

ARRA Forum
“If I Knew Then ...” – A Conversation with Paul Brown
February 14, 2024

With Guest

Paul Brown, Senior Director, Airport Brand and Concept Development, SSP America

Hosted By:

Andy Weddig, Executive Director, Airport Restaurant & Retail Association

{This conversation was recorded November 29, 2023. The transcript is slightly edited for continuity and clarity.}

Andy: [00:00:03] Welcome to the ARRA Forum. I am Andy Weddig, executive director of the Airport Restaurant and Retail Association. Today we close out our “If I Knew Then...” series of the ARRA Forum with our guest, Paul Brown of SSP America. Paul 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.” Paul is now senior director of airport brand and concept development for SSP, which he joined about a year ago. Before coming back to the concession side, Paul was airport director at Jackson-Evers International Airport in Jackson, Mississippi. Many of you will remember him from his time managing the concession program at Hartsfield-Jackson Atlanta International Airport. And for some of us “old folks,” we’ll remember Paul leading the concessions programs at O’Hare, Midway, and SeaTac. Paul is one of the longtime, most recognized leaders of our industry, and he has seen the business from both sides. And just to be fair, I am one of those “old folks.”

Andy: [00:01:13] Paul, welcome to the ARRA forum. Thank you for joining us.

Paul: [00:01:17] Thanks. I didn’t know it was a roast, but this is great. Thanks for having me.

Andy: [00:01:21] You’ve been back on the concessionaire side for about a year now, and before that one time you had with concessions was probably about ten, 15, or more years ago. So, a lot has changed in that time; not to mention a little pandemic. What are your impressions of the concessionaire business as it evolved, and what did you discover new? What surprised you when you rejoined us about a year ago?

Paul: [00:01:48] That’s, of course, a great question. And there’s several things that I think are key. The first thing you’d notice, if you weren’t hanging around during the pandemic or before, is just how much communication there is in our industry – especially amongst the concessionaire community, both the larger concessionaires and the smaller concessionaires. I think, you know, hats off to you, Andy, Pat Murray, and the rest of those – I know Darryl Benton was involved with this as well at a point – to set up ARRA and to make it reality for us because I really think that’s one of the things that has been lacking. And when you put it against the backdrop of a

ARRA Forum
“If I Knew Then ...” – A Conversation with Paul Brown
February 14, 2024

global pandemic, it became obvious that the only way our industry was going to be able to thrive, let alone survive, was through the efficient distribution and follow up of quality communication. We can't survive without each other. I know it seems kind of odd, especially when you look at some of the larger concessionaires. We fight tooth and nail to win these RFPs, but without an integrated web – and without people cooperating, working together to better our industry – I think we're all in trouble. So, that has been a resounding improvement. The only other thing I'll say, which still sticks with us, are material shortages. And I mean both in terms of the availability of materials and the timeline for delivery. It really makes delivering and rendering quality concessions locations very difficult. Almost everything is off schedule and over budget nowadays. So, it's a very challenging time. Hopefully most of my good friends in this side of the industry will continue to thrive and survive.

Andy: [00:03:38] That's an interesting comment, Paul, because a lot of people talked about – as you know, this is the last of five or six of these interviews with people who have come over to the concession side. And then even earlier with Nick Crews, who's an ARRA board member – talking about materials; and [Nick offered] an effect of one of those: The delay or just supply chain disruptions is they have to order earlier. Which means, in his case, paying interest earlier than he normally would have. So that's one of the challenges that that we all face. What other challenges have you seen or experienced that you probably didn't, or may not have completely appreciated, when you were working at Jackson or Atlanta?

Paul: [00:04:31] Well, I'll say the obvious....

Paul: [00:04:34] The obvious ones are, I think, getting your hands on reliable labor that has the means, ability, and willingness to come in and hold down a shift. So many people now have found, um, alternative careers – if you want to call it that. I'm not sure what to call it. But, in the second year of the pandemic, when I was stationed in Jackson, Mississippi, I had more than one six-figure person quit on the airport saying that they were going to go off to participate in what was then called the gig economy, meaning they were going to go drive for Uber or drive for Lyft. And I just I asked one of them, I said, “how in the world can you make this pencil?” And he responded to me, if I work around the clock and build this network in the gig economy, eventually I'll have all my time to myself, and I'll still be making the same money I made before. I want to check on him and see if that's true because, if it isn't, we certainly have a job for him. But at the same time, these are drastic life choices that people felt forced into making. I certainly hope that what people are doing other than going to work on a 40 hour [per] week basis continues to yield benefits so they can feed their families. But that's a huge change for us in concessions because we can't run concessions with 100% stay at home workers. We need people to be on site greeting the customers, working in the airports, providing that A1 customer service that keeps people coming back. And you know, without those quality people and without those quality hours, it's an uphill climb.

Andy: [00:06:19] An uphill climb. Just as a little, you know, status check: where do you stand in terms of labor today versus where you would like to be? How short are you?

ARRA Forum
“If I Knew Then ...” – A Conversation with Paul Brown
February 14, 2024

Paul: [00:06:34] If we can take my wants and needs out of it, I think what we’re seeing right now is a period of uncertainty and a lack of positive direction on what the fate of the airport worker is going to be. Obviously, organized labor has gotten involved to state its case about where it stands with benefits and wages. The concessionaire community is going to have to do the same thing. But I think, at the end of it all, we need to create an environment where the friction or the pain points of working outside of the home can be removed. That means making daycare more accessible for families that have one or two workers that need to work outside the home. That also means making saving and retirement plans more easily accessible to people so that a secure future just doesn’t become something that only affords to the affluent. There has to be a future to these jobs, and we have to be able to show workers that we’re interested in more than what they do just on their shift. We’re interested in their lives. We’re interested in making a better life for them and their family and creating some sort of long-term security. Now, is that expressed only in higher wages? Probably not. But at the same time, there is going to be a higher resource commitment on the part of concessionaires to the future and the well-being of the employees who do that work for us. We have to be committed, and we have to realize that it’s not just a six-week or six-month commitment to these workers. It has to be for a career.

Andy: [00:08:13] For a career. And that’s more than money. That’s also opportunity, lifestyle, ease. If it’s hard to get to the airport, [it’s] hard to work at the airport.

Paul: [00:08:24] Gotta tip the scales.

Andy: [00:08:25] You gotta ...

Paul: [00:08:25] Tip the scales.

Andy: [00:08:26] Right. [If] you have to get there at 4:30 versus the Starbucks on the corner that’s at maybe 5:30, it’s a little trickier.

Paul: [00:08:34] Well, Andy, that’s why what you’re doing and you and the folks at the helm of ARRA, that’s why it’s so important to get together and have an open dialogue with our landlords, with the folks who run the airports, because it’s through the allocation of resources and the use decisions about how their property is utilized – that’s how we’re going to be able to solve some of this. Well, that’s how we’ll be able to create things like daycare, urgent care facilities, other types of things on airport. Make the airport a true city. Make the airport something where workers can rely upon it for long-term success and stability.

Andy: [00:09:14] Make it a career.

Paul: [00:09:16] Make it a career.

Andy: [00:09:17] Rather than something that would just fill in. Right?

ARRA Forum
“If I Knew Then ...” – A Conversation with Paul Brown
February 14, 2024

Paul: [00:09:20] And that’s the long-term solution. I don’t think we’ll get there next year. But I think the dialogue has started. I think there are more people than just concessionaires interested in the well-being of the workers. And and when we find that right balance, I think we can get back to solving some of the other problems like optimizing the customer experience and and making sure we have the right amount of concessions and what brand goes where. But the labor problem is huge.

Andy: [00:09:45] [The] labor problem is huge. So now you’ve identified two big problems. But they are the key problems that we’re facing right now. Capital. As you said, it’s always late and it’s always more than you expected, over budget, over schedule. Labor is going up. Are you still short of employees? (To go back to one of my first questions.)

Paul: [00:10:16] That’s day to day. I will say it depends on the operation. Some operations are a little tougher to stay fully staffed. We are experiencing shortages still in some of our key operations. But, you know, at the same time, one thing I’ve learned about being here at SSP – and I think this probably [can] be said about the other larger concessionaires – is we have a tremendous team, and we pull hard together to try to solve problems. And we have an open communication type of style here, which I wasn’t necessarily used to, maybe, coming from the public side. But at the same time, the spirit inside our four walls is one of just solving the problem, coming up with the best solution possible, and then moving forward. Sometimes that’s going to mean putting an all-out blitz on certain markets to make sure that we’re able to keep the flow of qualified, interested workers going. And that’s not the same in every market. Some markets are tougher than others.

Andy: [00:11:12] But you said a qualified flow, which also starts to say that the problem has evolved. The challenge is – it is a problem, let’s just call it what it is – the problem has evolved into maybe a retention issue as opposed to a recruiting issue.

Paul: [00:11:33] You might still have a recruiting challenge. Retention is the obvious phenomenon. [But] I think retention is really the symptom. I think the solution really lies in getting people interested in hospitality careers at an early age and making sure how many people know about the wonderful careers that are possible on the airport side, as opposed to just working in street locations. When I started in this business – and, you know, some people like to say I started when dinosaurs roamed the earth, and that is completely not true. It wasn’t that long ago – but at the same time, careers in the airport industry, other than working in the left or the right seat of the cockpit, were really ephemeral to people. Nobody knew what you could do in in the world of air travel because the careers weren’t publicized. Meanwhile, at the same time, you had people having wonderful careers in concessions, and very few people ever actually knew about them. So, now’s the time, I believe, for the concessions community to go out, partner with universities, partner with high schools, create vocational programs, and create educational programs. We have to start growing our own talent. We have to grow it. It’s not going to come to us.

ARRA Forum
“If I Knew Then ...” – A Conversation with Paul Brown
February 14, 2024

Speaker3: [00:12:49] That’s a good point.

Paul: [00:12:51] Have to grow it.

Andy: [00:12:51] That’s a very good point. And so, a lot of airports – and you may have had some of this going on at Jackson when you were there. And Atlanta – are outreaching to younger kids than typical. Like telling high school students what’s good about working at airports.

Paul: [00:13:12] And it’s amazing. You know, people like Leon Watkins, Clark Sharpe. When we look at them as being the pioneers of the ACDBE program and things like that, it almost has to take on that same level of importance with the older generation in our industry. They’re the ones who can help us create this pull, be that example, be that speaker who goes to a local community college or a four-year university, or even a high school, and talks about the exciting opportunities on our side of the fence. We have to create demand for people in our industry to want to work in this industry.

Andy: [00:13:52] You’ve seen airports from the concessions management level. So more into the operations side of it. You’ve also seen airports from the executive side of it – the strategy side of it – as well as all the other parts of an airport that sometimes concessionaires aren’t completely aware of. So, I want to get to that part in a moment. But first, what do you think your airport colleagues (former airport colleagues) don’t truly understand about the concessions program? What do they need to learn better? And I’ll even push it up beyond the concessions directors, properties managers, to the directors themselves, or even perhaps the CFOs.

Paul: [00:14:46] I would like to say this, Andy, without denigrating anybody’s career or collection of experiences, we all have our own lens through which we view everything through time and space. So, my perspective, unfortunately, has been jaundiced by my particular experiences. But I will say, I think it would be good if the airport landlords really tried a little harder to understand the perspective of their tenant base. And I’m not just saying the concessionaires, but I think it’s relevant to talk about the concessionaires in particular. Because the rigor and the hard work that it takes to even mount a qualifying bid in any of these major airports – and by major airports, I’m talking the big “M.” I’m talking about airports, even at the one million enplanement level and below – all of them take a huge amount of work and a great amount of accuracy and stick-to-itiveness to be able to continually churn out qualifying, interesting, and awardable packages on a regular basis. And it even takes more rigor to operate these assets. It’s important that airports understand that they’re not the only ones with a calculator in their hand. When we’re looking at these opportunities, it’s a community of people. It’s not even just the concessionaires. Heck, even the consultants who are trying to plan out these RFPs, lay out the spaces, come out with a business proposition that makes sense, both for the concessionaire and for the airport. There’s a heck of a lot of rigor in these numbers. And unfortunately, over time, I’ve noticed that many far-reaching, long-term decisions are almost made on a whimsical basis without enough

ARRA Forum
“If I Knew Then ...” – A Conversation with Paul Brown
February 14, 2024

information. Concessionaires really need to be at the table in some way, either through the consultants or with the airports directly when it comes to laying out these spaces and understanding the myriad of challenges that it's going to take to make a bilateral agreement, a bilateral environment where everybody can survive and make a reasonable profit. It takes more than just one party.

Andy: [00:16:58] That's a great word. We need to start using that word more often. This is a bilateral....

Paul: [00:17:04] Even multilateral, but yes.

Andy: [00:17:07] Multilateral, but definitely bilateral, in the sense that both sides need to contribute to the equation, to the success. Both sides need to sacrifice for the success...

Paul: [00:17:19] Correct.

Andy: [00:17:20] ... in a sense. Does that point of view, do you see that from your tenure as an airport director? Is that perspective widespread even at the top of the organizations?

Paul: [00:17:33] Well, this is probably why I'm going to stay in this industry forever. However, I've been a little outspoken recently about somewhat of an about-face. During the middle of Covid-19, there was an environment where airports and concessionaires were being very conciliatory towards each other – open, cordial, congenial. And there was the beginning, I thought, of a great society, if you will, where we had both sides talking to each other. And even consultants getting involved, talking to each other, and sharing information. Going in depth to the challenges, not just sticking with the short answers, but actually trying to understand why things are happening, why they are. What are the food and beverage economics for a certain space, and why do they differ from another space in another concourse? What are the superior formats that are almost guaranteed to produce returns? Whereas what are the ones that are that we know are bereft of logic and have, unfortunately, nothing but sadness for the operator that takes up these formats? All of those conversations, once we got through the pandemic, they basically tapered off very quickly. And then there was a major drive on the part of landlords – and some concessionaires – to return things to normal. We have to realize there isn't really a normal anymore. We have a new world. It's a new world now. And so now we have to learn to adapt and thrive in this new world. And that's going to take bilateral and multilateral communication. We can't do it with everybody going back to their respective corners and saying, “okay, we're back to normal. Let's go ahead and get our MAG set back up. Let's set up a 25% rent situation for alcoholic beverages. Let's set up 15%....” You just can't go back to that same way of doing things now. And I think airports and concessionaires both need to realize that.

ARRA Forum
“If I Knew Then ...” – A Conversation with Paul Brown
February 14, 2024

Andy: [00:19:32] And it's almost coming back full circle to where we started, which is supplies, supply materials, the cost of materials, the recognition that cheap labor, inexpensive labor, is no longer something we can assume.

Paul: [00:19:50] That's right. Let's work on fixing the problems. I mean, unfortunately, Andy, I have so many instances where I've either met with an airport manager or even been an airport manager who thought liquidated damages can solve everything. Liquidated damages don't solve anything. They can't compel workers to show up. They can't compel materials to show up when they're supposed to. They can't lower prices on material goods. So instead of just finding penalties and ways to rap tenants on the knuckles, I think we need to have, again, more open conversation and the ability to compromise.

Andy: [00:20:28] Definitely, definitely. But let me really quickly here, as we wrap this up, turn it around to the other perspective. Now that you're a concessionaire, what do you think concessionaires don't truly appreciate about airports? The constraints that airport directors are facing that may filter down into seemingly irrational decisions about concessions, but really have a solid basis.

Paul: [00:20:58] There's a lot of things on the other side that we as concessionaires, really don't have a lot of appreciation for. One of the things for me, being on the airport side, was how much time I spent between 7 a.m. and 9 a.m. every day, walking on the tarmac, picking up FOD. And that FOD is always left by a tenant of some sort. And it's always unnoticed by anybody but the person who's running the property. So, I spent a lot of time chasing around whirling piles of plastic that might be blowing across the airfield, or paper, or maybe chips of wood from a pallet that broke down, that somebody didn't take the time to pick up. Keeping a clean, safe airfield 24 hours a day, seven days a week is a tremendous job, and it involves a lot of different people. Not only clean and safe in terms of FOD and debris, but obviously, in terms of security. And I got to sit through a few pretty significant security breaches. So now I understand how that can ruin not just your whole day. It can ruin your entire quarter. And I'm not just talking about the fines.

Paul: [00:22:10] So, yeah, there is a lot going on. I really think, at the heart of it all, concessionaires don't want to be involved with the airport and understanding their business. But, at the same time, if we don't understand all the other stimuli that landlords are facing on a regular basis, it's hard to really understand their problems. So it's quite true.

Andy: [00:22:31] That's very true. So, thank you, Paul. Thank you, Paul Brown, for sharing your insights. Thank you for joining us on the ARRA Forum today. I found them very, very useful and very interesting, and very thought-provoking as well. So, I got to remember the word bilateral as we go forward in our conversations here.

Andy: [00:22:51] And on behalf of the Airport Restaurant and Retail Association, I thank all of you for watching, listening to, or reading the ARRA forum. As I mentioned, today's conversation

ARRA Forum
“If I Knew Then ...” – A Conversation with Paul Brown
February 14, 2024

with Paul closes our Forum series “If I knew then...” We hope you found our conversations with industry leaders who recently moved from airports to concessionaires informative, interesting, and useful. We’ll be back with a new series of the ARRA Forum as we continue the conversation to evolve sound and sustainable policies and economic models for all industry stakeholders as we work together to enhance the guest travel experience. You can always watch, listen, or read any episode of the Forum on the ARRA website www.arra-airports.com. I’m Andy Weddig. Thank you very much. Thank you, Paul.

Paul: [00:23:38] Thank you Andy.