doi:10.11835/j.issn.1671-8224.2014.02.04

To cite this article: XIA Xu, MIN Yun-ran, ZHANG Yun. Strategic development of commercial airports in Chongqing [J]. J Chongqing Univ: Eng Ed [ISSN 1671-8224], 2014, 13(2): 71-76.

Strategic development of commercial airports in Chongqing

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Received 10 March 2014; received in revised form 25 April 2014

Abstract: Civil airports in China in the last 10 years have expanded substantially, and the construction of airports has come into a period planning to build airports into large transportation hub. This article combines the new trends of commercial real estate and the airport business, and explores various business marketing and management modes for operating airports with specific reference to the case of Chongqing. The main research results are as follows: First, the introduction of products and services markets should make more focus on the structure and habits of travelers. Second, developing new commercial projects through the BOT model and practicing resource replacement mode. Third, planning the terminal surrounding functions, the layout of successful business is the key factor of the rapid increase of airport non-aeronautical revenue.

Keywords: airport; business; development; aerotropolis airport economic zone

1 Introduction

There are currently about 195 existing civil airports in China. According to the “11th Five-Year” and “12th Five-Year” planning, China’s civil aviation transportation industry will maintain average annual growth rate of about 14%.[1] Airport construction and development finance switched from central and local financing to and the utilization of foreign capitals and other market-based channels. But affected by the traditional management system, the low level of Chinese airport market operation, entrepreneurial, commercial management and development of the airport is still immature. First, the low degree of market commercialization. Second, the operating efficiency is poor. Third, the lack of innovation management system.

Some scholars have mentioned, in the late 20th century, the airport operation rights separated from ownership in in global airports.[2] Under such mode, a group of specialized airport commercial management companies have been set up, with high success rate. Chinese airports’ research on non-aeronautical business

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has only just started in the recent years [3]. The income from the retail industry as well as other non-aviation business is relatively small, and the next few years along with the rapid development of the domestic airport industry [4], airport retail business is bound to become a subject to dig deeper into the "gold mine".

Chongqing airport, total sales in 2011 exceeded $4 \times 10^8$ yuan, meaning a growth of 54% than last year [5]. First, Terminal Two building (TA2) was put into use in 2011, the Chongqing airport seized the opportunity to complement commercial resources. Second, Chongqing airport in 2011 initiated a new commercial projects through the BOT model and resource replacement mode [6]. Finally, Chongqing Airport in 2011 carried out some meticulous management control of resources in multiple aspects of planning, investment, contracts, etc. The major local brands such as Chongqing local product, toys, Master Kong beef noodles, and other three specialty stores contributed annual revenues of $2.39 \times 10^6$ yuan.

2 Chongqing Airport business development conditions and advantages

Chongqing Airport the first in the western region to open the fifth freedom rights[7], allowing foreign aircraft in the Chongqing airport free stops and the upper and lower passenger and cargo. Both from growth in demand or the point of view of the opening of aviation rights, Chongqing Airport will become the main base of domestic and international airlines to open international routes, and the policy will also gain more inclined.

The basis of the commercial development of the airport is that the airport is gathering a large number of high-end consumer groups and high value-added logistics [8]. In recent years, Chongqing Airport passenger throughput, cargo throughput proportion maintain continued growth. The passenger throughput reached 10 million in 2007. In 2012, passenger throughput reached 22 million, and in the following year, Chongqing Airport ranked ninth in the national rankings [9]. According to the market survey and forecast analysis, Chongqing Airport travelers every day will exceed 80,000 people, according to the China Civil Aviation Management Institute that, 1.3 to 10 million arriving and departing passengers daily to the airport shuttle machine around, nearly 2 million workers in production and living needs plus airports [10], airlines and other airport-based units can be estimated, and the crowd of about 20 people at the airport every day consumption.

Based on continuing growth in the flow of people and goods, in terms of policy relaxation, the airport business philosophy changes into the context of to the business model and non-aviation business, and then, the Chongqing Airport will usher in a period of a non-aviation business explosive growth.

3 Chongqing Airport business current situation

3.1 Consumer preferences and composition

In order to study the passenger demands, we investigated the popularity degree of many commodity groups and dining manners sold at three areas of the airport: starting / quarantine outside, departure / area of separation, and the arrival hall.

Another survey shows that at the airport, travelers tend to have Chinese fast food, Chongqing snacks and Western-style coffee shop.s Chinese restaurants, Exotic and others are unpopular.

3.2 Customer-oriented style

Airport business, consumers and the services provided at the airport, have all begun to show the trend of diversification [10]. There are significant differences in consumer demand of travelers and shuttle personnel in different areas of the terminal.
According to the results of the market research, the constitution of Chongqing airport travelers (see Fig. 1):

Chongqing airport travelers mainly constitute of business travelers and tourist travelers, and the last part of the travelers is to visit friends and relatives. In addition, there is still a considerable part of group sending or receiving aircraft Guests.

After a preliminary understanding of the different aspects, different levels of passenger demand, we should be considering how to create a comfortable airport environment targeted. It is recommended that the Chongqing airport is better to set up specialized agencies to carefully study the structure and habits of travelers, work out airport business development program for their own development, and provide important support for the rapid increase of airport non-aeronautical.

3.3 Chongqing airport commercial retail planning problems

3.3.1 Retail capacity and passenger demand do not match

Tables 1 and 2 show the large domestic airport retail planning area in 2007[11], and the passenger throughput statistics: the Chongqing airport commercial retail density is much lower than the international airport, which does not match with the passenger commercial consumer demand does.

<table>
<thead>
<tr>
<th>Table 1 Travelers commodity preferences</th>
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<tr>
<td>Area</td>
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<td>Starting / quarantine outside</td>
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<td>Departure / area of separation</td>
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<td>Arriving hall</td>
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Note: The figures in parentheses are popular percentage, and the number of investigation is 354.

<table>
<thead>
<tr>
<th>Table 2 Domestic airport retail density statistics</th>
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<td>Terminal one and two of capital airport</td>
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3.3.2 Overall commercial facilities attraction points to be established

Currently, most commercial facilities are in scattered distribution, and are not conducive to creating the atmosphere of consumption. Domestic airport terminals separates the main flow of visitors and obstruct natural flow of people sight, resulting in most of the commercial area being hampered, that has negative impact on effective purchasing power generation.

3.3.3 Cold and dry environment - lack of energy and passion

Domestic airport retail space in retail planning often stereotyped modules planned for the same size interval equal unit module, plus linear layout restricts retailers of personalized design on the one hand. On the other hand, it will create tourists visual fatigue, a sense of fear and desire to give up going into the store.

3.3.4 Did not make visitors feel everything orderly

Some domestic airport terminals retail stores, the monotony of store design, shop signs designed lights use less physically attractive; integrated store merchandise display confusion, not one to see all the brands and merchandise; passenger luggage and difficulty moving around in the shop, creating anxiety sense of abandon consumer desire.

4 Chongqing Airport business marketing and management

4.1 Chongqing airport BOT project implementation

Chongqing Airport Group has not used the BOT model to develop any commercial facilities and project basically business investment in building hotels, parking and resort center. Shortage of funds due to the expansion of the airport, coupled with the high cost of bank loan funds from last year BOT model, the introduction of the Lake and large real estate, ready to cover a five-star hotel next to the terminal building, operating 20 years later the hotel property owned by the Chongqing airport Group all.

Chongqing airport retail business overall objective of the strategy is, in the near future, change the extensive operation and management status of the Chongqing airport retail business. In the long-term, Chongqing airport should expand a unified investment work under the guidance of the layout of retail business, introducing well-known retailers and competition, and expanding franchising revenues.

4.2 Terminal retail business layout strategies

Chongqing airport retail process layout, environment, health, lighting, style and others will greatly affect the consumer behavior of these passengers. Based on T2A Terminal Design, as well as the investigation of the existing terminal, this article made strategies of business layout for the boarding hall.

4.2.1 Position 1-4 - Gold business district

Position 1 - 4 is located in the prime commercial area for major passenger flow. Features recommend 1-3 to sell local monopoly in the form of food or crafts such as Zhang Fei beef and Carpenter Tan. 4 is larger, 220 m², and is not suitable for open stores. This position is more suitable to the convenience store. It is understood that in the T2, Mannings stores now have 117 square meters but they also require more areas. Therefore, we think that this position is Suitable for Mannings or Watsons pharmacy plus convenience stores supermarkets.
**4.2.2 Position 5 - 9 - right side of the "C" type business district**

Known from the Guangzhou airport, we find that the fruit is very popular with visitors at the airport. Therefore, it is recommended that 5 for fruit shop, with colorful, attractive fruit to attract visitors to the business district. The bookstore is most popular destination in the survey, so it is recommended that bookstore locate in the 6 position. 7 is in the shape of "L" type, diameter deeply. It is recommended that the form of an integrated shop sell local specialty food. Position 8 is a coffee shop or tea room. Store is about 7 meters wide. The seating area of the proposed store is located in the air-conditioned well after. The position 9 is an area of 200 square meters. It is recommended that it lease to a commercial sale of mid-range fashion, because if it lease to several businesses, the side position display surface is not enough near the cafe, and it is difficult to be rented.

**4.2.3 Position 10 - 15 - the left side of the "C" type business district**

The left side business district is similar with the right side. The different is that there are a luggage monopoly and a children’s Monopoly. For airports in Shanghai, Beijing and Guangzhou, we found the Samsonite brand is very popular with a certain market. Therefore, it is recommended that it opens up an area of about 50 square meters. Children Monopoly with children can attract visitors to the business district shopping.

**5 Conclusion**

1) The passenger demand diagram reflects the general situation of the whole industry. For each airport, to develop the airport business, it is most critical to form their own passenger demand diagram.

2) Airport should begin to build its own collection of passenger information system, and set up a special
department to analyze management information data, eventually finish a set of detailed passenger demand statistics.

3) According to the Chongqing Airport travelers consumer characteristics analysis, combined with consumption needs and desires of the characteristics of proposed commercial retail facilities should be based on experience-oriented planning concepts.

4) The layout of the airport business should be in a proper relaxation degree and irrational allocation. Commercial area location should combine closely with the habitsof visitors.

5) Chongqing airport terminal retail business layout should seriously consider the nature of business, distribution of food and beverage categories and Leisure species, working closely with the passenger boarding process combined, with maximum convenience for passengers to purchase goods.

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