Summary of the first APTRA APAC Dialogue

Christina Oliver, Executive Director, APTRA, says We must keep supporting each other, and the role of APTRA is vital to industry recovery

From around the globe over 600 delegates joined the first APTRA APAC Dialogue, held March 17.

The theme of the opening keynote address from Lim Peck Hoon, Executive Vice President Commercial at Changi Airport Group (CAG), was “Emerging Stronger Together.” During her address, she shared insights from CAG’s resilience to the crisis through support for business partners and Singapore’s economy, how the company prioritized care for airport staff and found new, creative ways to stay connected with local residents by offering themed events and home delivery.

The iChangi app, meanwhile, streamlined the airport experience with advance booking of check-in slots and departure security screening. Click here to see the whole opening address and discover Changi’s confidence in the future. https://www.youtube.com/watch?v=e8EBXnTblcY

Co-authors of a new Trinity White Paper ‘Travel Retail Wayfinding for the Post-Covid Era’ Mauro Anastasi of Bain & Company and Jack MacGowan of Castlepole Consulting shared key dynamics shaping the travel retail industry. These gentlemen discussed the impact of digital and the need for an omnichannel approach in travel retail; they expect Asia Pacific intra-regional traffic to be the first to return to 2019 levels, as soon as 2022.

Christina Oliver, Executive Director, APTRA comments. “We are delighted that so many APTRA members were in the audience of over 600 industry colleagues from across the globe. During this time, where getting together at industry events is challenging, APTRA’s ambition in this new series of webinars is to maintain inclusive dialogue, to share and learn from ideas across the industry and to face the challenges together. We are starting to plan the next APTRA APAC Dialogue and we invite suggestions from the industry.

"Although the wheels of recovery are starting to turn and the vaccination roll-out leads our optimism, there is still a long way to go and 2021 will be challenging. We must keep supporting each other and the role of APTRA is vital to industry recovery."

The entire event can be watched here: https://www.youtube.com/watch?v=Bgr_mHAnaxw

The following panel discussed the COVID-19 pandemic as a catalyst for change, with several commonalities across the need to embrace omnichannel, data-sharing and injecting excitement into travel retail.

- *Doug Bagley: Managing Director Asia Pacific, William Grant & Sons*
- *Dan Cappell: Chief Commercial Officer, Ontario International Airport Authority, Southern California*
- *Dag Rasmussen: Chairman & CEO Lagardère Travel Retail*
- *Lucy Thomas: Head of Retail, Auckland Airport*
- *Sunil Tuli: President APTRA, and Group CEO, King Power Group, Hong Kong*

Following is a summary of the top themes, from each Trinity perspective, taken from the panel discussion.

Brand Perspective

1. Travel Retail is a vital shop window to tell brand stories. However, both pre and during Covid there has been some erosion of its USP. In some cases A&P budget normally reserved for travel retail is reallocated to domestic/digital channels – we need to compete to keep our budgets.
2. Data should sit at the heart of how the industry operates. The focus needs to be less about who owns the data & more about how it's shared for the benefit of all
3. The importance of highlighting travel retail's strengths in product exclusives, appealing and relevant solutions for the new consumer mindset
4. A future focus on increasing penetration with creative ways to utilise the vacant spaces.
5. Travel retail must play to the emotions of travellers/ shoppers. Travel is an exciting activity. We should enhance in our experiences at all levels - brand, retailer, airport
6. Omnichannel is firmly here - we need to embrace its advantages, extend the touch-points with travellers and we will find new ways to grow
7. Acknowledge the competition. Let's identify what downtown/Alibaba/Amazon do not offer that we can offer?
8. Understand consumer prioritisation of personal safety – create confidence to enable a mood to shop

Retailer Perspective

1. The need to maintain a point of difference v downtown – the current MAG model encourages retailers to operate with an assortment mix that is known to sell rather than allowing for innovation - the travel retail shopper 2.0 will have different expectations
2. Ensure we have great brands, trained confident staff, amazing stores & service experience
3. A mindset predicated on sharing data not owning data
4. Understand the consumer mindset - use emotion and excitement in the way we retail
5. Price is important but not everything. We must bring the excitement back to shoppers
6. An omnichannel approach will enhance our bricks & mortar environment – travel retail is behind domestic on omnichannel. We need rapid evolution to stay relevant & more digital capex

investment.

7. Switch to being a more sustainable business - find relevant and authentic ways to demonstrate our commitment, to show we care
8. We've always had competition - focus on our strengths and make them even stronger - leverage the USP of travel retail
9. We need to create contracts predicated on profit sharing not revenue sharing
10. Remember that retailers can re-capex everything and should seize that opportunity at the end of every contract

Airport Perspective

1. Airports all have huge financial obligations on infrastructure/operations and not all airports are created equal when it comes to ownership, funding, business drivers and obligations - flexibility, therefore, means different things to different airports. Some are open to profitability-based, non-aeronautical contracts but that will restrict/reduce their future investment in facilities & services
2. Covid has created a massive shift in airport priorities & operating procedures requiring huge investment e.g. biometrics, seamless journey.
3. The need to involve airlines in our ecosystem – they are our life-blood
4. Inevitable reallocation of budgetary priorities will impact travel retail
5. Retail must compete with downtown and omnichannel in terms of range assortment, shopper experience and price but not on price alone. Transport operators didn't see Uber coming - let's not be the same
6. Relevance to our communities - airports must ask ourselves 'what are we if we don't have travel? What do we own?' How can we create value & connection without spending money?
7. Focus on our most important lifetime customers
8. White paper suggests a permanent reduction in business travel and more LCC - this is a concern for airline yields, profitability and knock-on effects into airports/travel retail
9. An omnichannel approach will enhance our bricks & mortar environment – travel retail is behind domestic on omnichannel. We need rapid evolution to stay relevant & more digital capex investment.