

AIRPORT RETAIL: SKY IS THE LIMIT

Despite the many stiff challenges that retailing at airports pose, the one obvious fact that cannot be ignored is that it is during the period of waiting for flights to take off that most customers have those leisurely hours to browse through various products and indulge in purchases made on a whim. And that is why airport retailing is on such a high-growth curve

TANYA KRISHNA

Travel, or rather airport retail, is no longer a nascent or an unexplored category in the Indian market but has grown to be an exciting space for the overall retail industry. An increasing number of brands are now looking at airports as an opportune location to engage travel-bound, highly segmented customers who have ample time to kill. A report from Knight Frank highlighted that as per early 2015 estimates, retail stores at the Indira Gandhi International Airport, Delhi were responsible for almost 62% of the total non-aeronautical revenue of the airport. Airports are now one of the most promising sectors for retail development and every premium brand is keen on grabbing a pie of this opportunity.

In fact, many retailers also claim to have their best performing outlets at airports. These are the next battleground for the retail industry and are going to become more glamorous than ever. The current retail-tenant profile at Indian airports includes brands ranging from apparel to wellness, convenience, travel and books, electronics, fashion accessories, opticals/sunglasses, watches, jewellery, food and beverage, perfumes and cosmetics, wine and liquor and travel accessories.

THE TREND TRIGGERS

The trend is definitely here to stay or rather grow at a phenomenal rate. The airports in the metro cities of India have already given an indication of how they beat malls hands down. Sumit Ghosh, Head-Direct Channels, Fossil India, asserts,

“Airport retailing is going through a revolution in India. This is credited to primarily the huge transition in infrastructure at the airports wherein they are becoming a great destination for shopping as well as entertainment and secondly, the rise in disposable income and also in the number of people travelling by air.” The retail environment at airports provide an idyllic avenue where customers can make impulse purchases on a whim.

This has definitely given a push to this trend in a big way. “Apart from the quintessential millennial, the prototype baby boomers with high disposable income also do not shy away from buying items in their free time, which they find a lot during their travel time. Also, brands can access a plethora of customers on a daily basis at the airports and can understand how to serve them better. It is a goldmine of information and undistracted attention for brands,” confirms Sandeep Goenka, COO, Lavie.





ADVANTAGES OF AIRPORT RETAILING

All year round heavy footfalls along with high returns for brands from their airport stores explain the reason why this format is turning into a big hit in the industry. Bipin Jain, Managing Director, Madame, affirms, "From a retailer's end, there are many advantages of an airport store, including good and consecutive footfall; stock movement and fresh display placement of its products as they move faster than the normal markets; the exposure brands get at the airports, which also invites maximum eyeballs to the store; and lastly, the store opening time span at airports which is much more than the normal markets, thereby definitely increasing the sale."

Furthermore, growth in passenger traffic backs such positive thinking. Having stores at the airports also serve as a medium of marketing and help in building brand awareness and imagery, which is definitely beneficial for the brand in the long run. Adds Sandeep Goenka, "Airport retail offers a chance to buy products at the very last minute and this can work for flyers. Moreover, the brand becomes accessible to tourists and business officials

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if sales are low." The time limit is another drawback. Tenders are just for one year. If a company has invested a sizeable

sum in the project, then investment for just one year is actually a big risk because it might not recover the amount in the given time.

Also, seasonal crests and troughs in walk-ins depending on air travel demand make it harder to predict steady revenue for year-round sustenance. Moving ahead, even as there are infinite challenges, one cannot do without or let go off such 'bristling retail space'. Retailers at airports are required to set themselves apart in order to gain maximum returns from their outlets. Apart from a high assortment of trendy products, providing excellent customer experience, training staff to compete with the efficiency of e-commerce, etc. are crucial factors across all airport outlets. ©R

**USD
1.6
BILLION**

**DUTY-FREE
SPEND AT
INDIAN
AIRPORTS BY
2021**

CHALLENGES AND THE ROAD AHEAD

from across the globe. All in all, airport retail may become one of the last vestiges of physical retail, but it is definitely here to stay." The Centre for Asia-Pacific Aviation estimates that the duty-free spend at Indian airports will reach USD 1.6 billion by 2021.

While retailing at airports is definitely a great opportunity and is sought by many, it is only given to those who satisfy the requirements listed by the airport authority. Sumit Ghosh informs, "Some of the initial challenges include awareness about the process and the time of the bidding which requires rather close follow-ups. Also, getting security approvals is a long-term procedure and it takes time to obtain them. Furthermore, rising rentals and high staff costs also make the store unviable