

# GDR CREATIVE INTELLIGENCE

## Travel retail in a world transformed

Building the future with data, understanding & imagination



Prepared for  
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## Travel retail is an idiosyncratic part of the wider retail system

- Retail is not the primary purpose of the visit
- Customer segments self-select by non-retail criteria (routes, carriers etc)
- Time available for shopping can fluctuate from rushed purchases to long, involuntary dwell times
- Unique constraints with respect to:
  - Available Space
  - Inventory

# Beyond the terminal

Customer expectations are set beyond the terminal.

Price

Choice

Experienc

Convenience

# Beyond the terminal

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Experienc

Convenience

## New frontiers in Experience and Convenience





Location: China

Chinese supermarket lets customers shop on their own terms - Ali Baba's Freshippo stores are the jewel in the crown of New Retail



“Pure e-commerce will be reduced to a traditional business and replaced by the concept of New Retail—the integration of online, offline, logistics and data across a single value chain.”

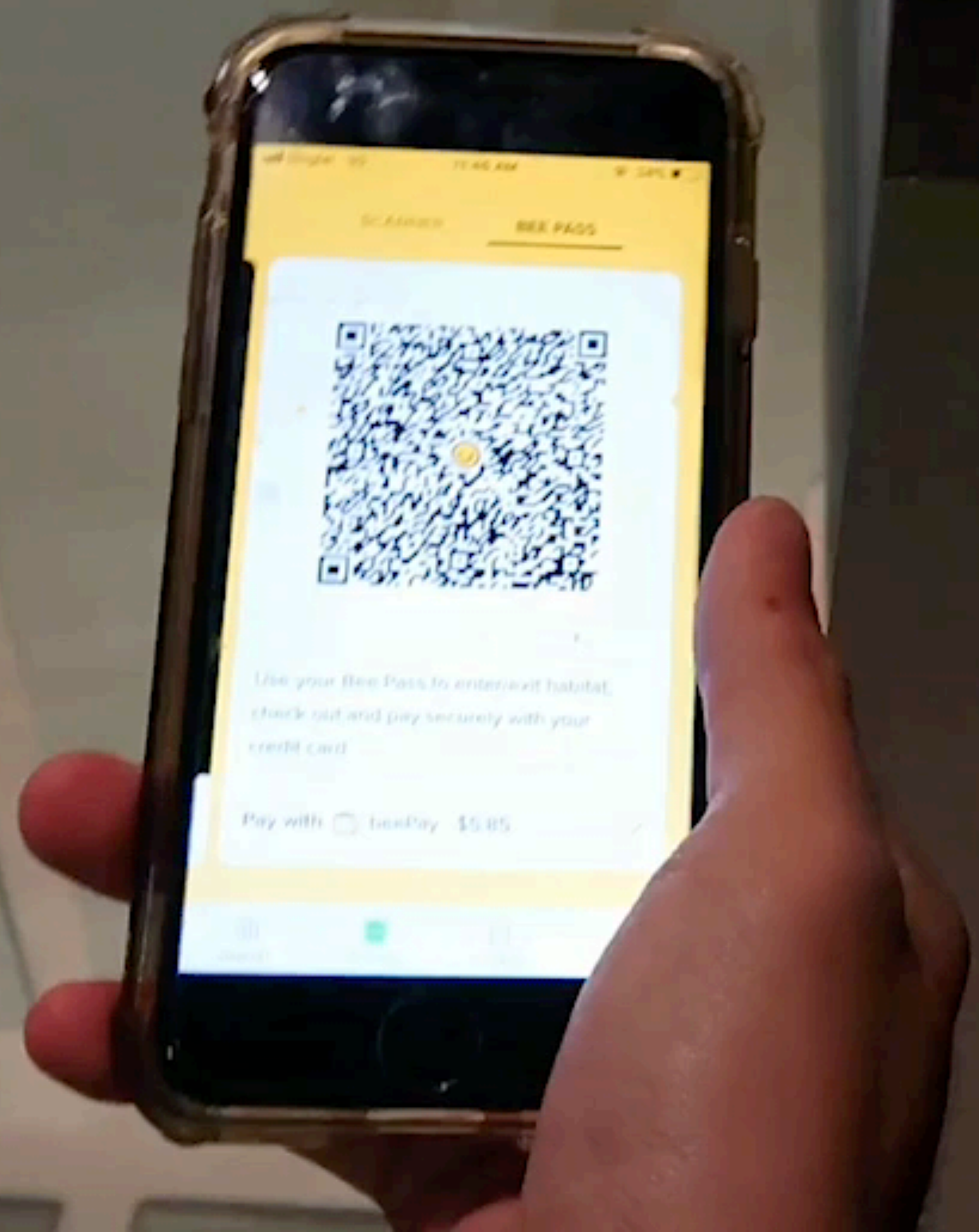
- Jack Ma

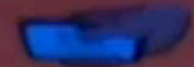





Location: Singapore

Frictionless supermarket's automated checkout packs and stores shopping while customers eat - Honestbee is one of several brands taking up the challenge.



Welcome to habitat  
  
Show Bee Pass to enter

  
SHOW BEE PASS HERE

## New Retail: The GDR definition

We believe New Retail is defined by a simple operating principle:

It's **Fun** when you want it to be, **Fast** when you don't.

Social

Easy

Playful

Hyper-Efficient

Theatrical

Seamless

Narrative

Ubiquitous

Hi-Friction

Convenient

## New Retail: The GDR definition

We believe New Retail is defined by a simple operating principle:

“Shopping”

“Buying”

It's **Fun** when you want it to be, **Fast** when you don't.

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Hi-Friction

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# The need for change



## Why Travel Retail Needs an Upgrade

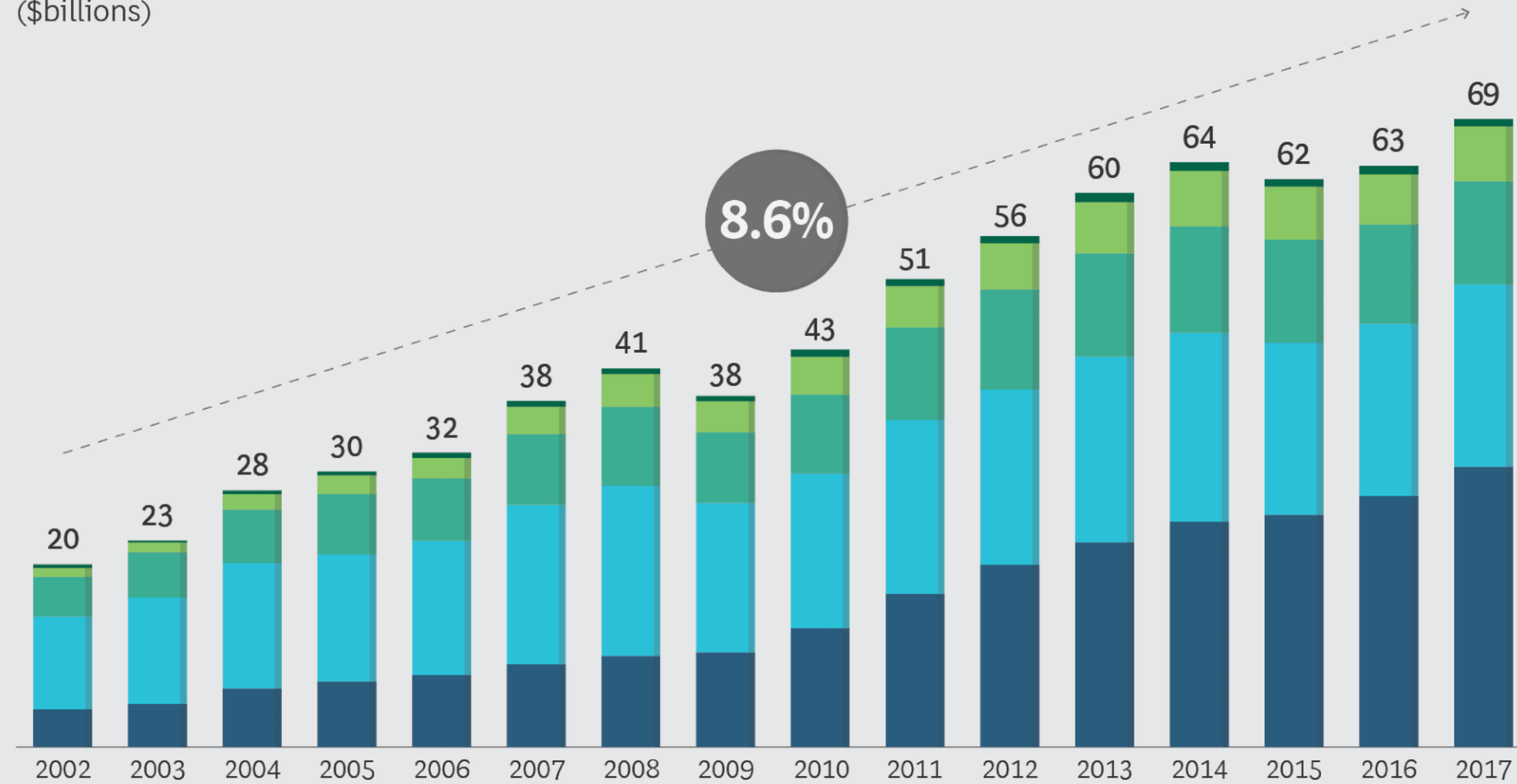
SEPTEMBER 4, 2018

By [Filippo Bianchi](#), [Gabriele Ferri](#), [Stefano Minini](#), [Ivan Bascle](#), [Patricio Ramos](#), and [Hean-Ho Loh](#)



# The sector is still growing

Travel retail revenue  
(\$billions)



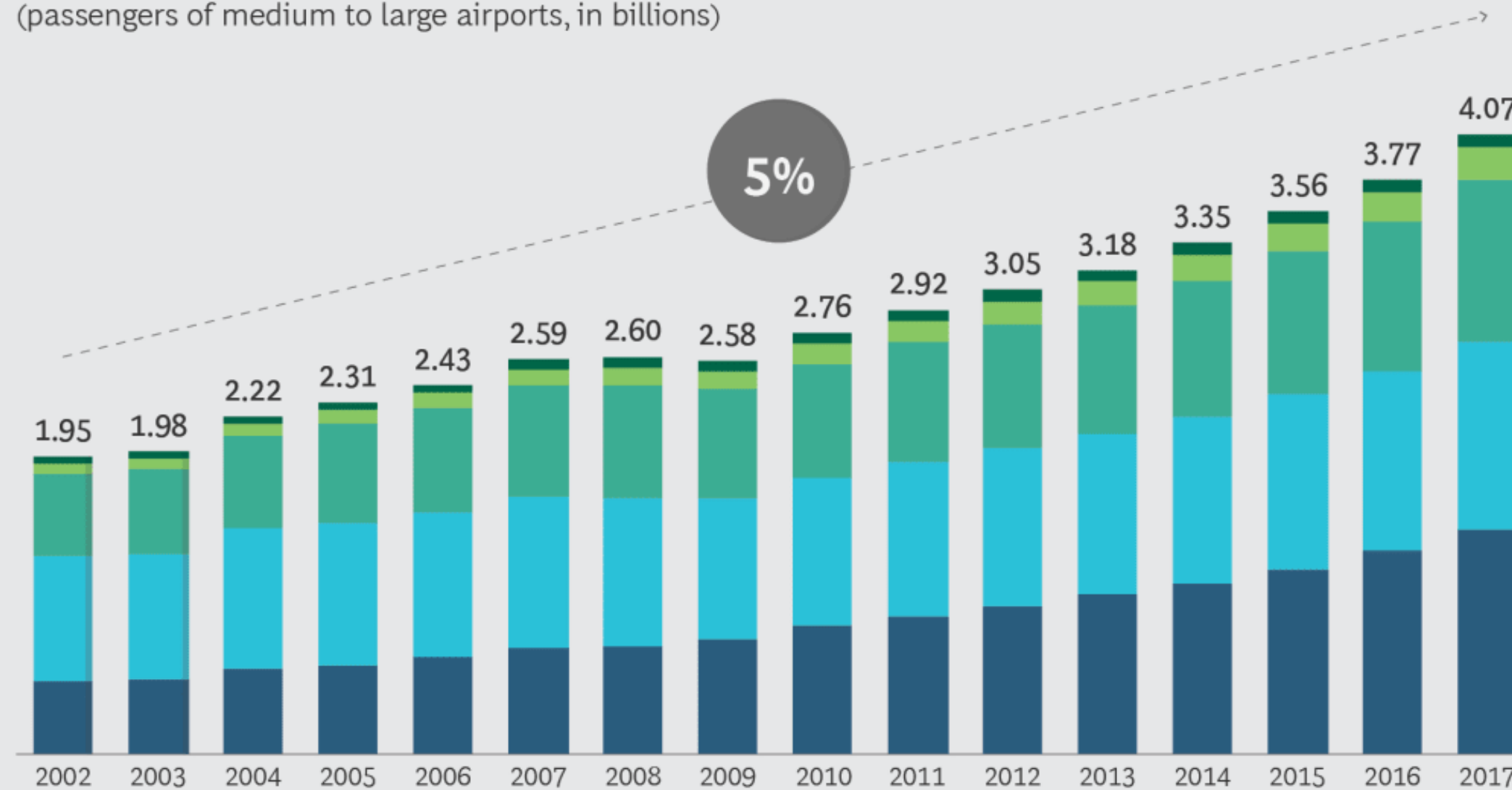
	CAGR 2002-2017
Africa	7.2%
Middle East	<b>13.0%</b>
Americas	6.6%
Europe	4.5%
Asia-Pacific	<b>14.4%</b>

Sources: Euromonitor; Generation Research.

Note: Preliminary data for 2017.

# Traffic numbers have been the engine of growth

World airline traffic  
(passengers of medium to large airports, in billions)



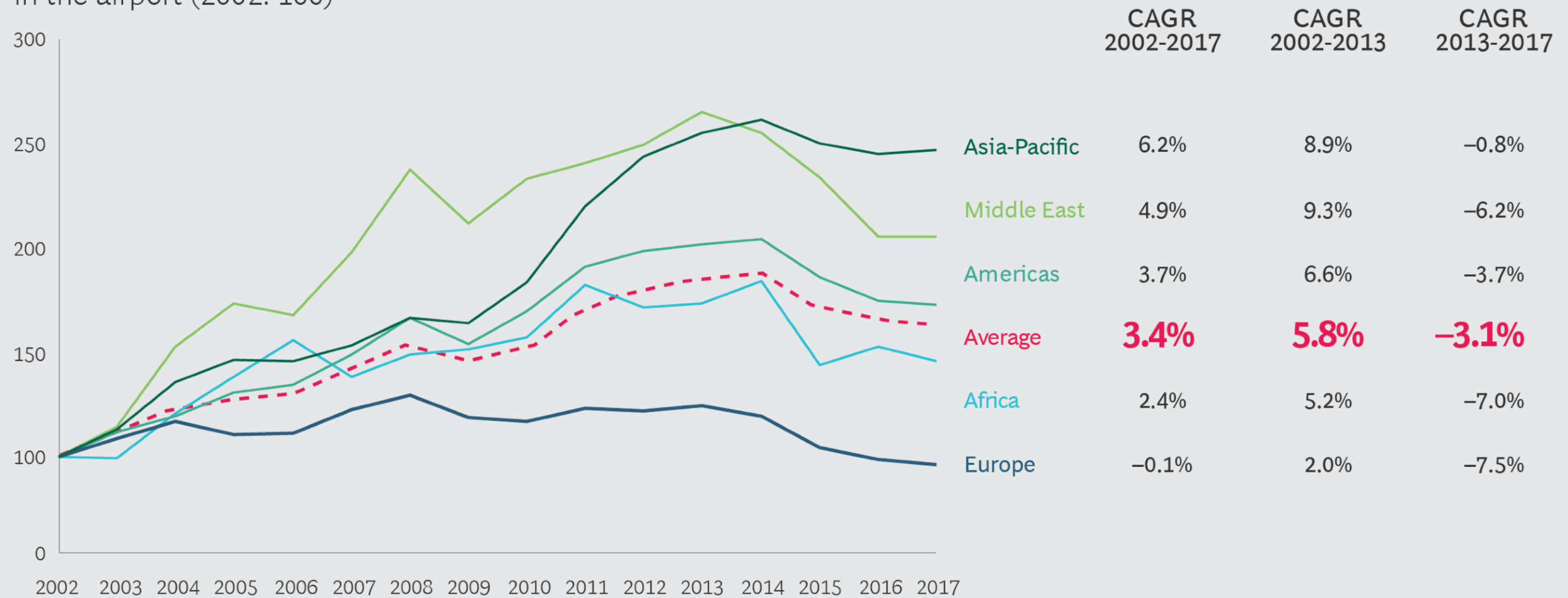
Region	CAGR 2002-2017
Africa	4.5%
Middle East	<b>7.7%</b>
Europe	4.8%
Americas	2.7%
Asia-Pacific	<b>7.7%</b>

Sources: Albatross; BCG analysis.

Note: Figures do not include deplaning passengers. Medium to large airports are defined as those serving at least 1 million passengers in 2016.

# But spend per passenger is falling

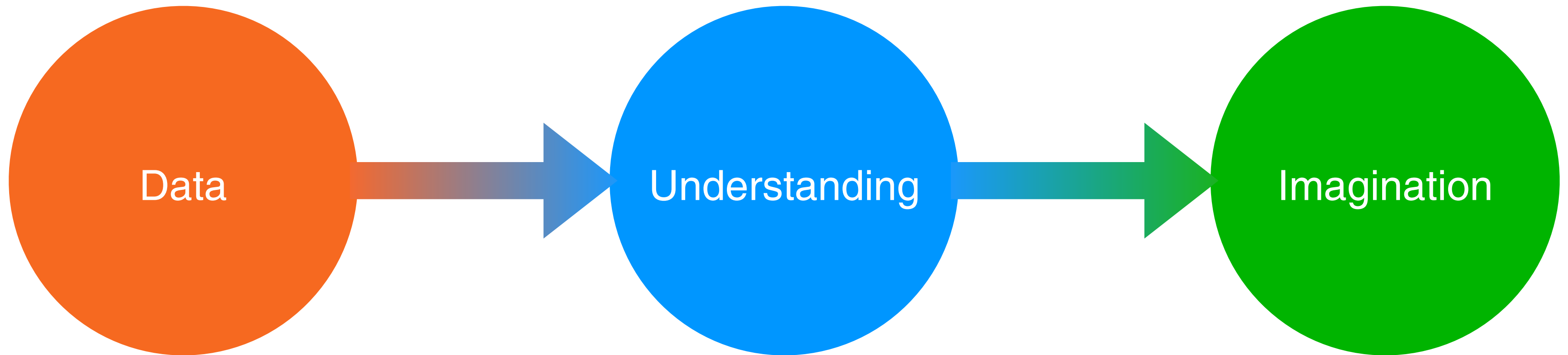
Indexed spending per passenger in the airport (2002: 100)



Sources: Albatross; BCG analysis.



## Three steps towards New Travel Retail



# Terminals are incomparably data rich

General

Retail Operational

Time

Stock levels

Date

Footfall

News / Social

Airport Operational

Local

Departure Times

Weather

Delays

News / Social

Time to Gate

Cultural reference

Shopper

Destination

Purchase history

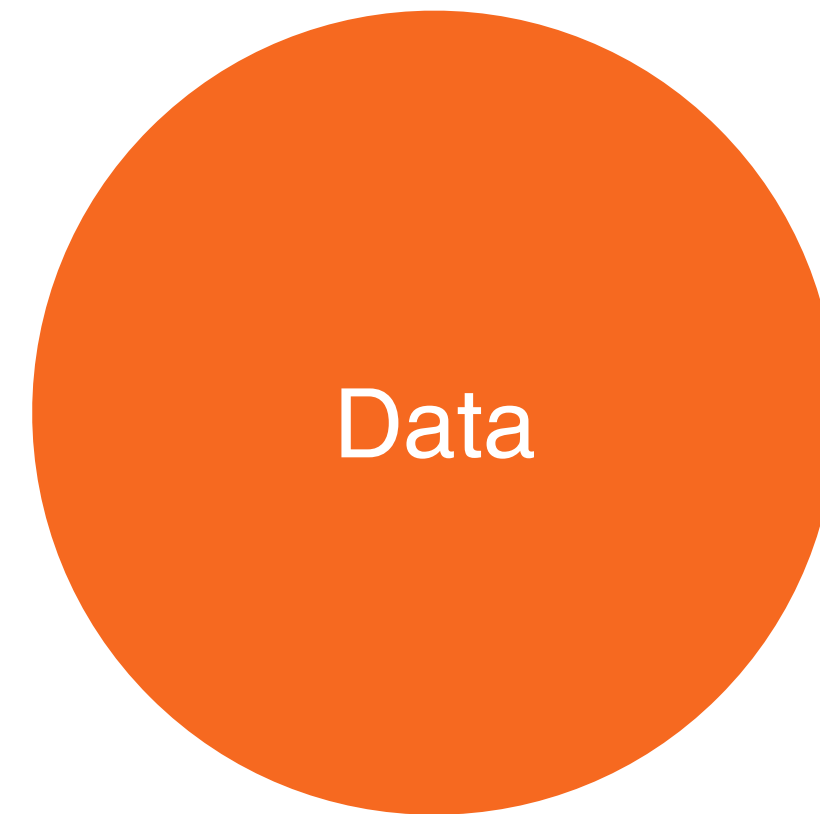
Weather

Trip data

News / Social

Demographics

What data exists?



# Understanding requires collaboration - The Partnership Imperative

General

Time

Date

News / Social

Local

Weather

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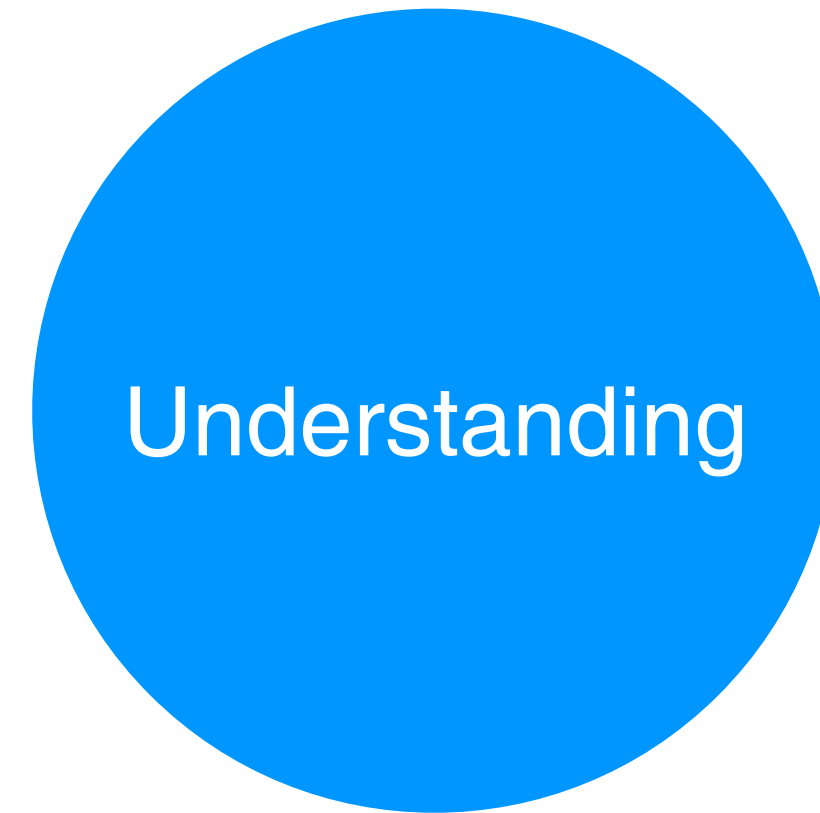
Shopper

Purchase history

Trip data

Demographics

What relationships exist?



Do particular departures have an effect on sales?

# Imagination is the key to driving things forward

General

**Time**

Date

News / Social

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Weather

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News / Social

Retail Operational

Stock levels

**Footfall**

Airport Operational

**Departure Times**

Delays

Time to Gate

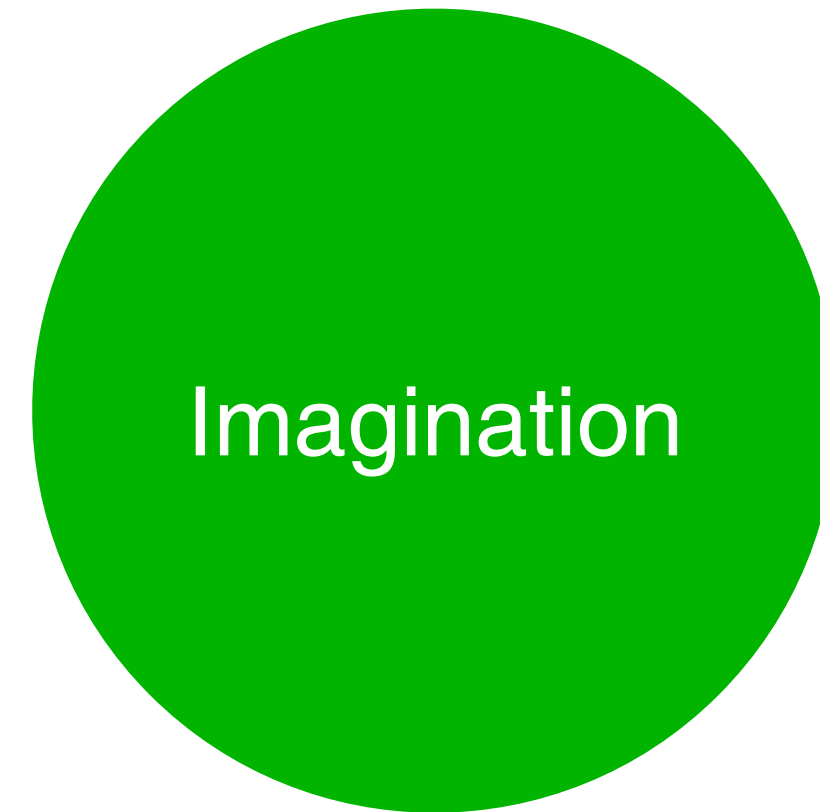
Shopper

Purchase history

**Trip data**

Demographics

How could we leverage these relationships creatively?



Could we dynamically optimise the retail experience to specific flights?



Location: UK

World Duty Free in Heathrow Terminal 4 has experimented with electronic shelf labels (ESLs) that change their displays to target travellers who speak different languages

# Imagination is the key to driving things forward

General

Time

Date

News / Social

Local

Weather

News / Social

Cultural reference

Destination

**Weather**

News / Social

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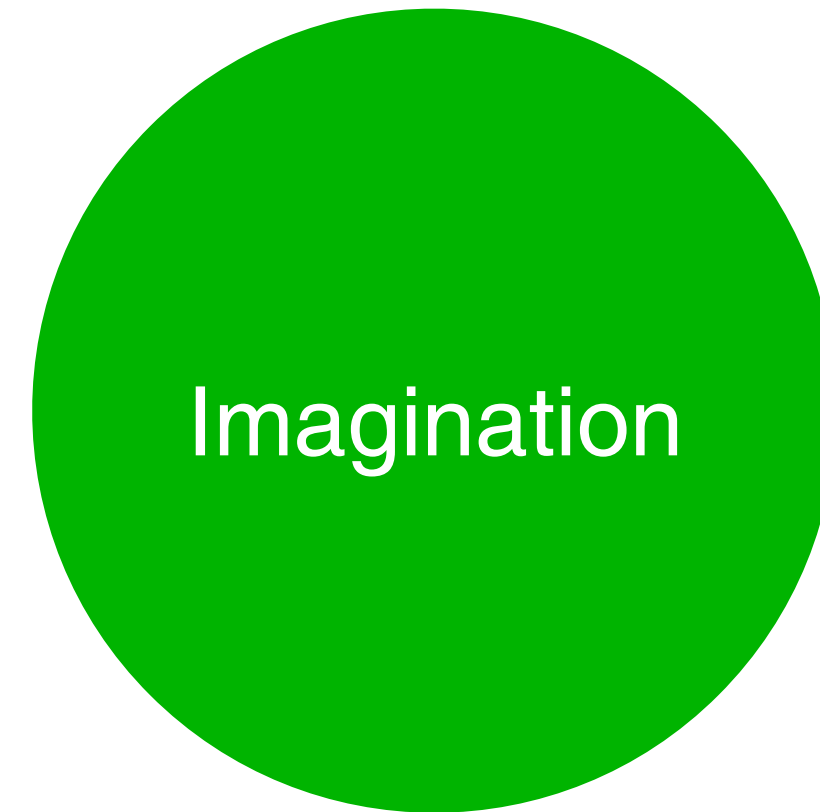
Shopper

Purchase history

**Trip data**

Demographics

How could we leverage these relationships creatively?



Could we use boarding card data to personalise shopping around destination weather?



If it's warm tomorrow, add burgers to your shopping basket

Notes: If tomorrow's high rises above 25°C, then add burgers to your shopping basket. Perfect for a BBQ outside.

Add



Location: UK

UK Supermarkets use weather data to help shoppers make weather appropriate purchases, allowing them to get most of what little sun we actually get in the UK

← Hide filter

**From**  
London-Gatwick (LGW) ✕

**When do you want to go?**  
May 2019 ✕

Show only direct flights

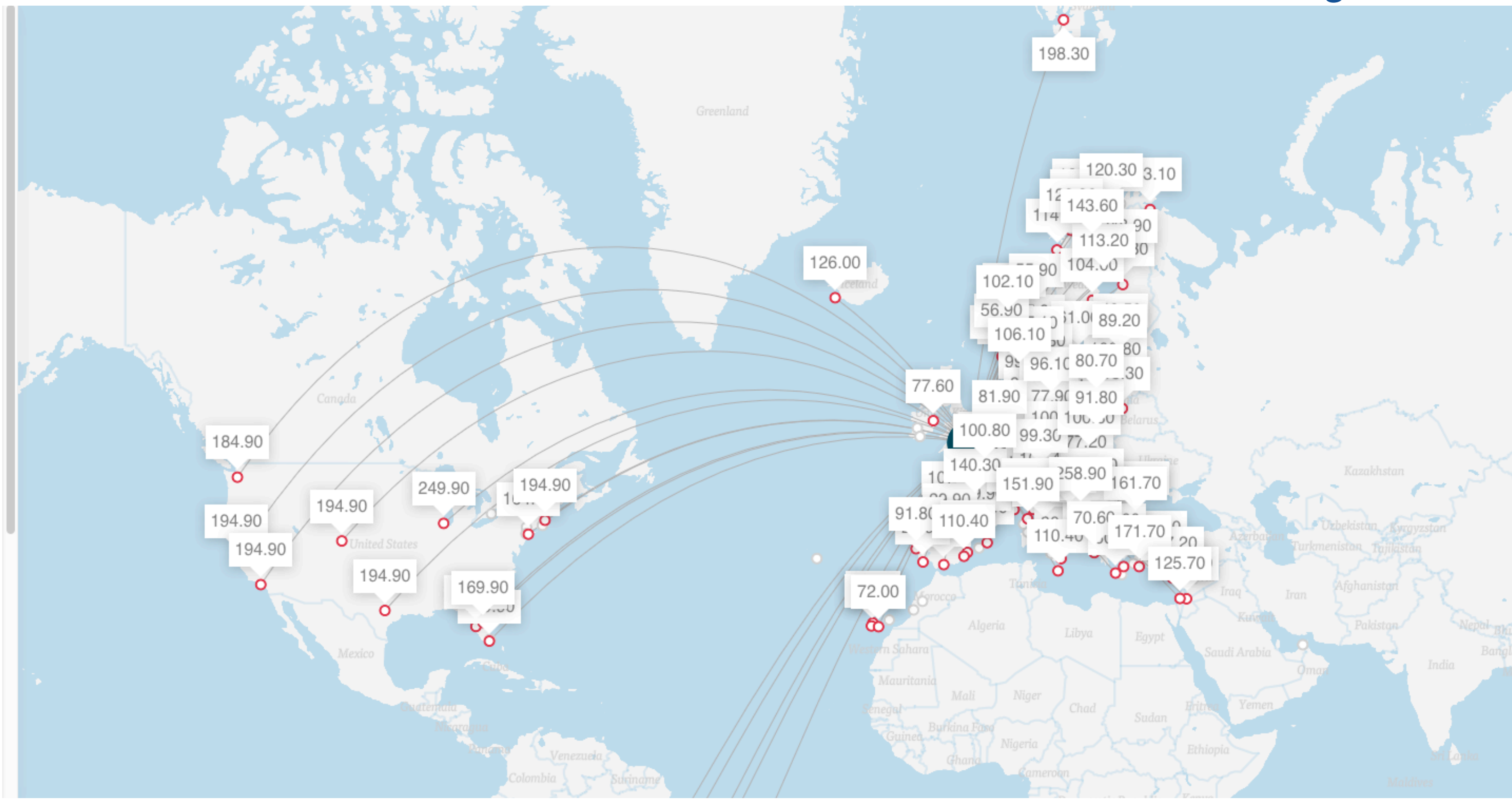
Show prices

**What's your budget?**  
£20    £50    ∞

**Temperature**  
-15°C    8°C    30°C +

**Currency**  
GBP ✕

**Type of destination** ^



Location: Global

Airline's interactive weather map lets customers book based on forecast - revealing the power of being imaginative in your uses of otherwise unsophisticated "Everydata"



## The need to go beyond optimisation

Optimisation through data is important.

Creativity through data is just as, if not more, important.

Understanding wins the present.

Imagination wins the future.



Location: Global

TUI moves from budget based holiday offers and builds a desire for experiential travel in the minds of young affluent travellers through four personas, each telling their stories on Facebook





Location: Sao Paulo, Brazil

KitKat gives free chocolate bars to passengers with delayed flights



# Multitracking

Multitracking is one of the most important movements reimagining retail today.

The multitrackers imagine a future where stores and brands will not be static spaces serving a discrete set of customers, but dynamic locations that meet the specific needs of a whole range of different groups.

The same store can offer different options to different groups within the same space. In other words, the same space can have three or four different characters co-existing, layered on top of each other.



Location: Singapore

Data-powered concept store creates distinct customer journeys for four key shopping tribes





Location: New York

Nike positions House of Innovation 000 store as 'the face of living retail'



Location: Dallas, Texas

Sam's Club's app creates a more efficient and informed in-store shopping experience





Location: New York

L'Occitane's tech-enabled flagship offers autonomous discovery and assisted paths to purchase



Location: United States

Neighborhood Goods reimagines the department store as WeWork for retail - with a bar and restaurant designed to bleed into the shopping experience, rather simply than sit alongside it.

## Conclusions

- Customer expectations are set beyond the terminal
- New Retail is transforming these expectations and the wider retail ecosystem
- Collaboration, partnerships and data-sharing are crucial if Travel Retail is to catch up and compete with the New Retail-ers
- Imagination is king - Don't be afraid of novel approaches to old problems e.g - Multitracking

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