

During Q3 of 2020, Lagardère expands shops, territories and strategy

Lagardère Travel Retail recently published its quarterly report. The company had previously shown some improvement in the third quarter over the second quarter, but the channel and thus the retailer are still seeing strong negative impacts.

Dag Rasmussen, President & CEO, Lagardère Travel Retail, says the company's strong growth in China has been of benefit, but also mentions the rebounding of the Chinese economy as a good demonstration of economic recovery when the spread of the virus is kept in check by good practices.

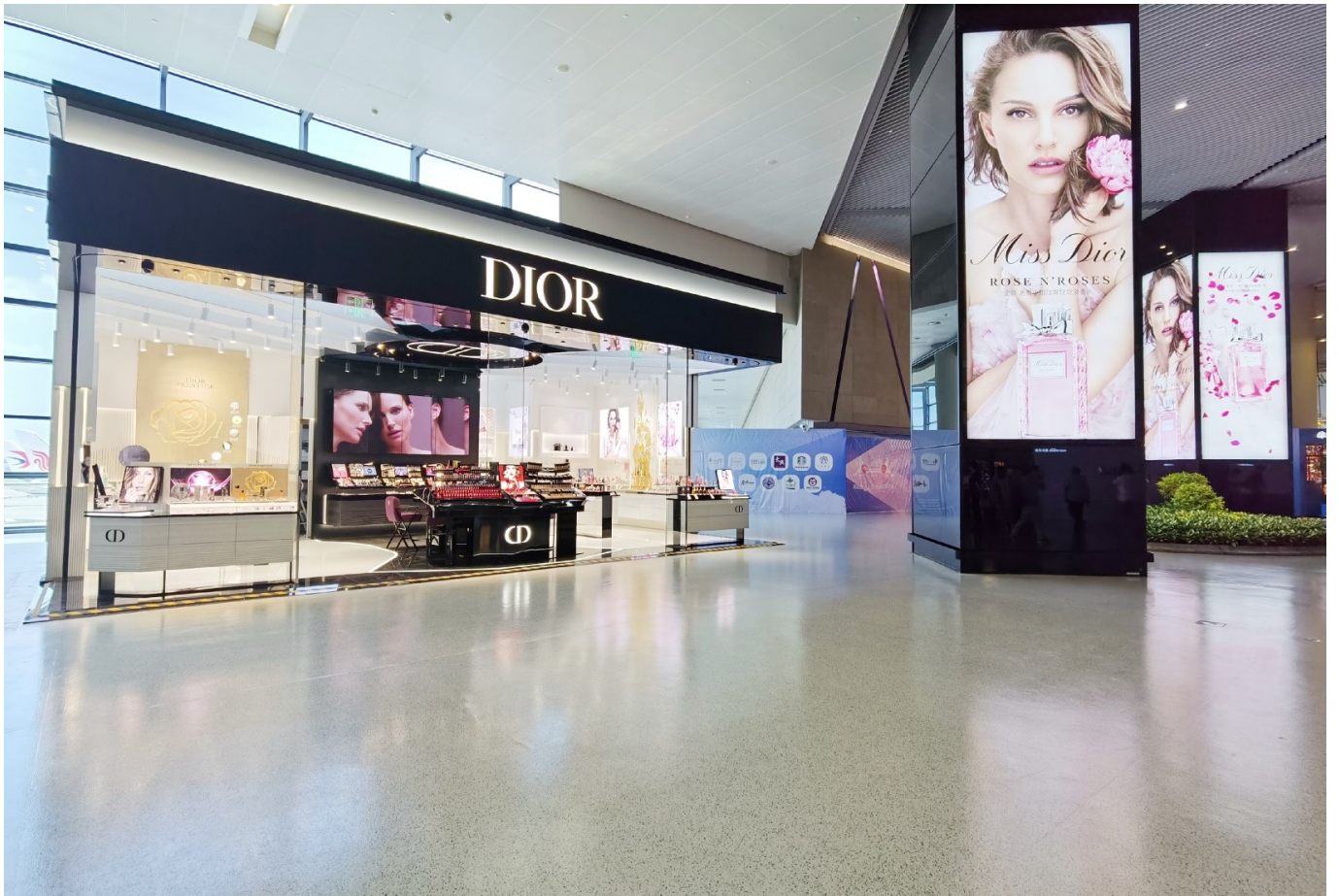




With domestic travel and shopping both up in China, it was the perfect time for Lagardère Travel Retail to open eight new luxury shops at Shanghai Hongqiao

Domestic traffic in China is back to pre-crisis levels. Lagardère Travel Retail has opened eight new shops at Shanghai Hongqiao — Chanel Beauty & accessories, Sandro, Dior, Givenchy, Gucci and

Shiseido — and at Shenzhen — Cartier and Burberry.



Lagardère's new shops at Shanghai Hongqiao include Dior and Shiseido

Rasmussen adds: "Focusing on the European travel retail ecosystem, a great way to accelerate its recovery would be to align the EU ports of entry with the rest of the world through the implementation of duty free on arrival."





Along with the eight stores newly opened in Shanghai, Lagardère opened a Cartier store and a Burberry store at Shenzhen airport

Asian expansion

While 2020 has provided a challenging environment for all in the channel, Lagardère Travel Retail continues to pursue business development opportunities, with particular emphasis on Asia.



Lagardère's entry into the Japanese market "Made in Pierre Hermé," will open up opportunities the country over

Along with its luxury boutiques in China, Lagardère entered the Japanese market in August with two “Made in Pierre Hermé” stores, at Tokyo's central railway station and at Fukuoka airport on Kyūshū island. This contemporary F&B concept, which showcases products from different regions of Japan with creative and uncommon recipes, was created by the renowned pâtissier Pierre Hermé.

The core values of “Made in Pierre Hermé” comprise the support of local agriculture, the promotion of artisanal food production and a strong sense of responsibility to the environment and society through sustainable sourcing practices. “This approach closely aligns with our commitment to introduce local and ethical products in the stores we operate, as part of our CSR strategy,” says Rasmussen.



The core values of “Made in Pierre Hermé” closely align with Lagardère’s CSR strategy

Geneva negotiations

One constant throughout most of 2020 has been the understanding between all parties that current airport structures do not work during a global pandemic. A key factor of Lagardère's success during this time has been the company's solid relationship with airport authorities such as those at Geneva Airport, where the retailer operates seven duty free stores and one fashion store. To be able to navigate through the ever-evolving pandemic situation, the team has been proactive, innovative and agile.

Christelle Hutin, Head of Commercial concessions at Geneva Airport said: "As we suffered the most severe decline of traffic in our history, we had to react quickly and find commercial solutions. Once the first lockdown was over in Geneva in June 2020, we needed retailers to reopen promptly, to reassure customers with strong sanitary measures. Lagardère Travel Retail's team has been one of the first concessionaires to propose a new commercial model addressing our challenges.



Sanitizing measures helped keep the main stores open throughout the early pandemic

"We decided together to keep the main stores open. Lagardère Travel Retail team suggested to propose an 'order on site' solution without allowing access in store to passengers. That allowed them to test and learn how the customers would behave in the 'new normal.' We liked this pragmatic approach."



Eventually all stores at the airport were opened to embrace traffic growth

Hutin says this model made a lot of sense until the point the airport and its retail partners decided together to fully reopen the shops to embrace traffic growth. “This way we optimized performance and secured the global economic model. On our side, we strived to provide our concessionaires with the most reliable information about flight schedules to adapt to their opening hours,” she says.

Quick and ambitious decision making

Hutin adds that the airport appreciated the drive, quick decision-making and innovative attitude of the Lagardère team. “Lagardère Travel Retail Switzerland is committed to deliver the best customer service standards, with the most enthusiastic team whatever the traffic situation is,” she says, suggesting that shared values were another key to success as strong partners.



The airport and the retailer are collaborating on e-commerce solutions

The airport has been collaborating together with Lagardère Travel Retail and the startup “Inflyter” to test e-commerce solutions, according to Hutin. “In Q1 2021, we will be also testing the first Duty Free vending machine. We are convinced that we can exploit opportunities during this crisis and build a better commercial future at our airport.”

New Relay concept and branding

To capitalize on the strength of the Relay brand Lagardère recently introduced a new concept and branding for Relay, putting the customer back at the center. The new design and graphic identity create a “friendly feel” for customers while facilitating their shopping, while offering flexibility to allow for a quick and simple adaptation of the store layout, merchandising and product offering.



Relay's new concept and branding puts the customer front and center

This flexibility will allow stores to more closely align with passengers' evolving needs. Additionally, dedicated spaces to showcase local products are a part of the new concept, given customers' desire to find uniqueness and a sense of place wherever they are. Already available in France, Spain, the Czech Republic and Germany, the new Relay concept will continue its global roll-out in 2020.

Key word: agility

In the report, Gregg Paradies, CEO of Paradies Lagardère, discussed the importance of agility for its team. "Agility ... is more important than ever to ensure we successfully weather this crisis in the short term in order to prosper for the longer term. But when we asked our team to become more 'more agile,' it became apparent that they defined agility in many different ways. So we challenged ourselves to create a simple definition that best aligned with Paradies Lagardère's goals and objectives.

"To us, it was 'the ability to rapidly respond to business changes in a thoughtful and responsible manner.' Thoughtful because we can't afford "knee jerk" reactions and that our decisions must have material payback (in terms of profitability, customer satisfaction and employee engagement), and responsible because we need to take accountability and ownership of these decisions.

He adds that to achieve agility, the leaders of the team must:

- Strike the right balance between stability and flexibility: remaining the same to enable faster change inside the organization and faster adoption by customers while being able to stretch resources and the organization itself to do new things in new ways

- Simplify and prioritize “must have” initiatives and delay “nice to haves”
- Achieve quick wins by moving forward with decisions when we are 80% certain rather than trying to be 100% perfect, failing fast and learning from it, improving turn-around times while respecting cost and complexity of the decision
- Set the example by “walking the walk”
- Challenge team members to identify what is stopping them from becoming more agile and as importantly, to present solutions for removing these obstacles
- Ensure the company’s organizational structure facilitates agility
- Incorporate agility as a key competency in each leader’s annual review
- Include “agility” in our 2021 B2B survey so we can receive external feedback as to how we are doing

“I am pleased that we at Paradies Lagardère are making progress in becoming a more “agile” company. We know we have a long way to go, and it is a challenging journey, but I am fully confident our team will succeed!”

CSR strategies

For Lagardère, the importance of sustainability has already been at the forefront of business decisions, and now more than ever. The company believes paying permanent attention to Corporate Social Responsibility (CSR) creates value over time and fosters innovation, and the company wants its global team to feel mobilized towards achieving this goal. It therefore developed PEPS, our CSR strategy addressing all sustainable development issues on the basis of four main pillars: Planet, Ethics, People and Social. For each of these pillars, the company has made strong and measurable commitments.

The company offers the example of its target to reduce food waste by 50% between now and 2025, and another to rapidly eliminate single-use plastic in foodservice activities. A number of subsidiaries work with local charities. Paradies Lagardère, for example, has joined forces with food banks. The company also supports local economies and reduces its environmental impact by promoting local craft products in its stores.

Innovation

Finally, Lagardère Travel Retail discussed its strategy of driving innovation in each market by using “boosters.” These individuals are responsible for embedding the innovation strategy locally, facilitate and explore new innovative projects.

An Innovation Week was organized in early October to keep these boosters informed and motivated. Over five days, the event combined online webinars hosted by internal and external speakers. These featured design-thinking training, start-up pitch sessions and more.

Over 200 of Lagardère’s staff had the opportunity to learn about new topics such as new technologies (IA, Edge computing, Blockchain), the autonomous checkout experience, unleashing CRM via a testimony of Unibail-Rodamco-Westfield, and many others. As part of the event, Changi airport's VP of Innovation shared insights about innovating at airports.