

## A must read: IAADFS chief Payne reveals plans for Summit of the Americas



In an exclusive interview with *Americas Duty Free* magazine this week, IAADFS President & CEO Michael Payne (see picture above on left) has discussed how plans are shaping up for the Duty Free & Travel Retail Summit of the Americas show amid challenges such as an industry sea-change and the Coronavirus outbreak.

The show, co-hosted with Latin American trade body ASUTIL, will be held from March 30 to April 2, 2020, at the Hyatt Regency Orlando, Florida. The 2020 dates represent a pattern shift of one day, in which the Opening Cocktail will be held on Monday, March 30, with the exhibit area open Tuesday, March 31 through Thursday, April 2.

The early registration deadline passed on Friday, January 24, and Payne is optimistic about visitor numbers so far: “We’re crunching numbers to see where we are. I feel pretty good about where we are given the economic challenges. Supplier registration is good and the buyer numbers are only a little behind in comparison to last year but it’s also quite early. There are simply fewer buyers due to consolidation,” he stated.

Retailers attending the show include Dufry, Duty Free Americas, DFS, International Shoppes, 3Sixty Duty Free, Aer Rianta International, Carisam, Lagardere Travel Retail, Motta International, Rio Duty Free, Stellar Partners, International Cruise Duty Free, CC1 St Maarten, and many more.



As for the exhibitors, all categories are well represented but Payne noted that the organizers continue to struggle with some of the perfume houses who have scaled back or will not be exhibiting.

“The economy is impacting some of our members this year,” explained Payne, referring to the situation in Latin America. “We’re feeling it. We have people who are taking a booth but they might

be downsizing, some are switching to meeting rooms. Having said that, we are still adding people to the floor.”

He continued: “People are waiting longer to register. It would be naive to think that the economy is not going to impact us. We generally get a big on-site bump [at the start of the show], as last year, and we are expecting the same this year. There’s a lot of energy such as in the spirits companies and other categories. Companies like Diageo, Otis McAllister, Juul, Stoli Group, Reynolds America, WEBB Banks, and Proximo Spirits are coming back and/or are expanding. Most of the spirits companies are exhibiting again this year and the confectionery category is strong.”

Turning to the Coronavirus outbreak in China, which has caused widespread concern internationally, Payne thinks the situation might become more problematic closer to the show and says IAADFS is monitoring events. At time of writing, The World Health Organization declared the virus a global health emergency.

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Hong Kong announced plans to slash cross-border travel between the city and mainland China, while British Airways suspended all flights to and from the Chinese mainland, and the UK's Foreign Office warned against "all but essential travel" there.

Several other airlines have taken similar measures. United Airlines and Cathay Pacific are restricting flights, while Lion Air, one of Asia's biggest airlines, is stopping flights to China from Saturday. Air Canada has suspended all flights to Beijing and Shanghai.

## **Challenges**

The Coronavirus is just the latest challenge faced by IAADFS as it grapples with the evolving duty free industry and a sea-change in corporate attitudes toward trade shows, which began to manifest itself over the last few years due to consolidations, technology enhancements and economic challenges. Despite this, Payne says there is “definitely enthusiasm and a need for an event in the Americas”.

“I don’t have anyone questioning the fact that we need a summit or a gathering. We need to figure out how to make it more responsive to everybody’s needs and recognize that things have changed, and I think that changes are probably permanent, and that’s fine. Everyone goes through a metamorphosis with their association and events and we’re sort of in the midst of that and trying to evaluate and make good judgments. Importantly, all the data suggest that people want and need face-to-face events and you have to provide that but do it in a manner that reflects other realities such as time demands, technology opportunities, cost concerns, to mention a few.”

Payne believes the economy is the biggest challenge for the organizers this year. “We’re caught up in a niche environment, we’re also part of a bigger phenomenon that’s going on globally with many trade shows where people just aren’t spending as much time or money as they used to because frankly, some of them don’t need to. They have technology that substitutes for that in some ways. There are numerous issues like regional economies, natural disasters, government policies, time demands, conflict with other events, social media, and more that affect us. The impact may be small for each or only in a single year but when you add them all up together it can be significant.”

One a bright spot for the duty free industry cited by Payne has been the investment that is being pumped into airport development across the US. He lists New York JFK, Houston, Miami and Atlanta as undergoing major revamps.

In addition, Payne mentioned the prospect of a much-needed increase to the Passenger Facility Charge (PFC) in the US which has been proposed in a framework document by the House Democrats. The PFC is a fee that almost all airline travelers in the US must pay in their ticket price which goes toward the upkeep and maintenance of airports, and is set up and capped according to US federal law. An increase on the current US\$4.50 charge would make transformative investments in new infrastructure that would improve the passenger experience for millions of travelers, according to Airports Council International – North America.

### **Show schedule and possible workshops**

Turning to the show schedule, IAADFS has organized a sustainability workshop on Monday afternoon in which a sustainable approach to doing business will be discussed.

A tobacco workshop focusing on all the changes going on in the category will also take place, as well as a possible plenary session. Also, a workshop on labeling is in the plans.

Payne explained that in the past IAADFS was and is still mindful of organizing workshops that would take buyers away from the trade floor, but he acknowledged that there are ways to accommodate that need without impacting business on the trade floor and would like to do more of this in the future if delegates want them.

On Tuesday night, attendees have the option to go to the Blue Martini, a live music venue on International Drive, after dinner.

On Wednesday, a casual Caribbean-style BBQ will take the place of a formal gala, followed by the Cuba Libre Fun Night.

### **Executive learning sessions**

This year, only two days of executive learning sessions will be held instead of three, based on feedback from the delegates.



The first day, Tuesday, will involve a presentation by the respective Chairs Rene Riedi of IAADFS and Gustavo Fagundes of ASUTIL, who will talk about Brazil, the border stores and the economy. Following that will be a panel discussion featuring concessionaires and suppliers, and Yannick Raynaud, L'Oréal Travel Retail Americas Managing Director, will be discussing customers and the perfume category.

On Wednesday, Payne is looking forward to “a dynamite speaker” Scot Wingo, who will talk about online technology challenges. Wingo is a four-time serial entrepreneur and an industry thought leader in the e-commerce and on-demand economy realms. In addition to contributing to numerous business publications and broadcasts, he co-hosts two podcasts: The Jason and Scot Show that focuses on e-commerce, payments and retail trends plus the Vehicle 2.0 that covers the four trends that are changing the automotive and transportation industries.

Additionally, there will be a brief session on the tobacco protocol and the issue of smuggling tobacco and a session where Peter Mohn of research firm m1nd-set will share some recent passenger data insights.

### **The 2021 venue**

Looking ahead, IAADFS has its eye on the 2021 show, which will move from Orlando to West Palm 5

Beach, Florida. The Summit will take place at the Palm Beach County Convention Center, which boasts several hotels within walking distance.

At a recent board meeting in Palm Beach, Payne invited some of the suppliers to see the new location, which he described as having “a very positive buzz and a lot of energy”.

Payne said there had been “a lot of enthusiasm” from the industry about the change, including the more convenient location. A fast train from Miami takes about an hour to get to Palm Beach and the station is near the convention center, and it’s an easy drive up from Miami.

“We can do it differently in a convention center than we can in a publicly-owned hotel property. You just can’t control the space the way you want to. We will be able to do that in Palm Beach. There is a lot of versatility in that center. I’m feeling good about all that,” he enthused.

