

# CEETRA members meet top industry executives in Budapest



Andrzej Milaszewicz, Chairman of CEETRA and CEO Lagardere Duty Free (Poland), at the Travel Retail Forum 2022 by CEETRA (the Central and Eastern European Travel Retail Association)

Key players of the travel retail industry in CEE countries have met in Budapest last week to discuss trends and best practice in turbulent times, at the Travel Retail Forum 2022 by CEETRA (the Central and Eastern European Travel Retail Association).

Opening the conference, Andrzej Milaszewicz, Chairman of CEETRA and CEO Lagardere Duty Free (Poland), said, "I am glad that as announced in Warsaw on the 27th of April, we can finally meet in person, starting with a networking dinner and a great opportunity to experience the Zwack Unicum factory tour."

He stressed the importance to discover the specificities of our regions, and to create an open platform for local brands to show up boosting business opportunities.

But, Milaszewicz also found clear words on the crisis, “With the war in the Ukraine still raging, we need to get ready for even tougher trading environments. People in Central Europe are uncertain about their disposable income in the future, and we have a crawling crisis to manage.” Today, the appetite to travel is unbroken in the CEE region, and those able to serve and excite the traveller will excel, according to the industry expert. “Attracting and motivating staff to deliver excellent service and adjusting assortment and design to get the most out of our spaces is key. Innovation can include digitalisation, but only where it makes sense. For example when it speeds up processes, improves staff efficiency or creates real customer benefits, such as avoiding a queue. Also, product knowledge is key, and digital solutions can helping staff to assist customers better.”

### **Budapest Airport launches go2030, looks back at a successful summer**

In his opening statement, host Kam Jandu, CCO of Budapest Airport, underlined the importance of cooperation across airports and retailers to adopt to ever-changing consumer expectations and create the best travel experience.

He said, “We had a really good summer with average queuing times at security screening of 10 minutes - big compliments to our colleagues”. As a result, dwell time in the commercial areas was high, with spend per passenger of €8.75 (US\$8.56) on average (pre-crisis: €9.10 [US\$8.91]).

He noted that passengers are much more likely to consume food and drink now, and retail space has to be adjusted to follow this trend. “We are calling our new commercial strategy go2030, which will create new space for high performing categories. We are right-sizing the space and look at smart solutions, such as self check-out.”

Retail categories booming at BUD include perfume and cosmetics, CTN, toys and confectionary, according to the executive director.

According to m1ndset, the latest consumer trend in airport retail is gift sharing: buying as a present but expecting to share.

Summarizing results of passenger surveys and interviews, Anna Marchesini of the travel research company m1ndset highlighted two main changes in consumer behaviour, “We saw an increasing share of people who buy for themselves at the expense of gifting. But also, a new trend emerged: Gift sharing. You buy products for someone, but in the end the shopper is also the consumer.”

Secondly, she continued, more people arrive to the store knowing exactly what they want. The share of passengers who have planned to shop, but not yet decided what, remains nearly unchanged at 49%, and the decision happens inside the store, according to the data.

For brands, the travel retail channel is a major opportunity, as the first half of 2022 showed 62% of passengers are purchasing a new brand for the first time in a duty free store.

ETRC points to successes of arrivals duty free regimes in Norway, Turkey and Switzerland

Julie Lassaigne, Secretary General of the European Travel Retail Confederation, focused on the EU commission’s efforts towards the adoption of a VAT tourism package. Offering duty free for passengers returning from third countries on arrivals, as well as at railway stations, may become part of the package, she stressed. “Our objective is a deepening engagement with 27 member states in the coming months. The commission should be made aware by governments that this is worth pursuing.”

Other countries such as Turkey, Switzerland and Norway have benefited greatly from arrivals duty free. Norwegian airport’s commercial income from arrivals duty free has quickly overcome that of

departure's. In Switzerland, arrivals duty free amounts now to 26% of total sales. In the case of Turkey, food and confectionary is a big driver, but of course, data depends on customer behaviour, and size and location of the stores. "But revenues will grow, which will mean more sustainable revenue for airports, and less dependency on aeronautical charges or government aid", said Lassaigne.

### **Inflyter and Priority Pass team up to deliver duty free to lounge seat.**

Wassim Saadé, Founder and CEO of duty-free tech start-up Inflyter, advised the travel retail industry to learn from other sectors. Restaurants and hotel chains have found aggregators to be a major driver of sales, in addition to their own channels. Inflyter offers such an option, by working with retailers and airports but also brands, to offer a complete experience. "Consumers are dictating how they want to order. They prefer integrators, not visit each page individually", he stated. Inflyter's app allows customers to scan boarding passes, pre-order duty free and pick up from automated lockers, as well as browse available products. The next stage of development is an offering for priority pass customers to deliver duty free to the airport lounge.

### **Airlines aim to deliver an end-to-end passenger experience that is secure, seamless and efficient while lowering industry costs.**

Anca Apahidean, Regional Director Eastern Europe IATA, said the airline's association is "working with airlines, airports, governments and industry associations on priorities technology, passenger process and baggage operations." Working together to benefit the customer, she stated that "not one owns the customer, but we all do". Sharing the details of the latest 2022 IATA Global Passenger Survey, the audience received valuable food for thought. For example, 57% of passengers are interested to receive information on fast-track options, followed by upgrades (56%), lounge access (42%) and duty free offers (21%).

### **Poland steps up expansion of airport infrastructure at Radom**

Participants were shown a first glance of brand-new Warsaw-Radom Airport by Witold Janiszewski, Head of Legal and Head of Commercial, Marketing and PR at Polish Airports State Enterprise (PPL). The new terminal will span an area of 30,000 sqm and contain retail as well as catering zones operated by PPL owned Baltona. "LOT has announced to start operating flights to Copenhagen, Paris and Rome starting on 28 April, 2023, so that will be the official date for first flights". Tour operators such as Nekera and Itaka have started to enquire, and a new family centre will attract families and children from the neighbouring area to visit the airport, too. Even considering the distance from Warsaw, "Radom is our answer to limited capacity and increasing demand" as it serves a catchment area of 5.1 million inhabitants.

### **Gebr. Heinemann turns travel time into valuable time - newly appointed VP Sales Jankovich explains new vision of the Travel Retailer**

Ildikó Jankovich, VP Sales of Gebr. Heinemann, outlined how the global retailer plans to achieve further growth. "A new vision of Gebr. Heinemann has not been developed because of the pandemic, but certainly COVID-19 had an impact on the value proposition." Turning travel time into valuable time for travellers, while becoming the most human-centric company in global Travel Retail is the mission of the family-owned business. Jankovich revealed, that the group turnover is planned to increase from a forecasted €3.6 billion (US\$3.5 billion) in 2022 to €4.2 billion (US\$4.1 billion) next year.