

Omnichannel is the way to the consumers' heart



At the TFWA Asia Pacific Conference 2019, Roberto Graziani, 3Sixty Duty Free's CEO shed light on why retailers need to use an omnichannel strategy

The travel retail industry is undergoing a revolution and omnichannel may be the way forward for retailers.

This was the key message from Roberto Graziani, 3Sixty Duty Free's CEO, at the TFWA Asia Pacific Conference this morning. 3Sixty Duty Free was formerly known as DFASS before its rebranding exercise. The retailer currently operates over 50 duty-free and specialty stores throughout America. It is also the world's largest inflight retailer.



It is paramount for all stakeholders to partner effectively, in order for the omnichannel strategy to work

Graziani noted that various statistics showed that consumers are increasingly preferring to shop online, rather than offline. This trend can be seen in America and China where Emarketer reported that both countries' online sales recorded exponential growth. In 2018 alone, China's online retail sales grew by 24% while US' grew by 15%. Graziani expects that online channels will eventually overtake offline channels for shopping, and it will happen faster in travel retail categories.

However, Graziani stressed that this trend does not spell the death knell for physical stores. This is because consumers' needs and expectations are constantly changing and e-commerce is no longer enough to satisfy them. This is also where omnichannel strategy comes into play.

According to Graziani, the omnichannel strategy gives consumers access to multiple channels such as the phone, store, web, mobile and social media. Additionally, all these channels are connected. In the case of 3Sixty, Graziani shared that the retailer has incorporated the omnichannel strategy into its business model. As such, it offers multiple shopping touchpoints, multiple fulfilment options and leverage on inflight training and direct sellers, as part of its business model.

Effective partnership key to omnichannel strategy's success

Graziani also emphasized that for the omnichannel strategy to succeed, all stakeholders such as the airlines, airports, retailers and brands have to partner effectively. There is also the need to align different stakeholders' interests.

"Airlines are the only stakeholder that have the knowledge of the consumer," said Graziani. Unfortunately, he added that they are also undervalued in terms of their contributions to the travel retail industry.

In 3Sixty's case, the retailer has walked the talk by partnering the Singapore Airlines and ground handler SATS for a joint venture to operate KrisShop. This joint venture covers in-flight duty-free and ground-based duty-paid goods, as well as pre-order services, with onboard and ground-based deliveries. These activities will commence under the existing KrisShop and Scootalogue in-flight sales₂

brands, transforming KrisShop into an e-commerce platform that is easily accessible to consumers.

Aside from KrisShop, 3Sixty has also established a partnership with Avianca Holdings. The partnership, announced in January this year, will see both parties develop an innovative online market platform that allows more than 30 million passengers to pre-order duty-free and duty paid goods and services with onboard and ground-based deliveries.