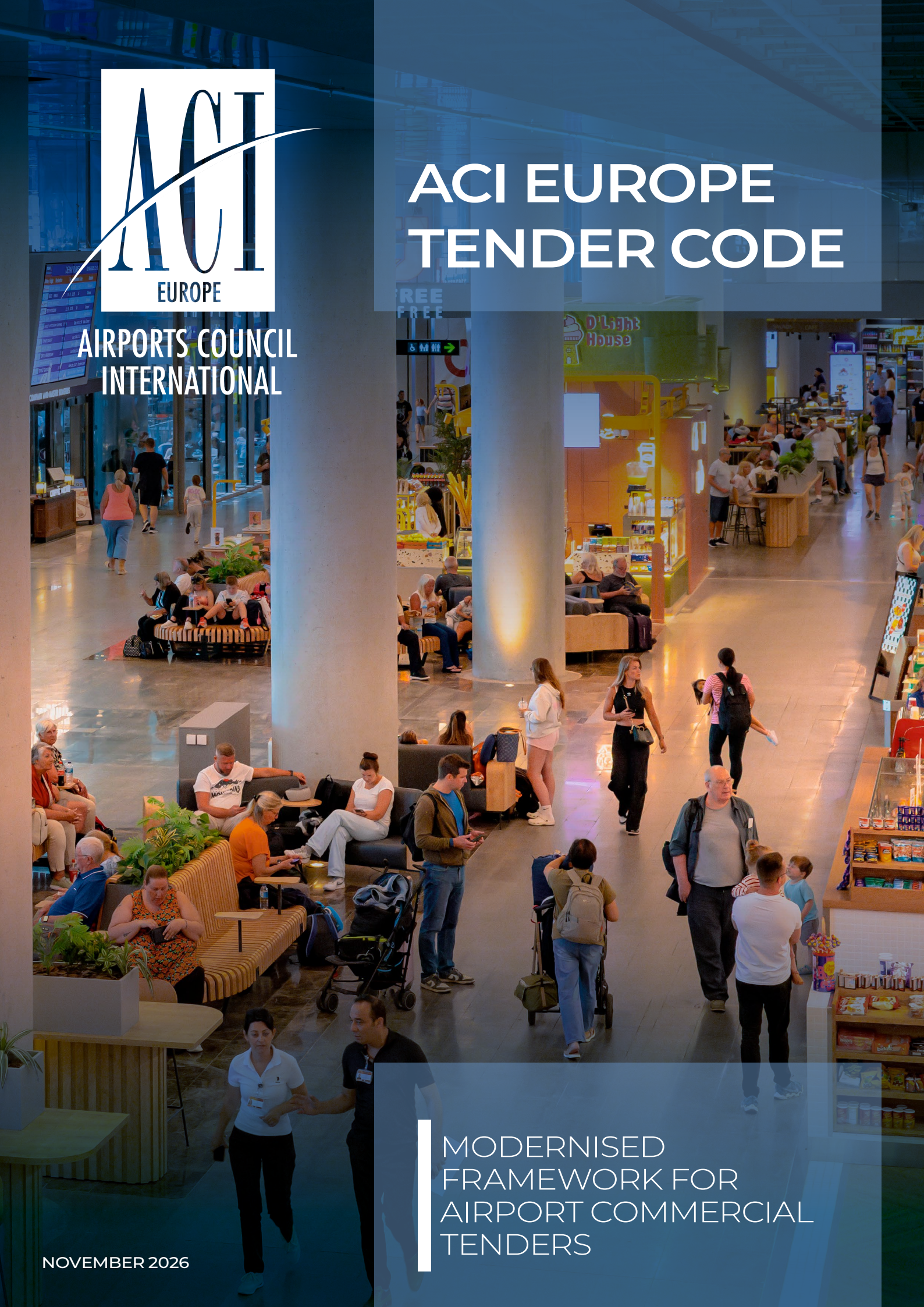
ACI EUROPE

AIRPORTS COUNCIL INTERNATIONAL

ACI EUROPE TENDER CODE



MODERNISED FRAMEWORK FOR AIRPORT COMMERCIAL TENDERS

NOVEMBER 2026



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Introduction

Airport commercial activities have become a central pillar of modern airport business models, generating essential non-aeronautical revenues while shaping the passenger experience and the commercial identity of airports.

Recognising the importance of transparent and effective commercial tendering, ACI EUROPE originally published the Tender Code in 2001. The purpose of the code was to establish a clear framework for airport concession tenders, promoting transparency, fairness and professionalism in the allocation of commercial opportunities.

In 2005, ACI EUROPE expanded this framework through the Best Practice Charter, which emphasised collaboration between airports, travel retailers and brand owners. This charter recognised that successful airport commercial environments depend on effective cooperation between all participants in the ecosystem.

Over the past two decades, the aviation and travel retail landscape has evolved significantly. Passenger expectations have increased, digital commerce has reshaped retail behaviour, sustainability considerations have become central to airport strategies, and global disruptions, most notably the COVID-19 pandemic, have demonstrated the importance of resilience and flexibility in commercial partnerships.

Against this backdrop, ACI EUROPE initiated a review of the Tender Code through the Commercial Forum. A dedicated working group composed of airports and industry stakeholders



contributed insights and practical experience to ensure that the updated framework reflects the realities of modern airport commercial operations.

This review was further prompted by industry dialogue, with the presentation and support of the European Travel Retail Confederation (ETRC) playing a key role in initiating the review, notably through the study “Exploring and Testing the Prevailing Business Models in Travel Retail”, conducted by the Institute for Retail Studies at the University of Stirling.

The updated framework was developed through a collaborative process involving representatives of airports, retailers, advisors and industry stakeholders, combining strategic industry perspectives with decades of tendering and practical operational experience. The drafting and coordination of the document and working group activities were led by Kinetic Consultancy as part of the ACI EUROPE Commercial Forum Tender Code Working Group, with substantive input and contributions provided by the wider working group members throughout the review process.

The ambition of the updated Tender Code is to provide a practical framework that supports transparent tendering processes, informed decision-making and resilient commercial partnerships. It aims to help airports and their partners design concession structures that balance financial performance with operational feasibility, flexibility and long-term value creation.

Executive summary

ACI EUROPE Tender Code – Modernised Framework for Airport Commercial Tenders

A Changing Context for Airport Commercial Partnerships

Airport commercial activities have become a critical pillar of airport business models, contributing significantly to financial sustainability while shaping the overall passenger experience. Since the introduction of the original ACI EUROPE Tender Code in 2001 and the Best Practice Charter in 2005, the aviation and travel retail landscape has evolved substantially.

Airports today operate in an environment characterised by:



increasing passenger expectations,



the growing importance of customer experience and ESG,



rapid changes in retail formats and digital integration,

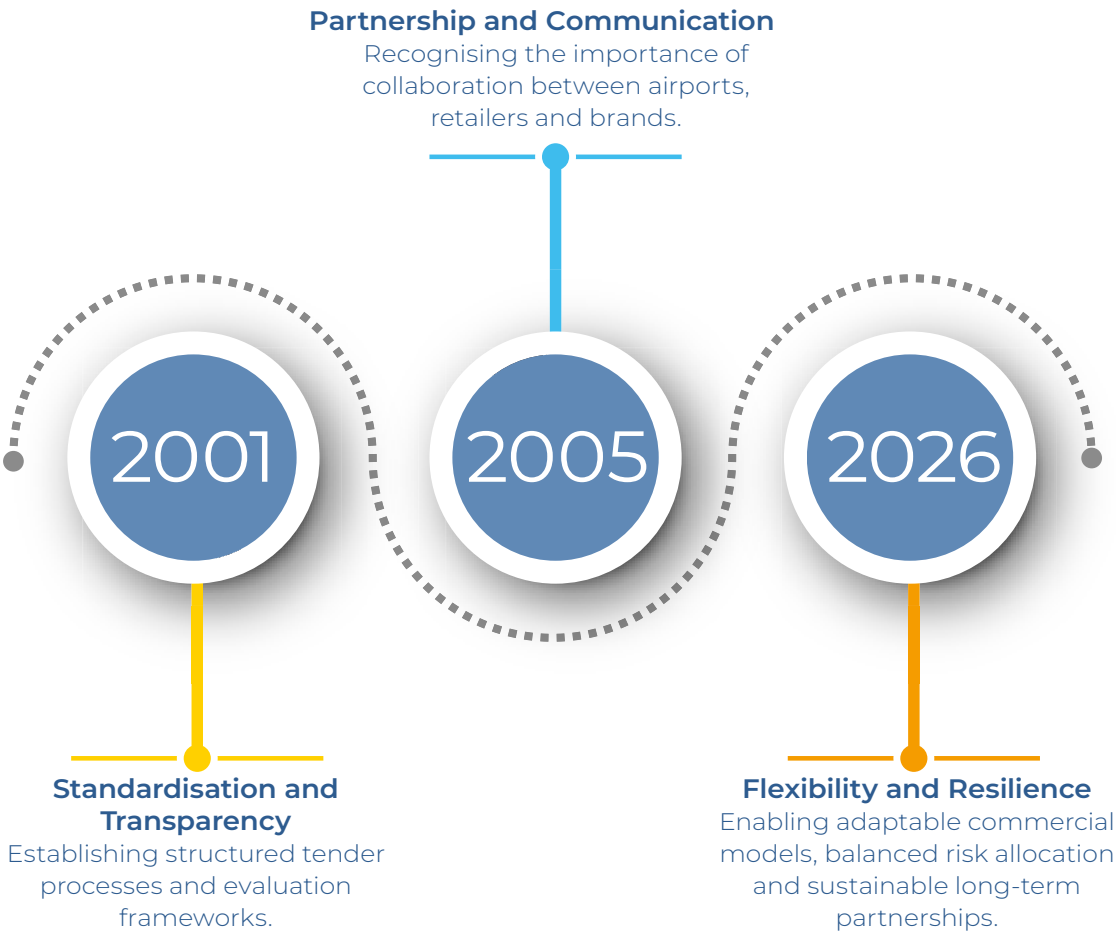


and heightened exposure to external shocks such as economic cycles, geopolitical developments and public health events.

Recent disruptions have exposed structural limitations in traditional concession models, particularly those heavily reliant on fixed financial guarantees. These developments have highlighted the need for tender frameworks that are not only transparent and competitive, but also adaptable, resilient and aligned with long-term value creation.

From Standardisation to Resilience

The modernised Tender Code reflects a clear evolution in industry thinking:



This evolution has been informed not only by industry experience but also by structured research. In particular, the European Travel Retail Confederation (ETRC) initiated and supported the study "*Exploring and Testing the Prevailing Business Models in Travel Retail*", conducted by the Institute for Retail Studies at the University of Stirling. This research provided valuable insights into the strengths, limitations and applicability of different concession models and reinforced the conclusion that **no single model is universally optimal**.

A Collaborative Industry Effort

The updated Tender Code is the result of a collaborative effort within the ACI EUROPE Commercial Forum. A dedicated working group comprising airports, travel retailers and industry organisations, has contributed practical insights, operational experience and strategic perspectives.

The diversity of the group, representing different airport sizes, governance structures and commercial maturity levels, has been essential in ensuring that the framework reflects real-world conditions across the European airport landscape.

The objective of this collaborative effort has been to move beyond theoretical guidance and to develop a framework that is:

- practical and applicable,
- grounded in operational reality,
- and aligned with the needs of all stakeholders in the airport commercial ecosystem.



A. Process

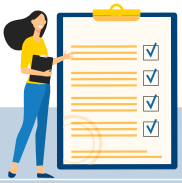
Guidance on how tenders should be prepared, structured and executed across the full lifecycle:

- strategic preparation
- market engagement
- tender launch
- evaluation
- contract award
- partnership governance

A Framework for Better Decision-Making

The updated Tender Code is designed as a **practical decision framework**, rather than a prescriptive rulebook.

It is structured around two complementary dimensions:



B. Content

Guidance on how concession agreements should be designed, including:

- commercial models and risk allocation
- contract duration and investment logic
- flexibility and resilience
- customer experience and ESG
- governance and ongoing partnership

This dual approach recognises that successful outcomes depend not only on contractual terms, but also on the quality of preparation, alignment and dialogue before the tender is launched.

Improving the "Conversation Around Tenders"

A central insight from the working group is that many tender challenges arise not from a lack of rules, but from insufficient alignment between stakeholders early in the process.

The updated Tender Code therefore promotes what is described as:

"the conversation about the conversation"

This refers to early and structured dialogue, internally and, where appropriate, with the market on:

- strategic objectives,
- commercial assumptions,
- risk allocation,
- evaluation logic,
- and operational feasibility.

By addressing these topics upfront, airports can:

- reduce unrealistic bidding,
- improve bidder engagement,
- and increase the likelihood of sustainable outcomes.

Balanced and Context-Driven Commercial Models



Airport commercial partnerships can be structured through a range of models, including:

- traditional MAG-based concession models,
- variable rent structures,
- profit-sharing arrangements,
- joint ventures,
- and airport-operated retail.

Each model implies a different balance of:

- financial risk,
- operational responsibility,
- investment requirements,
- and governance complexity.

The updated Tender Code emphasises that:

- model selection should be deliberate and context-specific,
- increasing complexity does not automatically lead to better outcomes,
- and the chosen model must be operationally manageable for both parties.

Supporting annexes provide structured overviews of concession models and their typical application contexts to guide informed decision-making.

Embedding Flexibility and Resilience

A key advancement in the modernised Tender Code is the explicit focus on **flexibility and resilience** in concession design.

Traditional “set-and-forget” contracts have proven insufficient in a volatile environment. The updated framework promotes a shift toward:

- structured, rule-based adaptability

Key principles include:

- predefined adjustment mechanisms rather than ad hoc renegotiation,
- predictable and transparent contract logic,
- balanced risk allocation,
- and protection of long-term value.

Typical flexibility mechanisms may include:

- periodic review cycles,
- traffic- or passenger-mix-linked financial adjustments,
- hybrid or dynamic MAG structures,
- reforecasting protocols,
- concept refresh and space reconfiguration rights,
- seasonal and temporary formats,
- and pilot zones for innovation.

At the same time, flexibility mechanisms should remain:

- proportionate,
- transparent,
- and practical to implement and govern in day-to-day operations.

Data as a Foundation for Credible Tenders



Reliable data is a critical enabler of realistic bidding and sustainable partnerships.

The updated Tender Code highlights the importance of:

- structured data provision to bidders,
- transparency in passenger and commercial data (within legal constraints),
- and reciprocal data-sharing obligations during the contract lifecycle.

Data supports:

- more accurate forecasting,
- better evaluation of proposals,
- and the functioning of flexibility mechanisms.

Without reliable and consistent data, even well-designed contractual structures risk becoming difficult to apply in practice.

From Financial Competition to Commercial Credibility



The framework recognises the limitations of evaluation models that rely excessively on financial bids.

It therefore promotes:

- clearer alignment between evaluation criteria and strategic objectives,
- stronger consideration of qualitative factors such as operational feasibility and passenger experience,
- and mechanisms to assess commercial credibility, including benchmarking and stress-testing assumptions.

This approach helps mitigate:

- overbidding,
- unrealistic proposals,
- and underperforming concessions.

Governance as a Driver of Long-Term Success



Even the most carefully designed contracts cannot anticipate all future developments.

The updated Tender Code therefore emphasises the importance of:

- structured governance frameworks,
- ongoing performance monitoring,
- and continuous collaboration between airports and operators.

Where flexibility mechanisms are applied, governance should ensure that:

- decisions are rule-based and data-driven,
- adjustments are transparent and documented,
- and both parties remain aligned over time.

Strong governance supports:

- faster issue resolution,
- better alignment of priorities,
- and more resilient partnerships.

Conclusion

Ultimately, airport commercial success depends not only on selecting the right tender process or financial structure, but on creating concession agreements that:

- support realistic investment,
- balance risk appropriately,
- enable adaptability,
- and foster strong, collaborative partnerships.

The modernised ACI EUROPE Tender Code – developed through industry collaboration and informed by independent research – provides a practical framework to help airports and their partners move beyond transactional tendering toward resilient, transparent and value-driven commercial ecosystems.





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1. The ACI EUROPE Tender Code

1.1 The Evolution of the ACI EUROPE Tender Code

The ACI EUROPE Tender Code was originally developed in 2001 to introduce greater consistency and transparency into airport commercial tendering across Europe. At the time, the Code provided airports with practical guidance on structuring concession tenders, including elements such as prequalification procedures, tender documentation, evaluation criteria and the balance between qualitative and financial assessment.

The primary objective was to ensure that airport tenders attracted capable commercial partners and delivered outcomes that balanced financial value with the quality of the passenger offer.

In 2005, ACI EUROPE complemented the Tender Code with the **Best Practice Charter**, which introduced a broader perspective on airport commercial partnerships. The Charter recognised that airport retail operates within a tripartite ecosystem involving airports, retailers and brand owners, and emphasised the importance of communication, partnership and shared responsibility for delivering value to passengers.

Together, the Tender Code and the Best Practice Charter formed the foundation for airport commercial tendering practices across Europe.

A Changing Industry Landscape

Since the publication of the original Tender Code, the aviation and travel retail environment has undergone significant transformation.



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Global events, including geopolitical crises, economic downturns and the COVID-19 pandemic, have demonstrated how vulnerable traditional concession structures can be during periods of sudden disruption. In particular, the rigidity of financial models built around fixed guarantees has exposed structural weaknesses when passenger volumes or passenger mix change rapidly.

At the same time, airports have evolved into increasingly sophisticated commercial ecosystems. Non-aeronautical revenues now represent a critical component of airport financial sustainability, requiring airports to actively manage their retail and service environments as integral parts of the passenger journey.

Passenger expectations have also changed. Travellers increasingly expect airport retail environments to match the standards of leading high-street and digital retail experiences. This has increased the importance of innovation, customer experience and flexibility within concession agreements.

These structural shifts have prompted a renewed industry discussion on whether traditional tender frameworks remain fully fit for purpose.

From Standardisation to Resilience

In 2025, the European Travel Retail Confederation (ETRC) commissioned the report "Exploring and Testing the Prevailing Business Models in Travel Retail" from the Institute for Retail Studies at the University of Stirling to examine the effectiveness and sustainability of the main business and concession models that underpin duty-free and travel retail in Europe.

Taking into account how recent disruptions have exposed the vulnerabilities of traditional commercial models, the research aims to provide a nuanced understanding of the various business models—fixed MAG, variable MAG, profit-share, and joint ventures—and the different scenarios in which each may succeed or fall short. Critically, the report

does not advocate for a one-size-fits-all solution.

Within the ACI EUROPE Commercial Forum, this discussion resulted in a shared recognition that the Tender Code must evolve alongside the industry.

The evolution of airport commercial frameworks over the past two decades can broadly be summarised in three phases:

2001

Standardisation and Transparency

The original Tender Code established procedural clarity and introduced structured evaluation methods for airport concession tenders.

2005

Partnership and Communication

The Best Practice Charter emphasised collaboration between airports, retailers and brand owners, highlighting the importance of passenger experience and shared value creation.

2026

Flexibility and Resilience

The modernised Tender Code seeks to address the complexity of today's commercial environment by promoting transparency, balanced risk allocation and resilient commercial partnerships.

1.2 Establishment of the Working Group



To guide the modernisation process, ACI EUROPE established a dedicated working group within the Commercial Forum. The group brings together representatives from airports, travel retailers, brands and industry organisations.

No single party owns the full picture. Alignment is essential.

The working group was intentionally structured to reflect the diversity of Europe's airport ecosystem. Participants represent both large international hubs and smaller regional airports, as well as different governance models and commercial management approaches. This diversity ensures that the updated Tender Code reflects the practical realities faced by airports across Europe.

The working group's role is to translate industry experience and research insights into practical guidance that can support airport commercial teams when designing and executing concession tenders.

The Working Group Members *(alphabetical order):*

- **Aeroporto Guglielmo Marconi di Bologna S.p.A,** Dr. Nicola Gualandi, Retail & Advertising Business Development Manager,
- **AviAlliance GmbH**, Mr. Jan Lutz, Head of Commercial & Property,
- **Avolta**, Pedro Castro Benitez, Global Public Affairs Director,
- **Brussels Airport Company NV**, Ms. Barbara Panagiotou, Commercial Tender Lead,
- **European Travel Retail Confederation (ETRC)**, Ms. Julie Lassaigne, Secretary General,
- **Flughafen Düsseldorf GmbH**, Ms. Pia Martina Klauck, Head of Commercial Operations, Customer Management,
- **Flughafen Wien Betriebsgesellschaft mbH**, Mr. Philipp Ahrens, Senior Vice President Center Management,
- **Flughafen Zürich AG**, Mr. Jens Degner, Head Retail Airside,
- **Fraport AG**, Ms. Verena König, Head of Retail Key Account Management Retail,
- **Gebr. Heinemann**, Mr. Björn Buddenbohm, Senior Manager Business Development,
- **Kinetic Consultancy**, Mr. Martijn Steur, Managing Director,
- **SJSC Riga International Airport**, Ms. Vaiva Kirvelaite, Commercial Director.

1.3 Guiding Principles of Modern Airport Tendering

Airport concession tenders establish long-term commercial partnerships that influence financial performance, passenger experience and airport identity. The principles guiding these tenders, therefore have significant strategic implications.

This part outlines the foundational principles that underpin the updated Tender Code.

Historically, many airport tenders focused strongly on financial outcomes. While revenue generation remains important, experience across the industry has demonstrated that tenders driven exclusively by financial considerations can create unintended consequences such as unrealistic bidding, operational challenges and misalignment between airports and concessionaires.

Modern airport tendering requires a broader perspective that balances financial performance with operational feasibility, passenger experience and sustainability.

Guiding Principles

Modern airport concession tenders should be guided by the following principles:



Transparency

Tender processes should provide clear procedures, evaluation criteria and access to relevant information.



Strategic Alignment

Concession tenders should reflect the broader commercial strategy of the airport.



Flexibility

Concession structures should enable airport commercial partnerships to adapt to material changes in traffic, passenger mix, cost structures, regulation and operating conditions. Flexibility should be structured, transparent and rule-based, rather than dependent on ad hoc renegotiation. Adjustment mechanisms should be known in advance and supported by reliable data.



Balanced Risk Allocation

Financial structures should distribute risk in a way that encourages sustainable investment.



Passenger Centricity

Retail and service concepts should enhance the passenger journey.



Partnership

Successful concession agreements depend on collaborative relationships rather than purely transactional interactions.



Commercial Credibility

Tender frameworks should encourage financially realistic proposals that can be delivered sustainably over the duration of the concession.

Key Conversation

Airports may wish to consider the following strategic questions before proceeding:

What does success look like for this concession?

Is the objective purely financial return, or does the airport seek broader outcomes such as enhanced passenger experience, category development or innovation? Why is that important, and how does our question to the market reflect that?

Critically, airports should also develop an initial internal view on the underlying value of the concession. What is the concession realistically worth, based on passenger data, category performance and market benchmarks? Establishing this perspective can provide an important reference point for evaluating bids and support early identification of unrealistic assumptions, whether in the form of overbidding, underbidding or misaligned expectations.

1.4 The Approach: Improving the Conversation Around Tenders

During the working group discussions, a central observation emerged: many challenges in airport commercial tendering arise not from the absence of guidance, but from the absence of early alignment between stakeholders.

Too often, fundamental strategic questions are addressed only late in the tender process, when commercial positions have already become fixed.

For this reason, the updated Tender Code is intentionally designed not as a prescriptive manual but as a framework that encourages better conversations between airports and their commercial partners.

This philosophy can be described as "*the conversation about the conversation.*"

Encouraging Early Strategic Alignment internally

At a minimum, early alignment should be ensured between the airport's internal stakeholders, including commercial, financial and operational teams. In addition, airports are encouraged to involve air traffic development teams where relevant, as decisions regarding traffic mix, airline strategy and passenger flows may have a direct impact on the location, layout and performance of commercial operations.

The Tender Code aims to help airports address key strategic questions before launching a concession tender. These may include:

- What level of (potential) commercial risk is the airport prepared to carry?
- What form of partnership is most appropriate for the category in question?
- How should financial ambition be balanced with passenger experience and long-term sustainability?
- What information can realistically be shared with bidders?

By encouraging these discussions earlier in the process, the Tender Code seeks to reduce friction during tender evaluation and contract negotiations.

A Framework Rather Than a Rulebook

The updated Tender Code deliberately avoids prescribing a single universal model for airport concession tenders.

European airports vary widely in:

- passenger volumes and traffic mix,
- ownership and governance structures,
- regulatory environments,
- and commercial maturity.

Attempting to define one standardised model for all airports would therefore be unrealistic.

Instead, the Tender Code provides a framework designed to support informed decision-making and encourage transparent, balanced tender processes.

Raising the Industry Standard

The ambition of the modernised Tender Code is to elevate the overall standard of airport commercial tendering across Europe.

For airports that conduct tenders only occasionally, the framework provides guidance that can help ensure a robust and transparent process. For more experienced airports, it serves as a structured reference to support strategic decision-making and internal alignment.

Ultimately, the goal is not to create a comprehensive manual covering every possible scenario, but to provide a practical framework that helps the industry move toward more resilient, transparent and passenger-focused commercial partnerships.

1.5 From Anecdotes to Evidence

The Need for Evidence-Based Modernisation

To support the update of the Tender Code, the working group complemented its discussions with structured industry research and stakeholder consultation.

A pan-European stakeholder survey was conducted among airports, travel retailers, brand owners and industry advisors. The objective was to identify the most pressing challenges within current tender frameworks and to determine which elements require clearer guidance or modernisation.

The survey responses demonstrated a strong level of consensus across stakeholder groups regarding the need for reform.

Key Themes Emerging from the Industry

The survey results revealed several consistent themes shaping the future of airport tendering.

Greater Flexibility in Commercial Structures

A majority of respondents emphasised the importance of introducing flexibility mechanisms within concession contracts. Structured review cycles, mechanisms for adjusting financial commitments in response to market changes, and crisis clauses were widely supported as tools for improving resilience.

Rebalancing Evaluation Criteria

Many stakeholders expressed concern that existing tender processes sometimes place excessive emphasis on financial bids, potentially encouraging unrealistic bidding behaviour. Respondents therefore supported evaluation frameworks that place stronger weight on qualitative criteria such as operational feasibility, passenger experience and long-term value creation.

Improved Data Transparency

Access to reliable passenger and sales data was identified as one of the most important factors in enabling realistic and responsible bidding. Stakeholders broadly supported the establishment of clearer data-sharing practices between airports and bidders.

Category-Specific Commercial Models

The survey also highlighted strong support for commercial frameworks that recognise the differences between retail categories. Duty-free retail, food & beverage, services and digital retail each operate under different operational and investment dynamics, which may require different contractual approaches.

Integration of Customer Experience and ESG

Respondents emphasised that future concession agreements should increasingly incorporate performance indicators linked to customer experience and sustainability objectives.

Overall, the findings suggest that airport concession frameworks must evolve from purely transactional arrangements toward more collaborative, performance-oriented partnerships.



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2. Updated Tender Code

Based on the insights from working group discussions and stakeholder consultation, the updated Tender Code has been structured around two complementary dimensions:



A: Process

Guidance on how airport concession tenders should be prepared, structured, evaluated and implemented.



B: Content

Guidance on the key commercial, operational and strategic considerations that should be addressed within airport tenders.

This dual structure recognises that successful tender outcomes depend not only on contractual terms, but also on the quality of preparation and dialogue that occurs before a tender is issued.

2.1 The Tender Lifecycle Framework

Airport concession tenders follow a lifecycle that begins long before the formal tender process and continues throughout the duration of the concession agreement.



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The Tender Lifecycle Framework identifies the key phases through which concession opportunities evolve:

1. Strategic preparation
2. Market engagement
3. Tender launch
4. Proposal evaluation
5. Contract award
6. Partnership governance

Each phase requires careful planning and alignment among stakeholders.

Many challenges encountered during airport tenders originate in the early stages of the process. If strategic objectives are unclear, or if tender structures do not reflect market realities, these issues can lead to unrealistic proposals and difficult negotiations later in the process.

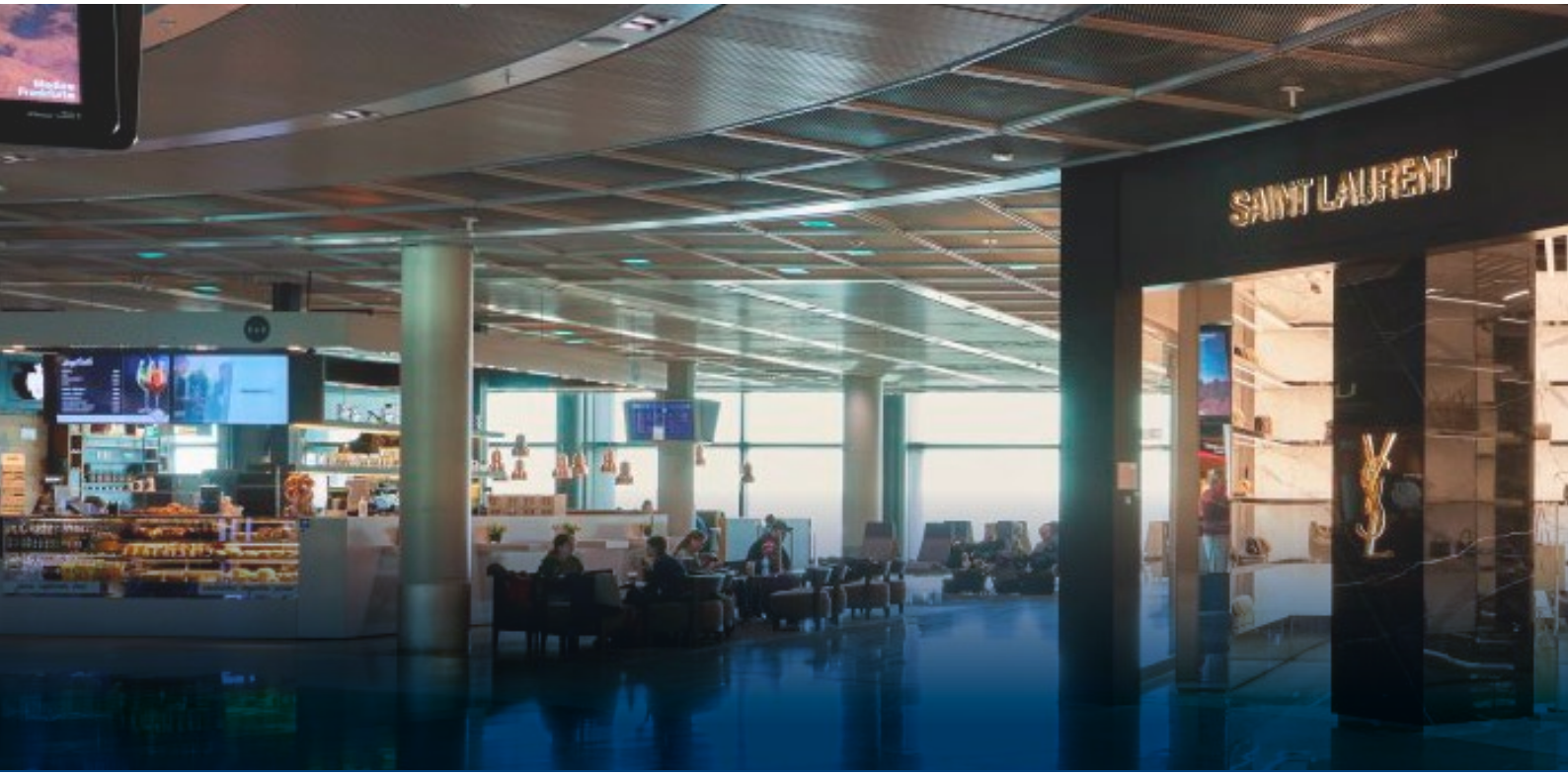
Understanding the tender lifecycle helps airports design processes that reduce risk and support better outcomes.

Key Conversation

Airports may wish to consider the following strategic questions before proceeding:

- Are we launching this tender at the right moment?
- Have we tested the feasibility of the proposed concession structure with the market?
- Are internal stakeholders aligned on the objectives and evaluation criteria?

These conversations ensure that the tender is built on realistic assumptions.



3. Updated Tender Code – Part A – Process

A well-structured tender process is fundamental to achieving sustainable commercial outcomes in airport retail and services.

Airport concession tenders do not merely allocate commercial space; they shape long-term partnerships that influence passenger experience, operational performance and financial sustainability. Non-aeronautical revenues form a critical pillar of airport economics and the retail and service concepts delivered through concessions play a defining role in shaping the passenger journey.

For this reason, the tender process should not be viewed solely as a competitive procurement exercise. Instead, it should function as a structured framework that enables airports and commercial partners to develop **long-term, sustainable commercial ecosystems** that benefit passengers, operators and airports alike.

Experience across the industry demonstrates that many of the challenges associated with airport tenders do not arise from a lack of rules or procedures, but rather from insufficient alignment between stakeholders early in the process. Misaligned expectations regarding passenger demand, investment levels, commercial models, operational constraints or financial assumptions can result in unrealistic bids and underperforming concessions. In some cases, such misalignment may also lead to insufficient bidder interest or even the collapse of the tender process.


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The updated Tender Code therefore emphasises both **procedural robustness and strategic dialogue** between airports and potential concession partners.

Throughout the tender lifecycle, airports and bidders should engage in what the working group described as "**the conversation about the conversation.**"

This refers to the early clarification of:

- expectations
- evaluation logic
- commercial assumptions
- operational constraints
- investment levels
- risk allocation

These conversations do not replace the formal procurement process. Rather, they help ensure that the tender process is grounded in realistic expectations and aligned objectives.

In this way, the tender process becomes not only a mechanism for competition, but also a mechanism for **market alignment and partnership formation**.

3.1 Tender Strategy and Preparation

The success of a tender is largely determined before it is formally launched.

Prior to publishing a tender, airports should conduct an internal strategic review to ensure that the concession opportunity is aligned with broader commercial, operational and passenger-experience objectives.

Defining the Strategic Intent

Airports should clarify internally:

- the role the concession plays within the passenger journey
- how the concession contributes to the airport's commercial portfolio
- the expected balance between financial performance and passenger value
- the desired level of innovation or differentiation
- the alignment with the airport's commercial and brand strategy.

These internal conversations help determine whether the primary objective is, for example:

- revenue maximisation,
- category development,
- improved passenger experience,
- innovation or new retail formats,
- strengthening the airport's brand identity,
- enhancing post-commercial diversification.

These strategic considerations also influence the selection of the most appropriate commercial model. A structured overview of concession models and their typical uses is provided in Annex 6: Main concession types to support this assessment.

Clearly defining the strategic intent ensures that the tender structure and evaluation criteria reflect the airport's priorities.

Without such alignment, tender processes risk prioritising short-term financial competition over long-term value creation.

Alongside the internal strategic review, airports should ensure that tender timelines are realistic and proportionate. Sufficient time should be allowed for bidder preparation, internal evaluation and decision-making, thereby supporting credible proposals, fair competition and robust governance.

Key Conversation

Airports may wish to consider the following strategic questions before proceeding:

- Are the proposed tender timelines consistent with the scale of investment, complexity of the concession and level of innovation expected from bidders?
- Have sufficient time and appropriate process stages been allowed to enable realistic concept development, internal approvals and high-quality, deliverable proposals?

Airports should ensure that sufficient time is allocated for each stage of the tender process, recognising the increasing complexity of modern commercial tenders, stakeholder engagement, governance procedures, legal negotiations, operational transition requirements, and investment planning. Unrealistically compressed timelines may reduce bid quality, discourage participation from qualified operators, and negatively impact implementation and passenger experience outcomes.

As an indicative reference, Annex 8: Example Timeline for a Commercial Concession Tender Process provides an example timeline illustrating the key phases and approximate durations of a large-scale airport commercial tender process, including preparation, pre-qualification, negotiation, and operational transition.

Airport Commercial Strategy Disclosure

Where appropriate, airports are encouraged to communicate elements of their **commercial strategy** to bidders within the tender documentation.

This may include:

- retail and F&B strategy
- category development priorities
- passenger segmentation insights
- terminal development plans
- commercial positioning of the airport.

Providing such strategic context allows bidders to better align their proposals with the airport's long-term objectives.

3.2 Market Exploration and Industry Dialogue

Before launching the formal tender process, airports may conduct **market sounding exercises** to understand the capabilities and interests of potential bidders without commitment.

These exercises may include:

- Requests for Information (RFI)
- industry briefings
- concept workshops
- structured bilateral discussions.

Such engagement allows airports to test the feasibility of the proposed concession structure and to better understand the investment expectations and operational capabilities of the market.

At this stage, the "**conversation about the conversation**" becomes particularly important.

Key questions that may be explored include:

- Is the proposed commercial model realistic given the passenger profile? Annex 6: Main concession types may serve as a reference point in these discussions, helping to frame dialogue around alternative partnership structures and their implications.
- What level of CAPEX investment is required for the opportunity?
- How should traffic volatility be reflected in financial structures?
- What operational constraints may affect delivery of the concept?

These discussions help ensure that the tender framework reflects operational realities rather than theoretical assumptions.

3.3 Eligibility Criteria and Prequalification

Airport concession tenders often attract strong interest from a wide range of potential bidders. While broad market participation is desirable, effective tender governance requires that participating bidders meet minimum eligibility standards to support the credibility, efficiency and integrity of the process.

Where appropriate, airports may introduce a prequalification or eligibility assessment phase prior to the issuance of the full Request for Proposal (RFP).

The objective of this phase is not to restrict competition, but to ensure that bidders invited to submit full proposals possess the minimum financial strength, operational capability and integrity required to deliver the concession sustainably over its full duration.

Purpose of Prequalification

A structured eligibility or prequalification phase can:

- support a level playing field by applying clear and objective entry criteria;
- reduce the risk of unrealistic or speculative bids;
- protect the efficiency of the tender process for both airports and bidders;
- strengthen the credibility of subsequent technical and financial evaluations.

Prequalification can also support a more focused and meaningful dialogue in subsequent stages of the tender process by ensuring that participating bidders are both capable and committed.

Typical Eligibility Criteria

Eligibility criteria should be proportionate to the scale, complexity and risk profile of the concession. Depending on the category and context, these may include:

Legal and Compliance Requirements

- corporate registration and legal standing;
- compliance with applicable laws and regulations;
- absence of conflicts of interest or exclusion grounds.

Financial Capacity

- minimum turnover thresholds;
- evidence of financial stability;
- access to financing or balance sheet strength relative to the investment required.

Operational and Professional Capability

- relevant experience in comparable airport or travel-related environments;
- organisational structure and key personnel;
- demonstrated ability to manage operations, logistics and regulatory requirements.

Reputation and Integrity

- adherence to ethical, sustainability and compliance standards;
- track record in comparable partnerships.

Process and Transparency

Eligibility and prequalification procedures should be:

- clearly described in the tender notice or prequalification documentation;
- based on objective, non-discriminatory and transparent criteria;
- applied consistently to all applicants;
- documented in a manner that supports auditability and legal robustness.

Airports may choose to implement prequalification through mechanisms such as:

- Requests for Information (RFI);
- Expressions of Interest (EOI);
- Formal prequalification questionnaires.

Flexibility of Application

Not all concession tenders require a formal prequalification phase. For smaller concessions or lower-risk categories, airports may decide to rely on open tender procedures with clearly defined eligibility requirements embedded in the RFP.

The key principle is that the level of eligibility control should be proportionate to the risk, investment scale and strategic importance of the concession.

3.4 Tender Publication and Information Provision



The publication of the tender marks the formal launch of the procurement process.

At this stage, the airport communicates the concession opportunity to the market and provides bidders with the information required to develop credible and realistic proposals.

Typical information provided at this stage may include:

- scope of the concession
- location and size of the commercial space(s)
- passenger traffic data and forecasts
- operational and infrastructure requirements
- evaluation methodology and scoring criteria
- commercial model framework
- draft contractual terms

Certain commercially sensitive information may be shared through a structured **data room**, accessible only after bidders have signed confidentiality agreements. It is recommended to consult with a legal and purchasing governance advisor on the specific applicable legal framework and accompanying conditions.

Providing clear and structured information is essential to creating a level playing field and enabling bidders to prepare robust business plans.

It should be recognised that not all relevant commercial and operational data is directly available to the airport. In many cases, key datasets, particularly those related to sales performance, penetration or category-level results, are generated and held by incumbent operators.

Airports should therefore ensure, where possible, that appropriate **contractual data-sharing provisions** are in place with existing concessionaires and that such data is actively requested and secured prior to launching a tender process. This contributes to a more transparent and level playing field for all bidders.

Structured Information Provision Across the Tender Process

The level and type of information provided by airports throughout the tender process depends not only on data availability, but also on the organisational structure of the airport and the applicable legal and regulatory framework, including privacy and competition constraints, which may differ across jurisdictions and ownership models.

Information should therefore be provided in a staged and proportionate manner, aligned with the tender timeline, the scale of the concession and the complexity of the operating environment.

In general:

- At the Pre-RFP / Tender Notice stage, bidders receive high-level information enabling an initial assessment of the opportunity. This may include contract duration,

overall concession perimeter and size, basic economic conditions and minimum qualification requirements.

- At the RFP stage, more comprehensive passenger, market, commercial and operational information is provided to enable bidders to prepare a competitive and realistic proposal.

- At the Tender Document / Offer stage, bidders are required to submit detailed proposals covering investments, concept design, operational setup and full business plans, including financial assumptions.

The level of detail provided at each stage should be proportionate to the value and complexity of the concession. Higher-value and more complex opportunities require a greater degree of transparency and information sharing to support realistic and comparable bids.

Detailed data requirements and examples of information to be provided at each stage may be further elaborated within the annexes of this document.

The availability of such information depends on both airport data systems and the level of transparency established within existing concession agreements. The Tender Code therefore implicitly recognises that data transparency is a **shared responsibility between airports and operators**, and that future contracts should incorporate clear provisions to support this.

3.5 Data Transparency and Level Playing Field

Reliable data is a critical enabler of credible tender proposals.

Insufficient or uneven access to data can create distortions in the bidding process, favour incumbents and increase the risk of unrealistic bidding behaviour.

For this reason, airports are encouraged to define a **minimum dataset** to be made available to bidders. This may include, where possible:

- historical passenger numbers and segmentation

- passenger traffic forecasts

- nationality and destination mix

- passenger dwell time indicators

- terminal layouts and passenger flows

- category-level sales performance where legally permissible

Providing these datasets enables bidders to develop more realistic business plans and contributes to more sustainable tender outcomes.

Passenger Volume vs Passenger Quality

Passenger numbers alone may not provide a sufficient basis for commercial forecasting.

Retail performance can vary significantly depending on passenger mix, including:

- EU vs Non-EU traffic

- nationality mix

- long-haul vs short-haul passengers

- transfer vs origin-destination passengers.

Airports are therefore encouraged to provide data that reflects both **traffic volume and traffic quality** where legally permissible.

This allows bidders to develop more accurate revenue projections. At the same time, airports must recognise that legal or contractual constraints, such as legacy agreements or disclosure limitations, may

restrict the extent of information that can be shared. The objective is therefore not unlimited disclosure but **pragmatic transparency that supports fair competition**.

Before sharing commercial or operational data with bidders, airports should review all relevant legal and regulatory constraints, including competition law, data protection rules, confidentiality obligations and limitations arising from legacy concession contracts.

Secure Data Rooms:

Include:

- identity access management
- two-factor authentication
- login tracking
- access only to authorised individuals
- use of NDAs where appropriate

Reciprocal Data Sharing During the Contract

Airports and retailers should establish a **clear and reciprocal data-sharing framework as part of the concession agreement**, ensuring that relevant commercial and operational information is exchanged on an ongoing basis throughout the duration of the contract.

Where possible, this reciprocal obligation should be **formally embedded in the contractual structure**, providing clarity from the outset and ensuring that data sharing does not depend on individual practices or informal arrangements.

Airports to Provide:

- passenger data by terminal, including historical actuals (e.g. passenger numbers) and forward-looking forecasts, provided at least on a monthly basis and, where possible, at a more granular (e.g. weekly) level to support operational planning and responsiveness
- short- and long-term traffic forecasts for the concession period
- changes to routes or route network development
- passenger demographics, including nationality, age groups and other relevant segmentation where available
- passenger profiles by airline, route and destination, including where relevant distinctions such as business, leisure or transfer passengers
- quarterly marketing performance results and analysis
- relevant passenger surveys and market research insights
- gate allocation

Retailers to Provide:

- gross and net sales split by Schengen / Non-Schengen where applicable
- budgets and forecasts
- SPP
- ATV
- penetration
- conversion
- sales per sqm
- promotion results
- shrinkage
- relevant survey and market research results
- marketing plans and activities

3.6 Tender Conduct and Bidder Communication

The integrity of the tender process depends on clear procedural governance.

Key principles include:

- equal access to information for all bidders
- transparent timelines and procedures
- clear communication channels
- documented and auditable exchanges

All bidder communications should be managed through a **centralised tender secretariat** to ensure consistency and avoid informal communication channels.

A structured **Q&A process** allows bidders to seek clarification on the tender documentation while ensuring that responses are shared simultaneously with all participants.

Joint site visits organised for all bidders can further ensure a shared understanding of operational conditions.

Governance of the Tender Process

Airports should establish clear governance mechanisms to safeguard the integrity of the process.

These may include:

- tender steering committees
- conflict-of-interest declarations
- independent evaluation panels
- clear documentation of decision processes

It goes without saying that local laws, rules and regulations governing (public) tenders need to be taken into account.

3.7 Evaluation Methodology

Evaluation frameworks determine how proposals are assessed and awarded. Clear evaluation frameworks not only improve decision-making but also increase confidence among bidders that the process will be conducted fairly and consistently. Evaluation criteria should be clearly aligned with the strategic intent and primary objectives of the tender, as defined in the internal strategic review conducted prior to the tender launch.

A structured and transparent evaluation methodology helps address the risk of unrealistic financial offers and inconsistent evaluation processes.

Many airports therefore adopt a **dual-envelope evaluation process**, in which technical proposals are assessed separately from financial offers. This effectively results in a prequalification process, allowing airports to filter proposals from bidders which will not be able to sustain operating at that airport.

In such an approach:

1. Technical proposals are evaluated first, focusing on basic operational feasibility, concept quality and strategic alignment.
2. Only bidders meeting a defined technical threshold proceed to the financial evaluation stage.

However, airports may choose to evaluate technical and financial offers sequentially or concurrently (esp. for more “standard” tenders) provided the most important principals like evidence-based scoring, consistency and non-discrimination are met.

Evaluation Weighting

Tender documentation should clearly communicate the weighting between technical and financial evaluation components. This weighting should

reflect the airport's strategic objectives for the concession and the specific characteristics of the category concerned.

Different concession categories, such as retail, food & beverage or services, may require different balances between qualitative and financial criteria. Factors such as investment levels, operational complexity, passenger experience impact and market maturity should be considered when determining the appropriate weighting.

Illustrative weighting structures may include:

- 60 / 40 (financial / technical)
- 70 / 30 (financial / technical)
- 50 / 50 depending on concession type

These examples are indicative only. The selected weighting should be aligned with the intended outcomes of the concession and should support the evaluation of proposals in a way that encourages both commercial realism and high-quality delivery.

Transparent evaluation weighting improves predictability for bidders and strengthens confidence in the process. Furthermore, clearly defined technical criteria support a higher-quality response from the market.

3.7.1 Technical Evaluation

Technical evaluation focuses on assessing whether bidders are capable of delivering the proposed concept over the duration of the concession.

Evaluation criteria may include:

Operational Capability

- organisational structure
- staffing and training plans
- mobilisation readiness
- logistics and supply chain management

Concept Quality and Passenger Value

- concept design and layout
- brand positioning and product assortment
- innovation and digital integration
- marketing and promotional activities

Passenger Experience and ESG

Technical evaluation may also include assessment of:

- experiential elements in the concept / offer
- customer service standards
- passenger experience initiatives
- sustainability commitments
- sustainability performance

For high-value or strategically important concessions, airports may also consider complementing the technical evaluation with site visits to comparable outlets operated by bidders. Such visits can provide valuable insight into operational execution, brand presentation, service quality and the overall customer experience, supporting a more informed assessment beyond the written proposal.

3.7.2 Financial Evaluation and Commercial Credibility

Financial evaluation determines the commercial value of competing proposals.

Financial proposals should be assessed not only on their absolute value but also on their economic realism and the likelihood that the proposed commitments can be delivered sustainably over the duration of the contract.

Evaluation may therefore include several components:

- Minimum Annual Guarantee proposals, where applicable depending on the chosen commercial model
- revenue-share structures
- turnover projections
- CAPEX commitments
- operational cost assumptions

The relevance and weighting of these components may vary depending on the selected form of collaboration and the underlying commercial structure of the concession.

Commercial Credibility Checks

Some evaluation frameworks may also incorporate **economic credibility checks** or stress-test financial assumptions or misaligned expectations.

For instance including:

- benchmarking against market performance
- stress testing turnover assumptions
- reviewing sensitivity to passenger traffic fluctuations.

If overbidding is identified, this may negatively affect the scoring of the evaluation.

These mechanisms help mitigate the risk of unrealistic bidding behaviour and misaligned expectations between airports and concessionaires, thereby improving the long-term sustainability of concession agreements.

3.8 Award Decision and Contract Finalisation

Following evaluation, the airport consolidates the technical and financial scores to determine the final ranking of bidders.

In some cases, the tender process may include an intermediate step in which a shortlist of bidders is selected following an initial evaluation phase. Where this approach is applied, it is recommended that the possibility of shortlisting is clearly communicated in the RFP documentation, allowing airports to focus subsequent stages – such as detailed discussions, clarifications or site visits – on a reduced number of bidders.

Where legally permissible, airports may conduct a **Best and Final Offer (BAFO)** stage to refine proposals prior to contract award.

This stage allows airports and bidders to clarify remaining assumptions and finalise key commercial parameters.

The final concession agreement should clearly define:

- financial terms and payment structures
- operational responsibilities
- performance monitoring mechanisms
- data-sharing requirements
- review or adjustment mechanisms

Contract Resilience Mechanisms

Given the volatility of the aviation and retail sectors, concession agreements should incorporate mechanisms that allow adaptation to significant market changes.

Examples may include:

- periodic review cycles;
- traffic-linked or passenger-mix-linked financial adjustments;
- hybrid or dynamic MAG mechanisms with predefined adjustment logic;
- predefined triggers for material traffic decline, regulatory change, terminal disruption or other extraordinary events;
- reforecasting protocols to support forward planning;
- concept refresh, space reallocation or seasonal adaptation mechanisms.

Such mechanisms support long-term sustainability and partnership stability.





4. Updated Tender Code – Part B – Content

While Part A focuses on the tender process itself, Part B addresses the contractual and commercial content of concession agreements. These elements define how airport-retailer partnerships function over the duration of the concession and therefore play a decisive role in determining whether a tender ultimately results in a sustainable and successful commercial relationship.

4.1 Commercial Models and Risk Allocation

Airport retail partnerships can be structured through a variety of commercial models, each determining how financial risk, operational responsibility, investment expectations and governance are distributed between the airport and the concessionaire. No single model can be considered universally optimal. To support this assessment, Annex 6: Main concession types provides an overview of concession models, including their key characteristics and typical application contexts. This overview is intended to support airports in aligning model selection with their specific strategic objectives, market conditions and risk appetite.

The appropriate structure will depend on the specific context of the airport and the concession opportunity, including factors such as airport size, passenger traffic stability, required investment levels, regulatory environment and the strategic ambitions of the airport's commercial programme. The selection



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of a commercial model should therefore be the result of a deliberate strategic consideration of how risk and reward are shared and how the partnership will function over the duration of the concession.

Historically, airport concession agreements have relied primarily on **Minimum Annual Guarantee (MAG) structures combined with turnover-based rent mechanisms**. These models have been widely adopted across the industry and provide predictable revenue streams for airports while assigning operational responsibility to concessionaires.

However, evolving market conditions and recent industry disruptions have encouraged the exploration of additional partnership models that allow for **greater flexibility, alignment of incentives and shared risk allocation**.

Sales projections and financial commitments within tender bids are typically based on a combination of the operator's commercial expertise and the airport's data on passenger traffic, passenger profiles and infrastructure developments. The robustness of these datasets directly influences the credibility of the financial assumptions underlying the partnership.

For this reason, the choice of commercial model should be the result of an alignment between stakeholders early in the process and a deliberate strategic conversation between airports and bidders regarding **risk allocation, governance complexity and long-term partnership expectations**.

The following sections outline the principal commercial models commonly used within the airport sector, highlighting their key characteristics as well as their respective strengths and challenges. These models reflect prevailing industry practices and draw on broader research and industry insights into airport retail business models, including studies such as "Exploring and Testing the Prevailing Business Models in Travel Retail".

4.1.1 Traditional Concession Model (MAG-based)

The traditional concession model is based on the payment of a **Minimum Annual Guarantee (MAG)** combined with a turnover-based rent mechanism.

In its traditional form, the concession model combines a Minimum Annual Guarantee with turnover-based rent. The MAG may remain fixed throughout the contract term or be indexed over time, typically in line with inflation or another agreed commercial formula. Turnover rent may be applied as a single uniform rate across all categories, or it may be differentiated by category or product group to reflect different commercial dynamics, such as purchasing margins, sales patterns or category-specific performance potential. In some cases, airports may also apply a passenger-based MAG structure, under which the guarantee is linked to expected traffic levels or passenger segments, such as Schengen and non-Schengen traffic or specific business types such as duty free or food and beverage.

This model offers airports a relatively high level of revenue predictability and provides clear contractual roles and responsibilities. At the same time, it can expose operators to significant financial pressure during downturns or periods of volatility, particularly when guarantees are set at levels that do not adequately reflect changing market conditions. It may also encourage short-term optimisation rather than long-term value creation if the financial structure becomes too rigid.

In general, traditional MAG-based models are most often suited to medium and larger airports with relatively stable traffic, clear regulatory frameworks and strong competition among concessionaires.

This model offers several advantages:

- predictable income streams for airports
- clear contractual responsibilities
- scalability across multiple locations.

However, the model also presents potential challenges. Fixed guarantees can expose operators to significant financial risk during periods of traffic volatility and may incentivise aggressive bidding strategies that are difficult to sustain over the duration of the contract.

In some cases, MAG levels may also be structured on a per-passenger basis, allowing payments to scale with traffic levels or passenger segments such as Schengen or non-Schengen travellers. This approach allows for fluctuating passenger numbers or passenger profiles thereby reducing the risks involved.

A critical success factor in this model is the ability of both airports and bidders to develop a realistic assessment of the expected value of the concession over the duration of the contract. MAG levels and financial proposals should be grounded in credible assumptions regarding passenger traffic, spending behaviour and operational performance.

4.1.2 Variable Rent Models

Variable rent models remove or significantly reduce fixed guarantees and link airport remuneration directly to commercial performance.

Variable rent models reduce or remove the fixed guarantee component and link airport remuneration more directly to actual commercial performance of the operator. Under a pure variable rent structure, no fixed minimum guarantee is payable and rent is based entirely on turnover. In other cases, a partially variable structure may be used, in which the guarantee itself is indexed to turnover

expectations, passenger volumes or passenger segments.

This model creates a closer alignment between the operators commercial performance and airport income, while reducing the financial exposure of operators during periods of volatility. It may also lower entry barriers for operators and brands, thereby increasing the attractiveness of certain opportunities to the market. However, this increased flexibility comes at the cost of lower revenue certainty for airports and may be less attractive in situations where large investments need to be recovered through a more predictable income stream.

Variable rent models may be particularly suitable for smaller airports, seasonal or high-volatility environments, and concession categories such as luxury, fashion or pilot concepts where demand may fluctuate significantly over time.

This structure aligns airport revenues more closely with market performance and can reduce entry barriers for operators and brands.

Variable rent models may be particularly relevant in environments characterised by:

- volatile passenger traffic
- emerging retail concepts
- smaller airports or niche commercial categories

However, such models also introduce greater revenue uncertainty for airports and may be less suitable in contexts where substantial infrastructure investment must be recovered.

4.1.3 Profit-Sharing Models

Profit-sharing models represent a more collaborative approach to airport retail partnerships and can be adapted in several ways depending on the commercial objectives of the parties involved. Under these structures, the airport and the operator share financial outcomes beyond top-line turnover alone.

Several variants may be used. In a classic **net profit-share model**, the parties share profit after relevant costs have been deducted, such as cost of goods, staffing, logistics, marketing, write-offs and other agreed operating expenses. In a **gross profit-share model**, the parties share the gross margin generated by the business, without taking full operating cost allocation into account. **Hybrid structures** may also be used, combining a fixed base fee with a variable profit-share component linked to performance.

In addition, profit-sharing mechanisms may be designed to include performance-related features. These may include additional profit-sharing above a defined margin threshold, incentive structures linked to operational or customer metrics such as conversion rates, spend per passenger or mystery shopping results, or ESG-linked incentives tied to performance against sustainability, diversity or circularity objectives.

Profit-sharing models encourage deeper collaboration and greater transparency between airport and operator. They can support longer-term innovation, category development and a more balanced distribution of risk and reward. At the same time, they also require stronger governance, greater auditability, higher levels of trust and more disciplined data-sharing. They may also be more sensitive to organisational change, particularly where the quality of the partnership depends on a limited number of key stakeholders.

These models are generally best suited to higher-complexity airports or partnership environments where long-term value creation, strategic collaboration and operational alignment are prioritised over maximum short-term financial certainty.

Several Variations Exist, including:



Net Profit Sharing

Profits are shared after deduction of operational costs such as cost of goods, staffing and logistics



Gross Margin Sharing

Partners share the margin between sales and cost of goods sold



Hybrid Models

A fixed base payment is combined with a variable profit-sharing component

In some cases, profit-sharing mechanisms may also incorporate **performance-based incentives**, linking financial outcomes to key operational metrics such as:

- conversion rates
- spend per passenger
- customer satisfaction scores
- sustainability performance indicators.

4.1.4 Joint Venture Structures

Joint venture structures represent a deeper form of partnership in which the airport and the operator jointly invest in, govern and benefit from the retail business. In this model, retail activities are typically operated through a co-owned entity that functions under a jointly approved business plan, ensuring close alignment between strategic objectives and operational execution.

Ownership may be structured on a 50/50 basis or any other agreed ratio, depending on the relative contributions (for example, the level of CAPEX required or other financial and operational contributions), capabilities and long-term interests of the parties involved. Governance is usually shared through mechanisms such as a joint board of directors, joint approval of budgets, strategy and major investments, and, where appropriate, shared committees for finance, operations or marketing. In some cases, an airport-majority joint venture may be used, in which the airport retains majority ownership while the operator manages the business for a fee combined with a profit-share arrangement.

Joint ventures can create a particularly high degree of strategic alignment. They support long-term planning, encourage investment and innovation and allow both parties to influence decisions relating to assortment, pricing, customer experience and commercial development. However, they also introduce significant organisational and governance complexity. They are less flexible to modify or exit, and they require stronger internal commercial capabilities on the airport side than more traditional landlord-operator models.

Joint ventures are generally most suitable for larger airports with strong internal expertise, significant traffic volumes and a strategic ambition to treat commercial activities as a long-term business platform rather than solely as a concession income stream.



Under Such Structures:

- a jointly owned company operates the retail business
- governance is shared through joint boards and decision-making structures
- investment and operational risks are shared between partners

Joint ventures allow airports and operators to align long-term commercial objectives and can support strategic investments in the passenger experience.

However, they also introduce greater organisational complexity and require strong governance frameworks to manage decision-making and accountability.

4.1.5. Airport-Operated Retail

In certain cases, airports may choose to directly manage retail activities through **in-house operations** rather than outsourcing them to concessionaires.

Under an airport-operated retail model, the airport directly manages and operates its own retail activities rather than outsourcing them to an external concessionaire. This may apply to duty free, food and beverage or specialty retail formats. In such a structure, the airport retains full control over the commercial operation, including pricing, assortment, promotions, customer experience and the use of customer and sales data.

This model can allow the airport to retain a larger share of the commercial value generated by the business and to respond more quickly to changing trends or strategic priorities. It can also support stronger consistency in brand positioning and a closer alignment between retail activity and the airport's broader strategic objectives.

However, airport-operated models also require significant capabilities and resources. The airport must build or secure expertise in retail management, category planning, buying, logistics, IT systems, staffing and supply chain coordination. It must also assume the full financial, inventory and operating risk of the business. Where such expertise is insufficient, the performance of the operation may fall short of that achieved by specialist commercial operators.

For this reason, airport-operated retail is generally most appropriate for larger airports with strong internal retail capabilities, high passenger volumes and a strategic ambition to retain control over the full commercial value chain.

Under this model:

- the airport assumes full responsibility for operations
- all commercial profits remain within the airport organisation
- the airport retains full control over pricing, product assortment and customer experience

While this model can allow airports to retain greater value from retail activities, it also requires significant operational expertise, supply chain capabilities and financial investment.

Airports adopting this approach must therefore develop the internal capabilities necessary to manage retail operations effectively.

4.2 Contract Duration and Investment Logic

The duration of concession agreements should reflect the scale of investment required and the commercial characteristics of the category.

In particular, the duration of the concession should enable concessionaires to recover their capital investments within

a reasonable timeframe while maintaining incentives for innovation and reinvestment throughout the contract lifecycle.

Typical duration ranges include:

- **5–7 years** for moderate-investment retail concepts
- **7–10 years and beyond** for high-CAPEX categories such as luxury retail, large duty-free operations or major food and beverage concepts
- **2–4 years** for pilot formats, temporary concepts or emerging retail technologies.

When defining contract duration, airports should consider several factors:

- capital investment requirements
- passenger traffic volatility
- expected refurbishment cycles
- terminal development timelines
- expected return on investment

Ensuring that concession durations align with investment cycles helps encourage higher-quality retail environments and sustained commercial performance.

Contract duration should not be determined solely by precedent or procurement convenience. It should reflect the scale of capital expenditure required, the revenue-generating potential of the category, the volatility of the traffic base and the expected lifecycle of the concept. In practice, this means that amortisation logic should take into account the revenue potential of the category, traffic volatility, terminal development cycles, expected return on investment and anticipated refurbishment intervals.

A duration that is too short may discourage investment, reduce ambition and incentivise short-term behaviour. Conversely, a duration that is too long without adequate review mechanisms may reduce flexibility and weaken the airport's ability to respond to changing market conditions. The objective is therefore to strike a balance between investment recovery and commercial agility.

4.3 Flexibility and Resilience

Recent industry disruptions have demonstrated the importance of building flexibility into concession agreements.

Airports and operators operate within an environment that is influenced by economic cycles, geopolitical developments, public health events and regulatory changes. Contracts that are overly rigid may struggle to remain viable when market conditions change significantly.

To address these challenges, concession agreements may incorporate mechanisms that support operational and financial flexibility. Flexibility should not be understood as open-ended renegotiation. In modern concession design, it should be structured through predefined mechanisms, objective triggers, reliable data and clear governance.

Typical flexibility mechanisms may include:

- structured review cycles (e.g. annual performance reviews based on predefined KPIs)
- traffic- and passenger-mix-linked financial adjustments
- hybrid or dynamic MAG structures with predefined adjustment logic
- reforecasting protocols to support forward planning

- concept refresh and space reconfiguration rights
- seasonal or temporary format adaptation

These mechanisms should be designed to ensure predictability, transparency and proportionate risk allocation. The objective is not to remove commercial risk from the contractual relationship, but to ensure that the distribution of risk remains aligned with the role, capability and investment profile of each partner.

Different concession models offer varying degrees of flexibility and risk-sharing. Annex 6: Main concession types outlines how these characteristics differ across models and may support the selection of structures that better accommodate market volatility. More detailed examples of flexibility and resilience mechanisms are provided in Annex 7: Flexibility and Resilience Mechanisms.

The objective is not to remove risk from the contractual relationship, but to ensure that the distribution of risk remains proportionate, transparent and sustainable over time.

4.4 Customer Experience and ESG

Airport commercial environments are an integral part of the passenger journey and should therefore be managed not only for financial return but also for their contribution to customer experience and wider airport objectives. For this reason, concession agreements may include measurable performance indicators relating to both operational delivery and broader ESG commitments.

Customer experience indicators may include service quality standards, passenger satisfaction, product availability, mystery shopping performance, conversion, average transaction value, spend per passenger and the quality of store presentation. ESG-related indicators may include sustainability practices, responsible sourcing, waste reduction, circularity measures, diversity and inclusion commitments, and reporting against agreed social responsibility objectives.

By incorporating such indicators into contracts and performance reviews, airports can help ensure that commercial partnerships contribute positively to the overall passenger experience while also supporting the long-term environmental and social ambitions of the airport.

Possible Indicators Include:





Customer Experience Indicators:

- service quality standards
- conversion rates
- average spend per passenger
- passenger satisfaction metrics
- store presentation and product availability

Sustainability and ESG Indicators:

- environmental performance
- waste reduction and circularity practices
- responsible sourcing policies
- diversity and inclusion initiatives

ESG considerations may also include responsible data management practices, ethical supply chains and transparency in sustainability reporting.

Linking certain incentives or performance assessments to these indicators can help ensure that commercial partnerships contribute positively to the long-term development of the airport environment.

4.5 Governance and Ongoing Partnership

Successful concession agreements require continuous collaboration between airports and operators.

Even the most carefully structured contracts cannot anticipate every operational challenge or commercial opportunity that may arise over the duration of a concession.

For this reason, governance mechanisms are essential to support ongoing dialogue and joint decision-making between partners.

Such mechanisms may include:

- joint steering committees
- periodic performance reviews
- operational coordination meetings
- collaborative planning initiatives related to passenger experience and commercial development
- coordination and information sharing related to traffic development and airport marketing initiatives, including alignment on campaigns, route development strategies and anticipated passenger growth and mix

In certain partnership models, governance structures may also include shared oversight of budgets, investment decisions and marketing strategies.

These governance frameworks help ensure that both parties remain aligned on commercial objectives while enabling flexibility in responding to changing market conditions.

Ultimately, the long-term success of airport commercial environments depends not only on well-structured contracts but also on the quality of the partnership between stakeholders.

Strong partnerships are characterised by transparency, trust and a shared commitment to delivering value to passengers.

In more collaborative commercial models, governance may also include open-book mechanisms where appropriate, joint KPI steering, shared oversight of investment planning and regular dialogue on marketing, operations and passenger experience initiatives. The precise structure will vary depending on the commercial model, but the underlying principle remains consistent: long-term commercial success depends not only on the content of the contract, but also on the quality of the ongoing working relationship between the parties.

Strong governance frameworks support transparency, faster issue resolution, better alignment of priorities and a more resilient commercial partnership over time.

Where flexibility mechanisms are included in the concession agreement, governance should clearly define how triggers are measured, reviewed, approved and documented. Adjustments should be based on agreed data sources, predefined criteria and documented decision-making rather than informal bilateral negotiation. This helps ensure that flexibility supports resilience without undermining transparency, auditability or fairness.

Ultimately, airport commercial success depends not only on selecting the right tender process or the right financial structure, but on creating a contractual framework that supports realistic investment, balanced risk allocation, strong governance and a shared commitment to delivering value to passengers. The content of the concession agreement should therefore be designed not only to regulate the relationship, but to enable it to perform successfully over time.

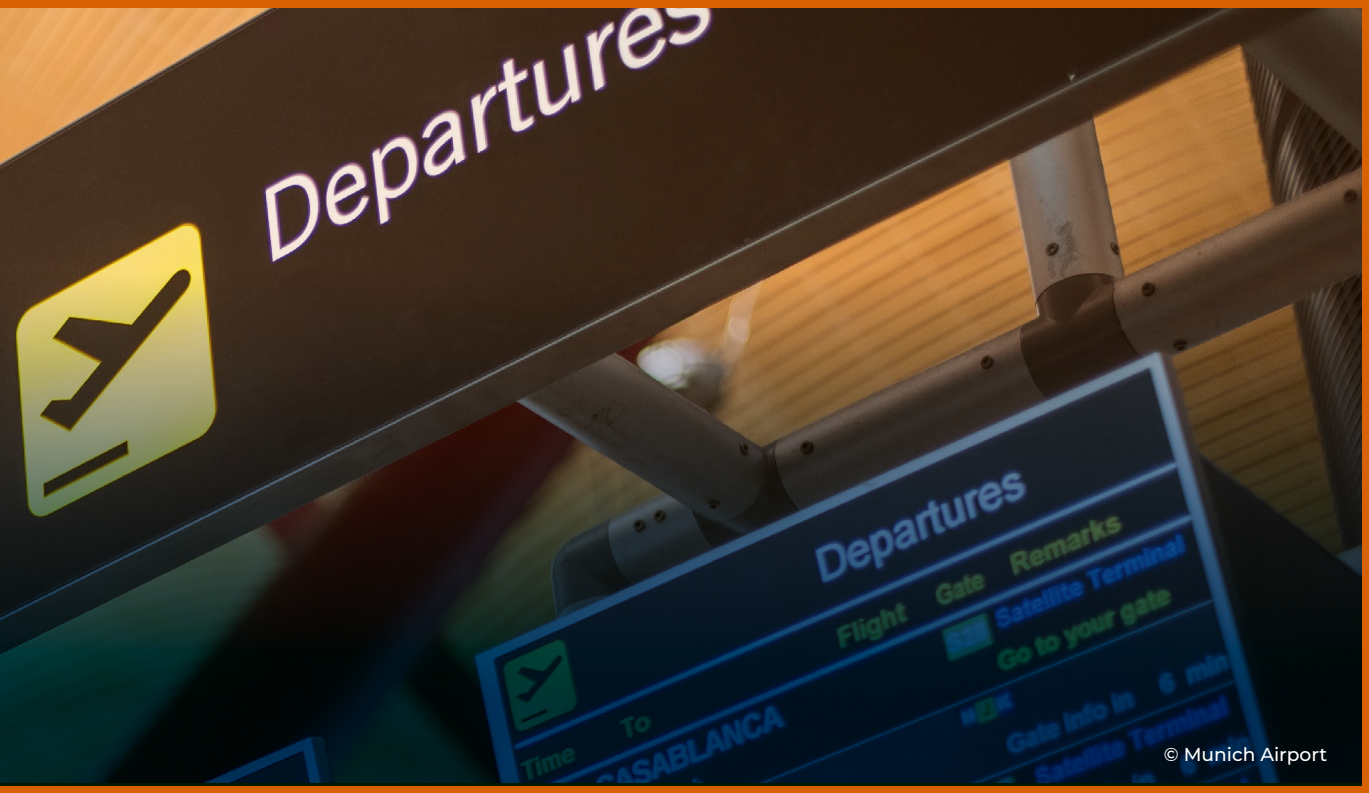
To support this, a structured overview of concession models and their typical application contexts is provided in Annex 6: Main concession types, offering practical guidance for aligning model selection with airport strategy and market conditions.





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Annex 1: Terminology

To support clarity and shared understanding across stakeholders, this document uses a number of abbreviations and terms that are commonly applied within airport commercial concession tendering. The following definitions provide a common reference for the concepts used throughout the Tender Code.

Term / Abbreviation	Definition
Airside	The secure area of the airport accessible only after security screening.
Airport Commercial Concession	A contractual arrangement whereby an airport grants a retailer, service provider or operator the right to conduct commercial activities within airport premises for a defined period, typically in exchange for a combination of fixed and/or variable financial remuneration.
ATV (Average Transaction Value)	The average amount spent per retail transaction.
CAPEX (Capital Expenditure)	Investment in physical infrastructure, fit-out, systems, equipment or commercial facilities.
Commercial Mix	The combination and allocation of retail, food & beverage, and service categories within the airport commercial environment.
Conversion Rate	The proportion of passengers entering a retail location who make a purchase.
CPI (Consumer Price Index)	A measure of inflation commonly used for rent indexation and financial adjustments within concession agreements.
CSR (Corporate Social Responsibility)	Policies and practices through which companies manage their social, ethical and environmental responsibilities.
Customer Experience (CX)	The overall perception passengers have of the retail, food & beverage, and service environment within the airport.
Customer Journey	The end-to-end passenger experience throughout the airport environment, including all commercial and service touchpoints.
Dual-Envelope Evaluation	A tender evaluation methodology in which qualitative proposals and financial offers are assessed separately before a final combined evaluation.

Term / Abbreviation	Definition
Environmental, Social and Governance (ESG)	A set of sustainability and governance considerations increasingly incorporated into airport strategy and commercial contracts.
F&B (Food & Beverage)	Commercial activities related to foodservice, restaurants, cafés, bars and catering within the airport environment.
Fixed MAG	A traditional concession structure where the concessionaire guarantees a fixed minimum annual payment regardless of market conditions or commercial performance.
JV (Joint Venture)	A partnership structure in which two or more parties jointly invest in and operate a commercial activity while sharing governance, risks and returns.
Joint Venture Model	A commercial structure where airport and operator jointly invest in and operate a commercial activity, sharing risks, governance and returns.
KPI (Key Performance Indicator)	A measurable metric used to assess operational, financial or customer performance.
Landside	Public areas of the airport accessible before security screening.
MAG (Minimum Annual Guarantee)	A contractual mechanism requiring the concessionaire to pay the airport a minimum level of annual revenue regardless of actual sales performance. Traditionally used to provide revenue certainty for airports.
Passenger Penetration Rate	The percentage of total airport passengers making a retail purchase.
POS (Point of Sale)	The physical or digital location where retail transactions are completed, including associated sales systems and payment infrastructure.
Profit Share Model	A partnership-based model in which airport and concessionaire share profits after operational costs, rather than sharing only revenue.
Revenue Share Model	A concession model in which the airport receives a percentage of gross or net sales generated by the concessionaire.
RFP (Request for Proposal)	A formal tender document issued to invite commercial proposals from potential bidders.

Term / Abbreviation	Definition
Service Level Agreement (SLA)	An agreement defining expected operational, service and performance standards between parties.
SME (Small and Medium-sized Enterprise)	Smaller commercial operators, suppliers or businesses participating in the airport commercial ecosystem.
Spend Per Passenger (SPP)	Average retail spend generated per passenger within the airport environment.
Tender Code	A recommended framework guiding airports in preparing, structuring and conducting commercial concession tenders in a transparent, fair and strategically aligned manner.
Travel Retail (TR)	Retail activities targeting travellers within airports and other transport environments.
Variable MAG	A commercial structure where the minimum guarantee varies according to predefined factors such as passenger traffic, passenger mix or sales performance.
VFR (Visiting Friends & Relatives)	A passenger travel segment describing travellers visiting friends or relatives, often used in traffic and spending analysis.

Annex 2: Example Data Sets for Tender Information

Information should be structured in three stages:

1. Pre-RFP / Tender Notice

- contract duration
- general concession perimeter, total square metres and location
- basic minimum economic conditions
- minimum turnover requirements or bidder qualification thresholds where relevant
- indication of which business model(s) may or may not be entertained

2. RFP

Passenger and Market Data

- departures, arrivals and transfer passengers
- split by terminal
- split by destination countries
- main airlines and market share
- traffic forecast for concession period
- nationality split
- passenger profile, such as business vs leisure / VFR
- major expected operational or traffic-flow changes
- any known or reasonably foreseeable constraints or risks that may impact the concession during the contract period, such as potential flight restrictions, capacity limitations or regulatory constraints affecting the product offer

Commercial and Operational Information (subject to availability and legal constraints)

- number of passengers per terminal and, where possible, by shop
- average penetration ratios where available
- terminal layout including services, retail categories and F&B
- category and sub-category sales split by shop, where shareable
- SPP or SPP ranges, where available and legally shareable
- restrictions on categories or products that cannot be sold
- sqm per shop
- warehouse location and size
- changes in shop sizes
- staffing levels
- opening hours
- security and safety procedures
- advertising opportunities where part of the contractual perimeter
- logistics procedures
- minimum sustainability regulations

- design and construction criteria
- conditions of the premises on handover
- required deliverables during the tender and post-award stage

3. Tender Document / Offer

Bidders to submit:

- construction investment
- refurbishment investment by contract year where possible
- marketing and quality investment by contract year where possible
- brand and product assortment
- shelf-space allocation including pop-up space
- staffing plans
- business plan including sales, MAG, royalty or rent assumptions
- expected turnover by category and passenger type

Annex 3: Example for Technical and Financial Scoring

Technical Evaluation

Weighting bands:

Within the technical block, the following band ranges could be used and tailored per category, legal context and airport specifics:

Technical Layer	Duty Free	Luxury/ Fashion	F&B	Convenience	Specialty/ Local Hero
Operational Quality & Deliverability	55-65%	50%	55-65%	65-75%	50%
Brand/ Experience & ESG Value	35-45%	50%	35-45%	25-35%	50%

Operational Quality & Deliverability:

Sub-criterion	What we look for	Evidence required
Organisation & Staffing	Right skills, rosters, coverage vs dwell/peaks; **staffing level ↔ expected throughput**	Org chart, FTE & peak staffing, training plan, labour agreements
Mobilisation & Readiness	Realistic timeline, contractors, permits, commissioning	Gantt/milestones, risk log, dependencies, critical path
Operations & Service Levels	Queue time, availability, replenishment, housekeeping	KPI list & targets; SOPs; past performance references
Logistics & Supply Chain	Security compliance, bonded flows, inventory days, replen frequency	Layout, bonded process map, stock policies, supplier SLAs
Compliance & H&S	H&S standards, audits, certifications; food safety (F&B)	Certifications, audit summaries, incident logs, corrective action plans

Brand/Experience & ESG Value:

Sub-criterion	What we look for	Evidence required
Concept & Design Quality	Distinctiveness; passenger-flow aware; sense of place	Renderings, layouts, sightlines, flow studies
Category Fit & Differentiation	Role in the airport's portfolio; assortment differentiation	Assortment ladder; brand list; exclusives/local hero plan
Customer Experience & Digital	CX KPIs (mystery shop/NPS), clienteling, frictionless checkout	KPI targets, service blueprint, staffing to CX
ESG & Social Value	Energy footprint, materials, circularity, D&I, scope-3 relevance	KPI set & governance; reporting cadence; supplier standards

Scoring Scale:

Use a common 0–5 scale with calibrated descriptors to enable cross-panel consistency and auditability.

Score	Descriptor	What it means (evidence-based)
0	Non-responsive	Missing or contradicts mandatory requirement
1	Poor	Superficial; lacks credible evidence; major risks unresolved
2	Limited	Partly addresses requirement; gaps in feasibility or controls
3	Adequate	Meets requirements; reasonable evidence; manageable risks
4	Strong	Exceeds standard; robust evidence; low residual risk
5	Excellent / Best-in-class	Substantial, specific evidence; proven track record; clear, measurable uplift

Financial Evaluation

Financial evaluation serves four core purposes:

- Determine which bidder delivers the strongest sustainable commercial value over the contract lifecycle (MAG + turnover share + credible turnover projections).
- Ensure the proposed financials are internally coherent, feasible, and supported by realistic operational assumptions.
- Prevent overbidding by embedding economic credibility checks.
- Minimise legal exposure by using explicit, pre-published formulas and avoiding subjective adjustments.

Component 1: Commercial Feasibility & Realism:

Sub-criterion	What we look for	Evidence required
Demand Logic (Traffic & Mix)	Proposal coherently reflects pax & mix (Non-EU, premium long-haul, transfer)	Use airport-provided traffic/mix data; explain elasticity & price points
CAPEX & Phasing	Fit-out costs, phasing, vendor lead times, refit cycles; CAPEX ↔ sales uplift	BoQ, cost plan, capex curve; ROI model linked to benchmarks
P&L Robustness	Gross margin, OPEX, labour model, sensitivity (± traffic/ mix, inflation)	3-statement mini-P&L; sensitivity & stress tests; assumptions ledger
Turnover, margin and space productivity	Space plan delivers category productivity; SKU rationale, Turnover realism, margin feasibility	SKU depth by sub-category; benchmark sales/sqm, assumed SPP, ATV and CRV
Omnichannel & Digital	Pre-order, collection, CRM, retail media; incremental uplift	Journey map, KPIs (conversion, ATV), tech stack & data governance

Scoring Scale:

Use a common 0–5 scale with calibrated descriptors to enable cross-panel consistency and auditability.

Weighting recommendation:

- 25%-30% of total financial score

Score	Descriptor	Interpretation
0	Not credible	Internal contradictions; CAPEX/FTE unrealistic; impossible numbers
1	Very weak	Major inconsistencies; unstated assumptions; high risk of non-delivery
2	Weak	Some logic but material doubts; inadequate substantiation
3	Adequate	Reasonable, coherent, benchmark-aligned
4	Strong	Benchmark-supported, robust evidence; low delivery risk
5	Excellent	Highly credible, well-supported, stress-tested, category-specific sophistication

Component 2 – Minimum Annual Guarantee (MAG) Score

MAG scoring is based on the bidder's proposed MAG relative to competitors.

Recommended MAG formula:

$$\text{MAG Score} = \left(\frac{\text{Bid MAG}}{\text{Highest MAG}} \right) \times \text{MAG Weight}$$

Alternatively, the airport may choose to set a minimum level for the MAG (e.g. higher of 75% of revenue share or IPP of prior year or indexed MAG of prior year. Year 1 = 75% of forecasted revenue share/IPP by the retailer), which then should be published in the RFP.

Weighting recommendation:

- 30%-35% – of total financial score

Component 3 – Revenue Share Score

Revenue share is often more relevant than MAG, especially for high-mix, high-value categories (Duty Free, Luxury).

Recommended formula:

$$\text{RevShare Score} = \left(\frac{\text{Bid RevShare}}{\text{Highest RevShare}} \right) \times \text{RevShare Weight}$$

Weighting recommendation:

- 40%-45% of total financial score

Economic-Credibility Multiplier (ECM) (optional)

The ECM is a **mathematical adjustment** applied to the financial score when the bidder's underlying assumptions appear unrealistic.

Recommended Formula:

Final Financial Score = Raw Financial Score × ECM

Where:
ECM = 1 − Credibility Penalty

Credibility Penalty is triggered when CAPEX, staffing, or margin assumptions deviate materially from benchmarks.

Example:

- CAPEX < 50% of benchmark → penalty 5%
- Staffing < 70% of benchmark → penalty 5%
- Margin > +20% above category median → penalty 5%

Stress-Test Module (optional)

Stress test scenarios, e.g.:

- **Traffic: –5%, –10%, –15%**
- **Non-EU Mix: –15%** (Duty Free)
- **Labour cost: +8%** (F&B, Luxury)
- **Inflation: +10%**

Each bidder must submit:

- A mini P&L under each scenario
- A narrative explaining operational responses

Airports may assign a **bonus of 1–3 points** for robust stress-response logic.

Combined Financial Score

Financial Score = Commercial Feasibility & Realism Score + MAG Score + RevShare Score + Stress-Test Bonus

Optionally Multiplied by ECM:

Final Financial Score = Financial Score x ECM

This creates a **structured, transparent, defensible** financial evaluation.

Combined Total Score Consolidation

The final tender score is computed as:

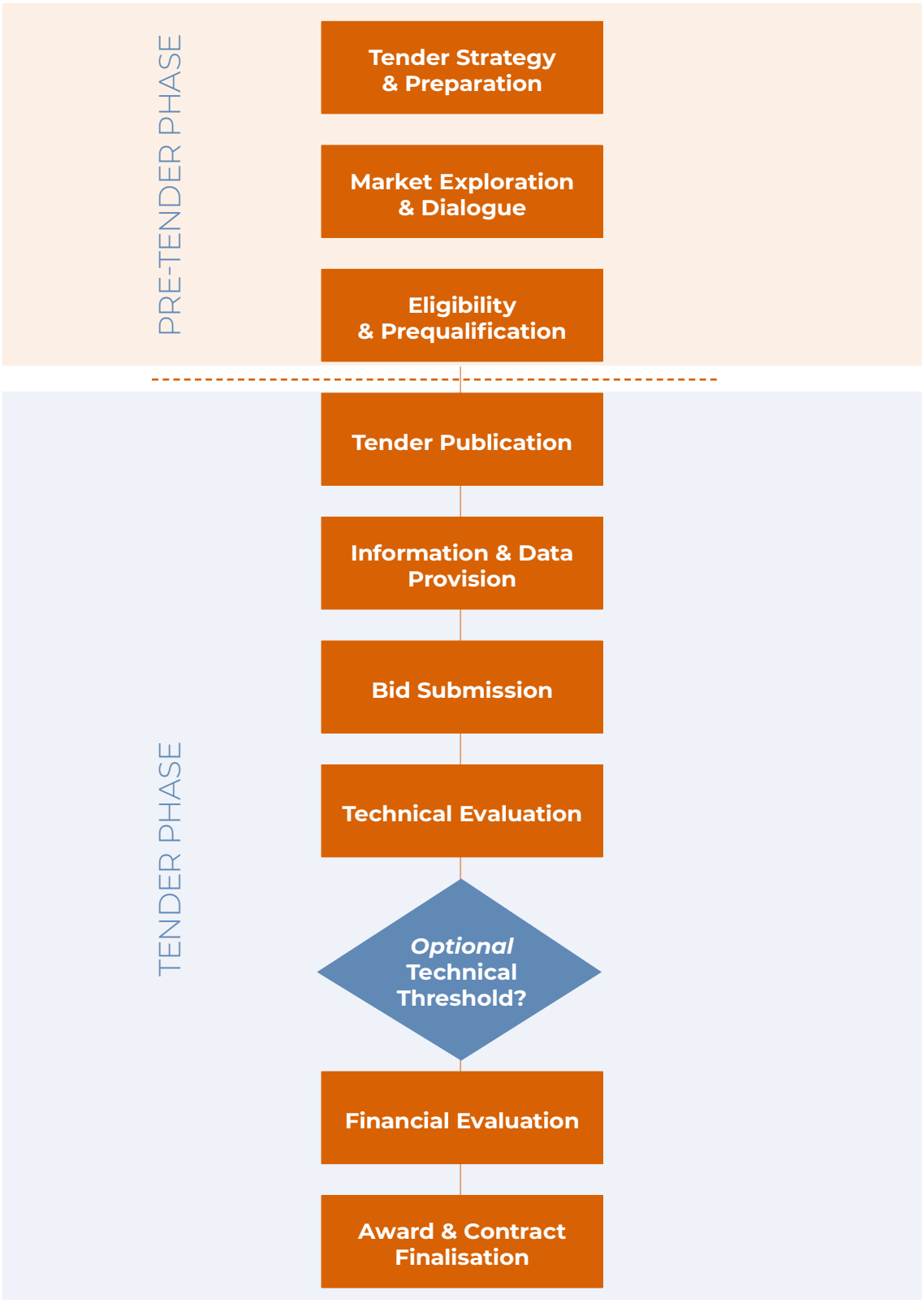
Total Score = W_T x Tech Score + W_F x Financial Score

where:

- *W_T* = Technical weighting
- *W_F* = Financial weighting

according to published tender weighting

Annex 4: Tender Process Overview



Detailed Breakdown

PRE-TENDER PHASE

Tender Strategy & Preparation

- Internal strategic review
- Define strategic intent
- Set objectives (revenue, experience, innovation, etc.)
- Align timelines & governance

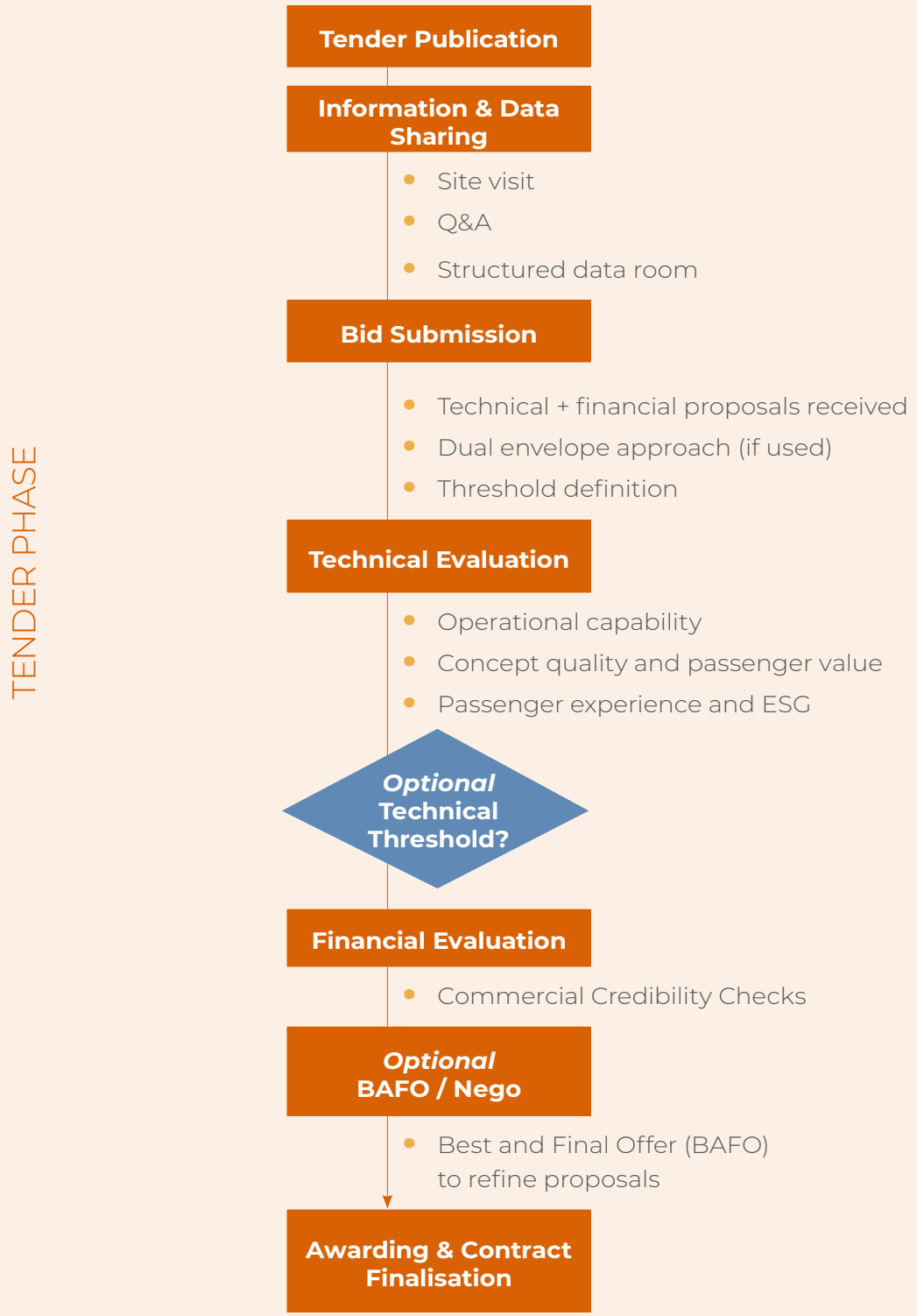
Market Exploration & Dialogue

- Market sounding
- RFIs / workshops / bilateral discussions
- Test assumptions (model, CAPEX, constraints)

Eligibility & Prequalification

- Legal & compliance requirements
- Financial capacity
- Operational and professional capability
- Reputation and integrity

TENDER PHASE



Annex 5: Key Strategic Questions for Airports

This annex is designed to support what has been described throughout this Tender Code as "the conversation about the conversation." In other words, the early and structured dialogue within the airport organisation—and, where appropriate, with the market—that clarifies expectations, assumptions and strategic intent before formal positions are taken.

Rather than providing prescriptive answers, the questions below are intended to help airports frame the right discussions at the right moment. By addressing these questions early in the process, airports can improve alignment across stakeholders, support more realistic and credible proposals, and ultimately enable more effective and sustainable concession outcomes.

A. Strategic Intent and Positioning

- How do we define success for this concession, beyond financial return alone?
- What role should this concession play within the passenger journey and overall airport experience?
- How does this opportunity contribute to our broader commercial strategy and positioning?
- To what extent are we seeking differentiation, innovation or category development?
- How clearly is this strategic intent translated into the tender design?

B. Commercial Value and Opportunity Assessment

- What do we believe this concession is realistically worth over its full duration?
- Which underlying drivers (traffic, passenger mix, dwell time, spend per passenger) shape this value?
- Where do we see growth potential, and where are the constraints?
- How sensitive is the business case to changes in traffic or passenger behaviour?
- Are our expectations aligned with what the market can realistically deliver?

C. Commercial Model and Risk Allocation

- What level of risk are we prepared to retain, and what should be transferred to the operator?
- Which commercial model best reflects the characteristics and objectives of this concession?
- How should risk and reward be balanced to support long-term value creation?
- What level of governance complexity is appropriate for this partnership?
- Where is flexibility required to manage future uncertainty?

D. Data Availability and Transparency

- What information do we have available internally, and what needs to be sourced from current operators?
- Are we confident that bidders will have sufficient data to develop realistic proposals?
- How do legal, privacy or competition constraints shape what we can share?
- How should data be structured and phased throughout the tender process?
- To what extent are we enabling a level playing field through transparency?

E. Tender Design and Timeline

- Are our timelines realistic given the scale, complexity and investment required?
- Have we allowed sufficient time for bidders to develop credible and deliverable proposals?
- Should we introduce a prequalification or staged process to improve outcomes?
- Are our internal decision-making processes aligned with the tender timeline?
- Does the process support meaningful engagement rather than purely transactional bidding?

F. Evaluation Framework and Credibility

- Does our evaluation framework reflect what we truly value in this concession?
- Is the balance between technical and financial evaluation appropriate?
- How will we distinguish between ambitious and unrealistic financial proposals?
- Are our criteria clear enough to support consistent and transparent decision-making?
- How do we ensure that the outcome is both competitive and deliverable?

G. Operational Feasibility and Deliverability

- Are proposed concepts realistically deliverable within our operational environment?
- Do bidders demonstrate the capability to mobilise and operate effectively?
- Have key operational constraints (logistics, staffing, infrastructure) been fully considered?
- How will we monitor and support operational performance over time?

H. Customer Experience and ESG

- How will this concession enhance the overall passenger experience?
- What level of service quality and consistency do we expect?
- How are sustainability and ESG commitments reflected in both proposals and contracts?
- How will these elements be measured and managed throughout the concession?

I. Governance and Partnership Model

- What type of relationship are we seeking with the selected operator?
- How will alignment be maintained throughout the duration of the contract?

- What mechanisms will support ongoing dialogue, performance review and issue resolution?
- How will we collaborate on marketing, traffic development and passenger experience?
- What does a successful long-term partnership look like in practice?

J. Flexibility and Future-Proofing

- How resilient is the proposed model under different market scenarios?
- What mechanisms allow adaptation to changes in traffic, demand or external conditions?
- How can concepts evolve over time without requiring full retendering?
- Are we balancing long-term stability with the need for flexibility and innovation?

Annex 6: Main Concession Types[1]

Concessions are the main driver of airport retail revenue and consequently vary widely in their contractual structures. The following overview of concession agreement types is **derived from, and partially modified** based on, the Stirling University report "Exploring and Testing the Prevailing Business Models in Travel Retail".

Concession Type	Description	Main Characteristics	Best Suited for
Fixed Rent Model	Operator rents commercial space from the airport authority and pays a fixed fee.	• Simple model with clear roles & responsibilities and predictable returns • Airport authority may have little or no engagement with the business • Little or no protection from sudden changes to market conditions • Encourages short-term thinking • Discourages long-term investment	• Small or mature airports with stable traffic and low volatility • Authorities prioritising income certainty and minimal commercial involvement
Revenue Share Plus Fixed MAG Model	Operator rents commercial space from the airport authority and pays a fee that includes a percentage of retail sales or a pre-agreed fixed minimum amount (whichever is greater).	• Provides airport with financial reassurance and works well during traffic growth • Can offer a degree of retail independence • Model highly vulnerable to sudden shocks • Little incentive for the involvement of airport operator • Poor alignment of interests between airport and operator • Can lead to unrealistic tender bids	• Mid-sized or growing airports with predictable demand growth • Authorities seeking revenue protection while retaining upside, with limited operational involvement

1 Source: Exploring and Testing the Prevailing Business Models in Travel Retail, A report prepared for the European Travel Retail Confederation by the Institute for Retail Studies at the University of Stirling, 2025.

Revenue Share Plus Variable MAG Model	Operator rents commercial space from the airport authority and pays a fee that includes a percentage of retail sales or a pre-agreed minimum amount that may vary depending upon market conditions.	• Provides airport with "safety net" while also affording protection against sudden shocks • More equitable share of risk • Greater incentive to invest for both sides • Greater incentive for airport to generate profitable traffic growth • Unrealistic bidding continues to remain a risk • May not protect the Operator against a decline in certain passenger types	• Mid-sized to large airports in volatile or uncertain markets • Authorities willing to engage more actively and prioritise long-term adaptability
Profit Share Model	Both the airport and the Operator agree to share a proportion of profits according to a pre-determined formula. A MAG may still be included in the agreement.	• Close alignment between airport and retailer encourages joint strategic planning and incentivises innovation • Encourages information sharing • Equitable balance of risk and reward • Can blur accountability • May be reliant upon key individuals; • Requires close oversight and continuity of management resources	• Medium to large airports with strong commercial capability and data transparency • Authorities seeking close strategic alignment and long-term value creation
Joint Venture Model	The operator and the airport authority agree to jointly manage the operation and create a new company to do so, collaborating through a process of common governance. Typically, the JV will pay a concession fee to the airport authority.	• Theoretically creates a close alignment between airport and operator • Equitable balance of risk and reward, plus incentive to invest • Can be complex to set up • Usually requires long-term commitment • Difficult to modify or exit	• Large hub airports with high retail turnover and commercial sophistication • Stable regulatory environments and long-term strategic ownership outlooks

Airport Operated Retail (Supply Contract)	An airport (or local operator) runs the retail business, appointing an external distributor to supply product.	• Airport retains full operational control and captures retail margin • Distributor role limited to sourcing, logistics, and potentially category support • High exposure of airport to commercial risk and performance volatility • Requires strong retail expertise, systems, and working capital • High management intensity and operational complexity	• Airports with high commercial maturity and strong in-house retail capabilities • Large or strategic airports seeking maximum value capture and control • Stable markets where demand risk can be actively managed • Authorities willing to assume full commercial and operational responsibility
Management Contract	An operator is contracted by the airport to operate a concession in return for a fixed fee. Typically, the airport retains ownership of the business and may decide to take back full control upon expiry of the management contract.	• Airport retains ownership, strategic control, and financial risk • Operator provides operational expertise and management knowhow • Predictable cost structure through fixed management fee • Limited upside incentive for the operator beyond contract terms • Requires strong contract design, KPIs, and oversight	• Airports seeking operational expertise while retaining ownership and control • Authorities with commercial ambition but limited in-house retail capability • Transition phases (e.g. preparation for in-house operation or alternative models) • Airports prioritising flexibility and optionality at contract expiry

Airport authorities typically adjust cooperation models over time in line with traffic scale, market stability, risk appetite, and internal commercial capability. Smaller or less mature airports often favor fixed rent or fixed-MAG models to ensure predictable income and limited involvement. As traffic grows and commercial capabilities strengthen, airports may transition towards variable MAG or profit-share models to improve incentive alignment and resilience. Management contracts are frequently used as a transitional solution, allowing authorities to retain ownership while accessing operational expertise. Airport-operated retail and joint ventures are generally adopted only by large, commercially sophisticated airports seeking maximum control and value capture. Migration is not linear and may reverse following market shocks or strategic shifts.

Annex 7: Flexibility & Resilience Mechanisms

Strategic Context and Rationale

The airport travel retail sector now faces ongoing uncertainty and complexity, requiring new approaches as traditional fixed contracts cannot meet the demands of fluctuating passenger profiles, diverse margins, and operational challenges.

The traditional "set-and-forget" concession model is therefore no longer viable. Airports and operators require structured, rule-based instruments to adapt to market dynamics without recurring ad hoc renegotiations, which introduce political, commercial, and legal risks. The aim of the flexibility framework is to establish predictable, data-driven, and category-adaptive mechanisms that stabilise value creation and distribute risk proportionally.

Therefore, the framework relies on the following principles:

- **Structured flexibility**, avoiding discretionary, time intensive renegotiation.
- **Predictable and transparent adjustment logic**, known ex ante to both parties.
- **Protection of long-term asset value**, not erosion of returns.
- **Balanced risk sharing**, aligned with real market behaviour.

These principles underpin the modern flexibility architecture.

The flexibility architecture consists of 3 core elements designed to anticipate deviations, manage shocks, and maintain contractual alignment:

1. **Baseline Mechanisms:** Baseline mechanisms establish the standard across new contracts, ensuring predictability and transparency. They guarantee that flexibility is not exercised at discretion but is instead applied in a way that is algorithmically understandable.
2. **Advanced Flexibility Tools:** Optional approaches to be used in demanding markets/specific cases.
3. **Process & Data Infrastructure, Governance:** The framework that ensures flexibility operates in a controlled, fair, and abuse-resistant manner. Flexible contract mechanisms only work if they are embedded within a robust governance system and are based on transparent and reliable data.

1. Baseline Mechanisms

1.1 Periodic Review Cycles (e.g. annual)

A structured review process makes it possible to regularly monitor key elements. Typical components of a review cycle include:

- Traffic volume & passenger mix
- Category performance (SPH, ATV, conversion)
- Cost development (personnel, energy, logistics)
- Compliance & ESG metrics
- Operational performance (service level, queueing, staffing)

Why is this important? Review cycles prevent deviations from accumulating and escalating only after years.

1.2 Financial Resilience Mechanisms

Classic contracts suffer from overbidding incentives, causing unrealistic commitments and therefore discretionary, time intensive renegotiations. Furthermore, rigid structures, preventing appropriate responses to shocks as well as operator underperformance.

Principles of modern contract models:

1. Balanced risk allocation
2. Performance orientation, emphasising spend and conversion
3. Automated, data-driven adjustments
4. Resilience under stress scenarios

1.2.1 Hybrid MAG + Revenue Share

Indexation ensures that the MAG is adjusted in consideration of external factors. Currently mainly 2 standard indexation methods have been established in the industry: CPI indexation (inflation) and traffic indexation (MAG p. Pax, sometimes further split to destination, especially in Duty Free ➡ MAG p. Non-EU pax and MAG per EU pax).

With introducing a traffic or traffic segment dependent MAG, which is additionally indexed by CPI, the issue of disproportionate risk allocation will be addressed. However, to prevent overbidding, this MAG should back up the sales and revenue share forecast. As the first forecast year has the highest visibility and credibility in terms of expected passenger volume as well as sales and payable concession, a MAG mechanism could be modelled as follows:

$$\text{MAG p. Pax year 1} = \frac{\textit{75\% of forecasted concession income of year 1}}{\textit{forecasted passengers year 1}}$$

MAG p. Pax year 2 = MAG p. Pax year 1 * (1+Inflation year 1)

MAG p. Pax year 3 = MAG p. Pax year 2 * (1+Inflation year 2)

etc.

Furthermore, an incentive mechanism can be implemented, promoting sales performance with a kickback to the operator if certain pre-defined spend quality related KPIs are reached.

1.2.2 Dynamic MAG Bands

A modern contract should include predefined crisis & shock triggers (e.g. prolonged significant traffic decline, regulatory changes like Duty Free limits or regulations, terminal closures etc.) that automatically activate MAG adjustments to prevent discretionary, time intensive renegotiations. Where such shocks are not already addressed through another predefined contractual adjustment mechanism, MAG bands addressing e.g. traffic shocks could be defined as follows:

Traffic decline > 10% for 6 months ➡ 5% MAG reduction,

Traffic decline > 20% for 6 months ➡ 10% MAG reduction,

Traffic decline > 40% for 6 months ➡ MAG suspended

1.3 Stress Testing

Contracts undergo stress testing for traffic declines, mix shifts, inflation shocks, and conversion drops. Examples for stress scenarios:

1. Traffic -10 %
2. Traffic -15 %
3. Traffic -25 %
4. Passenger mix shift (Premium -15 %)
5. Inflation +8 %

Objective: ensure stability in 4 of 5 scenarios.

1.4 Safeguards Against Misuse

Mitigation tools include KPI consistency checks, benchmark comparisons, documentation obligations, and controls to prevent revenue shifting or forecast manipulation.

1.5 Reforecasting Protocols

Operators provide structured quarterly/ biannual forecasts used for planning but not treated as binding commitments.

2. Advanced Flexibility Tools

These mechanisms are optional and could be used in more demanding markets/ specific cases.

2.1 Space Reallocation Rights: Airports may, during the contract term, reduce, expand, or convert spaces (e.g., Fashion → Luxury). This is carried out through:

1. defined triggers (e.g., performance <80% of the benchmark for 6 months)
2. space rental logic
3. CAPEX amortisation rules

2.2 Seasonal Format Adaptation: Permits assortment and format changes according to:

4. Schengen/Non-Schengen seasonality
5. Travel purpose (holiday vs business)
6. Airline pattern (low-cost carrier vs legacy carrier)

2.3 Pilot Zones for innovation: Pilot zones reduce CAPEX risks and accelerate the pace of innovation by offering limited areas for e.g.:

1. Testing new brands
2. Pop-ups
3. Experiential retail

These tools enable dynamic assortment and footprint optimization

3. Process & Data Infrastructure, Governance

3.1 Data Driven Flexibility

Data is the backbone of the entire framework. Without high-quality, verifiable data, flexibility becomes subjective negotiation

3.1.1 Core Principles

Symmetric Transparency: The airport and operator must have access to the same types of data to make informed decisions

Automated Measurability: Every trigger and contractual adjustment must be based on clear numerical parameters—not on estimates

Standardised Data Formats: For models to function transparently, data must be structured identically: Same timeframes, same calculation methods, same units

3.1.2 Mandatory Data Sets

Operators must deliver detailed datasets across:

- Sales & performance KPIs (SPP, ATV, CRV etc.)
- Passenger data (Passengers present, destination, transfer share etc.)

- Operational KPIs (Staffing levels, queuing times, opening hour compliance, average dwell time etc.)
- Structured forecasts (Pax forecast, sales forecast, category forecast, capex planning etc.)

3.1.3 Data Activated Mechanisms

Data not only serves transparency but also acts as the basis for fully automated adjustments. Trigger categories could include:

- Traffic triggers
- Passenger mix triggers
- Spend quality triggers

3.1.4 Technical Requirements

- POS and pax data integration
- Hourly data granularity
- Automated validation pipelines
- Standardised formats (CSV/XLSX, unified timestamping)

3.1.5 Benchmarking Framework

Benchmarks draw from internal benchmarks, peer clusters and historical data. They validate triggers, ensure comparability, and enforce fairness. Examples for benchmarks used:

- Airport internal benchmarks
- Peer cluster benchmarks
- Category benchmark
- Best practice benchmarks

3.1.6 Governance & Responsibility

Data responsibilities are shared across operators, airports, JRC and independent auditors. Data will be validated by checking

- Completeness – Gapless time series
- Consistency – No implausible outliers
- Benchmarks – Comparison with category benchmarks

Data that do not pass validation cannot release any triggers

3.2 Governance Architecture

3.2.1 Governance Principles

Four essential core principles:

- **Principle 1 – Rule Based, not negotiated.** Decisions are based on predefined parameters, not on spontaneous negotiations. This guarantees fairness and prevents tactical behaviour.
- **Principle 2 – Transparency and Documentation.** All adjustments must be traceably documented. No informal adjustments, no verbal side agreements.
- **Principle 3 – Data Integrity & Auditability.** Every trigger, every adjustment, and every KPI must be based on verifiable data. Certified data streams are mandatory.
- **Principle 4 – Shared Oversight.** Airports and operators share responsibility, but only an independent body can resolve disputed cases.

Airports and operators share responsibility, but only an independent body can resolve disputed cases.

3.2.2 Governance Levels

Level 1 – Operational Governance: Acts as the primary safeguard, ensuring daily operations run smoothly and information flows reliably.

Key tasks:

- Deliver daily data (Sales, Pax, Ops KPIs)
- Perform weekly performance checks
- Implement operational flexibility rights (such as assortment adjustments and staff allocation)
- Align forecasts across operations
- Report unforeseen operational issues immediately

Recommendation: Establish a weekly/biweekly sync meeting between Airport Retail Operations and Store Management to address risks and enhance coordination.

Level 2 – Contract Governance Layer (Joint Review Committee): JRC is the main body responsible for overseeing flexible mechanisms, adhering strictly to established rules.

Committee Composition:

- Airport Commercial Team (2–3 members)
- Operator Management (2 members)
- Optional: Category/Analyst role and/or ESG/Compliance representative

Key Tasks:

- Review all KPI data
- Classify triggers
- Approve automatic adjustments
- Interpret benchmarks
- Harmonise forecasts
- Evaluate CAPEX amortisation and incentives
- Ensure contractual compliance

Decision Guidelines:

- Decisions must be objective and data-driven
- All decisions require documentation
- Escalations should use standardised checklists

Level 3 – Independent Oversight Layer (Third Party Auditor): Guarantees neutrality and data integrity. An independent auditor (e.g., audit firm or specialised data auditor) examines:

- Sales Data
- Pax Data
- Forecast Quality
- Category Benchmarks
- Trigger Validity
- Compliance Requirements

Audit cycles:

- Annually for full audit
- Quarterly for critical categories (Fashion, Luxury, F&B)
- Ad hoc in case of escalations

It is recommended to make auditor results binding to prevent nearly irresolvable bilateral conflicts.

Level 4 – Escalation & Decision Authority Layer: Mechanism for final decisions. If the Joint Review Committee cannot reach an agreement, there are two escalation levels:

1. Mediation / Technical arbitration: A neutral expert body issues a recommendation. This recommendation is contractually binding unless both parties jointly object.

2. Executive Decision Board: For high-impact issues (e.g., space conversion, CAPEX renegotiations, structural trigger deviations):

   - Airport: CCO
   - Operator: Country Manager / Regional Director

This board makes a final decision based on:

Auditor data, Benchmark analysis, Contractual framework, ESG and Passenger Experience factors

Important: Decisions must continue to be rule-based. No political arbitrariness.

3.2.3 How does the Governance Work in Practice?

A) Trigger Detection Process

1. Operator provides daily/weekly data
2. Airport analyses this data automatically
3. System detects: Trigger met or not
4. Result is included in the next JRC (Joint Review Committee) meeting
5. JRC confirms or refuses the trigger after checking

B) Adjustment Approval Process

1. JRC reviews the trigger
2. JRC documents the decision
3. Contract adjustment is recorded
4. New MAG (Minimum Annual Guarantee) / new revenue share / new KPI benchmarks take effect
5. Change is confirmed to both parties

No adjustment is valid without documented JRC approval.

C) Forecast Validation Process

Forecasts are evaluated according to defined criteria:

- Historical consistency
- Truthfulness
- Variance analysis (> ±10%)
- Comparison with passenger mix forecast
- Alignment with category benchmarks

In the case of repeatedly poor forecasts, the JRC can:

- Require stricter validation cycles
- Initiate audits
- Activate incentives or penalties

3.2.4 Documentation & Compliance Obligations

Mandatory Documents:

- Trigger Reports
- Benchmark Analyses
- Forecast Assessments
- JRC Protocols
- Audit Reports
- KPI Dashboards

Storage:

- At least 5 years
- Digitally Auditable
- Access for Compliance & Auditors

Prohibited:

- Unrecorded Adjustments
- Verbal Agreements
- Informal “Side Deals”

Annex 8: Example Timeline for a Commercial Concession Tender Process

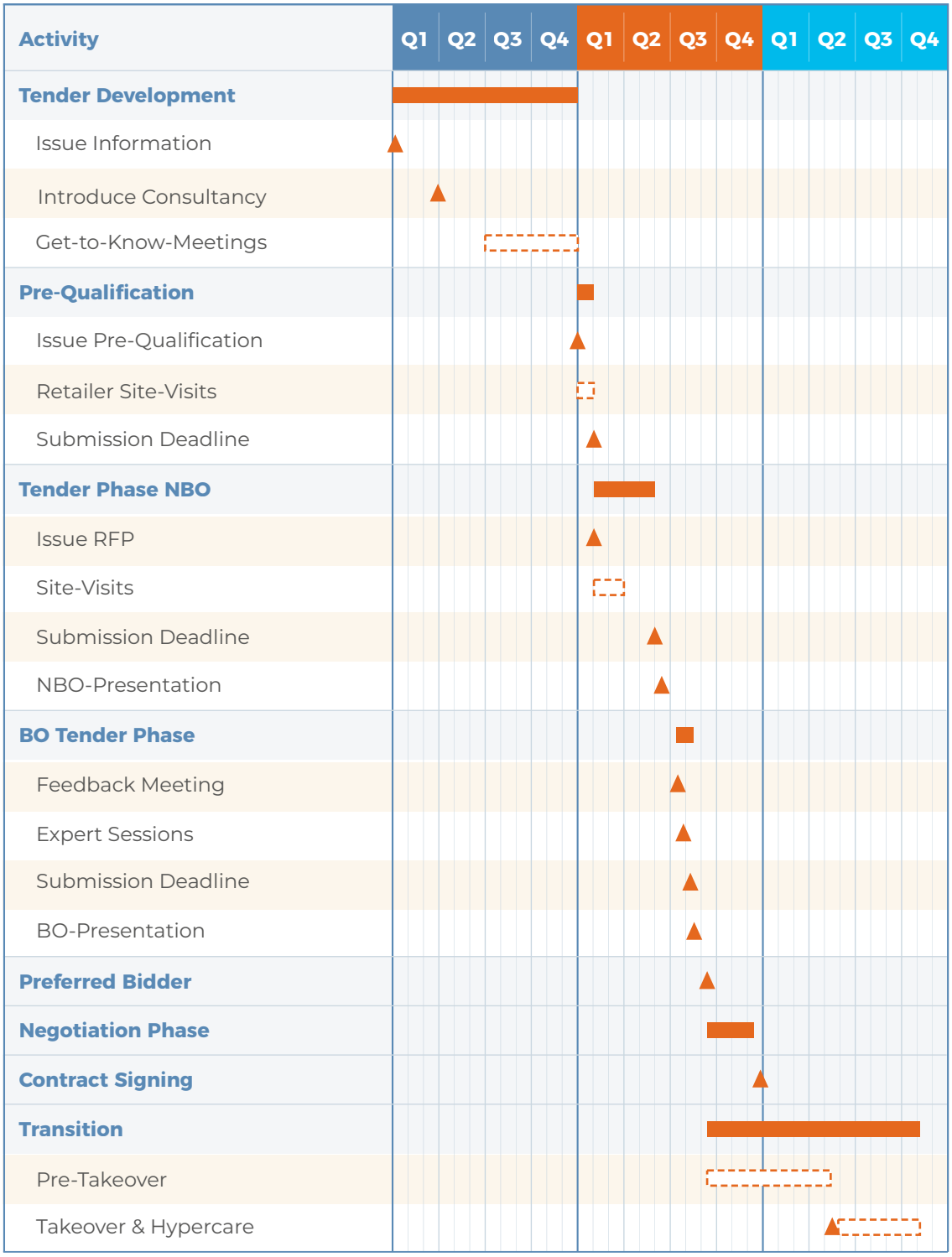
The duration and sequencing of airport commercial tenders will vary depending on airport size, governance structure, regulatory requirements, project complexity, and concession scope.

The example below is intended solely as an indicative reference illustrating the typical phases, dependencies, and preparation periods associated with a major commercial concession tender process.

Airports are encouraged to work backwards from the planned contract expiry or operational takeover date to ensure sufficient time for tender preparation, evaluation, negotiation, fit-out, operational transition, regulatory approvals, and system integration.

Phase	Indicative Duration	Key Activities
Tender Development	± 12 months	Commercial strategy, governance alignment, consultant engagement, market sounding, legal preparation, retailer engagement
Pre-Qualification	± 1 month	Information package issuance, bidder shortlisting, capability assessment, site visits
Non-Binding Offer (NBO) Phase	± 4 months	RFP issuance, data sharing, technical proposals, initial commercial submissions
Binding Offer (BO) Phase	± 1 month	Final proposal refinement, presentations, best-and-final offers
Negotiation Phase	± 3 months	Contract negotiations, legal review, commercial alignment
Transition & Takeover	± 6+ months	Fit-out, licensing, recruitment, IT integration, stock build-up, operational handover, hypercare

Example Time Line



The timeline should always reflect the scale and complexity of the concession involved. Large multi-category concessions, joint ventures, major CAPEX programs, or projects involving terminal redevelopment may require substantially longer preparation and transition periods.

This annex also helps reinforce several core themes already present throughout the modernisation effort:

- partnership over transactional tendering,
- realistic planning,
- better preparation,
- transparency,
- long-term value creation,
- and operational resilience.

Annex 9: Indicative Transition & Handover Framework

A well-structured transition process is essential to ensure operational continuity, regulatory compliance, commercial readiness, and a seamless passenger experience when transferring a concession from one operator to another.

The following framework outlines the principal workstreams, dependencies, and risks typically associated with airport commercial concession transitions and handovers.

Objective

- Deliver a fully operational transition through a coordinated, end-to-end setup process, limiting disruptions, costs and benefiting all parties.
- Ensure legal, operational, commercial, and technical readiness before closing and opening.

Core Workstreams

(between outgoing and incoming operators with landlord support)

Legal & Compliance

- Properly document the full process, including NDAs and third parties where required.
- Respect applicable competition law.

Customs & Licensing

- A customs bonded space (stores and warehouses) cannot simultaneously belong to two different companies.
- Agree transition timing and approval sequencing with customs authorities.
- Separate spaces may be required during transition.

Finance & Administration

- Agree and audit any assets transferred from the outgoing operator.
- Establish discrepancy resolution mechanisms.

Commercial

- Where goods are transferred, assess feasibility regarding excise duties in particular.
- Consider use of third parties (e.g. vendors) to transfer goods indirectly and avoid disclosure of commercial conditions and margins.

Supply Chain & Logistics

- Allow separate warehouse space during transition for incoming operator goods and outgoing operator remaining goods.
- Customs approval may be required.

Store & Technical Setup

- Agree on the transfer or sale of existing fixtures to ensure operational continuity from day one until refurbishment.
- Avoid unnecessary restoration of spaces to original condition where future refurbishment is planned.

IT Systems

- Allow POS and IT setup prior to opening to ensure readiness on transition day.
- Retire outgoing operator systems after operational handover.

HR & Operations

- Assess possibilities for existing staff continuation with the incoming operator.
- Allow sufficient training time prior to transition.
- Seek balanced approaches regarding pending holiday liabilities and transition-related labour costs.

Marketing & Communication

- Prepare opening-day communication and marketing activities.
- Remove outgoing branding only after transition readiness is confirmed.

Execution Approach

- Coordination committee with regular meetings and minutes involving all three parties.
- Structured timeline with defined tasks, durations, and ownership.
- Parallel execution across workstreams where feasible.
- Phased delivery approach:
  - Setup
  - Operational build
  - Final readiness
  - Transition / go-live

Critical Dependencies

- Legal and licensing approvals prior to operations.
- Customs setup before procurement and sales activities.
- Store construction and IT activities dependent on space availability.
- Supply chain readiness required before stock availability and opening.

Timeline Logic

Early Phase

- Legal, licensing, customs, and governance foundations.

Mid-Phase

- Store setup, IT implementation, logistics, and commercial readiness.

Final Phase

- Testing, training, operational readiness, and go-live preparation.

Key Risks

- Delays in legal, customs, or regulatory approvals.
- Dependencies between workstreams causing cascading delays.
- Gaps in operational readiness at opening (staff, stock, systems).
- Complex coordination across multiple companies and teams.

AIRPORTS COUNCIL INTERNATIONAL

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ACI EUROPE is the European region of Airports Council International (ACI), the only worldwide professional association of airport operators. ACI EUROPE represents over 600 airports in 55 countries. Our members facilitate over 95% of commercial air traffic in Europe. Airports and air connectivity support 14 million jobs, generating €851 billion in European economic activity (5% of GDP).

In response to the Climate Emergency, in June 2019 our members committed to achieving Net Zero carbon emissions for operations under their control by 2050, without offsetting.

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Kinetic Consultancy led the research, development and drafting of the Tender Code, incorporating Working Group and wider industry input.

Special contribution from the **European Travel Retail Confederation (ETRC)**

