

TFWA hosts first successful webinar; consumer trends to look out for

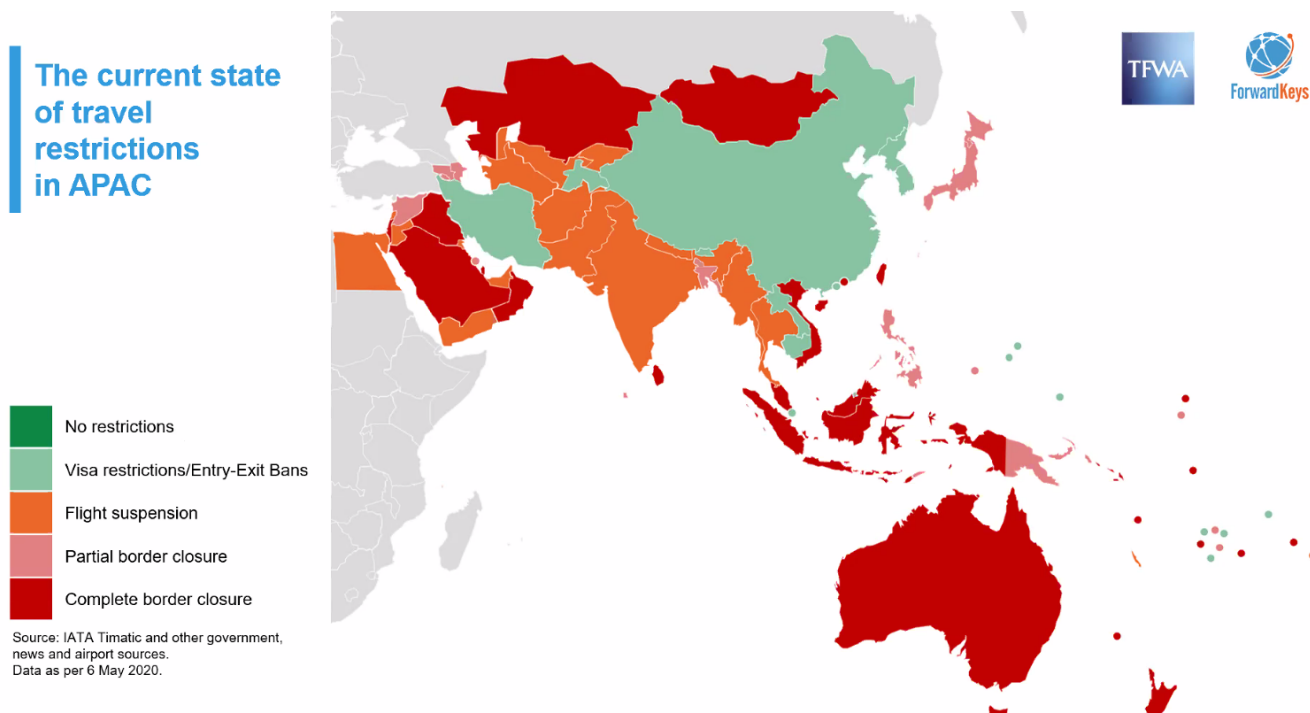
In Tax Free World Association's first webinar, the industry organization brought together three expert speakers to help create a picture of what the future of the industry might look like.

Olivier Jager, Co-Founder and CEO, ForwardKeys, Anson Bailey, Head of Consumer & Retail ASPAC, KPMG, and Irina Koulikova, Manager, Bain & Co, each made short presentations with TFWA Managing Director John Rimmer as moderator.

This first session, focused on travel, travel retail and consumer behavior, was generally hailed a success, and we look forward to more webinars.

Olivier Jager, Co-Founder and CEO, ForwardKeys: Slow travel recovery

ForwardKeys' Jager kicked off with some grim information on the number of global passenger arrivals from January 1 to last week, which are down by 55%, describing the current situation as "nightmarish".



The travel industry is looking to China as a benchmark to predict the next steps and possibly gauge the speed to recovery.

"China has been rigorous in addressing the pandemic. We look at China as a benchmark to see what is to come anywhere else in the world," he said. "The lesson is travel will start with domestic but it's going to be slow."

Another key point is restoring confidence in traveling if we expect a rebound in travelers any time

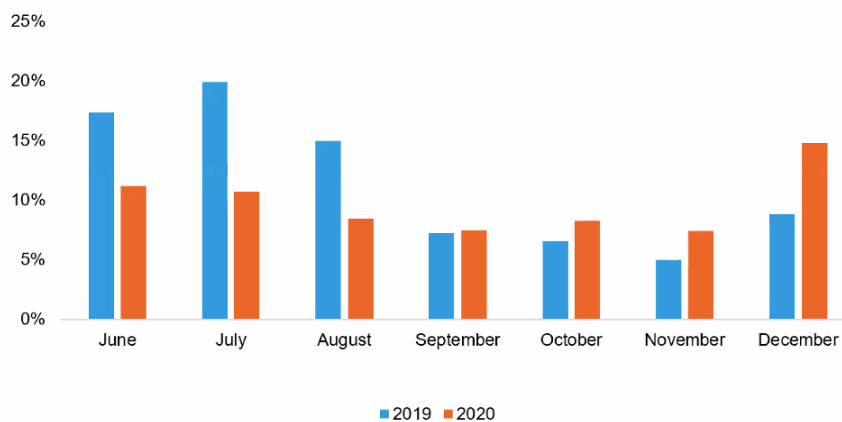
soon, according to Jager.

If the international corridor is open for business by September, then “we can hope we will have decent traffic, which will be a fraction of what it was last year. Things will go back to normal next year,” he said.

International flight searches show interest to travel to APAC despite COVID-19



Breakdown of international flight searches for travel to Asia Pacific destinations performed in April for a departure in...



According to ForwardKeys research, Asians are currently researching their travel plans in November/December.

Anson Bailey, Head of Consumer & Retail ASPAC, KPMG: Digital retail on the rise

KPMG’s Bailey spoke about the importance of new technology in a COVID-19 world.

Current state of the market

The pandemic is impacting the retail landscape in different ways

Key retail trends in Asia



“Airlines and airports are taking the time to take stock of all current challenges and starting to see how they can adopt new technologies,” he said.

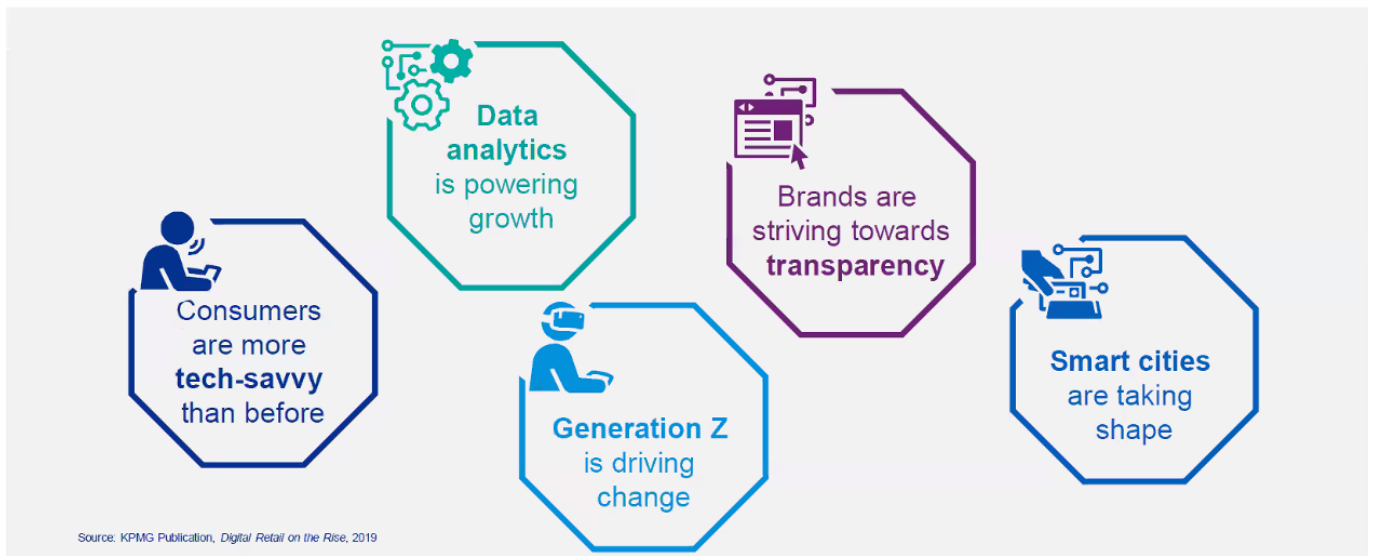
New business models are emerging, and cooperation and collaboration is key. He spoke of a “technological intensity”, adding: “I think the retailers need to be a lot more tech savvy.”

He spoke of the importance to consumers of health and safety, and the cashless society.

Retailers should focus on a few key elements: safe retailing, getting closer to customers, improving digital retailing, and delivering on your values.

Safe retailing includes zero-touch and contactless options.

Digital Retail on the Rise



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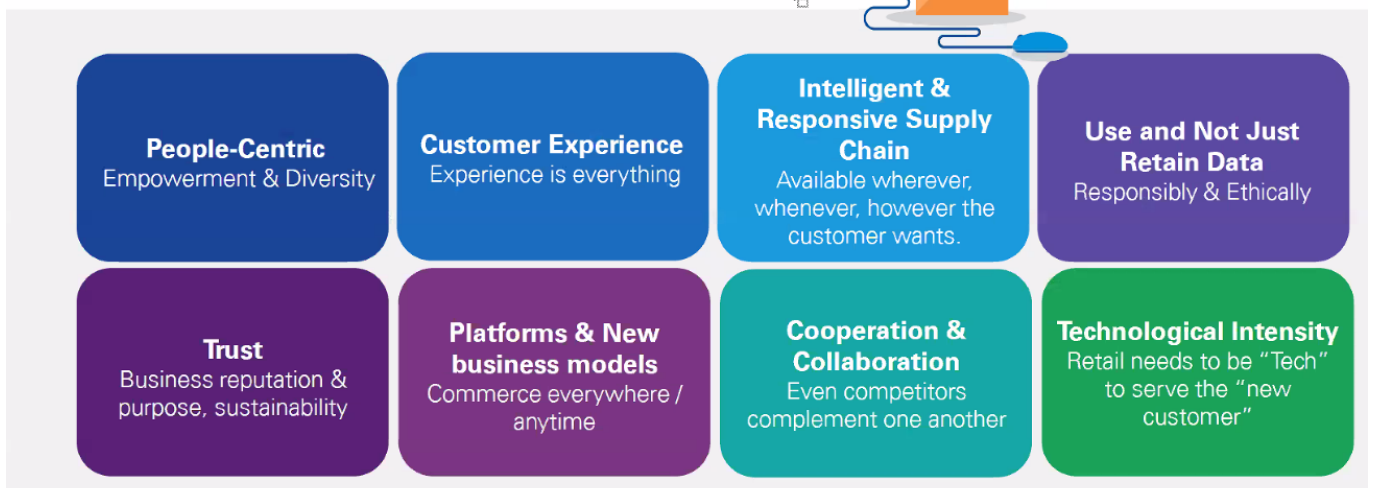
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“Digital retail on the rise; this is something I’ve been talking about a lot... there are five key drivers: consumers are a lot more digitally minded, they are a lot more tech savvy than ever before, and the use of data will be significant. We’re seeing the rise of Generation Z... and the brands have realized they have to be a lot more transparent than they ever were before,” he said.

We will see technology accelerating in a number of different areas, and we need to be prepared for this.

Future of Retail

Key Trends - from NRF 2020



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He noted the importance of the purpose-driven agenda and transparency, and the acceleration of trends.

Irina Koulikova, Manager, Bain & Co: A changing consumer perception

Bain & Co's Koulikova has observed a change in consumer behavior during different phases of the pandemic, particularly in China. "The behavior as humans is changing dramatically. This is something that we observed in China... People were in lockdown, staying home using their mobile devices and stocking up on food. China is an interesting example because it's a unique country and it has a positive perception of the current situation. A lot of consumer spending is back, 50% of traffic in stores is back. People are practising social distancing but they are starting to spend money."

In China, all generations have become more active through digital. They have also become more home-centric, and new technologies help them to stay home, like 5G.

Koulikova noted the trend in China for slower premiumization. "In China, during the last several years, the growing middle class pushed demands for the more premium and luxury goods. Now this might slow down because some people will lose their income." However, for those that can afford such products, Chinese consumers will continue to buy these luxury items from home.

Consumers in China and beyond will be more focused on their health and wellness and also their safety and risk aversion. That has implications for stores, which have to become a safe place for them.

Local Chinese pride is playing a part, since there is some stigma because that's where the crisis started. "People are uniting within their country. This trend will be seen around the world," she said.

Consumer trend overview

The perception of consumption is changing: We will ask whether we actually need what we're buying.

Retailers should focus on a smaller number of brands and products: After a crisis, we become cautious of what we're consuming, and less experimental.

Balance between experiences and goods: There are fewer ways to enjoy experiences during a crisis, so we might consider redirecting our income from experiences to goods.

Safety: We need to feel safe in the store. Retailers have to ensure that people feel sure.

Social responsibility: We admire people that invested in helping others through donating face masks or hand sanitizers.

Digital and omni-channel shopping: Around 30% will choose this way of shopping.

Values: Brands must be transparent.

During a Q&A session with the three presenters, brands were advised to keep in mind their value proposition and who they are targeting. Some consumers will be in survival mode and will need products at lower price points, while others will get through the crisis without being too impacted.

A pent-up need for travel will be unleashed, but airlines will be forced to fly with one seat free and may have to increase air fares.