



GLOBAL TRAVEL RETAIL - GREAT THINKING REQUIRED: COLUMN 2

AIRPORT TRAVEL RETAIL – CUSTOMER FOCUS & THE MISSING TRINITY MEMBER

The following article appeared in The Moodie Report, the largest trade publication of the international Duty Free and Travel Retail Industry. It relates to the cooperation between airport operators, retailers, and brand owners in the airport travel retail business, which is known as the Trinity concept. [Published in The Moodie Report on September 2nd 2010](#)



'Global Travel Retail - Great Thinking Required': Column 2

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By Mick Dawidowicz

INTERNATIONAL. The Moodie Report is pleased to announce a new outside contributors' column, sponsored by Diageo Global Travel & Middle East, dubbed 'Global Travel Retail – Great Thinking Required'.

Published monthly, it offers anyone inside – or outside – travel retail the opportunity to comment provocatively on any aspect of the industry in order to advance its progress.

We begin with an alternative and incisive look at the industry 'Trinity' from long-time Philip Morris International duty free executive Mick Dawidowicz.

NOTE: The views expressed in this column are not necessarily those of either Diageo Global Travel & Middle East or The Moodie Report.

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In my first article, I argued that the fundamental challenge facing the airport travel retail business is the inherent conflict between the airport (mall) retail model and the consumer (downtown) behavior model, *writes Mick Dawidowicz*. I also suggested that the airport retail environment should be totally redesigned to resolve this fundamental disconnect.

However, I'm realistic enough to recognize that such a drastic change won't happen – at least not in the near future. So what's being done in the meantime to address this contradiction by improving and broadening the overall appeal of airport retailing, removing or reducing the inherent barriers associated with it, and in general making it as easy as possible for travellers to shop?

Everyone agrees it's about the customer. That's great, and it makes sense. So, how are things playing out?

As far as the store environment is concerned, I think the answer is – extremely well. All you have to do is read any issue of The Moodie Report, or its daily website, to see how the industry is opening up the retail space and consistently improving the impact and appeal of the retail offer.

The picture is rather more mixed in the concourse areas, although there are some pretty impressive traffic building and customer engagement initiatives happening out there which are also being regularly covered in The Moodie Report. However, most of these tend to be tactical rather than strategic in nature.

These are the high-profile frontline initiatives we read about, and, hopefully, they're succeeding in attracting people who wouldn't otherwise go into the shops.

But what else is being done or can be done to address the potential customer who behaves like a downtown office worker, is only interested in going about his or her business, and either ignores or rejects the airport retail offer?

The first question then is pretty straightforward: what is the buyer proposition at airports today?

In marketing speak, what's "the reason why?"

Why should a passenger decide to shop at an airport while travelling rather than at a local shopping mall, downtown, online, or even from a TV shopping channel?

It used to be pretty clear. First duty free and then tax free implied an inherent buyer benefit. However, as the business expanded, often in a relatively haphazard fashion, and the types of shops and products proliferated, the buyer proposition has become diluted.

What we now have is a variety of propositions such as duty free, tax free, travel retail exclusives, local products, travel-related items, designer and luxury boutiques etc., but they don't cover the entire airport retail offer. Moreover, some of these aren't even communicated to passengers outside the stores, so essentially, they have no impact on persuading a busy traveller to visit a shop.

Heinemann's Travel Value concept was not perfect and was the subject of a fair bit of criticism, but at least it was an attempt to communicate some sort of benefit of shopping at airports.

Just consider the following. Suppose you happen to meet someone who considers airport retailing as irrelevant, unappealing, and/or inappropriate (of which I can assure you there are many), how would you respond? It's not obvious. *A reason why would be a start.*

Don't get me wrong. I'm not suggesting that redefining the buyer proposition is some sort of magic bullet which by itself will change such opinions overnight. But if the industry is to improve the perception of airport retailing, particularly among those people who ignore or reject it, this is the obvious first step and is one of the most basic elements of customer focus.

The proposition could be expressed in a couple of ways: either as a tangible customer benefit or benefits or as a more emotional, image-based concept. The latter would have the added attraction of potentially creating the brand equity for airport retailing that the industry has been dreaming about for as long as I can remember. Plus, it could help to take the emphasis off price alone. Whatever it might be, though, the industry would have to deliver against it.

Admittedly, it would also take a fair bit of effort and would mean really working together, either as the Trinity of airport, retailer, and brand owner or at least as the "duet" of airport operator and retailer. It'd make an interesting topic at the next Trinity Forum.

The next question is when and how does one engage the potential buyer? Ideally, what everyone would like is that as many passengers as possible decide that it's worth their while to buy at an airport, and that they allocate a bit of extra time to do so. Those decisions have to be made before the traveller enters the airport, and probably even before she leaves her home or office. The logical place to start that process of persuasion is the airport website.

So I recently visited the websites of the top 30 international airports to see how the retail offer is being pitched to passengers.

Of the 30 sites I visited, less than a third communicated the retail offer reasonably prominently in some form or another on their home pages, which then led to more detailed information.

Two sites had no information on shopping at all on their home pages, and one site was impossible to access most of the time.

Most of the rest had a link to a shopping page, usually a directory. The thing is, you only drill down to these pages if you're interested in shopping in the first place.

What really hits you, though, is the emphasis on parking promotions, particularly in Europe. Eleven of the airports gave strong prominence to some sort of parking deal on their home pages, and often this offer was significantly stronger and more prominent than the retail offer. In addition, there was a fair bit of advertising for cheap flights, hotel offers, as well as non-travel related products and services. And on top of all of that, there were various levels of corporate information and PR.

However, there was very little information on time management. A handful of sites had information on access road traffic or parking availability, but none of the top 30 had any information on congestion at the check-in areas or waiting times to go through security. I was only able to find one airport – Atlanta (not a top 30 airport in terms of international passengers) – which actually had security waiting times. So much for having the information you need to manage your time to get to the airport a little earlier to do some shopping.

Ever since I started carrying out airport research in my early days in duty free, one of the main reasons regularly cited by people for not buying was lack of time, whether real or perceived – hardly surprising.

Last year, Nigel Dolby wrote [a series](#) of excellent articles in The Moodie Report on the lack of passenger time management at airports and quantifying the significant resulting sales loss. If you haven't read them, I strongly urge you to do so. Nigel concentrated on time management in the terminal, but I think it should start even earlier.

You're now probably asking yourself how relevant all this really is. How many people actually look at an airport website

before travelling? My guess is – not a lot, unless you're an infrequent or nervous traveller. Why? Because there's nothing particularly useful on most of them for the experienced traveller.

However, if these websites included content which really is useful, like the time management information I mentioned above, then I think a lot more frequent travellers would look at them. Then you'd have a chance to pitch a (hopefully) compelling selling message. For what it's worth, I always visit the Geneva Airport website before flying, but only because it has real time information on parking availability.

From the web site, the next stop is the airport itself. When I was active in the business, a number of airport operators or retailers, particularly in Europe and the Middle East, were running campaigns advertising the retail offer throughout their airports, and occasionally even outside. What I hear now is that these activities have been significantly reduced, possibly for cost reasons. If so, it's a shame. A notable recent exception is the BAA's multi-media 'West End for Less' campaign for Heathrow. Hopefully, it's working.

In addition to lack of time, one of the other reasons most commonly given for not buying was the unwillingness to carry the stuff. Again, this is hardly surprising.

So how do airports encourage passengers to buy (or buy more) by making it easier for them to carry their purchases?

Clearly, the ideal would be pick-up on return or home delivery, but these imply that the goods are tax paid. This is being done for intra-EU travellers at a number of European airports. Arrivals shopping is another alternative, but is only allowed in a few tax jurisdictions or once again implies tax paid.

Then there is the US system of gate delivery. When I first started working in duty free, I used to think that this system was pretty old fashioned. I now think that at least it frees you up from carrying your stuff to the plane, particularly if security is located after the shopping area, and may not be such a bad idea after all.

There are a number of other, more unconventional solutions, but the most obvious and immediate one is luggage carts. Some airports have departure trolleys for hand luggage, a few have trolleys where you deplane, and all have luggage carts at the baggage reclaim area, although there's a fair chance you'll have to pay for one and, if so, the odds of your having the right denomination coin in the right currency are pretty much stacked against you.

However, most of these carts appear to have been designed by someone who's never actually travelled on business and tried to shop at an airport.

Why are the upper baskets or trays of many of these trolleys so narrow that often not even a briefcase fits? Once you've managed to perch your briefcase in the basket at a precarious angle or put in your computer bag or document case, there isn't room for any shopping. I personally know of only one airport (Dubai International) which has hand luggage carts which seem actually to have been designed for shopping.

In an ideal world, there would be shopper friendly hand luggage and baggage trolleys from departure to arrival at both ends of what is often a round trip. That way, both airports might be more likely to gain a customer, rather than both lose one.

However, that raises the next issue - terminal design - since the layout of many terminals doesn't allow you to take the carts everywhere.

First of all, you can't take them through security, and that's understandable. There are still airports which have security control after the shopping area, which introduces one more needless physical and psychological barrier to buying.

Secondly, you can't take them on escalators, and elevators aren't always available. Most multi-story shopping centers I know have managed to find solutions to cope with shopping carts. A lot of airports haven't.

There have been a number of articles and Trinity presentations on the other aspects of terminal design which positively influence buyer behavior, such as visibility and prominence of the retail offer as well as exposing as much of the offer as possible to travellers through effective layout and passenger flow management, so I won't repeat them here. Suffice it to say that I believe that passenger flow management and passenger time management in the terminal are, in fact, closely related.

I also believe that the layout of the terminal and the retail space can potentially allow the check-out process to be made easier and to minimize the need for queuing and fumbling around for your boarding pass while trying to juggle your carry-on baggage each time you want to buy something – particularly if you don't have a decent hand luggage cart.

You're probably more familiar with the major airports today than I am, so I'll let you decide how the industry is performing in terms of retail friendly terminal design. My own recent experiences have been decidedly mixed.

It's clearly not worth reconfiguring existing terminals to address these issues, but it wouldn't cost much to take them into account when designing a new terminal or refurbishing an existing one. It'd just take a bit more customer focus.

My impression from talking to regular travellers is that the biggest area of customer confusion today is the liquids security regime. Of the 30 websites I visited, the prominence, clarity, and completeness of the explanation of the liquids regime varied greatly, and you usually had to drill down pretty deeply into the site to find this information. Four airports actually had no information at all about security.

What was generally missing was the treatment of duty free liquids in tamper-evident bags at an onward transfer airport or on a same day EU return trip. Less than a third of the websites included onward transfer airport information, and only 4 out of 17 European airports mentioned same day return trips.

One airport – Copenhagen – really stood out with an impressive retail- and customer-oriented approach. If you follow the rules, but your duty free liquid purchase is confiscated at another airport, your money will be refunded. What a terrific idea! However, it was buried so far down in the website that it lost much of its impact as an advance selling proposition.

So that leaves it up to the retailer to inform the customer, preferably outside the store. Some European airports are, in fact, doing this. But even that may be too late for the potential, but wavering, buyer. If he's concerned about it, not sure about the rules, or he's heard of friends having had their duty free liquid purchases confiscated, he probably won't even bother going into the shop. What the concerned potential buyer needs is reassurance, ideally beforehand.

How important is this in terms of the real impact on sales? I think it's safe to assume that some passengers aren't buying liquids because they don't want to take the risk. However, I also hold the possibly naïve view that real customer service involves giving people complete, clear, and understandable information in order to make informed decisions – even if it means losing a sale.

So, what's the conclusion?

During my years at Philip Morris as well as in my more recent work on consumer insight at Simoil Consulting, I've learned that developing real customer focus requires a lot of commitment, effort, and resources. There's a lot of lip service paid to it, but it's a lot easier said than done. It also means paying attention to the little things as well as the big ones.

So while retail customer focus looks great in the shops and to some extent in the concourse areas, it doesn't really seem to extend consistently to the rest of the airport experience.

But does it matter? Well, if the performance indicators such as footfall, buyer penetration, and average transaction value are all at acceptable levels and trending upwards, then maybe not (although one could argue that just because things are going well, it doesn't mean that they shouldn't be improved). However, if those indicators aren't performing well, as seems often to be the case, then it does matter.

Clearly, some of the elements I've mentioned have less impact than others but are relatively easy to fix, although they do require advance planning. In addition, some of them can also have a positive impact on overall passenger satisfaction.

Put together, though, they all work to create an overall retail-oriented and buyer-friendly atmosphere throughout the entire airport experience, not just in the shops.

So, why haven't these issues already been addressed in a systematic way?

I think there are basically three reasons.

First, except for in-store developments, large scale concourse promotions, and maybe retail friendly terminal design, none of the other elements are very glamorous or visually impressive. They don't generate the same high profile trade media coverage, and they don't make for visually arresting presentations to senior management or to stakeholders. Why devote time to something for which you're not going to get a lot of recognition?

Second, a number of these areas would require, or benefit from, substantive industry cooperation, either vertically (among the Trinity), horizontally (among airports), or both. The industry has been great at coming together to deal with crises, but has been notably less inclined to work together to advance its commercial interests. In my humble opinion, this is what the Trinity idea really should be all about.

The third reason is rather surprising, given the supposed increasing importance of non-aeronautical revenues to airports and behind which retail is likely to be the driving force. In my view, it essentially boils down to the fact that most airports are still not really retail-oriented in a fundamental institutional or organisational way.

The idea of retail orientation appears to be limited to setting up a dedicated retail department. Many of these departments are excellent and highly professional, and appear to be doing a great job within the limits of the turf they

control – the shops and maybe the concourses. For the rest, the focus is either on operations or facilities management. Both from my own experience and from what I continue to hear, changing operational elements to support retailing is at best difficult and at worst impossible, or not even worth trying.

If airports are really serious about exploiting the full potential of retail, they have to change this mindset. That can only be done from the top, either through a strong commitment and direct involvement by the CEO or through the creation of a position like a Chief Retail Officer (not to be confused with the head of the retail department) reporting directly to the CEO, who has the CEO's full backing, and whose function would be to make sure that - unless there are strong and valid reasons to the contrary - every element of the airport environment and communication supports the retail offer either directly or indirectly. And maybe then the retail space could be completely redesigned after all.

So, if you haven't figured it out by now, my nomination for the missing Trinity member is - the airport CEO.

Mick Dawidowicz

Mob: +41 79 217 20 16

Mail: Mick.Dawidowicz@Simoil.com

Mick Dawidowicz retired in Switzerland in 2007, after 35 years with Philip Morris International (PMI). For 17 of those years, he worked in the duty free and travel retail business, most recently as Director Business Development and Planning for PMI Duty Free, where he was responsible for the organisation's strategic planning process.

Mick continues to be a keen observer of the travel business. He was an early supporter of the Trinity concept and regularly discusses the concept's progress with The Moodie Report – particularly the fundamental issues raised at the last Trinity Forum in September 2009. This article (and possible further ones) are the outcome of those conversations and Mick's reflections on his many year in the business.

At Simoil Consulting, Mick provides advice to companies on strategy, market intelligence and consumer insight.