



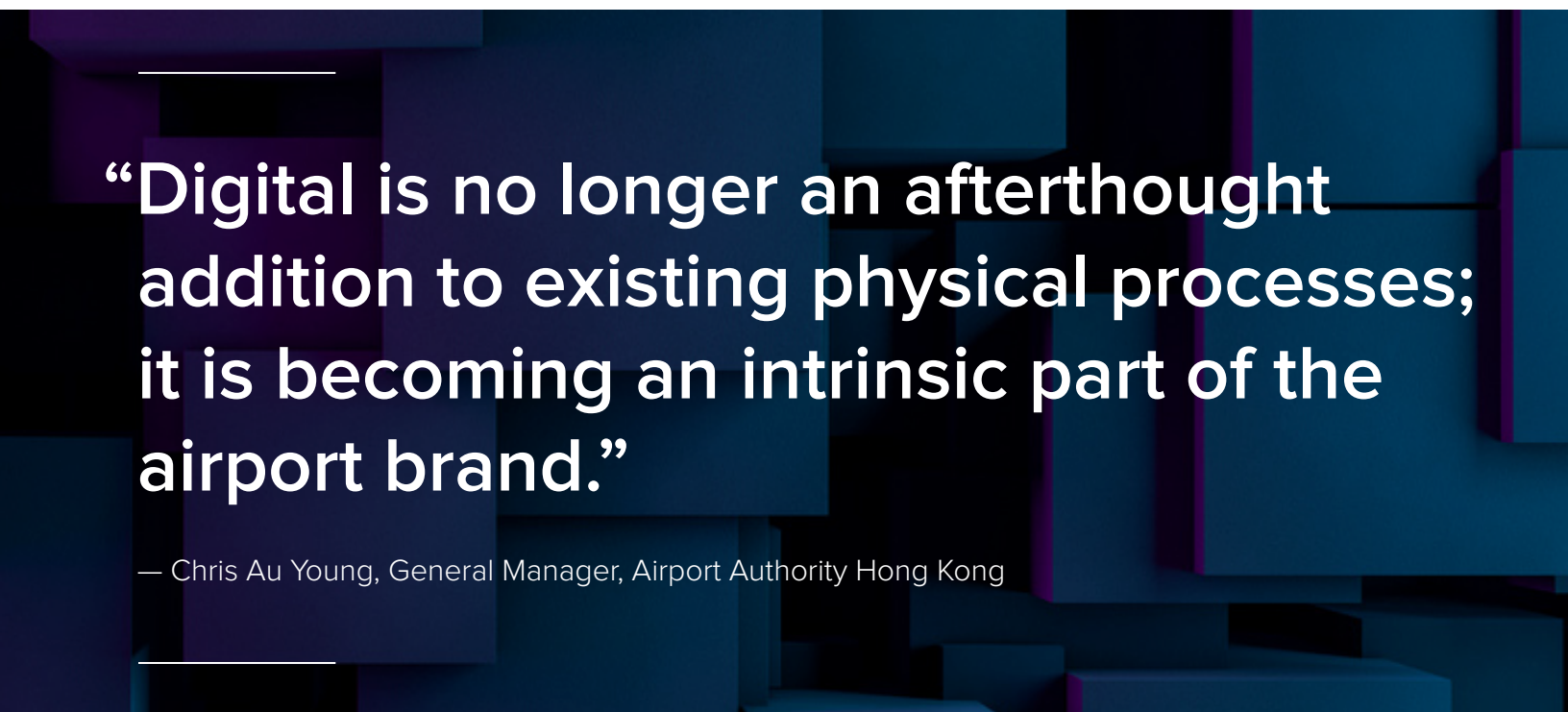
BORN

Digital Transformation & Airport Marketplaces

Redefining the Airport Experience

An Introduction to Airport Marketplaces

A Rapidly Evolving Industry



“Digital is no longer an afterthought addition to existing physical processes; it is becoming an intrinsic part of the airport brand.”

— Chris Au Young, General Manager, Airport Authority Hong Kong

Every day, about one million people around the world are in the air—and every one of them spends time at one of the world’s 40,000-plus airports. Airports are already big business, and they are evolving rapidly thanks to privatization, visionary airport managers, changing consumer demands, and—perhaps most important—technology.

In fact, digitalization and experience transformation are taking airports even further as they evolve into fully connected, digitally-powered ecosystems, leading to better experiences for travelers and new opportunities for airport marketplaces.

Digitization and the Airport

Transforming Air-Travel

In the early days of digital transformation, airports embraced digital technology to automate operations and processes, optimize passenger tracking and security, and leverage data and analytics for faster (and improved) decision-making and more effective management of energy and waste.

A key benefit was improvement in getting people on and off planes more efficiently and with less labor, which saw still further improvement with the onset of the “connected traveler” experience, enabling a much more seamless journey through security, gates, baggage claim, customs, and ground transportation—all the major components of getting passengers to their destinations.

Better operational efficiency and a more connected passenger experience means a better customer experience. When travelers are worried less about finding the gate and making the plane, they have more time for stress-free recreation and shopping.

The textbook example of the potential of this investment may well be the Changi Airport in Singapore. As the New York Times¹ put it, “many airports have spots that can delight, if you know how to find them. Changi, in Singapore, for example, is the superstar of airports, worth spending a whole weekend exploring.”

¹<https://www.nytimes.com/2023/12/02/travel/airport-amenities.html?smid=nytcore-ios-share&referringSource=articleShare>

Digitization and the Airport (contd.)

Substantial Revenue Opportunities

Today, digitization is being extended to airport marketplaces—with good reason. The millions of travelers who pass through airports each day represent a large, captive market—and

a substantial opportunity to increase non-aeronautical revenues. The conclusions of two major consulting firms highlight the potential of the airport marketplace:

01

In a September 2023 report² on traveler satisfaction, J.D. Power and Associates said: “Satisfied travelers [are] spending more money at the airport: There is a direct correlation between overall passenger satisfaction and spending at the airport.”

02

And according to Forrester’s CX³ Index, when an airport increases its customer experience score by one point, it generates an additional \$3.39 in incremental revenues per customer.

An airport marketplace powered and transformed by digitalization can enhance the customer experience, improve gross

merchandise value (GMV), and, ultimately, increase your return on investment (ROI) of non-aeronautical revenues.

² <https://www.jdpower.com/business/press-releases/2023-north-america-airport-satisfaction-study>

³ <https://www.jdpower.com/business/press-releases/2023-north-america-airport-satisfaction-study>

Digitalizing the Airport Marketplace

Reinventing the Retail Business Model

When you transform the airport marketplaces into a digital marketplace, you are reinventing the airport retail business model.

Digitalization improves multiple aspects of the customer experience:

- Improved visual merchandising and more omni-channel experiences, in-airport, on the web, and via smartphone apps.
- New possibilities for digital marketing, including predictive retailing, hyper-segmentation, and personalization: tools to attract and engage buyers by delivering superior information and unique offers to the right consumer at the right time.
- Seamless integration of content and commerce: efficient cataloging of products and services and making it easier for buyers to find what they need and want.
- New opportunities for non-aeronautical tenants, making it easier to attract, onboard, and retain them.

These CX improvements enables all kinds of new opportunities for growth. In just a single concrete example of the benefits of a digitally enabled marketplace, Glasgow Airport launched its own app and redesigned its website to improve the traveler experience and found that parking revenues from digital channels increased by 20%.

At BORN Group, we have helped airport retail operations level up by creating state-of-the-art web sites and smartphone apps—backed by a digital-first tech stack—that serve as guides and access points to everything available, from transportation and parking options to opportunities to shop, dine, and relax. While at the airport, flyers can be sent real-time, location-based, and appropriately customized recommendations. The app could, for example, direct a business traveler to the appropriate airline lounge and offer suggestions for a good meal. It could offer shopping, dining, and entertainment suggestions to vacationers or travelers with long layovers (including personalized duty-free offers for international travelers).

The Tech That Drives a Digital Ecosystem

Five Distinct Streams

Digital transformation to pave the way to a successful airport marketplace focuses on five distinct streams:

01

Enterprise Technology:

A scalable tech stack to enable enterprise commerce, deliver a high-end omnichannel user experience, and automate personalization.

02

Partner & Ecosystem Management:

The ability to recruit and onboard the right sellers/partners efficiently and manage the entire ecosystem effectively to ensure that everyone—including passengers—benefits.

03

Retail Products & Services:

Successful airport marketplaces require a modern technology infrastructure that supports retail shops, restaurants, and other consumer service providers. From a macro point of view, this means merchandising, content strategy, and production at scale.

The Tech That Drives a Digital Ecosystem (contd.)

Five Distinct Streams

04

CX Management:

The customer experience goals of the airport marketplace are similar to those of other marketplaces: multiple and seamless touch-points for consumers to discover and transact with retailers. The difference is how these touch-points are designed and delivered for air travelers in the context of the airport and each user's needs and preferences.

05

Fulfillment and Assurance:

Getting products to consumers is critical to any marketplace, but airport marketplaces pose different challenges, like eligibility (say, for duty free passengers) and product delivery (while most products are delivered at the place and moment of purchase, some are delivered at the gate or the destination airport or shipped to the purchaser's home).

Effectively addressing these components of the value chain enables airport marketplaces to meet the key factors for ongoing success:

- Onboard enough sellers and the right kinds of sellers.
- Embed the airport marketplace (and its brand) into the airport's website and digital apps.
- Display high-quality content and product data.
- Build trust through transparency.
- Automate processes wherever possible (particularly when it comes to personalization).

Case Study: A Leading Airport Marketplace

The Challenges & Guiding Principles

As an example of how digitalization can make a real difference in the success of an airport marketplace, consider the example of a leading airport, one of the largest transportation hubs in Asia that serves more than 100 airlines and more than 77 million travelers per year. Shopping at this airport involves more than 100 brands offering everything from luxury goods and high-end electronics to make-up and fashion to restaurants and convenience stores.

The BORN Group was chosen as a technology partner to build a curated marketplace for the airport in ways that would enable business growth, align with the airport's digital transition, enhance its reputation for exceptional customer service, and serve its tenants more effectively.

We built a curated marketplace that delivered a seamless omnichannel digital experience across all brands.

Key challenges included the following:

- Airport stores tend to operate with limited stocks of products, so a real-time, reliable inventory management was a key component of this digital transformation.
- The existing ecommerce platform was not robust enough to handle increased traffic in a secure fashion.
- Different brands have different content requirements and, typically, rely on their own content producers. This needed to be reimagined and consolidated for the airport's web shopping portal.

Case Study: A Leading Airport Marketplace

The Challenges & Guiding Principles

We approached this massive engagement with a well-defined set of guiding principles:

- Prioritize the customer experience at every step.
- Adopt a flexible, component-based system architecture.
- Ensure the technology framework is dynamic, capable of growth, and can be seamlessly enhance to meet the evolving needs of tenants, features, and channels.
- Focus on enhancing efficiency and streamlining corporate workflows.
- Offers robust content services to facilitate swift tenant integration, ensure tenants get onboard quickly, and position them for success.

Solution Highlights: A State-of-the-Art Omnichannel Ecommerce System

At the heart of our engagement for this major airport was SAP Commerce, which stitches the many layers of the solution we developed into an integrated whole capable of handling millions of transactions in real-time. The solution includes these components:

- A headless storefront with componentized views.
- An experience-driven content management system (CMS).
- A curated marketing platform.
- An omnichannel order orchestration layer.
- A commerce engine using SAP CX Commerce.
- An order management and fulfillment system.
- A comprehensive analytics layer.
- Managed services layer.
- Security services.

Case Study: A Leading Airport Marketplace

The Challenges & Guiding Principles



All told, marketplaces sales have increased by 80% through a combination of cross-selling and upselling.

Significant Improvements

The system the BORN Group developed has been live at this airport for nearly five years and is already delivering substantial progress:

- Marketing effectiveness has increased by 70% across multiple engagement points.
- Dramatically improved time to market for tenants in terms of content and product.
- Conversions have been accelerated by 60% and consumer fallouts have declined by 30%.
- Operational efficiency has improved by 80%.

The BORN Group Approach

Tapping the incredible potential of the airport traveler marketplace demand digitization, which entails three distinct components or streams:

01

Domain Expertise:

In the market sectors featured in airport marketplaces, which typically include beauty, fashion, electronics, food/restaurants, and wine and spirits.

02

Technology Expertise:

Including marketplaces, commerce, content management order management, enterprise resource planning (ERP), point of sale (POS), customer relationships management (CRM), and analytics.

03

Transformation Expertise:

Including strategy, consulting, CX, omnichannel, change management, and implementation.

Like most transformation challenges, success demands a true partnership with a provider who understands all of these streams and has the experience and expertise to deliver results.

To learn more about digitization and airport marketplaces, BORN Group would love to walk you through our proven approach.

Related Reports

A Look at Marketplace Strategy & Design

Part I Marketplace Business Models: Launching & Building a Marketplace

Part II Digital Transformation & Airport Marketplaces: Redefining the Airport Experience

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Get in Touch

Connecting creative, content, and commerce, BORN is an award-winning, global agency that helps brands with digital transformation.

BORN is a Tech Mahindra company.

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