

PHL 3Sixty GM shares 40 years of wisdom



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Gary Pospiech, General Manager of 3Sixty at Philadelphia International Airport (PHL), has worked in the duty free and airline industry for over 40 years. He started in Philadelphia in 1973 when Pan Am and TWA were the preeminent international carriers. At that time Philadelphia was mostly a charter-based airport. Given his history, he is in the position to share true wisdom on the effects of the pandemic on retail at the airport.

Pospiech has seen it all during his tenure. "I worked through 9/11, but nothing compares to the current situation. When airlines stopped flying at that time, other carriers were there to pick up the slack. When 9/11 happened, air travel came to a halt for several days, but within a couple of months most of us were ready to fly again. This time is different, because the epidemic itself continues to change both nationally and internationally, and so do the rules, including quarantines. The airlines are constantly changing flight resumptions."

Huge decline

While domestic travel in the US has helped buoy the travel and travel retail industry in the country relative to others, that does not mean it is unscathed. Far from it. "Domestic travel in our airport is off

by about 60% while international travel is off by nearly 80% in 2020 compared to 2019 enplanements,” says Pospiech. “And like enplanements, our sales have dropped significantly.”

He says American Airlines is currently operating about 40 weekly flights to the Caribbean in addition to Cancun and Cozumel Mexico. Qatar began flying again last September and operates four weekly flights to Doha, while British Airways is currently the only airline flying to Europe, though he says these flights do not always carry passengers; sometimes they carry only cargo.

Just one of retailer’s four stores at the airport is open, the one located in the terminal where the majority of the international flights are departing from. Given the extraordinary circumstances, even with the travelers who are there, things are not the same. For example, the passenger profile has changed. “We have more first-time flyers, younger travelers and far fewer business travelers,” says Pospiech.

Of course, the retailer has also focused a great deal of attention on safety regulations within the store. “We are following all of the company, airport and governmental regulations with regard to COVID safety, mask wearing and routine surface cleaning and our airport has had the face mask regulation in place since stores reopened so for the most part this has become routine for most everyone.”

Interactions and activations

Again and again research has shown that staff interaction with customers improves sales. While it might appear difficult to engage in an effective manner while observing safety protocols, Pospiech says this is not the case. “We are still meeting and greeting passengers when they enter our store and more importantly, helping them find what they are looking for. The mask really doesn’t stop us from engaging with our customers. We also need to make sure that the store doesn’t get too full; Philadelphia allows a maximum five people per 1,000 square feet.”

Engagement with staff is one thing, but the traditional way of testing and sampling is also not possible at the moment. Staff members help provide an alternative as much as they are able. “We have removed all of the cosmetic testers. We assist the customers with fragrances, utilizing the tester strips for them to smell. We of course do not do any sampling or tastings, whereas in the past we would utilize a tasting bar to promote certain liquor brands. For the most part I think the traveling public knows there is reduced service from the airlines so expects less from the vendors as well,” says Pospiech.

While samplings and activations might not be possible at the moment, promotions are. Pospiech says they have continued to promote sales during this time. “We promote with signage and event tables; mostly we promote deals like beauty sales of ‘Buy One Get One 50% Off,’ which has been very successful. We have fewer customers, so we are really looking to maximize those in our store. We have also worked closely with our landlord Marketplace to advertise on their website, which both passengers and airport employees have access to.”

Contactless shopping

Recently, we at *Duty Free Magazine* reported on 3Sixty’s new “Grab” concept store, where shoppers can purchase items with no contact. Philadelphia is one of the locations where this is now available. “We went live with Grab in December,” says Pospiech. “This is clearly a good example of delivering a new contactless shopping service for the customer. This service is shown on the airport and landlord websites, and as part of the airport terminal advertising. In addition, Marketplace offered a coupon to any customer that purchased from us via Grab in the first month.

What is to come

Pospiech continues to have hope for improvements in the coming months. “We are hopeful that we will see some of our European destinations resume in the next couple of months, with Aer Lingus, British Airways, Lufthansa and Qatar as well as Air Canada,” he says. “But of course PHL is one of the hub cities for American Airlines, and has in the past been their largest European gateway city. They operated seven daily flights to Europe year-round and added many new destinations each summer season. In fact in 2020 they were going to fly to Casablanca, Morocco as well as Iceland, two new destinations for the airline.”

Pospiech’s personal feelings are in line with what research is showing, that there will be no quick recovery for the industry. “Personally I see this as a slow recovery because of all of the external factors that no one can control,” he says. “Upswings in the disease cause new or different regulations, and not many people can afford a two-week quarantine, so that has everyone apprehensive about traveling. Business travel may never come back to pre-COVID levels.”