

# The CEO Chair: JFKIAT President Roel Huinink talks resilience, rebuilding and rethinking the commercial offer

**USA.** New York John F. Kennedy International Air Terminal (JFKIAT) President and CEO Roel Huinink has given a revealing insight into how his business and its concessionaire partners have negotiated pandemic difficulties in a wide-ranging CEO Chair interview at the virtual Summit of the Americas.

In conversation with The Moodie Davitt Report President Dermot Davitt, Huinink looked back at the challenges from the start of the health crisis through to 2021 and gave his thoughts on the future of concession partnerships and airport-retailer contracts. He also revealed plans for a new digital platform aimed at maximising revenue opportunities for JFKIAT and its commercial partners as New York's largest airport gets set for the new normal.

The Dutchman talked of a "strong terminal community and culture" as the terminal he presides over negotiates the slow climb back from near zero traffic in the early days of the pandemic to a fast-improving position today. He reported that in recent weeks some 50-55% of 2019 domestic passenger levels have been restored and 30-35% of international passengers.



**Team player: JFKIAT President and CEO Roel Huinink has stood alongside his staff to keep Terminal 4 up and running throughout the pandemic**

He paid tribute to his own staff in keeping the terminal open throughout the pandemic period, and also to how the concessionaires – which at JFKIAT include Paradies Lagardère, DFS, Dufry, Hudson and SSP – have kept the commercial offer and passenger experience alive.

“Exactly a year ago, we had an average of 2,000 passengers a day, only 200 of those international,” he recalled. “So it had dropped from a normal 65-70,000 passengers a day to almost nothing.”

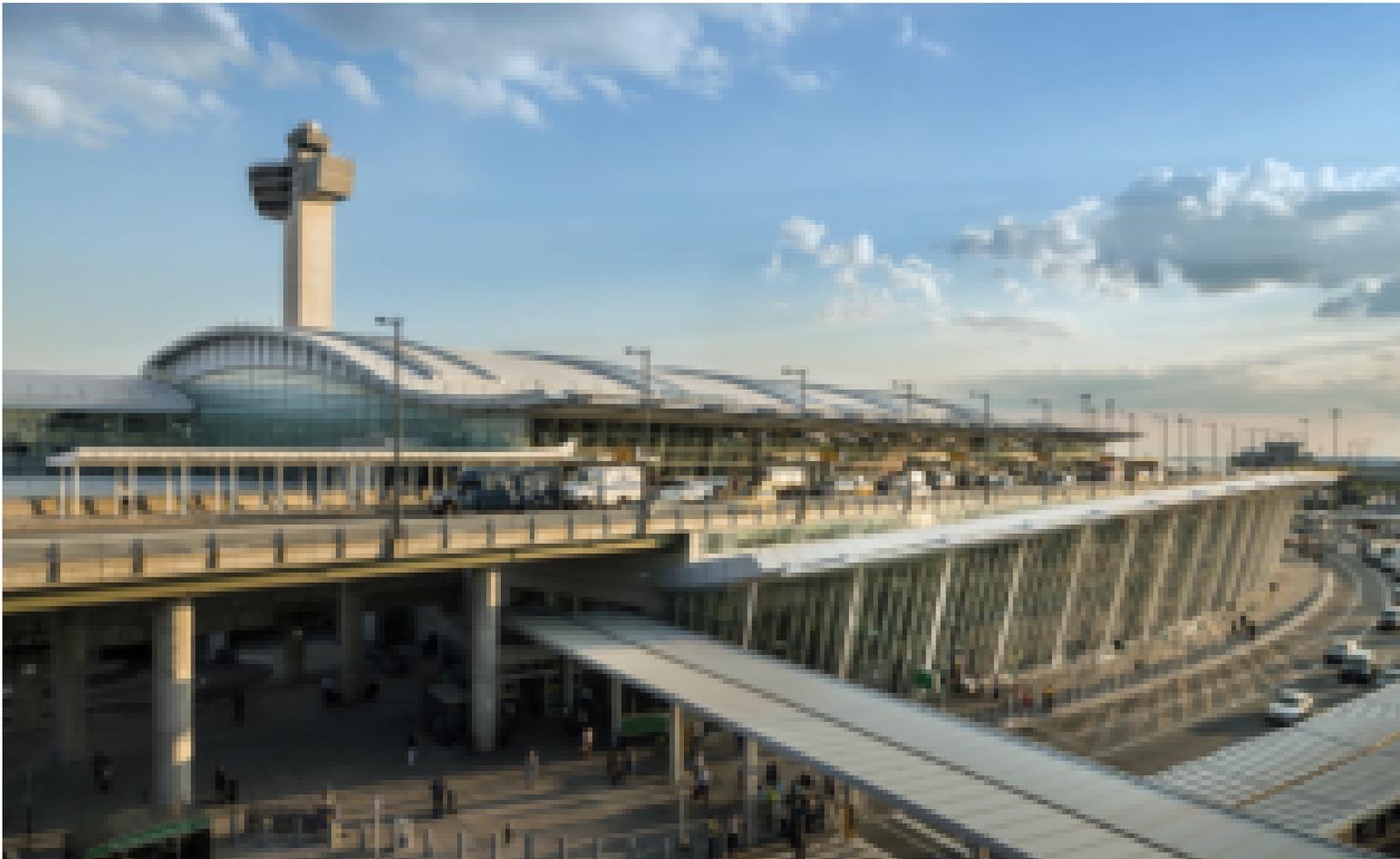
***“As a leader, I think it is extremely important to walk the talk, to show that you’re there. If I ask my staff to be at the front line in the pandemic, I cannot sit behind my desk being arrogant. I need to be there too”***

Huinink said that although airlines such as KLM and anchor tenant Delta have continued to fly each day, many of their planes were leaving with only 20-30 passengers. “But we continued to operate 24/7, we didn’t close a single hour or day, throughout the entire pandemic,” he said.

Huinink – who said safety has been top of mind at the terminal since day one of the crisis – spoke with pride about how his staff kept the terminal in constant operation, to support the skeleton airline operations, which

were bolstered by a pivot to facilitating cargo flights to what had previously been a passenger terminal only.

“We are a small team of normally around 100 people, we maximise our outsourcing, but we chose to stop many of our contracts [to cut costs]. We had to make huge changes in our teams in order to keep our staff, keep the knowledge and keep working on the projects I had identified.



### **Comeback trail: JFKIAT is seeing a resurgence of air traffic, fuelled by domestic travel**

“This meant that all of our staff had to work on the front line. I always give the example of our Head of Purchasing, who has been working as a security guard for two days a week, a role he has performed for a year now.”

Those part-time front line workers included Huinink himself, of which he said: “As a leader, I think it is extremely important to walk the talk, to show that you’re there. If I ask my staff to be at the front line in the pandemic, I cannot sit behind my desk being arrogant. I need to be there too.”

He acknowledged that such staffing issues have also been the biggest challenge for all of the terminal’s partners. Huinink said: “Whether they’re in airlines, or our suppliers or in sanitisation and maintenance, retaining that knowledge and those workforces is extremely difficult and with traffic coming back you need to bring people back slowly. It’s a massive challenge.”

***“The Trinity thinking will always be at the forefront. This is an important area and we need to find a model which we still haven’t found as an industry. How do we all benefit and make the cake bigger instead of eating each other’s shares?”***

These challenges, of course, extend not least to retail and F&B concessionaires, and Huinink spoke at length about their contribution to keeping the JFKIAT flag flying: “The concession partners have been great. Kudos to them for remaining open even when passengers were not there. And they have really stepped up even if it was just with a few locations [initially].

“You have to strike a balance as a terminal operator... do you want to give the passenger the experience and make sure that everything is open, or do you let your partners close, because you don’t want them to lose money?

“We have chosen to try and achieve both which is difficult and sometimes you have heated discussions. But I think because we’ve had those long relationships, we’ve always tried to find good solutions together.”



**Roel Huinink (below) speaks to Dermot Davitt during the CEO Chair Knowledge Hub session**

Those concessionaires have been provided with minimum annual guarantee (MAG) relief by JFKIAT’s partner, the Port Authority of New York and New Jersey, which has had control of CARES Act funds from the US government.

Of that relief, Huinink said: “We found a good solution. The MAG relief is in place and has been extended over time. We have not yet reset all the contracts, but obviously that is coming. And those discussions are ongoing. You need to make sure that the long-term commercial plan is in place and that will not come overnight.

“I think we need to constantly adapt and change and see how we can get the best customer experience and open as much as possible without the retailers going bankrupt. So that is a constant going back and forth.”

On the wider issue of MAG contracts, Huinink added: “I don’t really believe in MAGs, to be honest. But I do believe that there needs to be an incentive for a retailer. And maybe you could call it a push for a retailer to perform.

“And when I say perform what I mean is there’s a certain expectation from an airport, about sales or income per departing passenger as a metric. So the two entities need to come together closer and that might change the setup of contracts.”



**Roel Huinink paid tribute to the JFKIAT concessionaires which have helped to keep the passenger experience ali**

One project that will not be going ahead in the foreseeable future is the US\$3.8 billion expansion of JFKIAT in partnership with Delta Airlines, which was announced last year. “Obviously, that’s not going to happen [because of the extended collapse of air traffic],” said Huinink. “But the ambition of the Port Authority of New York and New Jersey to create new airports remains, and I think La Guardia (recently redeveloped) is a good example.”

He continued: “There are ongoing discussions about consolidation and expansion, but nothing to announce yet. Expansion aside, we are rethinking our total commercial offer because this [the pandemic] has changed the business, we have to see, do we have the right concepts in place in the right locations? We have started that process of making a new commercial plan and adapting to this new landscape after the pandemic.”

*“If you work at an airport you really want to see it buzzing again, because that was a great feeling. I would really like to see that feeling back as soon as possible”*

That plan will include what Huinink describes as “data-driven concepts that are relevant to the passenger demographics”. He said: “I really hope that this pandemic is able to increase the pace of implementation. I think it is extremely crucial to reach out to the consumer earlier on in their journey, get them into the mindset to buying and digitalisation and digital shopping experiences. Ecommerce is definitely something that will help there.

“The Trinity thinking will always be at the forefront. This is an important area and we need to find a model which we still haven’t found as an industry. How do we all benefit and make the cake bigger instead of eating each other’s shares?

“And I think that is a big challenge for us moving forward. It has to happen. We are in the implementation phase of launching a [digital] platform, hopefully in the coming period. We are discussing that with our retail partners, and obviously there is an external party involved.”



**JFKIAT’s major airline partner Delta has continued daily flights from the terminal throughout the pandemic**

Huinink finished with a strong message of hope for the airport and travel retail industries: “I think the future is bright. It has been an extremely rough year for the airport industry, for us as a company and for me personally.

But I'm looking forward to the new normal, I want to go back to travel. I think that the consumer is ready.

"I feel that we as an industry have collaborated strongly through this pandemic. Obviously, it will remain a bumpy road. But that's okay. As long as we keep collaborating and being open and honest with each other and have fair negotiations, I am sure we will come out of it stronger.

"Let's be clear: passengers and consumers want to go back to the magic of travelling, want to go back to having a great experience. And that starts at the airport with great retail concepts, food and dining options. I'm very optimistic that things will come back once countries start to open, and travel will be in very, very big demand.

"If you work at an airport you really want to see it buzzing again, because that was a great feeling. I would really like to see that feeling back as soon as possible."