#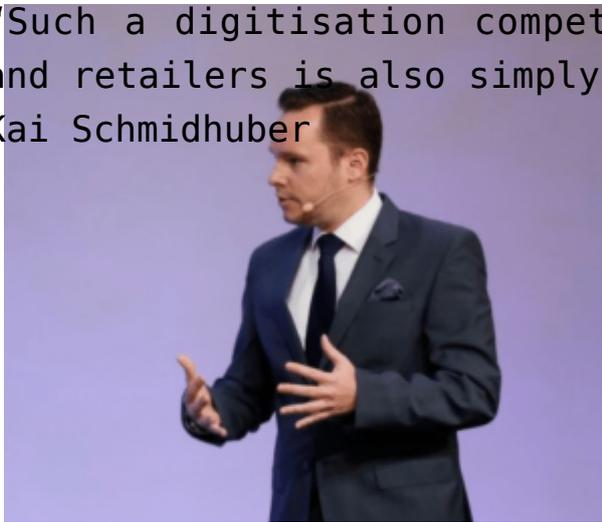 Interview: Kai Schmidhuber on why travel retail must avoid the digitisation "money-destruction machine" – The Moodie Davitt Report

Introduction: *Last month we reported on Kai Schmidhube*

"Such a digitisation competition among airports, airlines and retailers is also simply a money destruction machine." – Kai Schmidhuber

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The Chief Digital Officer at French beauty products giant L'Oréal and owner of digital consulting firm ai-retail.com argued that vast resources had been poured into digitisation, but posed the question: Is it really worth it?

"Is there a real business case?" he asked. "Or is it rather magicians and jugglers who want to sell you extensive solutions involving stately budgets with at least dubious benefits?''

Martin Moodie spoke to Schmidhuber about his position on digital investment and what demystification means.

Martin Moodie: Kai, reading your recent comments about digitisation, one could easily surmise that you have changed sides. At The Trinity Forum in Mumbai in 2016, you spoke passionately about your creation of what ranked as the airport world's most comprehensive multi-channel online shopping eco-system at Frankfurt Airport.

Now you are calling for a whole "demystification" approach. Have you shifted from being digitisation preacher to anti-digitisation missionary?

Kai Schmidhuber: I don't want to be misunderstood. Digitisation is important, especially if it happens against the background of concrete passenger needs. But I am observing

more and more that digitisation has become a race of technical possibilities.

But isn't that race simply a manifestation of competition? And need?

Yes, but it's on the back of consumers, who must adapt to the insanity of ever-new apps, processes, specifications and options, which, of course, they don't adapt to!

On the other hand, such a digitisation competition among airports, airlines and retailers is also simply a money destruction machine.

I guess that is the greatest fear among travel retail industry stakeholders that I talk to — that digitisation is potentially a 'black hole investment'. Is it?

Not at all! If I have the need to get from A to B, there are basically different options available to me. I can go by car and for that I can rent a car. I can also buy a car. Or I can use the bicycle because I want to do something for my health at the same time.

That's the way it is with digitisation. The trend is towards the Bentley, when perhaps a lively small car can do the job. In some cases, the more fun-oriented skateboard might be the best solution.

Hopefully, decisions on digital transformation are not made casually or by chance. But they are often made from a perspective of ignorance. How would you advise board members and executives about weighing up digital investment options?

I think that a sustainably correct decision, that both reflects customer needs and boosts business, requires full

transparency of options and alternatives. And this transparency simply does not exist today. The provider landscape of consulting and technology solutions is an oligopoly. I just want to help to solve that information deficit.

Kai Schmidhuber: "A sustainably correct decision, that both reflects customer needs and boosts business, requires full transparency of options and alternatives. And this transparency simply does not exist today."

What exactly does your help look like?

Together with a team of airport and digitisation experts, I designed a workshop concept fully based on a concrete analysis of the current situation. The workshop will carve out the why, the what and the concrete how for a specific travel retail business in terms of digital transformation.

Sounds simple. I suspect it's not.

That's why we call it demystification. The demystification workshop is like a good shopping list. Anyone who has ever gone shopping with hunger and without a plan knows what I'm talking about. After the workshop, our participants have a concrete plan. And they can clearly express their wishes to service providers. They will only buy what they have decided they need.

Contact: kai.schmidhuber@ai-retail.com

The promotional material for Kai Schmidhuber's workshop programme pulls no punches.

About Kai Schmidhuber

Kai Schmidhuber is a founder of multiple businesses. He has been a senior executive in four Fortune 500 companies within the last 13 years and is a renowned corporate digital transformation specialist.

He has extensive experience in business development, innovation, marketing, internet technology and e-commerce, especially in the fields of logistics, transport, tourism, aviation, travel retail and FMCG. Prior to joining L'Oréal as Chief Digital Officer, he served as Senior Vice President at Fraport, with specific responsibility for the group's overall digitalisation strategy, acting as thought leader for digital airport transformation.

He is a regular speaker at conferences, where he talks about successes and failures of digital transformation projects, allowing his audience to look behind the scenes of big corporates. What is a PR story, what is real? What were the challenges to overcome when it came to organisational setup, IT development or e-commerce operations? He describes expectations, focusing on monetisation, ROI, and creating

customer experiences.

"Disrupt yourself or get disrupted" is his message. Schmidhuber claims that the world is entering the "third phase" of digitisation, one in which artificial intelligence will raise the bar in terms of customer experience.

"Customer experience is evolving from a mobile-first to an AI-first business," he contends. "For customers this is the start of the most exciting phase ever. They will enjoy benefits like hyper-personalisation, faster than real-time customer service and the most user-friendly interfaces ever seen."

It's about identifying and investing in the customer experience of the "day after tomorrow", he says.

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