Omni-channel retailing, crew incentivisation and pre-order could save inflight retail market



Some MEADFA delegates swapped a dark, cool auditorium in the depths of the impressive Jumeirah Creekside hotel for the Dubai Duty Free Tennis stadium in the midday sunshine to listen to inflight experts at Workshop A, this afternoon.

However, it was not a total surprise to *TRBusiness* that the workshops audience was not only smaller than the organisers may have envisioned, but perhaps a little lacklustre (I blame the heat). A large proportion of the MEADFA delegates preferred instead to stay cool inside and partake in Workshop B, concerning BRIC passengers.



Nevertheless, Workshop A presenters were committed to

delivering their messages in a clear and professional manner, despite the pretty oppressive heat. Head of In-Flight and Catering Purchases, Middle East Airlines, Mounir Seifeddine kicked off proceedings by talking through the airline's tried and tested inflight retail methods, some of which originated 50 years ago when

Omni-channel retailing, crew incentivisation and pre-order could save inflight retail market the company first introduced tax free products.

Head of In-Flight and Catering Purchases, Middle East Airlines, Mounir Seifeddine.

He spoke of methods in which MEA could take inflight retail to the next level pointing out how important it was to incentivise members of the crew. Seifeddine said MEA had gone one step further, hiring dedicated inflight sales staff, who keep their ears to the ground, notifying him of competing promotions running at airports.

70 YEARS IN BUSINESS

One of the advancements made by the airline – which recently celebrated its 70th anniversary – involved increasing the galley size in order to better accommodate the inflight retail and catering trolleys.

Seifeddine made it clear that he believes that MEA has managed the inflight retail business with great success, positioning it as an essential part of the service on board and achieving one of the highest levels of sales per passenger in the global airline business.



Following on from Seifeddine's presentation, Gary Mayger,

Director, Sales & Business Development – EMEA [pictured right] talked about 'omni-channel' retailing and increasing touch points with passengers.

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He came up with four methods for driving increased revenue which were; monitor previous leg performances; set flight-based/product targets; set targets that drive higher commission for crew and prompt for upsell/cross sell opportunities.

INFLIGHT RETAIL MARKET CONTRACTS IN 2013

John Baumgartner, Director of Business Development for Inflight Service was the last panel member to make a presentation, which was unashamedly clear in its message. He provided a compelling case for the Pre-Order model, which he believes could give the inflight retail industry some longevity as he freely admitted that airline retail in its current state 'is a dying breed'.

Even in the Nordics, where inflight retail sales are proportionately higher than in other parts of the world, the market contracted from 2010 to 2013, according to Generation Research.

This was also the case globally, with airlines losing market share to airport shops in 2012 and then again in 2013. According to Generation Research's figures, revealed in Baumgartner's presentation, the airline retail markets share of the global travel retail industry has shrunk from 6.2% with \$2.6bn in sales in 2010 to 5% and \$3bn in sales in 2013.



Baumgartner provided various solutions to the problem of the

contracting market and stagnant growth. He took the audience through the successful communication programme it has with its customers based on CRM data, which involves the company sending out a printed Pre-Order brochure by email 30 days prior to the passengers departure. Inflight Services then sends out follow-up emails (25 days prior to departure and then 10 days). Passengers then get an SMS message 48 hours before the shop closes; a perfect example of increasing touch points with the customer

Omni-channel retailing, crew incentivisation and pre-order could save inflight retail market and leveraging data.

John Baumgartner, Director of Business Development for Inflight Service.

TWO MORE AIRLINES IN 2015

Baumgartner agreed with Mayger in that the omni-channel approach was essential to driving increased revenue. In an interview with *TRBusiness* Baumgartner admitted that entering Europe, with what is perceived as a Nordic travel retail model, was tough [Inflight Service does work with one airline in Belgium and one in Holland].

One of the barriers to uptake of the Pre-Order concept outside of the Nordics, is a general reluctance from the airlines to make significant investment in operational infrastructure. He argued that some airlines, that introduced Pre-Order in the past, simply didn't give the model the chance it deserves. He also admitted that Pre-Order will not work for every airline, but it can for a great many, if airlines are prepared to follow through with the concept properly.

Despite having to deal with a contracting marketplace, tough negotiations and reluctance to change, Baumgartner is still largely optimistic about the company's growth in the coming years. He is not only convinced that its sales per head would eclipse those of other traditional inflight retail operations, but he also believes that the goal of introducing the Pre-Order concept to two additional airlines, in 2015, is achievable.

A longer interview with John Baumgartner will appear soon on TRBusiness.com.