

Pernod Ricard CEO: “Travel retail is a ‘must-win’ market”



“Travel retail is still, despite this crisis, a must-win market for Pernod Ricard” - Alexandre Ricard, CEO, Pernod Ricard

Pernod Ricard CEO Alexandre Ricard has reiterated his long-term commitment to the travel retail channel, calling it a strategic “must-win” market for the French spirits group.

Speaking at the recent Moodie Davitt Virtual Travel Retail Expo, Ricard revealed why he is optimistic about the channel, which remains a key market for the business: “Four years ago we identified, as part of our transform and accelerate strategic roadmap, four must-win markets. One was the US, one was China, one was India, and one was travel retail. And travel retail is still, despite this crisis, a must-win market for Pernod Ricard (...) We strongly believe in long-term value creation in that very strategic channel. Time after time, travel retail has demonstrated its resilience.”

While recognizing the profound effect Covid-19 had on the global travel industry, Ricard shared how Pernod Ricard Global Travel Retail (PR GTR) maximized new duty free opportunities, tapping into momentum behind offshore duty-free islands including Hainan and Jeju, to reinforce its leadership. January 2021 saw the opening of the first Martell boutique in global travel retail on Hainan Island, a milestone for Pernod Ricard.

The digitalization of consumer behavior, of which the global pandemic was a catalyst, has created tremendous opportunities within the channel. Pernod Ricard was already maximizing these opportunities before the crisis with the Travel Trail strategy, which targets shoppers throughout their trip.

Reflecting on long-term prospects for the channel, Ricard said: “Digitization allows companies such Pernod Ricard, in partnership with our retailer partners and operators, to be much more efficient in terms of targeting travelers, our product offerings, promotions, and engaging shoppers at different stages of the travel trail.”

At last year's Moodie Davitt Virtual Travel Retail Expo in October, Anuj Roy, Strategy and Insights Director, shared his predictions on what the industry should expect from the next 12 months, in the height of the pandemic. One year on, PR GTR has seen many trends emerge and with them, a change in the behavior of shoppers.

Roy commented: "People are wanting to buy high quality products when they are traveling because they don't see the range in domestic markets. Basket size is increasing. There is a mindset of people maximizing the opportunity to be in store when they travel. And shoppers and travelers want to buy unique products when they are travelling. So, the importance of new products in terms of exclusives are still very important."

As shoppers and travelers return, Simon van Moppes, General Manager North Asia, discussed the importance of adapting retail presence to new consumer expectations. In the last year, PR GTR has elevated in-store theatre with digital-led experiences including the Martell robot bartender and AI ambassadors.

He explained: "It's about the whole shopper experience - from the moment consumers arrive in store, all the way through to a sampling opportunity and purchase occasion. It allows us to create a very personal connection with shoppers. It's just the beginning of what we're doing in retail to drive retail theatre which is vital for the future."

Pernod Ricard believes that innovation does not come at the expense of sustainability. Speaking on the integration of sustainability within the business and innovation process, Vanessa Wright, Chief Sustainability Officer, said: "Sustainability and responsibility is not something new for us - we have a strong legacy and it's an essential part of our business strategy. All our products come from nature, and we rely on these well-functioning ecosystems to produce and make our iconic brands, so it is our duty to protect these precious ecosystems. We're doing this by having a long-term relationship with our partners and making sure we look at how we make and distribute our products. It's important for the longevity of our business but also that those ecosystems are there for generations to follow."

Underlining its commitment to sustainability, PR GTR has recently announced an industry-first Life Cycle Analysis (LCA) Tool, dedicated to retail merchandising. The LCA Tool forms part of its focus on Circular Making, one of the four pillars constituting the Pernod Ricard Group's global 'Good Times From a Good Place' Sustainability & Responsibility strategy, with the objective of reducing its carbon footprint and minimizing waste.

Commenting on the LCA tool, Daniel Worboys, Head of Retail Design, said: "It's crucial our designs are aligned with sustainable objectives - our LCA tool is an industry-first tool which is data-driven and enables our design team to develop designs across our full estate and ensure they meet our sustainability targets. From the start of July this year, we've implemented the tool across all our projects to great success."

To watch the Knowledge Hub session with Alexandre Ricard, visit: SPECIAL SESSION: ['Long Term Vision Over Short Term Reaction'](#) on Vimeo.