

## INCORPORATING A FULL OMNI-CHANNEL COMMERCE MARKETPLACE AT MUNICH AIRPORT

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### ABSTRACT

*This study aims to explore the main strategy of Munich Airport to become a full Omni-channel commerce marketplace. We used Munich Airport, one of the busiest international hubs in Europe, as our research case. The study suggested that the Omni-channel strategy for Munich Airport includes that, firstly, all channels need to be integrated as one system. A shopping platform can be integrated into a mobile app. Shoppers have the convenience to use the app to order goods, delivered to a chosen place in the airport or even sent to customer home. Secondly, loyalty programs combined with in-store and on-the-move mobile payment are implemented. Thirdly, QR-Codes are used in the products to target customers directly and personally.*

**KEYWORDS:** *Omni-Channel, Munich Airport, Loyalty Programs, QR-Codes*

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### INTRODUCTION

Offering an Omni-channel commerce marketplace at Munich Airport would be a fantastic experience to prevent major disruption from the Omni-channel commerce giants of the world (Moodie, 2017). In the world that becomes more and more connected and with customer behavior changing quickly, expecting to receive the most comfortable solution for shopping and convenience at the airport, this topic becomes inevitably important. To enable customers with seamless integration of every channel in a retailers' ecosystem is one of the big challenges of today. Because in today's digital e-commerce landscape customers have the high expectation that the best companies will provide them with a convenient and continuous buying experience, the experience that these functions were built to provide (Dwyer, 2017). In order to provide this experience, an Omni-channel strategy is needed, which provides a fluid, connected experience across all the touchpoints in the retailer brand (Square, 2018).

Munich Airport is one of the most attractive airports in the world and could raise the bar for optimal customer experience. Furthermore, it is one of the busiest international hubs in Europe and one of the busiest in Germany with over 122,000 passenger traveling through the airport per day. With over 150 retail outlets and over 60 restaurants, it is also one of the biggest shopping malls in Germany. The airport generates turnover from aeronautical, retail and other charges. In 2017, the airport reported a turnover of 1.36 billion euro (Flughafen München, 2018a). However, what could Omni-channel

retail be in an airport context? What is the strategy to roll out a solution to transform the airport into an all-encompassing Omni-channel commerce marketplace? To find out these questions, the present study used primary and secondary data sources, including usage of the Munich Airport website and mobile application as well as relevant newspaper articles and textbooks, to analyze.

Therefore, this study aims to explore the main strategy of Munich Airport to become a full Omni-channel commerce marketplace. In the next section, the importance of using the strategy will be identified with the help of a SWOT analysis. The analysis of the current strategy and the recommendation strategy follow. Finally, the study finishes with a conclusion and prospect.

### SWOT Analysis

In order to underline the importance to incorporate a full Omni-channel commerce marketplace, the question comes up, what are the opportunities and threats of the airport for example? This is where SWOT analysis comes in. Figure1 presents the SWOT analysis of Munich Airport, in which the strengths and the weaknesses of the undertaking, as well as the opportunities and the threats, are presented. The analysis clarifies the challenges as well as the opportunities for adding a full Omni-channel strategy.

<b><u>Strengths</u></b>	<b><u>Weaknesses</u></b>
+ Many attractive shops at one location	- No/less experiences with omnichannel
+ Traffic is huge cause airport	- Spatial restrictions at the terminal
+ A lot of chinese passengers know already the functions	
+ Customer have the motivation	
<b><u>Opportunities</u></b>	<b><u>Threats</u></b>
+ Participation in the intern commerce growth	- Branded shops at the airport promote their individual online shops, channelling revenue past the airport
+ New touchpoints created through digitalisation of the travel journey	- Competitors at different airports
+ Attractive digital offers and services from unique customer experience	- Airlines expand their retail activities
+ Competitive to other airports	- Omnipresence of international e-commerce players

**Figure 1: SWOT Analysis**

### Strengths

Munich Airport has a lot of shops and restaurants all gathered in one place. Furthermore, Munich Airport has high traffic levels and a respectively high volume of passengers strolling through the airport every day. The airport is a melting pot of cultural background, a lot of passengers come from other countries having previous experience with these types of systems, for example, “Alibaba”. Moreover, customers have the motivation to take part in an Omni-channel travel and shopping hub. They like to be entertained and be motivated by offerings in retail shops. They like the combination of touch and feel, innovative interaction, and unsurpassed convenience (Moodie, 2017)

**Opportunities**

Providing a full Omni-channel solution leads to participation in the intern commerce growth (Roger, 2018).What’s more, creating new touch points through digitalization of the travel journey, is a great way to improve the Omni-channel strategy as well as offering attractive digital offers and services to form a unique customer experience(Roberts, 2017). Even in cases where the airport still has some degree of locational market power, it has to stay competitive with other airports in the years to come(Thelle, Pedersen, &Harhoff, 2012). And if they adopt an entire Omni-channel strategy, they will gain a competitive advantage.

**Weaknesses**

Munich Airport right now has little to no experience with Omni-channel solutions. They have channels, but they are not integrated with them. Moreover, Munich Airport has spatial restrictions, such as having multiple terminals. On the basis of this fact it is more difficult to provide an amazing customer experience. Providing a global Omni-channel Travel- and Shopping Hub requires a large extent of efforts. Munich Airport would need an entirely new line of business which includes a digital transformation of Munich Airport’s offline airport business to an online platform.

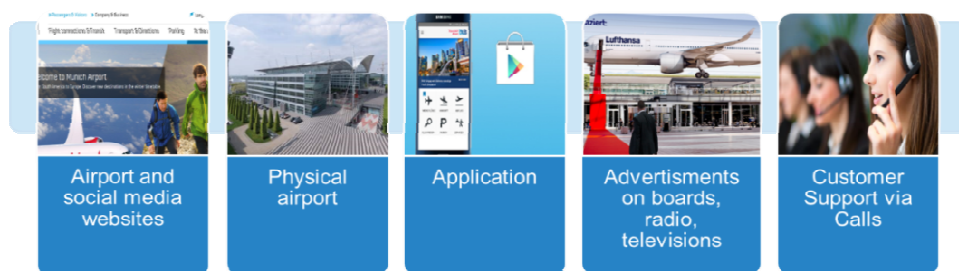
**Threats**

Branded shops are building up their own Omni-channel strategies to promote their online shops to customers. Thus, the customer could buy gifts on the shop’s websites. Thereby the profits, the sales and last but not least the revenue pass by the airport. Another key point to remember is that Munich Airport has a lot of competitors, and they don’t keep their hands still. Furthermore, airlines are expanding their retail activities, as well. Not only there is a struggle for power among airlines and airports, but there are also a lot of other international e-commerce players present.

Most importantly, Munich Airport needs to come up with a solution, to keep commerce within the airport channels and to be competitive in general. This means a lot of work to integrate the many systems and strategies (Rigby, 2011)

**Analysis of the Current Strategy**

It is important to figure out what touch points’ passengers are using and how the airport can engage with them to improve profits and create a unique customer experience while being at the airport. There are five main channels with which the customers interact with Munich Airport, as shown in Figure 2. They can be grouped into the airport and social media websites, the physical airport, the mobile application, the advertisements on boards, televisions, and radio and lastly the telephone conversations.



**Figure 2: Current Strategy Analysis**

The airport's website is usually the first touch point. For instance, when a passenger books a flight on the website The passenger can get several types of information there and can book services as well. For example, flight information, available shops and restaurants, parking possibilities, book reservations and so on (FlughafenMünchen, 2018b). Embracing the value of social media, Munich Airport also has social media accounts, users can share airport information via Twitter and Facebook.

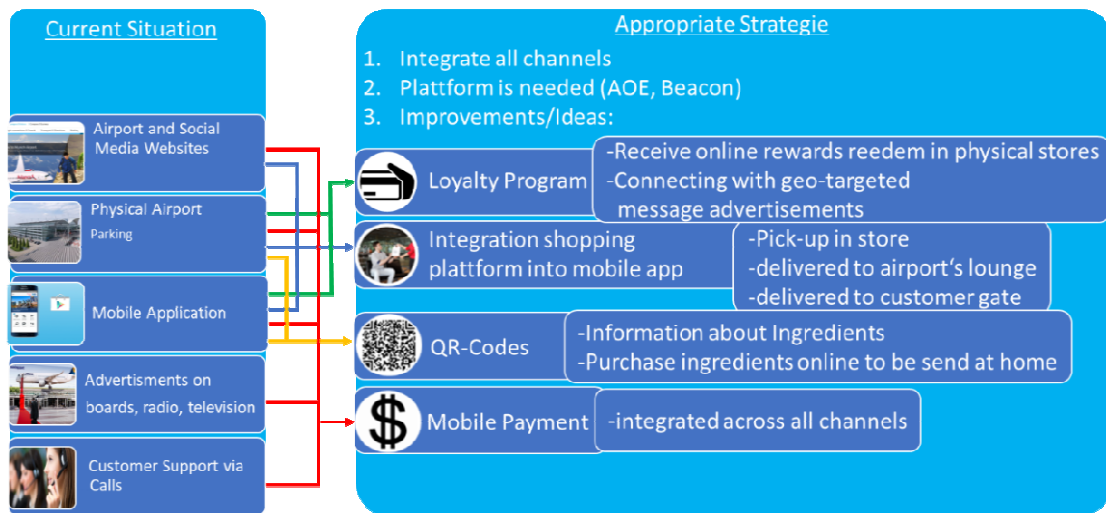
According to a Director at Google, consumers are checking their smart phones up to 150 times per day (Probe, 2015). An application is a great tool to engage and bind customers to a company. Munich Airport provides an application as well. It offers automatic flight status updates and information on commercial services. Users can opt-in to receive push notifications, which are sent automatically if the status of a flight change. Also included is a car parking function that keeps track of the location of a car once a customer has parked at the airport. A terminal map rounds off the service range in the mobile app. While it isn't possible to use GPS, because it is indoors, there are devices hanging in the hallways which communicate with the app and show the current location as well as give directions to the right gate, pickup-point, shops, and restaurants(Retail TouchPoints, 2016).

The further channel is the physical airport. If international passengers put emphasis on "touch and feel", they can visit the airport stores and get a wonderful shopping experience. A lot of shops and restaurants invite one to linger on and let a visit to the airport become an unforgettable shopping experience. Advertisements on boards, radio, and television advertisements and telephone calls are further touch points. These touch points have the purpose of attracting customers and leading them into the store.

Currently, the airport's website and social media outlets aren't connected to other channels. These channels can be viewed isolated except for the link to the website, no further interactions between the advertisement and other channels exist. Even the mobile application is an independent channel. In consideration of the different channels or touchpoints and working methods, Munich Airport is operating in a Multi-channel strategy. This strategy has multiple touchpoints which customers must access independently, and retailers and airport employees must operate independently of airport channels.

### **Appropriate Strategy**

The following Omni-channel ideas can lead to a new face at Munich Airport. The ideas that need to be implemented to form a full Omni-channel commerce marketplace are illustrated. First of all, all channels have to be integrated along all the touch points with the customer. Omni-channel is the mix of all physical and digital channels to create an innovative and unified customer experience (Sealey, 2012) **for** all functions and ideas, a platform is needed. The platform represents an additional marketplace that places all shops at the customer's fingertips and makes all products available within no more than just a couple of minutes. Figure 3 shows which touch points needed.



**Figure 3: Appropriate Strategy Model**

The real center piece is the integration of the airport shopping platform into a mobile app Last-minutes shoppers at Munich Airport who don't have time to browse and shop at the airport will have the convenience to use the app to order goods to be processed within a few minutes. Shoppers can decide to have the items delivered to the airport's lounge, customers gate, or even pick-up in-store if they prefer to look at the goods before purchasing (Retail TouchPoints, 2016). This gives the convenience of ordering from a taxi on the way to the airport or on the plane itself. Furthermore, customers could be able to order goods from stores that might be in a different gate or even in a different terminal (AOE, 2016). The online platform also means that international passengers can shop at any stage of their travel journey using their own devices at a time and place that is convenient for them (Moodie, 2017). The system could allow the airport to target customers directly and personally with all the information collected through loyalty programs, app/web purchases, etc.

QR Codes are everywhere nowadays. They are printed on flyers, on the back of drinks, and even on menus. QR Codes provide an easy path for customers to interact with. It is easy to handle because the customer only has to scan the code and will directly get information (Dilabrien, 2017). This opportunity could be used while the passenger is sitting in the restaurant, and can receive information about the ingredients in his dish and if the passenger really likes the food, he can learn how to cook it and purchase ingredients to be sent to his home.

One way to create an Omni-channel touchpoint is to provide "Customer Loyalty Accounts" (Cohorst, 2015). Whenever customer purchases something, they will get points. Also, they could receive attractive rewards, unique benefits, premium services, and welcome points. Customers would have the possibility to keep track of their rewards, make payments, and redeem their rewards directly from their phones. Retail coupons would also be made available through the mobile app before making a purchase in-store (Boces, 2016).

An additional idea to reap the full benefits of Omni-channel is personalized geo-targeted message advertisements with mobile payment functionality (Javelin Group, 2018). In addition, payment processing must be integrated across channels.

**CONCLUSIONS**

At first glance, an Omni-channel mindset may not seem relevant to airports, which provide an unashamedly 'bricks and mortar' environment. But the opportunities to enhance passenger experiences through digital interaction are

myriad. Munich Airport can participate in the internet commerce growth and will be competitive to other airports.

The current analysis shows that the airport has five channels. The channels can be distinguished in the airport and social media websites, the mobile application, the physical airport, customer support via calls, and advertisements on boards, television, and radio. At present the channels can be viewed isolated except for the link to the website, no further interactions exist. The airport is operating in a Multi-channel strategy. Therefore, it has multiple and independent touch points.

There are different approaches to incorporate a full Omni-channel commerce marketplace. First of all, all channels need to be integrated as one system. A shopping platform can be integrated with a mobile app. Shoppers can conveniently use the app to order goods, pick up at a chosen place in the airport or even deliver at home. That means passengers can shop at any stage of their travel journey. Loyalty programs combined with in-store and on-the-move mobile payment are implemented. QR-Codes are used in the products to target customers directly and personally.

To sum up, all of the above approaches will contribute to an overall seamless integration of channels and break the silos of the online and brick and mortar channels. Furthermore, they will make the shopping process easier and create an amazing customer experience. These tools provide a powerful passenger engagement eco-system delivering a range of benefits. Moreover, by considering the research results, the study gives answers to questions of how to successfully blur channels and touch points in order to deliver an enriched airport experience.

Munich Airport has to face the enormous challenge of transforming their current structure into an Omni-channel system and it is not a one-size-fits-all approach. Rather it's a suite of software and services that it has to tailored to this airport's exact needs. But the result would be a unique solution for the travel and retail industry. It can provide an optimal travel experience for customers, whether they want to shop or use any number of other services. Ultimately, this offers a huge potential to tap a vast and unexplored source of revenue for Munich Airport.

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