

TRAVEL EXPERIENCE VOICES

—
*Transforming
today to step
into tomorrow*



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Foreword

by Dag Rasmussen, Chairman & CEO,
Lagardère Travel Retail

In the vibrant tapestry of the Travel Retail sector, this year marks a pivotal chapter where innovation, sustainability, and digital transformation converge to redefine the boundaries of our industry. As we unveil this report, our journey through the evolving landscape of Travel Retail is marked by three cornerstone themes: embracing hybrid concepts, deepening our commitment to corporate social responsibility (CSR) and leveraging data. These themes are not just trends; they are the beacons guiding our strategic direction in an increasingly interconnected and conscious world.

Hybrid concepts stand at the crossroads of innovation, blending digital with physical, global with local, and Retail with Food & Beverage. These dynamic spaces redefine the travel experience, offering travelers a seamless integration of convenience, entertainment and engagement.

Our dedication to CSR underscores everything we do. In a world facing unprecedented environmental and social challenges, we stand firm in our responsibility towards sustainable development,

community engagement and ethical business practices.

Amidst these endeavors, the power of data in shaping the future of Travel Retail cannot be overstated. In an age where information has become vital, harnessing data analytics and artificial intelligence offers us unparalleled insights into consumer behavior, enabling personalized experiences that were once the realm of imagination.

As we present this report, it serves as both a reflection of our journey thus far and a map towards the future we

aspire to create. Together with our partners, stakeholders and the global community, we are poised to navigate the challenges and opportunities that lie ahead. I express my deepest gratitude to our numerous partners from both airports and brands that have engaged with us in the reflections of this report. Guided by innovation and committed to a sustainable future, we move forward with optimism and a collective resolve to shape a Travel Retail industry that is more connected, and more vibrant, than ever before.

Travel Experience Voices survey

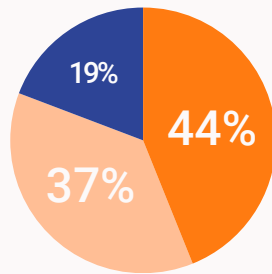
Key findings

This online survey, conducted by Lagardère Travel Retail between January and March 2024, gathered responses from 58 airports and 150 brands in 27 countries.

Embracing hybrid concepts

Almost half of airports consult experts to elaborate their master planning strategy

YES NO UNSURE



Q: Do you consult with experts to formulate your master planning strategy?

Airports rank **4.1/5** the importance of hybrid stores in the Travel Retail landscape and **76%** consider it as a **long-term trend**

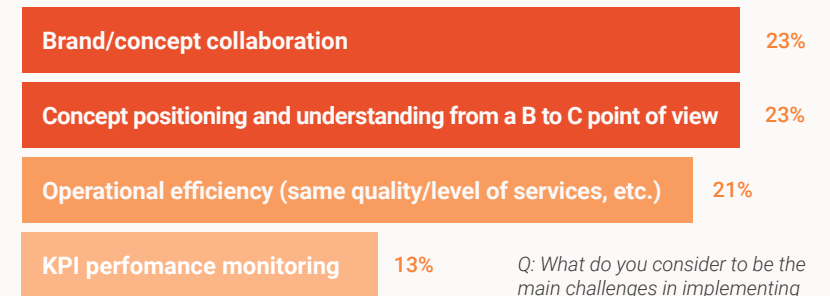
Q: How important do you think hybrids are today? Do you think it's a long-term trend?

Main reasons according to airports and brands for the increasing popularity of hybrid concepts in airports



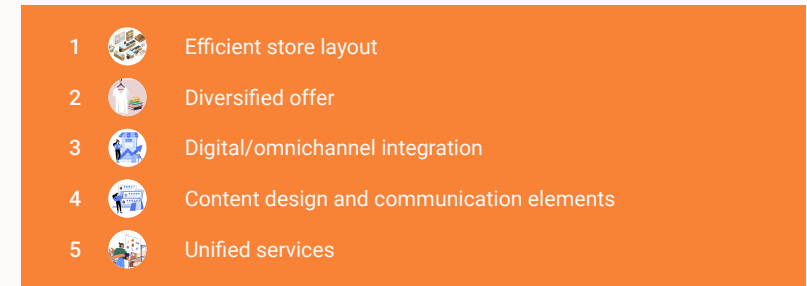
Q: Why do you think there is an increasing popularity of hybrid concepts in airports?

Main challenges faced by airports and brands to implement hybrid concepts in airports



Q: What do you consider to be the main challenges in implementing hybrid concepts in airports?

Airports and brands rate Efficient store layout as the most important feature to a hybrid concept



Q: How do you rate the importance of the following features in a hybrid concept?

Airports consider **Space optimization** as the main challenge when building a retail masterplan including multi-activities



Q: What are the main challenges you faced when building a retail masterplan including multi-activities?

Catering to conscious consumers

Airports and brands state **Environmental impact** as the **best criteria** to define a responsible offer

TOP CRITERIA FOR AIRPORTS

- 1  Its environmental impact
- 2  Its social responsibility
- 3  Its health and safety aspect
- 4  Its durability/sustainability
- 5  Its concern about animal welfare

TOP CRITERIA FOR BRANDS

- 1  Its environmental impact
- 2  Its health and safety aspect
- 3  Its durability/sustainability
- 4  Its social responsibility
- 5  Its concern about animal welfare

Q: Which of the following criteria best defines a responsible offer?

Airports rank

4.4/5 the importance they place on **actively collaborating with brands and operators to progress along the decarbonization journey**

Q: How important is it for airports to actively collaborate with brands and operators to progress along the decarbonization journey?

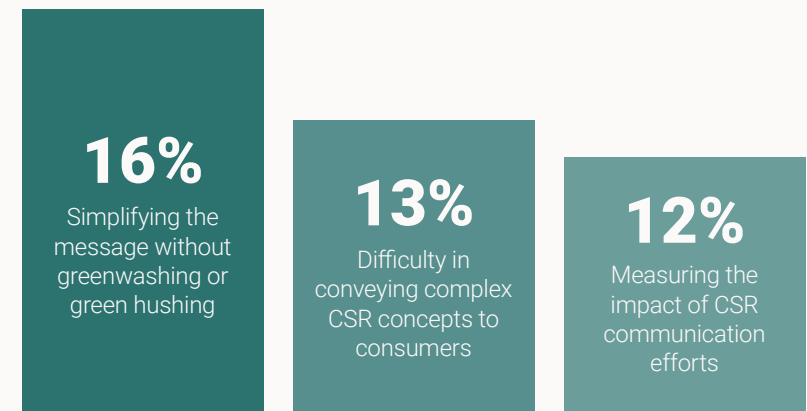
Airports and brands rank

3.2/5

the current level of **demand for responsible consumption** among travelers

Q: On a scale of 1 to 5, how would you rate the current level of demand for responsible consumption among travelers?

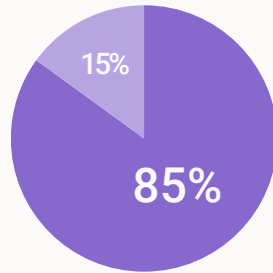
Top 3 challenges faced by airports and brands in communicating their CSR engagement



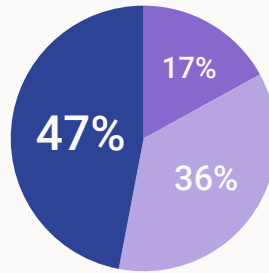
Q: Select the top three challenges your company faces in communicating its CSR engagement.

Deep-dive into the challenge of data sharing

A vast majority of airports and brands are **currently utilizing and analyzing customer data**, but only a few of them are already using or plan to use Gen AI.



Q: Are you currently analyzing and utilizing customer data?



Q: Do you use or plan to use Gen AI to analyze your data?

■ YES ■ NO ■ UNSURE

Airports and brands identified **GDPR, compliance laws and regulations** as the **main challenge** when developing a data-sharing model

TOP CHALLENGES FOR AIRPORTS

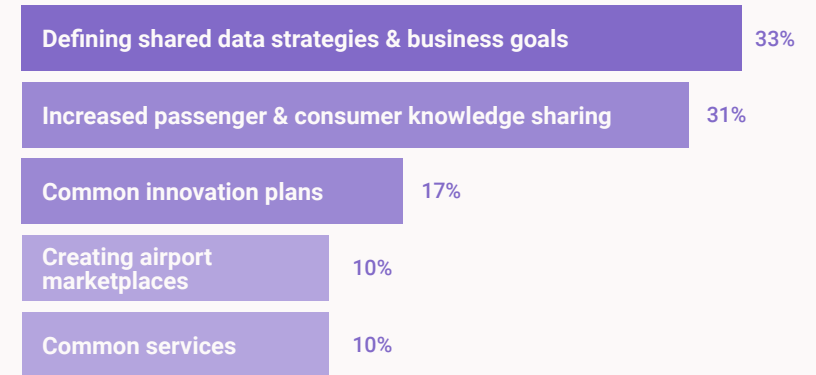
- 1 GDPR, compliance laws & regulations
- 2 Data management
- 3 Conflict of interest
- 4 Data quality
- 5 Data consistency

TOP CHALLENGES FOR BRANDS

- 1 GDPR, compliance laws & regulations
- 2 Data quality
- 3 Conflict of interest
- 4 Data management
- 5 Data consistency

Q: What do you consider the most difficult aspect when developing a data-sharing model?

Airports and brands **mostly view customer data sharing as a performance booster**, particularly when **defining shared data strategies & business goals**



Q: How do you see customer data sharing boosting your performance?

56% of airports and brands would **consider implementing a data-sharing model** with their **business partners to increase customer knowledge**

Q: Do you think about implementing a data-sharing model with your business partners to increase customer knowledge?



Introduction

The future of air travel shines bright, offering ample opportunities for growth and innovation. The annual World Airport Traffic Forecasts (WATF) 2023-2052 dataset¹ indicates that global passenger traffic is set to double over the next 20 years, by which time China will have replaced the US as the world's biggest aviation market. These projections indicate that global traffic is set to reach 9.7 billion by the end of 2024, doubling by 2042 and a 2.5-fold increase by 2052.

The rapid expansion of the aviation sector is encountering a growing challenge in terms of its environmental footprint and the call for environmental preservation is progressively becoming more urgent. While the entire aviation industry is embracing sustainability, airlines and airports are the most exposed to the public. The whole ecosystem including Travel Retail is under increased scrutiny.

With an ambition to help partners on their journey, the Travel Experience Voices research spotlights three aspects front of mind in the industry today.

Firstly, we propose to discuss the trend of hybrid concepts and master planning.

Customers are seeking enhanced

and seamless shopping experiences leading to a rise in hybrid store concepts. These concepts are reshaping the Travel Retail landscape through evolving business strategies and redefining customer experiences. Brands are capitalizing on the innovative environments they can find in hybrid stores to showcase their offerings, aiming to enhance their appeal, and customers are reaping the rewards of a richer and more experiential shopping experience.

Secondly, we see the importance of reducing carbon footprints and investing into sustainable practices. This report highlights the expectations of more conscious consumers and how the demand for sustainable and locally sourced products is on the rise.

With a notable shift in consumer values with modern travelers, we are seeing a trend emerging towards a demand in increased communication around CSR initiatives, not only for building positive brands but establishing connections with environmentally conscious consumers.

And finally, we deep-dive into the challenge of data sharing within the Travel Retail ecosystem. There continues to be a consensus for closer collaboration between Travel Retail stakeholders, a synergy that deepened in response to the challenges posed by the Covid situation. Airports are tapping into the expertise of retailers and brands to leverage specific data for decision making processes and adopting best practices, whether through master planning

or data sharing initiatives. By focusing on analysing passenger flows and visibility, we can better understand customer preferences to strategically plan and deliver.

Today, there is indeed a growing opportunity for airports, brands and retailers to implement a data sharing model to enhance customer knowledge, cross promotions and upselling, ultimately leading to more loyalty and a much-improved overall customer experience. Tomorrow, we shall aim to include airlines in the process to make it even more relevant.

We hope the insights provided in this report will benefit our partners and the industry as we navigate this ever-changing landscape.

¹ <https://aci.aero/2024/02/14/top-20-markets-for-air-travel-demand-forecast-according-to-latest-aci-world-data/>



Embracing hybrid concepts

- ⊙ Hybrid concepts require an in depth understanding of passenger needs and behaviors across concepts and categories
- ⊙ There is a strong demand in experiential retail and desire for unique, Instagram-worthy experiences
- ⊙ Flexibility and adaptability of emerging technology improve and speed up the customer experience
- ⊙ Optimization of layout and design of retail spaces maximize efficiency to provide an appealing shopping environment
- ⊙ Early collaboration between all stakeholders in master planning is key

HYBRID – LET’S EXPLORE

There is a continuous evolution of hybrid concepts, and this prompts the question of what hybrid means for the Travel Retail world. For some, the term 'hybrid' is closely aligned with an omni-channel approach underlying the integral role of e-commerce, whereas in airports such as Shenzhen International Airport, Food & Beverage (F&B) was introduced into RELAY stores 10 years ago, combining the F&B offer with Travel Essentials.

What is obvious is that hybrid shops, which combine retail and food services, are becoming increasingly popular as businesses seek to provide diverse and integrated experiences to capitalize on the synergy between the two. In the Travel Experience Voices online survey conducted by Lagardère Travel Retail in January and February 2024, airports ranked the importance of hybrid stores as 4.1 out of 5, with 76% considering it a long-term trend.

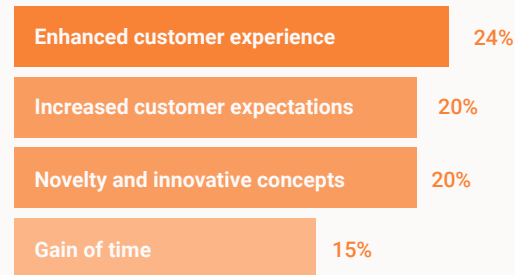
To successfully deliver a hybrid shop, spaces are being designed for consumers to browse and shop while having the option to dine and enjoy refreshments within the same space. One of the key benefits of hybrid concepts in sought after locations in an airport is that it can help the overall area thrive, having a ripple effect on all other retailers within the space and driving more activity and buzz.

For Barcelona Airport, hybrid is seen as an interesting concept to have in the retail mix, although to find the right space can present a challenge. "We try to give freedom to the operator, so in our case we only established core categories and limited the F&B area in the hybrid concept, so that it did not turn into a F&B outlet with a retail corner." They believe in sharing resources and services to gain efficiency, while delivering the right category mix which unfolds as follows: the hard to find, the iconic brand and the solid asset.

“Hybrid concepts are a must to complete the commercial offer in an airport.”

Barcelona Airport

Brands are enhancing their strategies by showcasing innovative and often renewed offers within the hybrid environment. The Travel Experience Voices online survey⁽²⁾ results from both airports and brands highlight that the primary factor driving the growing popularity of hybrid concepts in airports is the enhanced customer experience. Close behind in popularity is the increase in customer expectations and the introduction of novel and innovative concepts.



“A retailer that has strong brand resources and proven experience in retail and F&B combined has high growth potential.”

Shenzhen International Airport

Investments are being made by airports to ease the journey for passengers through streamlining check-in and security processes, so customers can have more dwell time to shop and dine. This creates an upside for customers who relax and enjoy this experience, and for retailers there is an increased potential for impulse purchases and deeper customer engagement through sampling and activations.

A key focus when it comes to design and productivity metrics per square meter in hybrid settings is paramount, where every square meter must be

optimized to reflect the evolving needs of travelers. Hybrid spaces are meticulously designed to showcase not only mainstream, but also small designers and niche brands, emphasizing the significance of a robust concept and a well-trained sales force. For travelers to fully understand and benefit from the hybrid concept, Barcelona Airport comments, “you cannot suffocate one product offer, even in hybrid concepts each brand needs enough space to express its universe”.

Both airports and brands participating in the online survey unanimously ranked an efficient store layout and a diversified offer as the two most crucial features for achieving success in a hybrid concept.

The demand for innovation and adaptability means that design elements remain agile, readily adjusting to accommodate on-trend brands and offers, which can include pop-ups and last-minute commercial experiences near boarding gates. Finding the delicate balance between functionality and flexibility highlights the complexity of the Travel Retail ecosystem, where success lies in the ability to integrate evolving consumer demands.

There is also an opportunity to introduce innovative offerings through cross promotion strategies in hybrid shops, for instance customers may receive discounts on retail items when they make purchases at food counters and vice-versa. According to Galeries Lafayette, customers are looking for a lifestyle trend with a broad range of products; beauty, gifts and food, all under the same roof. The beauty service could include wellness spa treatments and gift accessories with healthy food options. As part of this trend, travelers are introduced to new brands while leveraging the marketing strengths and expertise of all parties.

Furthermore, hybrid concepts are now establishing themselves as community hubs offering spaces for socializing, working, or event hosting. These spaces typically feature a blend of retail products, a range of food options and tech convenience such as charging stations.



“Hybrid concepts offer an opportunity for modular spaces and to showcase the brands of the moment that you don’t usually find at the airport.”

Galeries Lafayette

CASE STUDY

Muji-To-Go at Shenzhen International Airport illustrates a resource-smart structure, where the retailer was implemented into a large hybrid waiting area of nearing 500 sqm, combining not only retail and F&B, but services such as casual commuting tables with chargers and meeting rooms.



⁽²⁾ Travel Experience Voices online survey, January - February 2024

Customers seeking a multi-faceted experience beyond traditional shopping welcome the integration of retail and food services as it brings a distinctive, unique and welcoming atmosphere. Forward thinking brands are demonstrating greater flexibility and adaptability to deliver rising demands for experiential retail by bringing Instagram-worthy experiences and on trend brand offerings.

Mondelez International's Oreo Café at Hamad International Airport allows passengers to engage and shop branded merchandise while enjoying an Oreo milkshake, extending in-store time for shoppers.

“We strategically position brands and capitalize on cross-shop trends to boost spending through operational synergies.”

Mondelez International

More and more lifestyle brands are now seeing the benefit of collaborating and elevating their brand universe through F&B retailers. Innovative brands such as EL&N see themselves playing in the same space as brands such as Dior and Prada who have both successfully launched pop-up café activations to bring a fresh new experience to their demographic. Collaborating with brands already existing in Travel Retail spaces can be pushed even further and this is applicable to luxury, fashion and beauty brands.

At EL&N there is the added benefit of having team members appointed to gift shops or to sell coffee, bringing operational efficiencies and utilizing data from the existing store to provide what is best for the customer. “Being an adaptable brand that can translate to different environments easily is a huge plus.”

“There is no ceiling as to where brands can collaborate within hybrid spaces.”

EL&N

CASE STUDY

When launching the brand-new Kylie Skin kiosk within a beauty space, EL&N offered to cater for the exclusive influencer activation of Kylie Skin. Whilst the brands have no direct alignment being in the Beauty and F&B sector, there was a perfect synergy between how retail can tap into brands like EL&N and offer their customers an extended brand experience which ties together all the senses. The collaboration was both beneficial for Kylie Skin launch and EL&N as both parties were able to offer an elevated experience, ensuring a memorable launch for their brand and educating guests that EL&N is an innovative F&B offering within the Travel Retail landscape.



MAXIMISING TECHNOLOGY

Another aspect of hybrid environments is the integration of new technology that adds a contemporary edge and significantly enhances convenience for customers. A growing number of food and beverage brands are embracing streamlined ordering processes such as self-service kiosks, mobile ordering stands and Apps, digital menus and screens, contributing to an enriched experience for time sensitive and long-haul travelers.

Mondelez International, convinced that hybrid omnichannel concepts have the power to capture more



passengers, created a limited edition Cadbury laser edged bars combining the chocolate bar with advanced technology. These were sold out in only 2 weeks. Moreover Mondelez International communicates with travelers via digital platforms to create awareness of unique experiences.

Bringing bespoke offers and telling great stories through social media and in-store promotions helps communicate with new customers. Savvy in their demands for a ‘right here, right now’ experience through technology, brands such as EL&N are communicating their dining style using wayfinding signage, digital content and self-ordering stands to help decision making and accelerate the customers’ journey. Product information is being provided to fulfil demands through innovative concepts such as virtual shopping, giving customers greater personalization and convenience to access information.

Hybrid concepts are poised to become a long-term fixture in the industry with all players committed to enhancing the customer experience through innovation and personalization. In prime airport locations, designing efficient spaces for seamless browsing as well as relaxing, and bringing on-trend brands offering experiential retail has significant benefits for all. It’s an exciting time to lean into this growing trend to meet the needs of the modern travelers.

Yootoo Concept: A fusion of fun and gastronomy at Barcelona Airport

In August 2023, Lagardère Travel Retail unveiled an innovative hybrid store concept called Yootoo at Barcelona Airport Terminal 1, revolutionizing the Travel Retail and food industry. This unique 700 sqm space is not just a shop or a restaurant; it's a comprehensive leisure experience tailored for families and travelers seeking a blend of fun and gastronomy.

At Yootoo, visitors delve into a world where iconic leisure brands like Marvel, Lego, and Disney converge seamlessly with the offerings of Giraffe World Food Kitchen. Strategically located and exposed to 8.6 million passengers, it is a playground for imagination and taste buds, where superheroes meet gourmet meals under one roof. The concept is designed to be enjoyed by diverse age groups, from youngsters to young adults, as well as families, fostering an environment of shared moments. Yootoo embodies the brand promise of delivering a holistic custom-designed experience at Barcelona Airport, where the pursuit of fun complements the enjoyment of great food.

Lagardère Travel Retail's vision doesn't stop here; we aim to continue exploring innovative concepts that redefine airport retail and food & beverage services. Yootoo sets a new standard, showcasing how seamless integration of entertainment and dining can create a memorable journey for travelers.



MASTER PLANNING

Everyone agrees that airports need to undertake a thorough analysis of passenger flows and visibility together with pinpointing high foot traffic areas within the airport so retail spaces can be strategically positioned in prominent locations such as close to boarding gates, security checkpoints or main terminals. Through expert analysis, airports come to understand passenger's preferences and demographics and create tailor-made retail offers to meet the needs and interests for both domestic and international travelers.

"It is imperative to leverage master planning for optimizing customer engagement."

Brisbane Airport

Airports will tap into retailers and brands as the authorities in their field to leverage specific data to enable decision making processes and to adopt best practices. Brisbane Airport says to get the best out of a customer base, master planning is essential so there's a comprehensive understanding of the right volume of Duty Free to F&B, to Specialty. "Where there is often limited space, the master plan is about maximizing opportunity".

Sometimes airports work with retailers to address pain points. For example, Shenzhen International Airport built a park in a designated children's area. However, demand increased rapidly and the park quickly became outdated. The solution was to work with a tenant on a more sustainable option. Now, in partnership with McDonald's and DQ Ice Cream, the whole area has been rebuilt with a small F&B offering nearby.

A diverse mix of Duty Free, Luxury brands, hybrid concepts, Convenience stores, Electronics and Fashion is one way to create a well-rounded environment with interesting offers for both business and leisure travelers.

FINDING THE RIGHT BALANCE

Within all Travel Retail environments, there are constraints and adaptations involved in developing the layout and design of retail spaces. It's clear that the focus is on maximizing efficiencies and creating an appealing shopping environment. Barcelona Airport aims to provide passengers with positive experiences without overwhelming them. "We always need to find a balance between the commercial offer and other passenger areas. We try to carefully place new retail developments and advertising within the space, so it does not become too crowded."

Achieving the perfect balance between the constraints of limited space is paramount in designing a compelling retail area. In our recent online survey², we found that most of the respondents identified space optimization as the biggest challenge encountered by airports when devising a retail master plan. Creating an illusion of spaciousness through interactive store fronts and providing specialized customer service and crafting an engaging offer within an equally captivating atmosphere are all considerations that influence the positioning of the space. To remain agile and responsive, the implementation of adaptable and flexible layouts that can be easily adjusted is considered essential. For instance, when certain concepts prove ineffective, swift adaptations can be made to accommodate changing needs and preferences.

"If you overwhelm the customers, you might not obtain the results you expected."

Barcelona Airport

It's worth noting that it's not just the inside of an airport environment you need to consider for future planning. Barcelona Airport is strongly developing outdoor terraces as part of their planning to be able to deliver a quality experience to the passengers.

A COLLABORATIVE APPROACH

At planning stage, the strategy adopted by airports needs to be one of collaboration to bring the right retail mix and



engage key partners to elevate the customer experience.

Brisbane Airport embraced this strategy from the initial 'paper sketching' phase when embarking on their master plan to ensure alignment with retailer perspectives and establishing critical partnerships to curate a compelling tenant mix. They found the process not only stimulates the internal marketing, but also lays the foundation for an enjoyable customer experience. Shenzhen International Airport is aligned with this point of view.

Modern airports are involving operators and brands in a collaborative manner in the dynamic process of master planning, acknowledging the significance of addressing challenges early in the planning phase.

Engaging retailers from the outset offers a mutually beneficial opportunity for sharing insights and vision through Requests for Proposals (RFPs). This includes consideration for clear wayfinding, providing comfortable seating and creating well-designed and adaptable retail environments. Ongoing advancements need to be continuously made, such as queuing systems to minimize wait times at checkouts.

These partnerships thrive when there are common objectives and a commitment to regulatory compliance. Given the diverse regulations across global airports, especially in Duty Free areas with security and customs requirements, ensuring full compliance is imperative. This is crucial to deliver a world-class experience.

"The master plan is about maximizing opportunity, while maintaining a passenger-centric focus."

Brisbane Airport

From terminal planning to store concept, hybrid retail is a new growth opportunity for Travel Retail

by **Hugo Vanderschaegh** - Managing Director Altavia Travel Retail



The traditional model of segmented activities, where separate business lines, spaces, and operators function in silos, is gradually giving way to a more integrated approach. Modern airport master plans are increasingly crafted to foster lifestyle-driven zones, acknowledging that passengers vary in their needs, expectations, and aspirations. Consequently, terminals are designed to accommodate diverse lifestyle preferences by curating retail, F&B, leisure and entertainment offerings into destinations. Beyond catering to passenger preferences, these hybrid spaces offer additional revenue benefits. F&B outlets typically enjoy higher conversion rates than specialty retail stores. By strategically planning the layout to encourage flow towards F&B areas, foot traffic is naturally directed toward adjacent retail establishments. In essence, passengers seeking their coffee fix seamlessly explore specialty shops. This symbiosis thrives when the offerings complement each other coherently.

However, lounge users often spend their dwell time distanced from retail areas. There lies a significant opportunity to engage these customers by transforming lounges into multifunctional spaces, incorporating leisure, retail, services and promotional activities. The concept of hybrid lounges we are currently developing in a Middle Eastern airport, promises to expose users to a multitude of offerings.

In today's omnichannel retail landscape, downtown stores serve as platforms for building emotional connections with brands. Similarly, airports are no longer perceived only as transactional spaces. The promise of a guaranteed high footfall of a physical audience, captive for 60 minutes is a fantastic platform for brands to create customer engagement activities. Expect to see a rise in hybrid stores that blend transactional and experiential elements, reducing SKU per sqm ratios in favor of consultation rooms, pop-up restaurants, artistic installations and brand storytelling features. The Nutella store and café in Dubai we had developed with Lagardère Travel Retail a few years ago, exemplifies this hybrid concept.

These innovative hybrid concepts challenge the traditional revenue-sharing model between airports and retail operators. Concession rates for F&B transactions differ from those for retail transactions, and shoppers may engage with brands in-terminal but make purchases online. As a result, new contracts, characterized by flexibility and recognition of values beyond sales figures, will be necessary to adapt to the evolving landscape of airport retail.

Catering to conscious consumers

- ③ The Travel Retail ecosystem is seeing sustainability conscious travelers demanding change
- ③ There is a need for better connections and engaging with customers who care
- ③ Collaboration is essential for decarbonization, with airports, operators and brands working together towards sustainable practices

In the ever-evolving landscape of Travel Retail, the surge of Corporate Social Responsibility (CSR) initiatives reflects a profound transformation towards sustainability and ethical business practices. This shift is driven by a new wave of consumers, conscious travelers who demand transparency, sustainability and integrity from brands and airports alike. This article delves into the intricate dance of embracing CSR within the Travel Retail industry, unpacking the challenges faced and the opportunities that lie ahead.

Sustainability consciousness is a growing trend amongst travelers taking center stage as the narrative surrounding travel shifts. This is not just a passing trend but a fundamental shift in how travelers explore the world. As they become increasingly mindful of their environmental footprint and impact, the travel industry finds itself at a pivotal moment to adapt and innovate.



There has also been a profound shift in consumer values. Beyond convenience or luxury, today's travelers are motivated by a sense of responsibility towards the planet. Whether it's reducing plastic or supporting local economies, eco-friendly packaging or sustainable production processes, they are increasingly aware of the impact their choices can have not only in their daily lives, but also in their travel related decisions.

Most notably, the influence of younger generations is at the forefront. Millennials and Generation Z, with their digital connectivity and global awareness are leading the change towards a more sustainable future. As the younger generations become dominant in the travel market, their values and expectations are reshaping the overall travel industry at its core.

The Travel Retail industry acknowledges its responsibilities in addressing the challenges posed by environmental issues and its profound impact on the planet, health and the global economy. In response, many are reassessing their operations and adjusting their approaches to adhere to sustainable principles. All players need to adapt to the ever-changing trends in sustainability and ensure that their business operations are in line with the values of environmentally concerned customers.

Phoenix Sky Harbor International Airport actively shares their sustainability objectives with their partners and assesses the alignment of their engagements. By endorsing eco-friendly actions such as eliminating specific materials and supporting retailers' decisions, they bolster their own sustainability endeavors. They view this not as a passing trend, but rather as a shared journey among stakeholders.

Initiatives such as the provision of water stations implemented at Phoenix Sky Harbor International Airport serve as educational tools, prompting passengers to opt for sustainable alternatives and refrain from seeking single-use plastic water bottles. This shift in consumer behavior signifies an appreciation for responsible consumption choices.

DRIVING CHANGE

Corporate Social Responsibility remains a top priority for airport's worldwide, and it is anticipated that Travel



Retailers will direct their focus on areas addressing issues such as plastic consumption and waste management, along with promoting product offerings that align with responsible practices.

“We have to do it all – doing the right things for the people, for the planet.”

Nestlé

This declaration from Nestlé encapsulates the ethos driving CSR in Travel Retail – a commitment to action that extends beyond traditional business goals to encompass environmental stewardship and social well-being.

The dialogue around CSR transcends mere regulatory compliance or marketing strategy; it's about forging genuine connections with the eco-conscious travelers and educating those less aware of their environmental footprint. Transparency becomes the cornerstone of consumer trust. According to a player from the fashion industry, maintaining customer confidence requires transparency when addressing inquiries and responsible information can be provided at store level rather than on products themselves. Yet, this commitment to CSR brings its own set of challenges. Communicating complex CSR initiatives effectively to a diverse audience without veering into the territory of greenwashing requires finesse and authenticity. The industry grapples with how to present their CSR endeavors in a manner that is both accessible and meaningful.

“Supporting the sustainable offers our concessionaires make is a common journey as we too are focused on being sustainable and future friendly.”

Phoenix Sky Harbor International Airport



“The challenge is how to talk to different passengers from different nationalities.”

Nestlé

For Pernod Ricard, responsibility goes beyond business practices, it is ingrained in their DNA and touches many aspects of their operations. From ethically sourcing ingredients to ensuring fair labor conditions and utilizing sustainable packaging, they are committed to guiding principles throughout the product lifecycle. Nestlé, as a food company, acknowledges the importance of considering every stage of the product lifecycle, emphasizing their commitment "from the field to the fork." With a growing emphasis on planet regenerating, Nestlé sets hard targets for adopting successful agricultural practices, demonstrating their dedication to sustainable and regenerative practices.

Building and establishing such trust with customers poses a challenge for businesses. For retailers, this means going beyond traditional sales strategies and seeking out innovative and interactive experiences that prioritize sustainability and engagement. Brands like Nestlé encounter the challenge of effectively communicating with diverse passengers from various nationalities. A global, efficient solution at store level would benefit their own efforts.

Phoenix Sky Harbor International Airport's incorporation of sustainability criteria into their RFPs exemplifies the industry's openness to innovation, challenging traditional notions of business practices in favor

of those that promise a greener future, stating "Business decisions are made through the lens of our sustainability goals," emphasizing the prioritization of environmental objectives alongside business considerations.

Another example of Phoenix Sky Harbor International Airport's innovative initiatives is showcasing their dedication through a pilot study involving mechanized trash boxes capable of detecting recyclable items and sorting them automatically. This kind of interactive experience serves as informative and educational tools for passengers.

“Having a good balance between our goals, and what is important to our business partners is crucial.”

Phoenix Sky Harbor International Airport

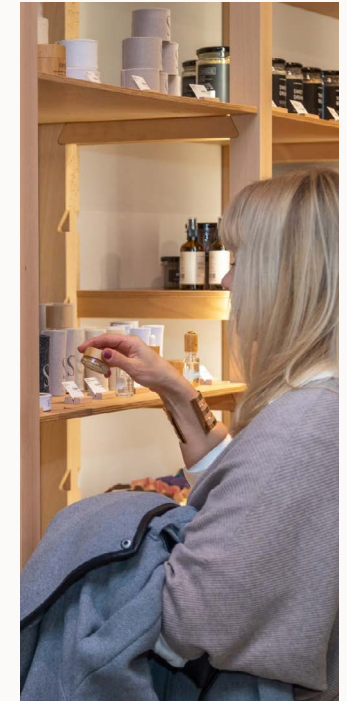
Products go through evolutions and the challenge for retailers is to showcase products that align with airport's CSR values and to make it easier for customers to choose responsible options. For example, there is still significant demand for drinking straws and napkins, so while they remain, more sustainable materials are being used to make the products. If brands can successfully use labeling and signage to highlight

eco-friendly choices, or to promote fair trade and locally sourced products, they will undoubtedly see long term gains through developing sales to more conscious consumers.

Maintaining consistent communication and demonstrating a dedication to CSR are pivotal for achieving success. Establishing credibility and trust when sharing messages on sustainability and environmental factors in a simplified way are the key steps within the Travel Retail landscape to develop.

There are however obstacles when it comes to communicating CSR involvement effectively. Our online survey revealed the main hurdle faced by airports and brands is simplifying CSR messaging without falling into the traps of greenwashing or green hushing. Greenwashing has the potential to erode the significance of responsible and sustainable practices.

Marseille Provence Airport as an example had previously announced when passenger figures were increasing, whereas today they will only communicate on positive passenger figures when the number of total flights has reduced. Greenwashing is perceived more dangerous than green hushing.



16%

Simplifying the message without greenwashing or green hushing

13%

Difficulty in conveying complex CSR concepts to consumers

12%

Measuring the impact of CSR communication efforts

Other challenges identified by our online survey respondents when it comes to communicating CSR engagement is the difficulty in conveying complex CSR concepts to consumers, as well as measuring the impact of CSR communication efforts. Some fashion brands who have been working on sustainability for several years, seek to base their efforts on measurables of their goods by putting their products at the heart of their sustainability ambitions through giving priority to preferred raw materials and increasing the product lifespan.

The focus isn't solely on simplifying messaging, it involves revising communication strategies to enhance the visibility of responsible products in-store and convey CSR messages effectively to all travelers.

For Marseille Provence Airport, they distinguish themselves by offering products that can only be found in the region where the airport is located, products that represent a true sense of place with authenticity. They appreciate corners within the stores and dedicated animations to communicate and promote such sustainable offers.

Travelers are most likely to influence the future of CSR initiatives through regular feedback which is undeniably valuable in helping airports, brands and retailers to understand expectations and to work towards improving sustainable practices and communication.

CARBON CLEANSE

The journey towards sustainability in Travel Retail is not a solitary endeavor but a collaborative one, demanding a unified effort from the entire ecosystem. The push for decarbonization, highlighted by Pernod Ricard's call for ecosystem-wide collaboration, illustrates the industry's recognition of the need for collective action.

"Collaboration between the whole ecosystem is key."

Pernod Ricard

There are specific steps that can be taken in this

collective effort. According to findings from our online survey, airports place a strong importance on actively collaborating with brands and retailers to advance along the decarbonization journey, scoring a high rating of 4.4 out of 5. This highlights the recognition of collaboration as a key factor in driving progress towards a more sustainable Travel Retail environment.

A comprehensive decarbonization strategy must be defined and include various initiatives ranging from adopting sustainable practices to the investment in renewable energy sources. By setting specific, measurable and time bound targets, a roadmap can be set, as well as an effective monitoring of progress as milestones are achieved.

As revealed by the survey findings, the emphasis on collaborative efforts stands out. As this is being navigated, partnerships need to be considered with suppliers who share a common vision and dedication to decarbonization.

Brands we interviewed are also counting on landlords to take action. They point out that within the Travel Retail environment they lack control over aspects like heating, renewable energy usage and waste sorting – the responsibility falls on the landlords to make these improvements. Brands have a responsibility to ask landlords to play their part.

ECO PROMISE PLEDGE

The commitment to sustainability in Travel Retail is crystallizing into actionable strategies, with the Eco Promise Pledge serving as a beacon for collective aspirations. This pledge, a testament to the industry's shared commitment to sustainability, underscores the importance of collaborative efforts in achieving long-term environmental goals.

Nestlé's approach is if everyone does their bit, the chain will be positively impacted. They say "Working together is how we will share what the consumer sees, understand what that consumer is looking for and articulate what is relevant to them in doing what is good for the planet in the long term. That is a win-win." If brands can articulate what they do, they can be armed with credible stories from whatever angle the consumer



"We want partners who have the same expectations. We talk about our sustainability goals during the solicitation (tender), and then we find ways of how to achieve our common goals."

Phoenix Sky Harbor International Airport

wants to look at it.

"Sustainability is not enough. We need to re-generate the planet."

Nestlé

This bold assertion from Nestlé captures the essence of the challenge ahead. It's not merely about mitigating harm but actively contributing to the planet's health, a vision that requires the engagement of all stakeholders, from employees to consumers, in a concerted effort towards sustainability.

Strong supporters of change are needed, and engaging employees is a powerful way to promote sustainability. By introducing training through educational platforms such as workshops, seminars or webinars, teams are

"We value local products that you can find in no other airport."

Marseille Provence Airport

informed and engaged, and awareness is heightened. This encourages eco-friendly behaviors, a culture of environmental responsibility and highlights not only the role employees play in reducing carbon emissions but strengthens a collective commitment to sustainability.

Collaborating with industry associations helps set guidelines for responsible behavior. For instance, Pernod Ricard has pledged to initiatives like the World Federation of Advertisers (WFA) Planet Pledge. This encourages marketers to lead brands in addressing climate change and promoting sustainability in their products and services.

Engagement with government bodies and regulators who support sustainable policies amplifies efforts and collaboration with other businesses, NGOs and research institutes to create a focused network. Working together towards shared goals can drive the impacts of efforts and bring diverse perspectives to the table.

Looking into improved ways to optimize logistics and supply chains, energy consumption or by investing in electric vehicles, these changes all help cut down on how much carbon is produced.

It's important to share best practices and success stories, including both the efforts and positive outcomes, and challenges faced. This helps others learn and feel inspired to act. The balance between opportunities and challenges remains delicate as the Travel Retail industry continues to navigate the complexities of CSR. The demand for sustainable practices and ethical business operations presents a formidable challenge but also a significant opportunity to redefine the industry's impact on the planet and its inhabitants. Through collaboration, innovation, and a steadfast commitment to transparency, the Travel Retail sector can not only meet the expectations of the conscious consumer but lead the way in the global pursuit of a more sustainable future.

Embracing eco-practices: A look inside Discover Singapore at Changi Airport

Lagardère Travel Retail Singapore collaborated with Concourse to eco-design the "Discover Singapore" store at Changi Airport, Terminal 2.

The initiative aimed to reduce carbon emissions and minimize the environmental impact through circular and sustainable practices based on a lifecycle analysis approach. These include the reuse of existing furniture, the use of more sustainable materials and paint, and the installation of A+ LED lighting which is 20% more efficient than conventional luminaires with reflector technology. Additionally, modular and rented hoarding solutions were employed during construction.

As a result of these measures, there has been a 34% reduction in carbon dioxide emissions, saving 21.83 tons of CO2 compared to traditional store construction methods.

Moreover, the store provides an authentic experience with Peranakan-inspired design and local product offerings in the 'Pick & Mix' space and promotes environmentally responsible consumption with carefully selected sustainable gifts and souvenirs. Singapore home-grown brands with eco-friendly product lines have been introduced such as artisan cold process soaps, reusable soap bar travel pouches, coasters and serving trays eco-designed with Jesmonite, encouraging ethical behavior and supporting local initiatives for sustainable living.



Retail reinvented: Navigating the journey towards sustainability

by **Sophie Labbé** - Associate Director at Utopies

"The greatest threat to our planet is the belief that someone else will save it."

Robert Swan

A SHIFT IN CONSCIOUSNESS

The retail landscape is undergoing a profound metamorphosis. With an awakening to the environmental, social and societal footprints of their products, it is no longer enough for stores to be mere providers of consumer goods. The modern retailer is now a gatekeeper of sustainability.

CONSUMER EXPECTATIONS AND REGULATORY DRIVERS

Driven by a civil society increasingly aware of global warming impacts, consumers are demanding a new standard of responsibility from the retail sector. According to a global CapGemini study*, consumers pay close attention to the sustainability initiatives of retail organizations they engage with. 79% of consumers are changing purchase preference based on the social responsibility, inclusiveness or environmental impact of their purchases. Compounding consumer pressure is a regulatory vise that tightens around the globe. In regions like Europe, the Corporate Sustainability Reporting Directive (CSRD) mandates more transparent sustainability reporting, nudging retailers towards greener operations, including the complex task of decarbonizing their entire supply chain.

CULTURAL AND ORGANIZATIONAL IMPLICATIONS

Embracing sustainability is not just an addition to the retailer's agenda; it's a cultural revolution. Retailers must transition from simply supplying demand to curating an offer that reflects a deeper

understanding of quality—one that encapsulates environmental and social considerations.

This journey demands that retailers retrace their value chains and build expertise on foundational issues—from sustainable agricultural practices to packaging eco-design—that were once beyond the buyer's remit.

Defining what constitutes a responsible product is also key. It's not about achieving perfection but about setting objective criteria and KPIs. Relying on third-party certifications and labels can help build credibility and confidence in the approach. However, setting standards is only part of the equation. Retailers are also expected to make deliberate choices, even ban certain practices—like off-season vegetables and fruits or frequent fashion drops—to align actions with convictions.

LEADING CHANGE AND RESHAPING SOCIAL NORMS

At the forefront of change, retailers have a unique opportunity to lead. Financially supporting suppliers to adopt more sustainable practices, influencing consumption through transparent marketing, and ensuring affordability of responsible products are all part of the transformative toolkit.

Communication campaigns have the power to reshape social norms, making sustainable options not just available but desirable. From sustainable products to rental services and second-hand products, retailers are not just participating in but actively sculpting a more sustainable future of consumption.

As retailers embark on this path of sustainability, the journey promises not just more environmentally conscious options for consumers, but a commitment to tangible actions and measurable progress, fostering a future where responsible choices become the norm in every aisle.



* [chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.capgemini.com/gb-en/wp-content/uploads/sites/5/2022/05/Final-Web-Report-Sustainability-In-CPRD-1.pdf](https://www.capgemini.com/gb-en/wp-content/uploads/sites/5/2022/05/Final-Web-Report-Sustainability-In-CPRD-1.pdf)



Deep-dive into the challenge of data sharing

- Ⓞ Delivering world class customer experience is set to transform the industry through improved and increased data sharing
- Ⓞ Most industry players are showing commitments to work in partnerships for greater efficiencies
- Ⓞ Airports, brands and retailers will work towards much improved personalization for customers and unite with a common goal of customer loyalty across every touchpoint of the traveler's journey

In an era where data is often described as the new oil, the Travel Retail industry is on the brink of a significant transformation. This piece explores the vast landscape of data sharing within the industry, elucidating the plethora of opportunities it presents, the challenges encountered, and the strategic maneuvers required to fully harness its potential.

Data sharing in the Travel Retail ecosystem presents a multitude of opportunities to revolutionize customer experiences, streamline operations and drive informed decision-making. From understanding consumer preferences to optimizing inventory management, data sharing

holds the key to a new level of customer service.

Here, we delve into some of the key opportunities associated with data sharing to highlight greater efficiency, profitability, and customer satisfaction.

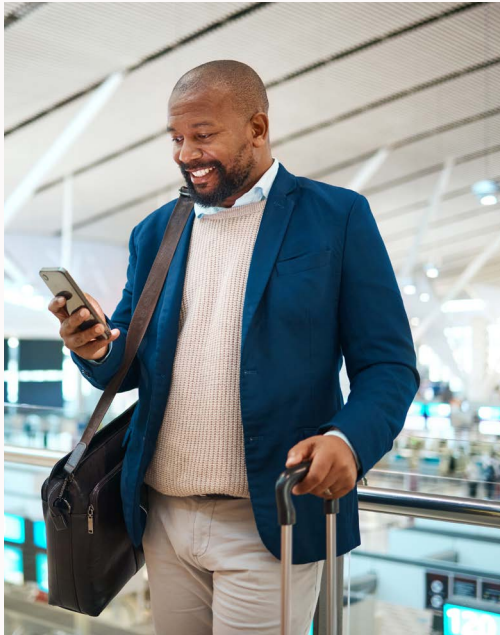
CUSTOMIZING CONSUMER ENGAGEMENT

Imagine stepping into a store where every offer or promotion feels perfectly tailored to your preferences or buying habits. By sharing and carefully analyzing customer data, retailers have the power to deliver tailor-made customer

experiences, elevating the shopping journey to new levels and leaving the customer coming back for more.

Auckland Airport builds relationships with customers who have signed up to their loyalty program Strata Club database with the ability to communicate with customers throughout the year, keeping them across relevant key messages, including beyond the day of travel. Customers can sign up at any point from anywhere in the world, either through the Auckland Airport App which is tied to the Strata Club, or logging into the Airports WiFi. Growth is organically achieved using marketing tools such as EdMs (direct marketing) and Social Media.

Data sharing can be a strong motivator to improve operational efficiencies but there must be discipline in sharing good data to inform decision making, build relationships and increase customer knowledge. Airlines, airports and retailers who share information are seeing greater efficiencies in every aspect of the retail journey including greater inventory control,



fewer instances of stock shortages, and optimized supply chains. In our online survey, 56% of airports and brands would consider implementing a data sharing model with their business partners to increase customer knowledge. The outcome is not only financial savings, but an increase in efficiencies to guarantee more seamless operations and a far superior experience for retailers and customers alike.

“We all want the highest shopping experience for travelers, to maximize operational efficiency and improve customer flow. Data sharing is part of the solution.”

Aeroporti di Roma

For data sharing to be mutually beneficial, it's essential that all involved reach a consensus on its purpose and use. A cultural shift towards a mindset that values data sharing and its role in informing business decisions needs consideration. Replacing competition with co-operation becomes key, alongside a focus on customer-centricity, transparency and the cultivation of trust as the new normal. The process needs strategic alignment of data as well as a commitment to maintaining data quality, implementing the right technical solutions and adapting new ways of working.

Central to companies like L'Oréal is their strategic emphasis on promoting shared data initiatives for fostering collaborative innovation within the Travel Retail landscape. They acknowledge that each stakeholder brings distinct data expertise to the table: airports contribute with passenger and nationality data; retailers offer insights into sales and consumer behavior; and at L'Oréal they provide beauty industry intelligence and local market data.

“We believe there are many win-win opportunities within Data sharing in Travel Retail.”

L'Oréal



L'Oréal states that, on top of collaboration, “AI is revolutionizing our predictive capabilities,” underlining the transformative role of artificial intelligence in shaping analytics framework.

For business-minded individuals leading projects, having the appropriate personnel to analyze data effectively and guide teams towards actionable outcomes in a legally compliant manner is paramount. Auckland Airport highlights the balance between teams' eagerness to delve into data and the subsequent challenge of grappling with its complexity, potentially leading to a loss of focus on project objectives. Indeed, there is always room for growth. Take the case of Groupe ADP who have taken strides to enhance their operations by integrating cash register receipts with retailers and aggregating the data into a comprehensive database for weekly analysis via ShareBack. This tool holds relevant analysis data, yet its full potential remains untapped due to limited utilization by the teams. “It's a great paradox: rich in data, but not very widely shared, and not used enough so there's still a lot of room for improvement”.

Auckland Airport leverages transactional and credit card data at a macro level using their data analytics tool. Through this information, the volume of credit

“We have an incomparable wealth of data because of the captive environment – but how do you use and analyze this data.”

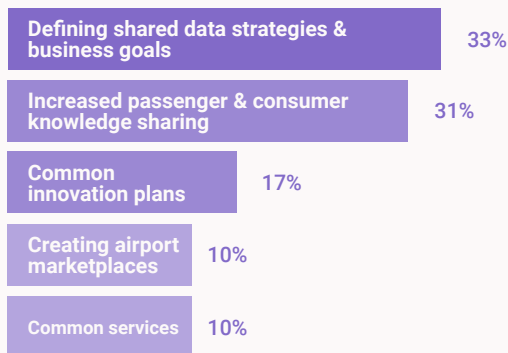
Groupe ADP

card transactions in retail outlets and the frequency of credit cards used in parking systems can be determined. This enables them to map the origin of credit card usage, providing a broader understanding of the macro population demographics.

Retailers are tapping into a wealth of customer insights seeking out new ideas for cross-selling and upselling. By looking deeper into individual preferences and purchasing behaviors, the data driven approach allows retailers to refine their marketing strategies to forge more meaningful connections with their customers and lead to increased marketing effectiveness.

All parties need an in-depth understanding of who the customers are, to share data, break boundaries and divide up the passenger journey based on different touchpoints.

When airports and brands were asked to reflect how they viewed customer data as a performance booster, 33% of the respondents to the online survey identified shared data strategies and aligned business goals as one of the most critical aspects of data sharing. Ranking next in terms of importance at 31% was enhanced sharing of passenger and consumer insights.



COLLECTIVE INSIGHT

Most airports, including Vinci Airports and Auckland Airport collect internal data around passenger information, time of day analysis, number of travelers boarding at a certain gate, dwell times in different areas and insights around the quality of the business operations and the retail offers. When these insights are utilised, relevant offers and recommendations can be made for complementary add on products and services to suit each customer’s needs and travel plans, while maximizing revenue opportunities.

Coty Travel Retail recognizes the importance of increased data collaboration among airports, retailers and brands to optimize staffing decisions based on passenger insights. Nonetheless, they are mindful of the obstacle of operating across multiple countries within the Travel Retail environment, which entails navigating various legislations around sharing data from one country to another.

“As consumers shopping habits have evolved, a holistic understanding of our retailers’ sales data is crucial for unlocking insights and guiding informed decision-making. We are committed to fostering transparent partnerships to ensure mutual understanding and fuel value creation for all.”

Coty Travel Retail

For renowned brands like Lancôme, Kiehl’s and Armani Beauty owned by L’Oréal group, acquiring data to enhance the customer experience and foster loyalty is a high priority and they are continually seeking new avenues to leverage data across various touchpoints. This holistic approach drives better personalization for their customers while providing invaluable insights for learning and growth. Beyond servicing customers better, the added advantage of utilizing this data driven approach enables operational efficiencies for brands through informed strategic decision making, while collaborating innovation across the Travel Retail ecosystem, boosting the results of their actions.

Through data collected at Aeroporti di Roma around airport dwell times, they determine how much time is spent in airside and the correlation between buying propension and dwell time; thanks to the level of data sharing reached with the retailers, they analyze the performance of the customers spend for each destination, share the results with brands and define actions to improve the business. “It’s good to push cross promotions and selling or to include new categories/ brands.” They set their sights on a mission to refine the parameters of data utilization so that every interaction resonates with purpose and personalization.

Amidst the promise of engaging loyalty programs, there is still a gap for many between data collection and meaningful interaction. For Groupe ADP, this was an invitation to embark on a pursuit of customer satisfaction into how they will apply learnings to 3-4 million customers in the field as they collect data through customer loyalty programs. Groupe ADP are looking at solutions to find advantages for the customer beyond the airport retail environment. For example, if a customer spends a significant amount of euros in a store, they might burn their points to access a VIP service on their way back home. Other ideas aside from discounting are being explored as alternatives.

“We need to make huge strides in the area of customer individualization.”

Groupe ADP



“There are elements in airport data ecosystems such as lounges and meet and greet areas that are yet to be mobilized.”

“Data sharing will foster collaborative innovation across the Travel Retail landscape.”

L'Oréal

DATA EMPOWERS CHANGE

Access to shared data regarding competitor pricing and market demand provides retailers with insights for implementing dynamic pricing strategies. This approach facilitates real-time adjustments to prices while taking into consideration seasonality and fluctuations in demand. By adopting this approach, retailers can optimize revenue potential while remaining flexible and adaptable to the ever-changing market conditions.

Without a doubt, data is a powerful tool. Auckland Airport carparking system uses license plate recognition technology and is moving to smart data to identify fraud. This data provides visibility of who is coming and how often and can identify if the car is stolen or a known threat. It has the capacity to inform authorities that a known problem has arrived on site while the airport proactively identifies and mitigates potential threats to safeguard customers and businesses in the airport precinct. It's moving from 'dumb' data to smart data. “You can stop being the victim of the unknown and start managing your precinct – you can plan for it. It creates far more efficiencies and provides an opportunity to be more plugged in as partners as everyone is affected by the behavior.”

Another approach to leveraging carpark data has emerged at Vinci Airports as part of their business strategy through the recognizing patterns from carpark data where travelers show interest in lounge access or fast track options. Inspired by the success of strategies in e-commerce, Vinci Airports sell these as bundle deals and are now ready to test their efficacy.

Enhancing travelers' understanding through transaction data

For the past four years, Visa and Lagardère Travel Retail have been in a strategic partnership, aiming to enhance the understanding and servicing of international travelers. Visa's network, processing transactions across the globe and in the regions where Lagardère Travel Retail operates, processed approximately 213 billion transactions during its last fiscal year, 2023.

During the early stages of the partnership, the focus was on developing technical innovations to streamline the customer experience, including the introduction of automated checkouts and contactless payment options.

The subsequent phase leveraged Visa's transaction data, granting Lagardère Travel Retail valuable insights into travel patterns, shopping preferences, and potential purchasing trends. By utilizing an advanced online platform that aggregates anonymized transactional data from VisaNet, Lagardère Travel Retail has gained a comprehensive view of cardholders spending habits at store locations and insights into differentiating consumer behaviors in downtown retail versus Travel Retail settings. This analysis extends to understanding the preferred shopping categories of various demographics and identifying high-value shoppers based on total spending by market segment and country of

origin. Such detailed information is crucial for tailoring marketing strategies, optimizing target customer groups, and planning for seasonal traffic fluctuations.

This ongoing global collaboration between Visa and Lagardère Travel Retail continues to drive forward-thinking innovation, enabling to deepen our customer insights and more effectively meet their evolving needs and preferences.



Navigating through data collection can be a multi-layered undertaking, often involving the search for individuals possessing the necessary skill sets to unveil the insights within the data. Clarity and guidance play pivotal roles in deciphering current business challenges or uncovering potential opportunities. At Aeroporti di Roma, the significance of collecting data with utmost clarity and simplicity is acknowledged. Nevertheless, challenges arise in the data analysis phase, not only in selecting the appropriate tools but also in ensuring that the requisite technical skills are present within the organization.

While the lack of expertise can be restrictive, the sharing of both historical and real time data presents a wealth of opportunities for Travel Retailers.

Utilizing predictive analytics to forecast demand stands as a key factor in optimizing inventory levels. Coty Travel Retail exemplifies this approach by

encouraging their teams to gain comprehensive insights into performance and execute strategies effectively. Presently, they use an application capable of gathering diverse data types, including sales figures, promotional activities, associated costs, and allocated in-store spaces. Through thorough analysis of this data, Coty Travel Retail ensures the implementation of appropriate incentives and maintains precise forecasts, thereby optimizing both forecasting accuracy and promotional strategies. Coty Travel Retail also sees a real opportunity in working with large companies such as Kantar and Nielsen to further develop joint data analytics.

Arming frontline staff with a wealth of information from shared data unlocks a mission to redefine standards of service excellence. No longer bound by guesswork or assumptions, being fully equipped with an understanding of the customer's journey and preferences enables the staff to handle

customer inquiries, resolve issues and help with greater confidence. Gone are the days of excess stock cluttering shelves or frustrating shortages disappointing customers.

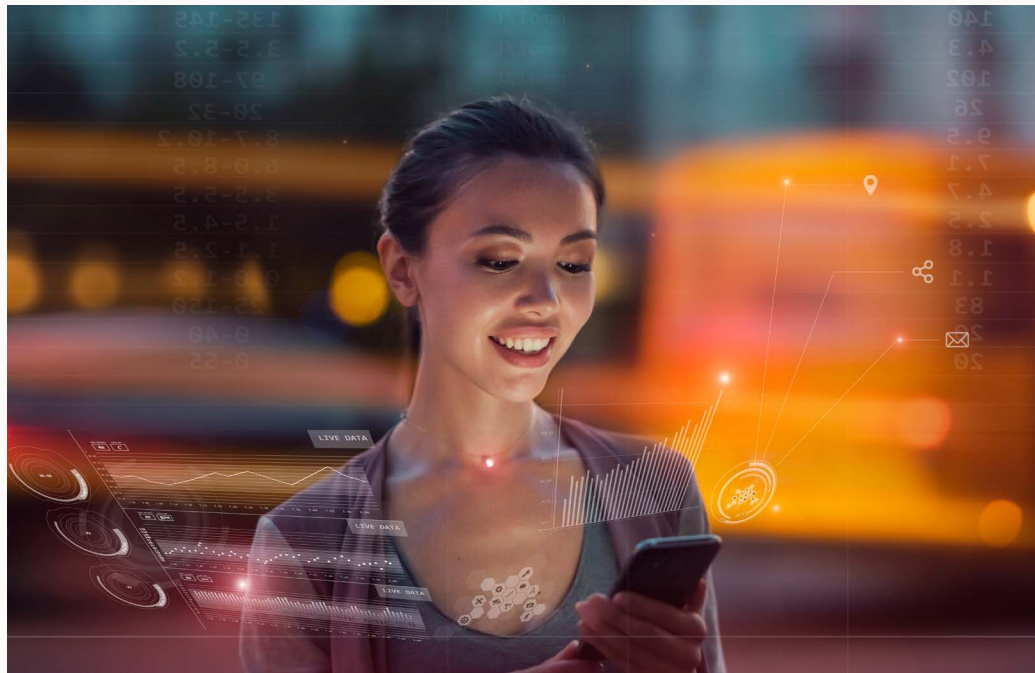
Within the Travel Retail ecosystem, there exists a desire and a shared vision to embark on a journey to unlock the full potential of data sharing. It is forging ahead and introducing new services, technologies and visionary business models to elevate the customer experience.

At the core of this effort needs to be secure and compliant global and local data-sharing frameworks, aimed at offering customers reassurance regarding the safeguarding of sensitive information. Respondents to the online survey identified GDPR, compliance laws and regulations as the primary challenge when developing data-sharing models. Additionally, conflict of interest emerged as one of the top three challenges for both airports and brands.

“We need to look into social networks, reputation management, and social listening.”

Groupe ADP

As the Travel Retail industry evolves, a collective commitment to leveraging data sharing promises to pave the way for innovative solutions. The groundwork is laid for ideas to grow, partnerships to flourish and collective progress to be achieved.



TOP CHALLENGES FOR AIRPORTS

- 1 GDPR, compliance laws & regulations
- 2 Data management
- 3 Conflict of interest
- 4 Data quality
- 5 Data consistency

TOP CHALLENGES FOR BRANDS

- 1 GDPR, compliance laws & regulations
- 2 Data quality
- 3 Conflict of interest
- 4 Data management
- 5 Data consistency

The power of data analytics in driving data-driven decisions

by **Jerry Gupta** - Head of AI Products & Insurance at Armilla

In today's rapidly evolving business landscape, organizations face a multitude of challenges that require agile and informed decision-making to stay competitive. Not surprisingly, data has become an organization's most valuable strategic asset. The ability to harness this data through robust analytics is a necessity for remaining competitive and achieving success. As someone who has been a practicing data scientist, I've seen how the adoption of a data-driven culture can revolutionize decision-making processes, optimize operations, and create tangible value for organizations.

THE ESSENCE OF DATA-DRIVEN DECISION-MAKING

Data-driven decision-making involves leveraging insights extracted from data to inform and guide business choices. Data analytics reveals patterns, trends, and correlations that would otherwise be hidden. It empowers companies to identify risks, predict future outcomes, and make informed decisions that align with strategic objectives.

HOW TO BECOME A TRULY DATA-DRIVEN ORGANIZATION

Becoming a data-driven organization entails a cultural shift where data is not just viewed as a byproduct of operations but as a strategic asset that drives growth and innovation. This transformation requires commitment from leadership to foster a data-centric mindset throughout the organization.

Here's a roadmap for that transformation:

- **Foster a Data-Centric Culture:** Promote a culture where data is valued, understood, and embraced as a decision-making tool. This entails investing in data literacy programs and upskilling employees. A culture that prioritizes agility and experimentation is critical for success.
- **Establish Robust Data Infrastructure:** Ensure you have the

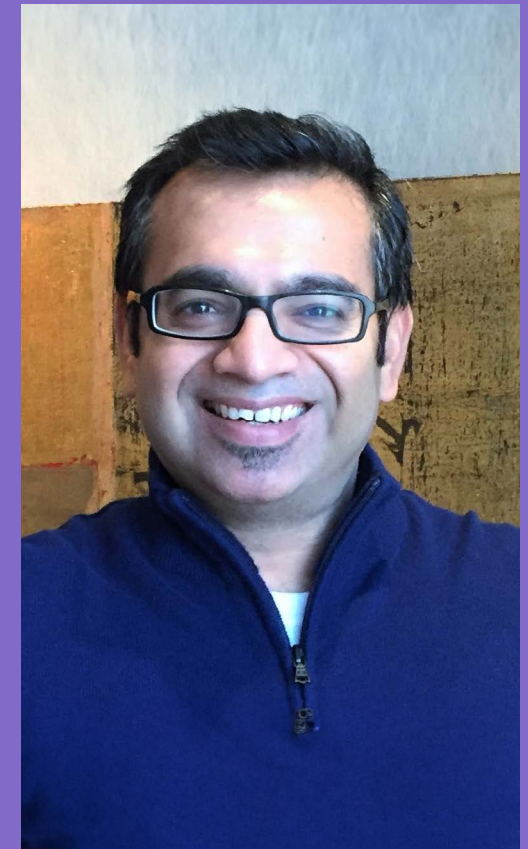
necessary systems in place to collect, store, manage and process data. Prioritize data quality, security and integration for reliable analysis.

- **Leverage the Right Tools and Techniques:** Select appropriate analytics tools and methodologies aligned with business objectives. This may range from basic statistical analysis and reporting to advanced techniques like machine learning and predictive modeling.
- **Cultivate Cross-Functional Collaboration:** Break down silos and encourage collaboration between data scientists, business analysts, and domain experts. One cannot stress enough the importance of having business domain experts involved in all data science projects.
- **Focus on Business Value:** While empirical evidence of the ability of data-driven decision-making is clear, the failure rate of projects is very high, with over 80% of all projects failing to achieve objectives. Therefore, it is important to align the projects with business needs and have a clear use case that is ideally narrow in scope.
- **Understand and Manage Risks:** Complex algorithms are opaque, organizations should develop robust compliance processes to build guardrails, without creating bottlenecks or stifling AI projects.

CREATING VALUE FROM DATA ANALYTICS

By implementing robust data governance frameworks and adhering to industry regulations and best practices, organizations can ensure the ethical use of data while safeguarding against potential vulnerabilities.

Data analytics is instrumental in enabling organizations to make informed decisions, drive innovation and create value. By embracing a data-driven culture, aligning analytics initiatives with business objectives, and prioritizing data privacy and ethics, organizations can harness the full potential of data to gain a competitive edge and thrive in an increasingly complex and dynamic business environment.





CONCLUSION

A holistic experience

Significant strides are being made to redefine traditional boundaries and elevate the customer experience in the ever-evolving Travel Retail landscape. Over the past few years, industry stakeholders have witnessed an increase in innovative hybrid concepts that seamlessly integrate retail and services, digital technologies with physical retail spaces, offering travelers a harmonious blend of convenience and engagement.

An ongoing discussion continues with all stakeholders around the collective desire to make a positive impact on the planet and the lives of the people in the community. In the light of unprecedented global challenges, there is growing

consensus to prioritize sustainable development and ethical business practices through a shared commitment of stakeholders' responsibilities.

The industry is embarking on a significant journey towards leveraging data-driven insights and collaboration, with the potential to drive a fundamental shift in how Travel Retail operates. Airports, brands and retailers are highlighting their commitment to innovation, customer satisfaction and sustainable growth, ultimately paving the way for a more dynamic and responsive retail landscape.

By offering travelers not just products and services but a holistic experience that encompasses convenience, entertainment, and meaningful engagement, this customer-centric approach is poised to set new standards of excellence in the industry and shape the future of Travel Retail.

Bibliographies

Hugo Vanderschaegh

For the past 15 years, Hugo has been dedicated to conceptualizing, developing, and executing non-aero activities from various perspectives. Whether collaborating with brands in Dubai, working at JCDecaux in Paris, launching ODG in 2012, or presently at Altavia Group, his approach remains consistent: crafting innovative solutions rooted in comprehensive analytical insights.

Currently, Hugo and his team focus on commercial strategy, master planning, and retail architecture for regional and international hubs across the globe. He firmly believes that Travel Retail holds a broader significance beyond mere transactions, aiming to transform transportation hubs into more sustainable and inspirational moments of joy, discovery, and connections.

Sophie Labbé

Holding a master's degree in sustainable development, and with 12 years of marketing experience in the food industry in France and abroad, Sophie now leads the offer and teams at Utopies, a pioneering consulting agency in CSR strategy. Within Utopies, Sophie oversees missions looking at transforming the companies' offers and business models to integrate sustainability at the heart of the corporate value creation model.

Jerry Gupta

Jerry Gupta is an executive leading data science and technology transformation business initiatives and programs. He teaches executive education classes on Artificial Intelligence at the Massachusetts Institute of Technology and London Business School. He is the Head of AI Products & Insurance at Armilla, a venture backed technology company focused on AI Risk Management. Previously, he was Senior VP at Swiss Re, one of the largest reinsurance companies in the world, and Global Head of Program Management at Amazon.

Prior to that, Jerry helped launch the Innovation and Venture groups at Liberty Mutual Insurance. He has launched new businesses both as an entrepreneur and within a Fortune 100 setting and has conducted due-diligence on transactions worth over \$3B in aggregate value and has raised over \$50M in private placements. In addition, he has been on the board of several start-ups in the US, India and in Spain. Jerry has an MBA from MIT Sloan School of Management and a Masters degree in Predictive Analytics from Northwestern University. He also holds a MS in Computer Information Systems from Bentley University.

About the research

Travel Experience Voices is a B2B research survey into global Travel Retail trends, developed by Lagardère Travel Retail. It provides insights into landlords and brands' attitudes and behaviors towards the current state of, and the outlook for the Travel Retail industry around the world. This report, "Transforming today to step into tomorrow", is the third in the Travel Experience Voices series.

The insights are based on face-to-face interviews with 9 airports and 7 brand senior executives globally, and on results from an online survey of 58 airports and 150 brands in 27 countries across five regions.

The interviews and the online survey were conducted between January and March 2024.

Qualitative face-to-face interviews were conducted with the following airports and brands:

Airports

01. Auckland Airport, New Zealand
02. Barcelona Airport, Spain
03. Brisbane Airport, Australia
04. Groupe ADP, France
05. Marseille Provence Airport, France
06. Phoenix Sky Harbor International Airport, USA
07. Aeroporti di Roma, Italy
08. Shenzhen International Airport, China
09. Vinci Airports

Brands

01. Galeries Lafayette
02. EL&N
03. Mondelez International
04. Nestlé
05. Pernod Ricard
06. Coty Travel Retail
07. L'Oréal



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