E-commerce marketplace Ourshop is now overseeing AirAsia's inflight duty free team, TRBusiness can reveal.

In a move designed to maximise synergies for Ourshop and its parent company AirAsia.com, personnel working in AirAsia's onboard buying and operations team were assimilated into a new reporting structure established last month (1 November).

Raj Daswani, Chief Merchant Officer, Ourshop heads up the buying team, with demand, supply and fulfilment functions also falling under Ourshop's remit.

The Ourshop business is led by Chief Executive Officer Lalitha Sivanaser.

INDEPENDENT COMPANY, NEW EFFICIENCIES

The latest development, which was seamless from a logistics perspective given the AirAsia inflight duty free team already co-habited with Ourshop at AirAsia's offices in Kuala Lumpur, follows the establishment of Ourshop as a standalone entity in June this year.

This has been a smooth transition and operations have not been interrupted, Sivanaser confirmed.

In an exclusive interview with this publication during the TFWA World Exhibition & Conference in Cannes, Sivanaser explained that the integration allows brands to better understand the business from an end-to-end service perspective, alleviating the need for them to deal with two separate parties.

From a planning, operations, costs perspective it also benefits us, she said. We are in a position to make strategic decisions and not be dependent on the airline.

Structurally, the entire ecosystem will benefit from a single entity. Communications, brand management and demand planning is definitely going to be better.
AirAsia’s Ourshop on new trajectory as single entity

Left to right: Ourshops Raj Daswani, Lalitha Sivanaser, Jonathan Lee and Murain Shunmuganathan at the 2019 TFWA World Exhibition & Conference in Cannes.

During the exchange, Sivanaser and her Ourshop team spoke at length about the steely progression made by the company in travel retail since the e-commerce marketplace burst onto the scene in July 2018.

Since then, it has secured a tranche of agreements with leading DF&TR operators (Guardian, Regent Asia, Eraman, Plaza Bali Duty & Tax Free, Lagardère Travel Retail in Australia and Lotte Duty Free in Indonesia) as it charts a course to disrupt the conventional ground-to-air inflight shopping experience.

AirAsia counts airport partnerships in its native Malaysia, including at Kuala Lumpur International Airport (KLIA) where it has partnered with most retailers.

The company also has a presence in Melbourne, Hong Kong, India and the Philippines.

At present, Ourshop offers two fulfilment options: Pick-up inflight, allowing customers to pay for goods through the Ourshop portal, and order for collection on the ground at the duty free shop. Home Delivery has also been mooted.

Its ecosystem enjoys unfettered access to AirAsia’s 100 million-plus pax base, which includes millions of Air Asia Big loyalty members keen to ‘earn and burn’ their points.

Unlike traditional inflight retail that (in most cases) relies on the airline-concessionaire model, Ourshop’s access to AirAsia passenger data affords the e-commerce marketplace the huge advantage of knowing what to load onto inflight carts for delivery to passengers.
Ourshop is positioned to facilitate seamless customer transactions from air to ground.

We are slightly ahead of the game compared to the traditional guys out there who are probably facing the pinch today, commented Sivanaser.

We understand that in loading a cart you cannot predict who wants what, when they want it or if it’s perishable or non-perishable. We’ve seen more and more orders coming in the fly-before-you buy environment.

In a related move, AirAsia has decided to stop selling cigarettes onboard. In tandem, OurShop has also pulled its cigarettes sold either through merchants or shops.
SCALING UP TECHNOLOGY & DATA

For Sivanaser, the path to the reins at Ourshop has been an interesting one.

Following an extensive career in the telecommunications sector, she moved to Air Asia in 2014 to handle the airline’s proprietary Rokki Wi-Fi service, where she helped to position it as a multi-service portal offering wifi, entertainment services and online shopping.

She joined Ourshop this year to spearhead the company’s next phase of growth, taking over responsibilities from General Manager Hassan Choudhury, who has recently taken up a new role as Head of Music for AirAsia Group and CEO of RedRecords.

Sivanaser explains that Ourshops tentative steps in 2018 meant it wasn’t fully developed, with its systems effectively a re-purposed version of AirAsia’s existing inflight platform.

Since its launch in July of that year, Ourshop has scaled up its operations and personnel to directly satisfy its objective to be a technology-led firm with a concentration on data utilisation.

It’s making sense of this data to drive the right message and target the right passenger for the right items at the right time, emphasises Sivanaser. That is the biggest proposition that we can promise the retailers. We want to give users the best experience they can get but going beyond that, catering for the specific needs of the retailers as well as the brands.

It’s a holistic approach technologically and we have great minds from the retail industry coming in and helping us set the stage for strategies on how we approach retailers and brands moving forward.

Currently, fulfilment is not the firm’s biggest challenge, responds Sivanaser when asked the question. Rather it is the onboarding process for the retailers.

Some of them are from traditional mediums and haven’t stepped foot into the digital space yet, she said.

Hand-holding and education to help them through the process to get onboarded to a digital platform is one of the bigger challenges we face today. Once on the platform, it is dummy-proof. Most of the processes such as payment are automated.

There is room for improvement to get experiences from the retailers. They are very supportive, encouraging and want to see this mode of business growing. We are learning and enhancing our capabilities.

CHANGING REGULATORY CLIMATE
AirAsia’s Ourshop on new trajectory as single entity

Chief Merchant Officer Daswani added: Educating the operators is key. Most of the merchants are there and expect instant success, but they also need to understand the processes and procedures – it is not always plain sailing.

Many operators are accustomed to their bricks and mortar businesses. Of course e-commerce is not new to them, but the partnership has created new opportunities and challenges for them.

Comprehending what is a myriad landscape of taxation laws and arbitrary regulations across the globe also represents a challenge.

Regarding ecommerce specifically, Lalitha said: Most countries are not regulated today, but some are building regulation.

We are currently in a very healthy space where people understand and know who we are and we have people knocking on our doors.

At times, we are trying to open up market space on the traffic load we have and not going in a random circles as we’ve been doing before. We are sitting on a great mine of data and will use this to understand where we shall go and how to approach it.
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