a name above the door.

A new store coming to Terminal A in January is going to be branded as The Bridge, and the license fee will instead go to the Dallas-based homeless recovery center. Alvin Brown, president of Fort Worth-based Gideon Tool Management Services bid on the store with his idea. About 10 people will be hired to run the store from UpSpire, a Fort Worth-based homeless recovery program. His inspiration was the Homeboy café at Los Angeles Airport that benefits efforts to help youth exit gang life, Brown said. "Our store is also a social enterprise, and we'll be giving 5% of gross revenues to The Bridge."

Mixed uses being convenient also means blurring some uses, Buchanan said. Longtime airport concessions operator Hudson opened a combined wine bar with seating for 25 that serves meals and tapas in Terminal B with a shop where travelers can pick up essentials or a Dallas Cowboys T-shirt. Decanted and Hudson Nonstop opened in October, and the business uses Amazon Web Services' just-walkout checkout technology.

Dallas-based EatZi's opened a shop in October in Terminal D. It has a bar and refrigerated cases with its prepared foods packaged to go. It also uses AWS' just-walkout checkout.

Travelers still expect airports to offer local fare and that's not going away.

"Souvenirs and gifts still resonate at the airport. There are a lot of people that want to take home a little bit of Texas," Buchanan said.

That includes the region's sports franchises. The Nowitzki restaurant opened in Terminal C in August, and it also sells Dirk merchandise only sold at the airport.