

# The future is bright, says Pernod Ricard GTR CEO Mohit Lal

While many companies are choosing to postpone product launches in travel retail or perhaps at least choosing to place their marketing investments elsewhere, Pernod Ricard recently announced the release of two travel retail exclusives, Chivas Regal 13 Extra and Martell Cordon Bleu End of Year limited edition bottling, in addition to making considerable other investments in the travel retail channel.

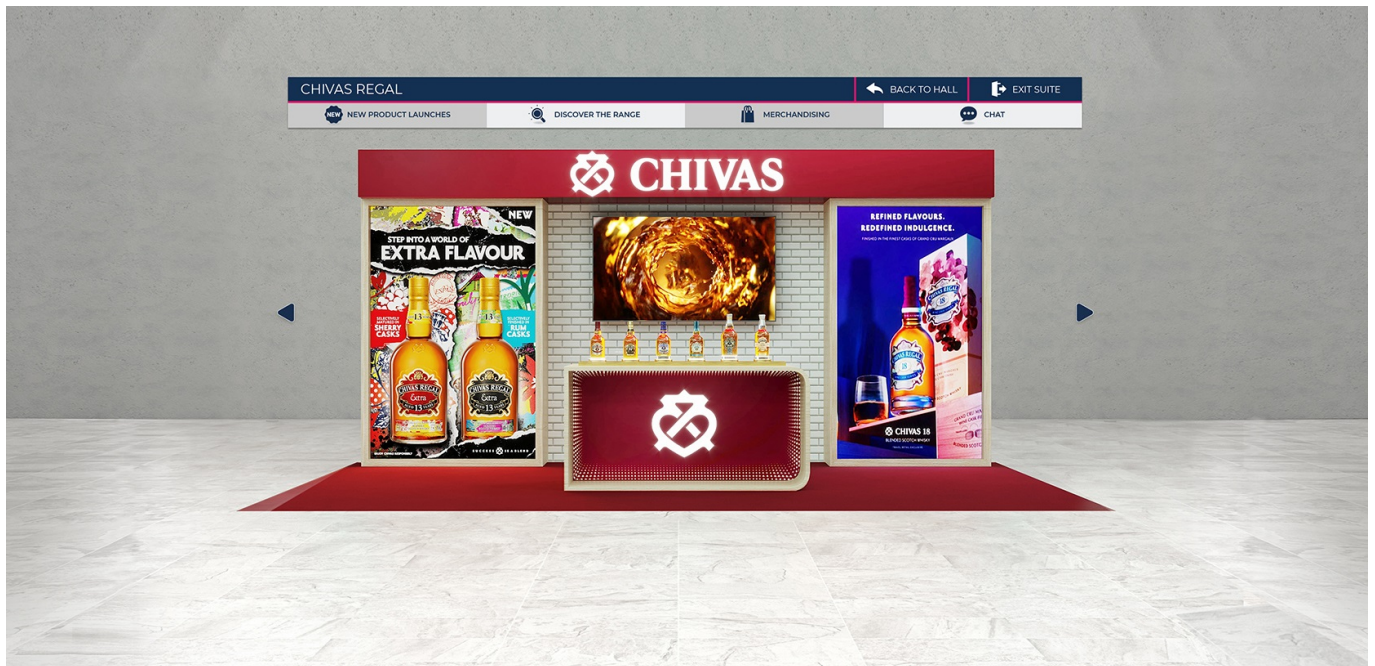
Pernod Ricard's Chairman and CEO of Global Travel Retail, Mohit Lal, says the word "launch" has more than one meaning behind it. "Any new product you bring to market goes through a period of product identification of deciding what you want to do, then the product development cycle, then finalizing commercialization, then getting listings and pricing, customer orders and finally putting it on the shelf. This takes a very long time."



Pernod Ricard's Chairman and CEO of Global Travel Retail, Mohit Lal, says he has always had great faith in the travel retail channel, and this continues

Lal says Chivas Regal 13 Extra had been in the pipeline for quite a while, and the company is making sure it's on the shelves in different locations when people start to travel again. "We are we are making sure we are ready. When it comes to the Martell Blue End of Year limited edition, that's

something that we do every year and we will do it this year too. Again, the planning starts quite a long time back.” Chivas Regal 13 Extra is now prepped and ready to go; Pernod Ricard will be working with key partners to determine the best timing of availability. Each of these releases offer only a limited number of bottles and will be released where it makes the most sense for the spirits company and the retailer.

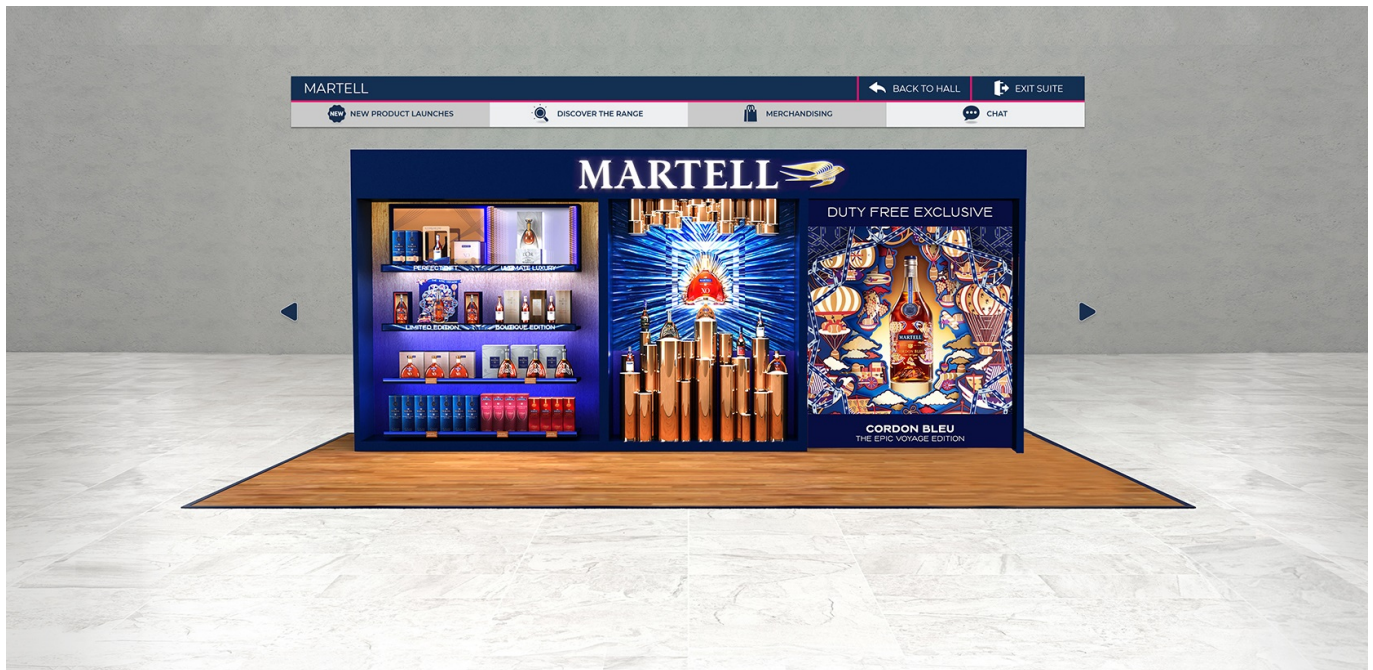


Chivas Regal 13 Extra is a travel retail exclusive being brought to market wherever there are enough travelers

## New ways to market

Sampling has always been an important way to introduce specific items to new people, but given current health and safety concerns and regulations, this has become a challenge. Lal says Pernod Ricard is looking at new ways to resolve this. “We are looking at new means in which you can start to build automatic dispensing units. We have a concept that we unveiled at the Expo, which is robotic bartender. You can digitally order your drink.”

He says the crisis has offered the opportunity to create engagement while solving a problem such as sampling, and the company is also changing the way it’s preparing for activations, “modularizing” them to decrease the lead time. Travel, border opening and closing and regulations are changing so quickly that it’s important for Pernod Ricard to be able to adapt on a dime. While normally activations would take three to four months to prepare, current reaction time must be much faster. Modular displays and furniture can be adapted to different spaces whereas this once necessitated rebuilding.



Martell is just one of the brands that will benefit from Pernod Ricard’s new modular and digital furniture, which will make it easy to change the marketing from one brand to another

Lal and his team are also investing in digitizing, to be able to adapt the displays and furniture to different brands. “We are digitizing our activation space and the furniture, making it modular in nature so it can be quickly assembled, taken down and moved to another location. Normally activation planning would take three to four months; the way the world is today and the way recovery can happen you need to respond quickly.”

### Keeping track

As one might expect, this is not all being left to chance. The GTR team tracks mobility data and the pandemic itself through a number of mediums. “We track mobility data in terms of what's happening in domestic markets; we track what's happening with the pandemic in terms of testing and cases; we track regulations in terms of restrictions and movements; we track seat capacity and how this is all changing; we track forward bookings that people are making to fly. We have set up dashboards that are airport specific, so we can see which airports are moving from red to orange to green, and then depending on where we see the moment we can start to anticipate the changes and have constructive dialogues with our customers and partners.”

### Digitization throughout the journey

Digitization is important to the company in terms of activations, but also in terms of early marketing. “It's not just at the airport,” says Lal. “From the time travelers start to express interest in travel, from an air ticket booking site or travel group tour right through the journey. A lot of people start to plan their travel significantly in advance, and even what they will buy in duty free reasonably well in advance. The sooner you can get your message out to them the better. We’ve done research on which touch points and at which times of the journey travelers are more susceptible to information regarding shopping, and then depending on the nationality and the platform we are able to refine how we target them. So it's a fairly sophisticated piece of work when you look at the global scale. On a local scale it could be quite simplistic.”

Lal says the number of travelers who will engage digitally to explore shopping possibilities has increased, because the pandemic has brought people to shop online who had never done so before.

Pernod Ricard is therefore also investing in creating an ecommerce identity that is more impactful and more engaging. “We have always had presence on ecommerce but was that presence updated and rich enough to attract attention?”

### **Sustainability and responsibility**

As has been a trend, especially with Millennials and Generation Z, the pandemic has brought with it an increased importance of sustainability for consumers. “Your consumer base expects you to protect the environment and the planet,” says Lal. “This sustainability aspect of how we drive promotional material gifts with purchase, etcetera, are things that we are beginning to look at quite actively so we can send out clear messages that we have goals of sustainability – the company is doing this on a global scale and not just for travel retail. Themes that were already relevant have become amplified during the crisis. We are making sure that we keep pace with consumer expectations.” Lal says a brand’s reputation now stands well beyond the key parameters from a few years back. “You need to be responsible as a brand and that is something we take very seriously.”

### **The future of travel retail**

Perhaps most important is Lal’s message of positivity. “What we’re seeing is slightly longer blip in travel retail,” he says. “Travel retail has seen many blips in the past – be it the economic meltdown, be it the creation of the EU, be it the SARS epidemic that happened in parts of Asia – but it’s always recovered very strongly. Right now it is just a pause. We have firm belief in the future of this channel both in terms of potential it offers for the sale of fine spirits, but also in terms of potential that it offers for a very high level of distinctive engagement between brands and consumers. We therefore have eyes very clearly on the future. We will see travel bounce back very strongly. Business travel will remain suppressed to an extent because businesses have learned how to run things without need for physical travel, but travel will bounce back. In July 2020 there were more searches on Skyscanner than in July 2019, because the latent desire to travel has grown stronger. The desire for humans to travel has not gone away.

“I’ve always had great faith in this channel I have met many doomsayers who talk about the end of this channel. They have always been proven wrong. I believe that if this crisis is bringing that to the fore in a big way, they are going to be wrong in a big way. Travel is very intrinsic to humans. That desire will stimulate people to travel and when people travel they will shop.”