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Onboard Retail Ltd

ON-BOARD RETAIL
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INTRODUCTION

It's true that a success requires grit, determination and vision to succeed. An effective on-board sales strategy requires careful and pragmatic planning, understanding and, of course, this needs to be approached as one element of a multi-touch, multi-channel customer engagement policy. But the good news is that technology in this area is evolving rapidly, and keeping things simple, while maximising revenue is no longer the distant or unattainable target that it once may have seemed.

Recently the on-board industry has seen some established airlines move away from on-board duty-free sales, seemingly unable to capitalise on this important opportunity for margin creation through onboard ancillary revenue. Younger dynamic airlines, through necessity, recognise that onboard retail can make a significant contribution to profitability but have quickly realised that, given the high levels of complexity involved, there are no quick returns without the right tools and processes in place to capitalise on this important revenue stream.

Getting the right logistics behind an on-board sales process requires time and effort. After all, the mantra of 'right stock, right place, right time' can be the difference between success and failure. Equally, the ability to complete transactions in the air, by card or cash, on or offline, needs to be quick, intuitive, and accurate. Get this wrong and there is a risk that crew will not embrace the Point of Sale (POS) technology.

So how does the latest technology help?

STRUCTURE

Technology lends a structure to the processes, from the catering and warehouse departments to the crew and the finance office, reconciling activities against takings. In fact, most airlines routinely rely on such systems (back office and integrated POS software).

But airlines also consistently struggle to maximise the opportunity that this presents. So why is this?

There are several issues that are presented by any programme of businesses change. Inertia, active resistance and lack of resource are just a few of those stumbling blocks. But more and more regularly it is the technology selection itself that becomes the problem.

Management must have a full, end-to-end view of all elements of the onboard retail process. It is imperative that any system must be capable of reporting KPI's in order that management can monitor, sales, stock, journey performance and the success of the crew. Analysing the reports and making adjustments to the processes over time is vital.

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NEW DEVELOPMENTS

The issue with new technologies and the rate of their arrival, is that they can cause constant waves of disruption. Providers multiply, with some focusing in niche areas and others acquiring or investing to become one-stop-shop solution providers.

Meanwhile the pace of innovation accelerates, creating greater opportunity for myriad advances in on-board connectivity, IFE content, applications and the creation of new and better sales channels and purchasing opportunities. All this whilst at the same time generating potentially greater complexity for project definition and implementation.

"There is no doubt that those with the clearest sense of their objectives and the best decision-making capabilities will be the long-term winners in the on-going battle for market share and customer loyalty."

Don't Forget the Software

The POS software must be intuitive for crew to use and cover all the essential requirements of selling. It should also be highly configurable, as each airline will have requirements that are unique to them. It is almost inevitable that there will be some functionality desired by the airline that is either not available or works in a slightly different manner to match the Airlines 'use-case'. (In our experience procedures can be totally unique to particular operators).

Early testing will help identify what these issues might be and, if necessary, configuration or customisation can be added to the project schedule. But the key to resolution is collaborative working between all parties.

Someone to Lean On

After projects go live, support should still be available as users come to terms with the new situation. They will need proactive management to ensure the new system has a smooth introduction and quickly becomes "the way we do things".

Suppliers should have a professional, responsive and informed helpdesk function. Check this early and test it during the UAT sessions. Agree a schedule and agenda for performance and issue review. Acceptance

of go-live, or phase 1, of the delivery might be the trigger to commence the next phase, and any momentum needs to be maintained.

NEED FOR SPEED

At NOVO Onboard Retail we are often asked: "How quickly can you deliver? Because we need a system live in a number of weeks." It's a surprisingly common situation, possibly as a result of a new catering contract being awarded, or new routes being added to an operation. What is important here is to distinguish between go-live and the end state of the completed project. Sometimes go-live can be achieved with a cut down, simplified system, with no or limited integration to other systems, so in this instance, the scope can be tightly controlled.

But it is important to keep an eye on requirements for the next phases of delivery and to have confidence that the supplier can not only deliver quickly but can do so whilst introducing a system that is flexible and open enough to meet the later requirements.

In this case it is common to find decisions being made quickly, under pressure and over time, that may be reversed as new requirements or more details come to light. Therefore, one of the most important considerations when going for a quick roll out, is to satisfy yourselves that the supplier will have a strong project governance capability, not only to control their own assignments, but also yours. There will be supplier activities that are contingent on your collaboration and expediency. Be prepared to hear "no" or "not in this phase" from your supplier, or you may risk your go-live timescales.

Certainly, a phased approach to roll-out can be a useful consideration. It limits the complexity, associated risk and possible impacts as well as breaking the project into clear milestones on which progress can be measured. Additionally, it should mean that you can get the fundamentals in place quite quickly, i.e. being able to sell on-board to leverage your ancilary revenue while capturing the outputs of stock, cash and card reconciliations.

Novo Onboard Solution

The NovoStar POS and Back Office solution provides the most joined up on-board sales system on the market today. For example. all transactions can be linked to

- Who sold what?
- For how much?
- When?
- On which flight?
- By which payment method?

and link all the above to a cash bag and payment card.

Stock movements are an additional core piece of functionality, facilitating straightforward stock pick, pack, dispatch and receiving operations with full traceability. The result is an ability to see and control all key logistical processes, end-to-end. Once an airline has this level of control, the opportunity moves to refining and improving by increments. The winning outcome is developed though good procurement and selection processes for sourcing a technology partner and by the application of experience, drive and consistent, collaborative assessment of outcomes.

Covering everything from key considerations, purchasing criteria, control over implementation through to go live and the support phase. our guide below looks at the main reasons why projects might fail and what can be done to maximise positive outcomes.

For further information, read our guide:

Implementing On-Board POS –
A Guide to 'Getting it Right' first time.