

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, November 1, 2010

Present: Charles Fletcher, U.L. Gooch, Dwight Greenlee, John Hennessy, David Murfin, Rebecca Pilshaw, Thomas Pryor, Dr. Thom Rosenberg, Bill Ward, Brent Wooten

Absent: Ron Estes, Willis Heck, Kevin Myles

Airport Staff: Victor White, Brad Christopher, Kelly Fabrizius, Traci Nichols, John Oswald, Valerie Wise, Jean Zoglman

City Staff: Jay Hinkel, Deputy City Attorney

Others: Michael Carter, AECOM
Mark Kelly, AECOM
Mark Chamberlin, Armstrong Shank

Chairman Greenlee called the meeting to order at 2:30 p.m.

Approval of Minutes

Motion by Fletcher to approve the minutes of the October 4, 2010 Wichita Airport Advisory Board meeting. Motion carried unanimously.

Director's Report

Victor White, Director of Airports, advised that he does not have a Director's Report today and invited the Board Members for an airfield tour at the conclusion of the meeting.

ACT 3 Project Update

Michael Carter, AECOM, presented to the Board a PowerPoint presentation regarding the need to build a new terminal.

Mr. Carter advised that the need for the new terminal was set forth and detailed in the October 2004 Terminal Area Plan which concluded that the existing terminal should be replaced. The functional deficiencies in the Terminal Area Plan noted that there is limited suitability due to the fact that congestion occurs in the terminal as well as at curbside. There is too much space in the wrong places and the space for security screening is inadequate. Mr. Carter showed photographs that depict the passenger screening area as well as the baggage screening area. The current building is not in compliance with Life Safety Building Codes or ADA requirements. The walking distance is excessive and most of the concessions are in the wrong place. Asbestos

exists in the building, HVAC systems are old and inadequate, the roof leaks, the structure is not in compliance with seismic requirements and TSA is not able to employ the systems that other terminals have for security including inline baggage screening. The passenger screening checkpoint is about half the size of what is recommended by TSA and there is not any space available to implement the whole body imaging system which will result in the fact that TSA will have to use the new invasive pat down procedure for anyone with artificial limbs or joints.

Mr. Carter showed the expansion and reconfiguration improvements that would have to be made to the existing terminal as well as the architectural, structural and mechanical improvements. To renovate and expand the existing terminal it would cost approximately the same as a new terminal and the challenges that we would have would far exceed the problems associated with building a new terminal. The new terminal will have almost 40% more space in the hold rooms, 20-30% less walking distance for passengers, 25% wider curb depth and also 25% longer curbsides for facilitating passenger pick-up and drop-off.

Mr. Gooch asked what the square footage of the old building compared to the new building is. Mr. Carter said it is approximately the same size, the new terminal is designed to be approximately 270,000 square feet and the existing terminal is approximately 266,000 square feet. Mr. White said it is not the intent have a larger building on opening day. Rather the new terminal will be laid out better and more efficiently. Also, you may recall that there will be 12 rooms and 12 jetways to get down to the gates, and four of those twelve will have the capability of having two jetways so theoretically there could be up to 16 airplanes parked simultaneously depending on the size of the planes.

Mr. Murfin asked if we could determine the distance from an average short-term parking space and long-term parking space to the ticket counter and then to the gate. Mr. Carter asked if he would like that information with or without a garage. Mr. Murfin said both, he is curious how efficient it will be between the parking and the terminal because it looks to him that there will be non-functional space which will make the walk further. Mr. White said by having a garage it will make the parking closer than if all of the cars were on the surface.

Mr. Ward asked how it would be handled if a 747 came in. Mr. White said one of the gates at the far end will have a jetway installed that can go up as high as a 767. A 747 literally can be put at any gate as long as the bridge can get to it and there is nothing on either side of it. There are charters here on an occasional basis of aircraft that are not the standard size and we try to be as flexible as possible.

Dr. Rosenberg said he just got back from Pittsburgh, Pennsylvania and their parking garage is set up very similar to the way he thinks it will be set up here. They did not have any short or long term parking, however it was based on your ticket and how long you stayed. A person could park wherever they chose, the only difference was the time you checked in on your ticket and that made it very convenient. Mr. White said two to three years ago the parking consultant was here to discuss the garage, and his recommendation was to not use the word short-term anymore once we get a garage because the industry trend is to call them something different like hourly parking and daily parking, it is simply based on price.

Advertising & Marketing

Valerie Wise presented a PowerPoint presentation to the Board providing an overview of the current advertising program.

Mrs. Wise said our marketing program is not just directed towards the consumer, it is also directed to the airlines. It is important that we partner with the airlines and also that we promote their service. Our advertising program is one that has continuity with our branding message. We want to make sure that we brand ourselves in a way that consumers can relate to, that it meets our goal of increasing awareness of Mid-Continent Airport and in turn increases passenger traffic for Wichita. We also have to be able to quickly respond to the changes in the airport and airline industry as well as adapt to the way consumers are getting their information. The primary goal is to increase passenger traffic and there are several reasons for that. First, we are a self-sustaining entity, we do not use local tax dollars to fund our operations. The revenue that is generated from passenger traffic through concessions, rental cars, and parking helps pay for our operations. Passenger traffic is very important to us and it is important that we increase that as much as possible. It is also important for the state economy. The more travelers coming through Wichita has a significant impact on the State's economy. Also, as our enplanements grow, it increases our opportunity to enhance air service. In order to meet that goal we have adopted a three-tiered strategy: branding, affinity and retail.

Our branding message is Convenient, Friendly, Affordable. It is a breeze to use Mid-Continent Airport. We want to encourage travelers to choose Wichita over other airports. The majority of people in the Wichita metro area do use this airport, however there are people in the outlying areas that have to travel. They may have to drive three to four hours to another airport and we want them to choose Wichita because it is a convenient airport to use. Our affinity campaign is one that invokes loyalty to this airport. We want them to feel that this is their airport and that is done through our sports marketing program. We advertise through KU, K-State and Wichita State so as Kansans connect with their universities and tie into that loyalty they see that Mid-Continent Airport is part of that team and that invokes loyalty to this airport as well. The third strategy is retail, where we promote air fare sales and new service. The strategy is to give people a reason to fly, you cannot just say Fly Wichita, you have to give them a reason to fly. We also try to reinforce the affordability and accessibility of flying out of Wichita.

We are often asked how we measure our progress, how do we know that what we are doing is effective. It is very difficult to say that this particular campaign resulted in this number of bookings because passenger traffic fluctuates based on the economy and things out of our control, however we do know that advertising is key to increasing public awareness. We can look at how we did in 2009 compared to other airports. Our traffic was down 7%, Oklahoma City was down almost 9%, Tulsa was down 11½%, Kansas City was down 7% and Des Moines was down 7.6%. In comparison to the other airports we did not do too badly. This year we are up almost 3%, Omaha is up .7%, Tulsa is down almost 2%, Kansas City is up .81%, Des Moines is up 3% and they have had new service in Des Moines with AirTran and Frontier. Wichita is doing pretty good and we have not had any major new air service to contribute the growth to.

Marketing the airport is important to building our relationships with the airlines. As we show airlines that we are aggressively promoting air service that is important to them and is key to obtaining new service. Airports that can prove successful airport/airline partnerships have an edge over other airports that are competing for those limited resources.

The most accurate tool we have to measure advertising progress is by measuring retention because the more people in the catchment area that are using this airport shows a change in consumer behavior. Sabre Airline Solutions conducts market assessments for our airport periodically and they analyze booking data in our catchment area and show the airlines from where those passengers are flying in order for us to see if people in our catchment area are using Oklahoma City, Tulsa or Kansas City. It reflects the change in consumer behavior. Mrs. Wise showed the catchment area that was used in 2001, 2005 and 2008. In 2009 Sabre did a market assessment which broke apart the catchment area into a primary and a secondary catchment area and also extended it further into the south. There has been significant improvement just from 2008 to 2009. Wichita was able to capture 85% of the passengers as opposed to 81%. Mrs. Wise compared specific City's retention rates during that time period. 65% of bookings in our total catchment area use Wichita. Wichita is the preferred airport of choice in the total catchment area. Kansas City is 20%, Oklahoma City 9%, Tulsa 5%, and Amarillo is 1%. In the primary catchment area the bookings are 78.4% of total bookings and in the secondary catchment area the bookings are 21.6% and it is that 21.6% that we have to focus on. Oklahoma City is the preferred alternate airport in the primary catchment, not Kansas City, which also reflects that the catchment area was measured further to the south.

Wichita is the preferred alternate airport of choice in the secondary catchment area and Kansas City is the preferred airport in the secondary catchment so it shows that we still have some work cut out for us and still need to continue to market in our secondary catchment area. From March 2008 to year end in 2009 our retention rate stayed about the same at 65% even though we went further into the Oklahoma City catchment area. You can see how we have improved, Kansas City was getting 34% of our bookings and now they are only getting 20.5% We went from 55.9% to 64.7% so we have done a really good job as far as retaining some of those passengers that were leaking to Kansas City, however 1,200 passengers daily are using other airports and that is significant.

Our brand message is Convenient, Friendly, Affordable. Back in 2006 Armstrong Shank said we can not control the fares and other aspects of travel, however we can control the airport environment. We wanted to focus on the convenience of flying out of Mid-Continent Airport. Armstrong Shank developed the Courtesy Crew concept in 2006 and it is a fantastic customer service program. There are eight part-time customer services representatives on our staff. They have proven to be an invaluable service to the flying public. As we look at consumer trends, people want convenience, they want simplicity in their lives and they are willing to pay for it. We ran three television spots on the courtesy crew which highlighted airport convenience.

Our website is used in everything we advertise, and the name itself is a call to action. We use it to promote fare sales and air service enhancements. There are currently about 5,300 subscribers to our website. Armstrong Shank re-designed the site and it was launched last May. Mrs. Wise

showed the new site to the Board. To capture the affinity, there are pictures of our passengers, we claim them. We do not just want the passengers to think of this as their airport, it goes both ways. We are posting pictures of the travelers on their vacations on our website. This not only captures the affinity that we are trying to reach, however it also shows that you can get anywhere from Wichita. It provides people ideas of where they can go on their next vacation. There are several web banners and we have a booking engine that is customized specifically for Mid-Continent Airport. We also have a news feature that shows the latest headlines. The HotFares are also listed on the home page. HotFares are promoted on television and radio broadcasts once a week and these are sent out to our email subscribers and posted on Facebook and Twitter. Prior to the launch of the new website we held a contest where we asked people to send in pictures from their vacations that started at Mid-Continent. We received over 700 amazing photos and the winner was able to receive two airline tickets to anywhere they wanted to go in the continental United States. Mrs. Wise showed the winning photo of a couple on their honeymoon kayaking in New Zealand.

Social Media is the communication tool that people are using and will continue to use more and more. What is nice about Facebook is items can be posted that are not worthy of a press release, although it is still a form of communication. It connects the airport with the traveling public. It is that connection that is important and it is also part of the affinity program. It is a good tool to use for announcing fare sales or to discuss events that are happening at the airport. The airport's Facebook page was launched in May and so far has 1,353 fans, over 2,500 active users, and had 295 visits last week. The airport's Twitter page has 551 followers. A summer photo contest was held where passengers were asked to send in their summer vacation photos. There were 545 fans prior to the launch of the contest and it concluded with 778 fans. Mrs. Wise showed the winning photo of a whitewater rafting trip. There was also a Facebook promotion where tickets were given away to the K-State-KU football game, we received a great response to that with over 1,300 entries.

Another form of communication which we use often is LED Boards. They are a great tool because we can change the message quickly and if there is a new fare sale we can get the message out immediately. We use the Board at Central and Rock Road and in July we started using an LED board on East Bound Kellogg near the Scotch & Sirloin. Mrs. Wise showed samples of some of the LED's advertisements.

Partnering with the airlines is important when bringing new service to Wichita. When Frontier started service we provided the marketing to promote their new service. We used Frontier's radio and television spots that were already done and added our airport logo to them. We gave away a trip to the San Diego Zoo, an Aspen Ski Trip, and tickets to a Bon Jovi concert just to name a few of the promotions. We also promoted Allegiant's Los Angeles, Orlando and Phoenix service as well as Northwest Airlines Detroit service and United's Los Angeles service. This is just a sample of some of the airline partnerships and promotions that we have done.

The affinity marketing program was developed to invoke loyalty to Mid-Continent Airport just as Kansans can identify with their favorite college team. The target audience is people who travel, people who have money to travel and people who have a choice of airports. Mrs. Wise

said that she has spoke with several Wichita State, Kansas State and Kansas University alumni and they are aware of our support and we have their support as well. We also have the ability to reach the entire state through their radio networks. Mrs. Wise discussed the promotions that are done with each university for the various sports as well as with Thunder Hockey.

The airport also has symphony and opera advertisements. Last year we did a radio advertisement by interviewing passengers in the terminal building. We also continue to promote our airport land and facilities that are available for development and have updated our website to show the facilities and land that are available for rent. The research partnership was hired this past summer to gauge the effectiveness of our advertising programs. They collected over 400 surveys. We recently met with them and the preliminary results are very positive. They plan to come to an upcoming meeting to share the results with you.

Mrs. Wise advised that a Request for Proposals was advertised last week for another advertising contract. The current contract with Armstrong Shank will expire in February and there are no additional options to renew. Mr. Fletcher asked if this Board would make recommendations. Mrs. Wise said we will have some individuals from this Board as well as some City representatives. Mr. Fletcher and Dr. Rosenberg both volunteered to be on the committee.

Mrs. Wise said to summarize our advertising program, an effective program has to have continuity in the branding message, has to meet the goal of increasing passenger traffic and awareness of Wichita, and also be able to quickly adapt to the changes in the airport/airline industry. We believe our three-tiered strategy of branding, affinity and retail is on target. The preliminary results of the research support our strategy. We have seen increased retention, however the 35% leakage shows that we need to continue our advertising throughout the state. It is reasonable to assume that our passenger traffic in 2010 is outpacing other airports in the region and is due in part to our aggressive marketing program.

Mr. Gooch asked if there is any way of tracking arrivals from other locations than Wichita and what reasons they have for not flying into Wichita. Mrs. Wise said she thinks that would be very difficult to track, the Sabre assessments measure the bookings that are in our catchment area only and she does not know how we could measure other bookings. Mr. Gooch said he just wondered if there was any method to track what business goes to other airports. Mrs. Wise said if it is for a company there may be a way to measure it, although if it is leisure travel it could be difficult to measure.

Mr. White said one of the differences between this airport and an airport in Florida or Las Vegas is that Wichita is an outbound market. Most of our customers leave here and go somewhere else. Whereas in Florida they are coming to Florida, so it is reversed. Mr. White said from his past experience at the Orlando Airport they spent their advertising dollars in the Northeast and the Midwest to get people to come to Florida. In Wichita it is just the opposite, we spend our money to get the people here to use this airport as opposed to going to Kansas City or Oklahoma City. Mr. Hennessey said he believes we have done an excellent job on marketing the airport, however he thinks it is important to look at a way to capture more email addresses. He was recently involved with a marketing study from Disney, who has one of the best marketing programs, and

they really emphasize communicating with their customers both before and after their trip. Mr. Hennessy suggested that it may be possible to obtain email addresses from passengers while they are in the lobby or in the waiting area. That way you can increase the database and be able to communicate more with your passengers. Mrs. Wise said that our Facebook promotions give us the right to enter their email addresses into our database and with the last game ticket promotion we entered over 1,300 email addresses. We also collect email addresses from the touch screen surveys in the terminal. Also, social media is another way of communication, the followers are like subscribers, they may not get emails, however they do receive the messages and if you add that up, our subscribers are growing. Mr. Hennessy said he thinks that social networking is where everyone is going, although there is still a demographic that just use email because they are comfortable with it. Mrs. Wise said we are continually looking at more ways to get communications out.

Other Business

The next WAAB meeting will be Monday, December 6, 2010 at 2:30 p.m.

Meeting adjourned at 3:43 p.m.

Kelly Fabrizius, Clerk