

# A snapshot of land border duty free retail across Canada



Blue Water Bridge has installed extensive signage and implemented an on-site COVID-19 screening questionnaire to support contact tracing

With most of the Canadian land border duty free stores still closed as a result of COVID-19, *Americas Duty Free* reached out to Blue Water Bridge Duty Free in Sarnia, ON, Importations Guay Ltée (IGL) Duty Free in Saint- Bernard-de-Lacolle, QC, and Peace Bridge Duty Free in Fort Erie, ON, to learn more about how these locations are sustaining business, implementing new health and safety measures and preparing for the recovery of COVID-19.

Regulations surrounding retail operations are constantly evolving across Canada. Regardless, all of these stores are experiencing an extremely low volume of traffic, most of which is made up of commercial drivers and essential workers who are part of the trade and supply industry.

The following is a snapshot of each duty free store:

## **Blue Water Bridge Duty Free:**

Gerry Lee, Operations Manager

- Hours of operation: open 24 hours a day, 7 days a week to essential travelers; the store continues to employ its long- term and most experienced retail and office staff members
- New health and safety measures include the use of personal protective equipment (masks, face shields, gloves, plexiglass barriers, disinfectant) and the enforcing of social distancing and face coverings; Blue Water installed extensive signage at its entrance and in its lobby stipulating these requirements
- The store has also implemented an on-site COVID-19 screening questionnaire for both employees and service providers to support contact tracing in the event of an outbreak
- Regular traffic is down more than 50% and leading product categories include tobacco, liquor, fragrances and confectionery
- Based on a reduced marketing budget, Blue Water’s marketing efforts are in relation to developing its online curbside platform, maintaining its web presence and social media channels and posting on-site signage to attract drive-by traffic
- The store’s new curbside service will help the store gain a presence in the omnichannel shopping experience

### **Importations Guay Ltée Duty Free:**

Justin Guay, Vice President

- Hours of operation: open 8am – 7pm daily to essential travelers (limited hours of operation)
- In addition to essential travelers, citizens, dual citizens and permanent residents are still permitted to travel across the border
- Non-essential travelers are required to present a 14-day quarantine plan and undergo a mandatory COVID-19 test; essential travelers aren’t required to do so
- The store successfully managed its pre-pandemic inventory, avoiding the expiration of any product while at the same time, ensuring no out-of-stock occurrences

### **Peace Bridge Duty Free:**

Jim Pearce, General Manager

- Hours of operation: closed; the store continues to provide some limited non-retail services and washroom availability to essential travelers
- All planning in connection with health and safety measures, marketing promotions and retail operations are on hold until the team has a better idea of when the border will re-open
- Regular traffic is down 95% and Peace Bridge is attempting to identify the unknowns that the industry will be facing in both the short and long-term such as travel patterns, consumer behavior and shopping preferences
- Expecting to re-open this year, the store’s initial marketing plan will aim to generate awareness, inform people of its safe and convenient environment, expand its hybrid retail approach and remind travelers of the benefits of shopping duty free

## **A lesson from SARS & look at the USA**

Although Lee points out that the main areas of diversification available have been limited, Blue Water is highly focused on the shift of its main demographic and the correlating sales data. This has led to a major change of product placement throughout the store and a minor growth of its average transaction among this group.

“Due to the border closure, many of our current consumers are recurring travelers who work across the border. As a result, the most effective marketing is advertising on-site and in- store with the intent to sell particular products or increase purchase size.

The shutdown has demonstrated that benefits can be earned by drilling down on sales data to better promote to specific subsets or our overall customer base. When the border re-opens, we hope to make gains in other areas by making omnichannel buying available, further developing loyalty programs with recurring customers and fine-tuning our sales data and reports to reveal trends within certain departments and demographic segments,” says Lee.

Similar to Blue Water, IGL is launching a new website this month to offer curbside pick-up, which is expected to be a common practice for many customers during the recovery period.

Guay comments that nearing the end of the SARS pandemic, land border stores experienced a high level of traffic due to public concern surrounding air travel. With this in mind, the team is carefully monitoring projections to anticipate a spike in traffic to the United States. Bringing to light activity across the border, he touches on New York’s “Welcome Back” campaign launch, which is expected to coincide with the increase in vaccine administration.

Looking ahead, Pearce believes that it’s possible customers might dramatically reduce their dwell time. If this is the case, duty free stores will need to assess product placement, on-site engagement, consumer demands and marketing trends to address this challenge. “With more consumers enjoying the digital experience and connecting with various touchpoints to promote both our duty free brand and all the great brands that we represent, this will be a key strategy going forward,” says Pearce.

## **An update on HASCAP**

An update on *Duty Free & Travel Retailing Magazine’s* previously published interview with Barbara Barrett, Executive Director, FDFA, Barrett notes that the Highly Affected Sectors Credit Availability Program (HASCAP) program has opened up a line of government-backed credit that some of its stores have accessed. However, the 4% interest is higher than FDFA would like and the team is in discussion with officials.

“On a separate but similar note, FDFA will be embarking on Hill Days on April 6 – 7. Members will have scheduled virtual meetings with MPs and senior staff members about the land border duty free stores’ recovery plan,” adds Barrett.