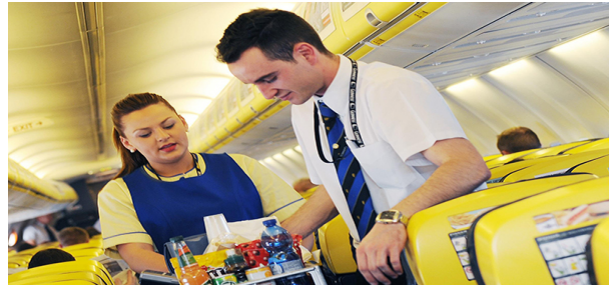


Inflight retail questions? Find the answers here...

Vimal K Rai, Executive Director, Inflight Sales Group (HK) Ltd tells Charlotte Turner that it's not the business model which stifles the inflight retail industry, but the unrealistic expectations of some of the key players.



In this exclusive interview, Rai (pictured below left) answers questions posed by suppliers (which were collated by TRBusiness during a survey exercise), giving his advice to those companies, which are new or are perhaps just considering entering the inflight market.

For a new and unestablished company is the inflight market financially viable?

There are many aspects to financial viability, but from the perspective of “selling products”, I think the distinction first needs to be made between “company” and “brand”.

Assuming they are the same (i.e. it's a new brand and product) then it depends on the competitive landscape i.e. are you just another handbag/jewellery/accessory, or are you something special in some way? What matters is not the theoretical competitive landscape, but the one that will be in the minds of your target customer. Based on your style, heritage and price, who is the customer going to compare you to?

Assuming they are not the same (i.e. you are a new company representing an established brand/s) then perhaps the challenge can be a little less daunting. I would say it is down to the product and what need and niche it fulfils; perhaps one that customers did not know even existed.

The final element of financial viability depends on your ability to manage cash flows in relation to the typical inflight listing requirements – SOR (sale or return) terms and conditions; margins; size-limited packaging etc. I would even go so far as to say you could look at inflight listings as a great investment in marketing and brand-building.



Vimal K Rai, Executive Director, Inflight Sales Group (HK) Ltd.

Can inflight listings really open the door to listings in airport shops?

I don't see why not? One would imagine it is easier the other way (because inflight stakeholders are constantly on the lookout for what is selling on ground), but there is no evidence to say it could not work the other way too.

Perhaps many brands and retailers think alike in that airport listings are seen as "less risky" because of potentially higher volumes. But we should not underestimate the power of a reduced selection of products and brands (inflight) in helping someone make up their purchasing decision, where airports would otherwise have many brands and options competing for attention.

Do you think that the current business model stifles the industry? How do you think that the current model can be altered in order to really 'lift the lid' off the business?

For me, what really stifles the industry is not the "model" per se. It is the unrealistic expectations of some of the key players in expecting "guarantees" – of sales, of exposure, of profits, etc.

Everyone is in this to make money (except, strictly-speaking the buyer of the product, although arguably even he is driven by expected 'value'). So not understanding the financial basis of this business is a very dangerous and unsustainable practice over the longer-run.

Would you agree that ad revenue from inflight catalogues seems to be enough for some concessionaires/airlines, so there is little incentive for them to motivate sales people?

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It would appear so. I'm only saying this based on anecdotal and publicly-available knowledge gleaned from inflight magazines, of which unfortunately a large percentage look and feel alike. They contain replicated product listings and worst of all, make no attempt at brand-building or infusing the retail programme with anything contextually-relevant for that airline's customers.

It's almost as if they have given up trying. Logically, these are the same entities who will not be thinking of proactively engaging and motivating their crew, who are their front-line sales people. Usually, as technology is a challenge in our particular niche for many players, they do not even know how to go about tracking the ROI on anything beyond discounting, certainly not on crew-related programs.



Cathay Pacifics Inflight Retail team.

Asia and the Middle East airlines appear to have successful inflight retail models. What can we learn from these regional airlines?

Appearances can be deceptive. I believe there are two key learnings from this – first, that relevance and contextualization are key to the successful curation of a retail programme.

Take any of their magazines and you will immediately get a flavour for the cultural relevance they reflect through the range of brands and type of products presented.

Secondly, that there is a committed strategic alignment of “airline-concessionaire-operator-airport” (and perhaps even suppliers), and this has a multiplier effect on sales and performance.

This sort of “shared interests” model is something most other regions can only dream about, with some actively painting it as their worst nightmare to justify the status quo in their markets.

Do suppliers get their money's worth selling on-board?

I have heard from many suppliers that they are pulling out of inflight retail due to lack of sales. All my other comments boil down to this one right? A programme that looks like any other, no differentiation, no character, no attempt at relevance etc. Are we surprised that sales are less than spectacular?

Again, if selling product is your only measure, the experience might be a mixed bag. If exposure and

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advertising are some other key takeaways, I would say selling on-board can be a great way to establishing brand legitimacy for a lot less than it might otherwise cost you.



Aer Lingus scooped Airline of the Year at the recent ISPY2015 inflight event.

Are their trade shows you would recommend to new vendors to attend/exhibit at?

ARC and other airline retail shows. But you're assuming that trade shows are a good platform in general to exhibit and get to meet airlines. I'm not so sure about this.

Are airlines generally moving away from electronics due to quickly-changing technology?

Moving away - no. Struggling a bit to keep up definitely. But there are two clear challenges/trends we see in the "technology" market that are still in their infancy: first the link of technology to fashion; headphones and speakers are the best example of this, but so are the wearable fitness devices.

As the latter wane in desirability and sales decline, the former are just beginning to establish themselves more as fashion accessories than functional devices. So very much like watches that used to only tell and measure time, they are now becoming extensions of our contextual personalities - at work (e.g. Bluetooth speakerphones), at the beach (wireless sand/waterproof boom-boxes), while commuting (over-the-head or in-ear headphones with designs) etc.

The second challenging trend is a more mundane one - technology and logistics, or more precisely, speed-to-market. Airline programmes are notoriously "quarterly", so "speed-to-market" isn't a concept they are very comfortable with, and certainly defined in a very different context. Speed to market isn't defined by anyone other than the consumer - so today if you are still selling accessories for iPhone 4/5/5s, the consumer is likely to be disappointed.

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CocoFinity exhibited their trendy and innovative gadgets at the recent ISPY2015 event in January.

Can you name three things that new suppliers should do to get in front of/or sell to airlines?

First – answer the “WHY” of your product; why is it special, why should/would anyone buy it over anything else in the market, why would it do well in-flight. You’d be amazed how many suppliers cannot answer this one clearly.

Second – do your homework; where are you positioning your product/brand, what is the competitive landscape within your targeted markets, do your cash flows based on an understanding of the model in duty free retail, and build a track record (hopefully an impressive one) of sales, word-of-mouth marketing, PR, marketing mentions etc. all of which will help the airline to choose you over the hundred other hopefuls.

Third – plan for the long-term. There will be returns, there will be other investments needed, there will be logistics challenges, there will be packaging and GWP and a hundred other requirements; try to plan and work them into your longer-term plan instead of giving up or hoping for the quick kill.

When I have a new product that I would like to introduce to airline buyers what is the preferred method of contact? When we connect with a buyer on LinkedIn, many times we dont get a response, which is rather odd since they agreed to connect with you.

Linkedin is far too ubiquitous and frequently more of a job-seekers or marketer’s platform than one that is adequately suited to product introductions and launches. I’m not a buyer and yet I am inundated with lots of requests so unless you’re the next Steve Jobs, I will not only probably miss you, but I am likely to overlook the importance of your product.

So network through concessionaires like us off LinkedIn (shameless plug for ISG here!) in order to get in touch with airline buyers! Attend conferences and exhibitions. Ask for a trusted introduction from someone

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who knows someone.

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