

ARRA Forum
“If I Knew Then ...” – A Conversation with Meghan Woods
December 20, 2023

With Guest

Meghan Woods, Director of Business Development, Paradies Lagardère

Hosted By:

Andy Weddig, Executive Director, Airport Restaurant & Retail Association

{This conversation was recorded October 30, 2023. The transcript is slightly edited for continuity and clarity.}

Andy: [00:00:05] Welcome to the ARRA Forum. I am Andy Weddig, executive director of the Airport Restaurant & Retail Association. Today we welcome Meghan Woods of Paradies Lagardère to our “If I Knew Then” series of the ARRA Forum. Meghan is one of a number of well-known participants in our industry who have recently changed positions from airports to concessionaires. Of course, this means looking at the business of concessions from the other side. In these conversations, we’ll be asking each of them their thoughts about the other perspective. What have they learned; what has surprised them; what they want their colleagues on both the airport and concession sides to understand about the other side.

Andy: [00:00:46] Meghan is now director of business development with Paradies Lagardère. She joined Paradies in October of 2022. Before coming to the concession side, Meghan was with the Savannah-Hilton Head International Airport for more than eight years, most recently as property manager. Meghan is one of the young leaders of our industry, and now she has seen the business from both sides. Welcome, Meghan. Thank you for joining us.

Meghan: [00:01:10] Thank you, Andy. Thank you for having me.

Andy: [00:01:13] Welcome. After one year – now almost exactly one year – what are your impressions of the concessionaire business? What surprised you?

Meghan: [00:01:24] So when I'm not on a plane every.... All jokes aside, it's a very dynamic business. So, I've truly enjoyed being on the concession side because it really, really challenges me to think of new and innovative ways to approach and grow our business. I also think it's great to see that – still, just like when you've seen one airport, you've only seen one airport – there isn't a one size fits all solution for concessions program in airports, even when they're like less than 15 miles apart or less than 100 miles apart, which is the case that I'm seeing here now, living in Southern California. So, there isn't a one size fits all solution. And honestly, that's not fair to airports. You want to make sure that their program is dynamic, it's reflective of their community, and it truly has that sense of place and offerings for the passengers.

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Meghan: [00:02:07] What I also think is great is the resiliency of this industry, especially like we all want to cover our eyes and just say, “okay, Covid, we don’t....” It’s a dark, dark memory, but just the resiliency to see how we’ve been able to come back, especially with our airport partners, our community stakeholders, has really, really been important. And I mean, at the same time, there’s so much pent up demand from the travel side, but also just from the airport side, because airports now are like, we really need to modernize our facilities because we’ve got to make sure that we’re always being innovative or being creative, and we’re putting those dollars to good use that are either coming from the PFC, AIP, or whatever program that the airport is getting those dollars through.

Andy: [00:02:52] That’s interesting. Is that the airports are saying, in your impression, is that the airports are changing their programs to keep them up to date, and hence everybody’s jumping into it right now, which seems to be a slightly different take than what some people are saying, is that I had a lot of RFPs were put on hold, even if they weren’t jumping ahead, just leases expiring or whatever, not really recreating the program or redeveloping the program. But you’re saying this is like a conscious effort to refresh the programs, to modernize the programs almost.

Meghan: [00:03:28] Absolutely. Because I think that a lot of the airports who had RFPs that were slated to be released, whether it was late 2019 or early 2020 or even 2021, in accordance with whatever their airport modernization program was, Covid really gave us a chance to take a step back and look at what we were asking for. And that’s both on the airport side as well as the concession side. What we thought may have been a good solution, now post-pandemic for airports who really looked at the shift.... I mean, look at the shift in the passenger demographics. You have some airports that were majority business travel. Now they’re seeing more of this bleisure travel or else they’re seeing more of the leisure travel. And it’s saying, hey, now that our airport is changing, the demographic is changing, the needs of the customers is changing. Should we also be a little bit more flexible in how we’re developing our programs as well? So, we’re starting to see that in what we thought would have been the slate from the previous, it has now changed with what’s being released now.

Andy: [00:04:27] But there’s another kind of flexibility as well. It’s flexibility in what our programs are. But how about flexibility in operations, flexibility and ability from the concessionaire to initiate change? Is that something you are seeing more of?

Meghan: [00:04:46] I am. I definitely am, and I think that naturally most people would say, let’s leverage technology. How can we leverage technology? But it’s also you’re just looking at everything from concept flexibility. What are the brand offerings that are in airport? Is it mobile? Can it be interchanged? Midterm refurbishments are typically a contract language that’s included in an airport, but you’ve got to have flexibility within the lease language of, one, a concessionaire for there’s a concept that’s put in and it’s like, hey, it’s winning, it’s great. But if it’s not and it’s something that could improve or be better, the airport and the concessionaire have to have some sort of ability to meet halfway to be able to say, for the rest of the lease terms, how can we make this a better use of the space?

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Andy: [00:05:30] Is that something you learned?

Meghan: [00:05:31] It's something that I learned and I think is definitely something that if I was on the concession, if I was on my old hat, the process is something that within the lease language, I would make sure that I incorporate it as well, because you want to make sure that times – times are uncertain and in uncertain times.... There wasn't a blueprint for Covid or what to do, or how, you know, to write a temporary rent relief amendment. So going forward, knowing what we know now, it's important that we're not just using that standard boilerplate. We're making that language a little bit more creative, but also flexible and putting some parameters in there that are not just protective of the airport, but also of the concessionaire, because concessionaires aren't just it's not just us that we're protecting, right? We also have ACDBE partners that have to be protected. So, it's a long list that comes along with the prime concessionaire that's represented and in that airport space.

Andy: [00:06:25] That long list of people who are all engaged in or involved with, or somehow are attached to the concession space. Is that a group of people that your old hat would have recognized, or would it all have been [the prime]? Well, you were at Savannah, where I think Paradies is.

Meghan: [00:06:46] Yeah, my old hat. I think Savannah is a very unique airport in a sense. There aren't a lot of airports – again, once you see one airport, you've seen one airport. I was very fortunate to start my career at the Savannah airport and also have great leadership, where there was a lot of emphasis and importance on making sure that we understood the airport ecosystem as a whole. So, it wasn't just, you're here and your role is a properties manager. You're here because there's runways and taxiways, and we have to make sure that we have safe and efficient operations, and that touches [everything] – the trickle effect. So, it was really understanding everyone's buy in and everyone's role in being at the airport. And I think having that foundation, I was able to see a little bit beyond just, okay, well we're going to issue this to Paradies and then they have to deal with it. It was, okay, how do we assist? How do we help Paradies? How do we make sure that the messaging is trickling all the way through?

Andy: [00:07:42] Do you see that? I'm not going to call out specific airports, but do you see that kind of attitude in your current portfolio?

Meghan: [00:07:52] I think it's a mixed bag. And again, because I'm coming in, I've come into this now when we're now in the recovery period, but just kind of reading through and building those relationships, I realized that I was kind of in a bubble, so to speak, when I was in Savannah, and now just hearing the stories, but actually being on the other side of the table in the industry and really making sure it's that dialogue of just making sure that we're communicating and making sure our partners understand the importance of communication and working collaboratively together. I think that – and I won't call anyone out – but I think that has been a really, really important role of mine. And then I do reference my time in Savannah, but I

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do take the time to understand the dynamics, the structure of whichever platform that I'm working with because I know they're all different.

Andy: [00:08:40] They're all different. Yes. But there is a trend [to] partnership. I mean, you spoke of it now. We just released a conversation with Nick Crews – that was his hope for the future. His reason for optimism was partnership that built during [the pandemic] and I know your company's CEO [Gregg Paradies] has spoken frequently of partnership coming out of the pandemic. So, you're seeing that go forward and it's not fading away, I hope.

Meghan: [00:09:06] I think the message is very clear. And the partnership, the old [way] – I kind of called it the old guard of how lease agreements were arranged and how airports communicated with their tenants. I think that because we really all had to work together and rely on each other over the past few years, now you're seeing that collaboration of partnership, and it's important to move forward because we all want to be good partners. We want to be good stewards of the airport and the community.

Andy: [00:09:33] And represent the community well.

Andy: [00:09:34] So, what else? What else have you learned in your year at Paradies that you think airports may not fully appreciate?

Meghan: [00:09:43] I think it's really understanding the margins of the business, especially between food and beverage and retail programs. And now I'm really learning about the hybrid programs because the airport I came from, we didn't have a hybrid program. It was just solely your traditional okay, you do retail, you do food and beverage, and then they're in silos. But really just understanding the margins of the business and then also setting expectations. I found that a lot of airports have wish lists of concepts, and a lot of it ties into, of course, some of the bigger name brands that they would want. And it's really just setting the expectation of making sure that we're communicating why it may not be the best fit, because sometimes it's just not a good fit for that airport. But what are some alternatives that could be a best fit? And then just really making sure that we're working together. Sometimes we just you have to give in because you want to make sure that your airport is happy and their customers are happy, even though you know that it may not be the best.

Meghan: [00:10:43] So I think that's been really interesting for me, being on the concession side, because it's really a delicate balance and it's kind of a mix of art and science and trying to make sure that you're developing a program that's complementary to the region, but also isn't going to be harmful to, you know, our business as well as we're bringing in partners here, we're bringing ACDBE partners, and we want to make sure that they're getting in deals that are, you know, they're going to be good. They're going to be beneficial in the end. We don't want to discourage someone. You know, there are a lot of risks that are involved, but you want to make sure that they get that momentum, like, okay, I can do this. And once they have that momentum, they're starting to bring others into the fold. So, I think without saying too much, just really

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understanding the margins between both sides. And then once you start to blend the two has been very interesting for me. Just to wrap my head around.

Andy: [00:11:35] That’s an important point. And I think a lot of people don’t completely get it.

Meghan: [00:11:41] Yeah.

Andy: [00:11:42] And once you’re in the concessionaire side, there’s a lot of things that aren’t thought about by the airport side. I mean, before I joined HBF and then Paradies, I was with a consulting company for 18 years working for airports. It’s always a surprise when you actually see that, you know, an actual P&L.

Meghan: [00:12:06] Exactly, exactly.

Andy: [00:12:17] A lot of lines there that you didn’t realize existed.

Meghan: [00:12:11] Exactly, exactly. And I mean, for the airport the ask is, we have this program. We have a great opportunity. How can you make it work? And it’s our job to deliver that. But it’s really just setting those expectations. Sometimes you have to go back to the drawing board, have a good heart to heart or one on one conversation. Sometimes the airports get it, sometimes they’re like, nope, if you don’t want to do it, someone else will do it. And that is true. But it’s just all about communication.

Andy: [00:12:40] Communication. That’s the key to all of this partnership. Communication.

Meghan: [00:12:45] Yeah. I gotta think here.

Andy: [00:12:48] Now turn this around because you are also an alumnus of the airport community. So, what do you think the concessions community needs to understand better, or really recognize that airports face that might force some of these decisions that don’t make sense, or appear not to make sense, I should say.

Meghan: [00:13:16] You know, Andy, it honestly goes back. I remember when I was going through my accreditation process for the American Association of Airport Executives and being accredited. I remember one reoccurring theme and one of the modules was airport governance. And really what that is, is just understanding the governance structure of each airport is different. Some airports are authorities, some are commissions, some are county run, some are city run, some are state. And it’s just really understanding that governance structure because it plays a critical role in how you are able to do business with the airports and who is driving the redevelopment of that program. It’s a really multi-tiered bureaucratic process. But the procurement within each structure varies. So, your ability to do business at airport A versus airport B, which could be in the same state, same region, could be completely different just based on that governance structure. And that’s really important to understand because as

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you're having your conversations with the airport, your ability to direct negotiate can be completely different. Your ability to participate in an RFP solicitation could be different because at this point, it's like, who am I talking to? Who's the point person? Or else, are there multiple groups that I need to talk to and are there multiple people that I need to make sure know who we are, what we do, what we're about, and our relationship or history or why we have interest in being in this market. So, I think the core of it is really understanding that governance structure, because once you understand that it really helps you maneuver within the airport environment a little bit better.

Meghan: [00:14:59] And even at the staff level, right? Like I always think about succession planning, because a lot of the airport directors or even the number twos that are there, they're all on the five-, seven-, eight-, nine-year retirement plan. Right? But it's great to have that relationship with that existing CEO. But it's also interesting to know who's going to be next in line. You know, especially if there's someone that there's being groomed already in the organization because you want to make sure that you're building those relationships with them as well. As well as the staff. You never want to negate the staff. I think it's great to have a relationship with the CEO, the number two, but really the staff, that's who you're going to have a lot of one-on-one time with, and they're really going to be the ones who are telling you, “hey, this is what's going on,” before it surfaces to the top. So, for me, for the concessionaires, it's just really understanding that governance structure. Which, thankfully for me, I had that benefit from being from the airport side because we would as an airport operator, you would really know the difference of how you were able to maneuver quicker than one of your counterparts. And it and it could just come down to the governance structure. Honestly. How were you able to get approvals for equipment quicker than the other airport?

Andy: [00:16:14] That's a very keen observation is that goes along with one and seeing one airport, you've seen one airport. It's like every airport manages itself, governs itself differently.

Meghan: [00:16:29] It's really important to know. And then everything else just kind of it trickles from there and you can kind of go in between. But it's important.

Andy: [00:16:38] That's important.

Andy: [00:16:39] Well, this has been great Meghan. Thank you very much. Those are really good insights. And you just recently came over to the concession side. And so that's a, you know, a fresh perspective on what the differences are between these two sides. So, thank you very much Meghan for sharing your insights. Our guest today has been Meghan Woods of Paradies Lagardère. And on behalf of the Airport Restaurant & Retail Association, I thank all of you for watching the video, or listening to the audio, or reading the transcript of the ARRA Forum. Be sure to watch your email or LinkedIn for the next episode. I'm Andy Weddig. Have a good day. Thank you.

Meghan: [00:17:26] Thank you.