

TFWA talks “Hainan Special Edition”



New President of Tax Free World Association Jaya Singh

In TFWA’s press conference held Thursday December 17, Board Members gathered to discuss the future, with particular attention to the event to be held in May in Hainan. New President Jaya Singh spoke of the board itself, stating that they have the necessary DNA to carry TFWA forward into the future. They collectively have 167 years of experience, but this experience is also made up of diverse disciplines and diverse cultures, he stated, adding that this creates a powerful collective that is more representative of the global base.

In addition to Singh, present at the online press conference were Vice-President Commercial Donatienne de Fontaines-Guillaume, from Moët Hennessy; Vice-President Marketing Aude Bourdier, from Brown-Forman; Vice-President Conferences & Research Gemma Bateson, from JTI; Vice-President Corporate Sam Gerber, from WorldConnect; and Vice-President Finance Frédéric Garcia-Pelayo, from InterParfums.

Those board members who spoke made it very clear that the industry is excited about the event in Hainan and anxious to see each other again in person for whomever it is possible. That being said, TFWA is conscious that the financial situation is very difficult for most companies, and that is why the digital format will be as strong as the physical one.

“It’s not an exhibition and it is not a conference,” says Aude Bourdier. “It is the Hainan Special Edition. 2021 is a year of transition so we need to adapt and to do things differently.”

Bourdier states that it was important to make the event affordable. “We want people to be able to meet again as soon as May 2021,” she says. “For those unable to travel, we want people to take part from a distance. There will be a streamed conference and workshops, the One-to-One meeting platform that has been successful and that is available online. Clearly this event will enable our industry to get together again.”

The board assures us that safety is the most important aspect of gathering again. Colleagues in China have assured TFWA that there will be no compromise on safety.

As for Hainan as a location? The island “has been a breath of fresh air for all of us.” Stakeholders the world over have agreed that Hainan is an absolute hotspot right now for duty free and travel retail, providing not only hope for the future of that location but also for the future of travel retail as a whole.

Managing Director John Rimmer confirms Bourdier’s statement that that preparations continue for the Hainan event. They state that TFWA is working very closely with the local authorities and partners. Rimmer adds: “We know that there are challenges.” Between the pandemic and its associated travel restrictions, “there are things that we cannot control.” But the association confirms it is working hard with local government to expedite visa applications and other logistical issues such as customs.

When asked how the local partnerships look, and how the digital and physical aspects of the event will meld together, board members state that it is still a work in progress. But they want to ensure that financial limitations should not get in the way of the event experience, including meetings. “We want to innovate. The digital platform will be user friendly, bring members together and innovative.” That being said, the board admits that nothing replaces being able to touch, smell, taste and see the new items as one would during an exhibition.

What have we learned

While the event in Hainan is important, it is but one thing TFWA is currently working on. And with the current global situation combined with the new leadership at the association’s helm, this time is critical. Singh says when TFWA began 30 years ago its motto was “‘by the trade for the trade,’ and that is our foundation still.”

Singh says a “heck of a storm” hit the industry this year, and questions what we learned from it. Mainly, he says the industry as a whole and its stakeholders have found they need to have speed and agility. Scaling down had to happen quickly, but with a vaccine various stages of recovery can also happen quickly, and the industry must not be caught flat-footed.

“In terms of transitioning fundamental things, we must have ability to scale up faster,” says Singh. “We need agility and speed. Do basic things but do them in a way that focuses on cash and cash velocity that everyone needs. If it doesn’t happen sooner, we need to scale down with agility. We all have had to scale down, but how do we scale up quickly with agility? This we can only do collectively. Share best practices. Align better with stakeholders.”

While Singh says we will not see a V-shaped recovery and H1 of 2021 will still be a struggle, the uptick will come gradually. Sure a vaccine will help, but confidence is needed, he says, and the reality is infections are still going up. “It’s confidence. Confidence from governments, airlines, travelers and companies in this huge international space.”

Financial prudence

Singh says one of the reasons TFWA was able to remain viable through this time is its financial prudence, and this will be key for all businesses in coming months and years while recovery is still taking place. “One of the things we’re fortunate to have as an association is that we always exercise prudence – built up reserves for worst case scenarios. So we look forward to future with confidence. We have financial stability to see this through.”

He says the huge bailouts given to the industry are a good sign that there is confidence travel will return; the future is good. But he adds that bailouts also mean debt levels have risen and without a

doubt there has been an impact on balance sheets. The priority for all businesses in this industry needs to be setting priorities that generate cash.

The role of TFWA

While this time has been uniquely challenging, all the normal challenges still remain. “As an industry we have also been threatened with regulatory threats,” reminds Singh. “At the end of the day we do not need someone from WHO to impose further restrictions on the different categories that will have further economic impact on us as an industry right now.” TFWA also serves to bring regional associations together, to speak as a powerful voice.

Gemma Bateson adds: “Our industry will be firmly on road to recovery next year, and TFWA has an important role in driving our industry into that recovery faster and better than ever before. We have an important role to play, whether research, programs, webinars, speeches, not just providing data and info and coming together but also bringing the bigger picture. The whole industry was so disappointed not to host the big event that brings us all together, but we’re determined to start again in 2021.”

TFWA “made a great start with China Reborn” with webinars that attracted over 5000 participants. “We’ve learned a lot; it’s a work in progress, learning as we go to provide optimum value to all business partners. We look forward to next year supporting all in our industry.”

The association is also preparing for Cannes, albeit with a totally new mindset. “You can count on us. We are here today and will be here tomorrow.”

Working together

Data sharing has always been a challenge, but Singh feels this is changing. He says there is a compelling need to share data, and this sharing will fall into place. “There is a mutual need. A collective need. People are open because it is an asset to all to recover faster. Engagement levels will increase and have to increase,” he says. “The business model has been shaken to very core. From my conversations on side there is openness to sit and discuss. Open ears to how can we collectively ease debt burden as we transition. This will necessitate data sharing.”

He adds that there is nothing to stop the industry from engaging with airports and other stakeholders to find out where they are at, what their priorities are and how we can align better so we can all return to what we love “which is to serve the traveler.”