

## **TFWA ANNOUNCEMENT**

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### **TFWA WORLD EXHIBITION CONFERENCE INSPIRES AUDIENCE**

More than 600 delegates attended the TFWA World Exhibition opening Conference, themed '60 years of Duty Free: A New Moon Rising', with widespread agreement that it was one of the most stimulating sessions in the Association's 23-year history.

Moderated by business news presenter Juan Senior, the conference began with TFWA President Erik Juul-Mortensen's address entitled 'The State of the Travel Retail Industry at 60', in which, after a brief historical summary, he looked at where the industry stands today and what the next 60 years may bring. Asking 'are we really doing all we can to reach our potential,' Juul-Mortensen said that although the industry will be worth US\$30 billion this year it could lose momentum if we were to rest on our laurels.

The two keys to future growth are to focus on the customer and collaboration. As travel continues to grow rapidly passengers have become global citizens. The customer is our common denominator.

He said the industry has huge growth potential but needs to better understand the needs of the customer, and to grasp the importance of 'premiumisation', exclusivity and innovation rather than price differential. Time poor, cash rich people looking for a point of difference, should be some of our best customers, he said.

Juul-Mortensen also told the audience that this week could be a turning point for TFWA following the Board and Management committee's decision to open the association up to retailers as well as suppliers. This will be put to a final vote at an EGM on Thursday October 26<sup>th</sup>.

He also highlighted the crucial issue of LAGs and called on the industry to get behind the ETRC and paid tribute to its inspirational leader Frank O'Connell. Just \$1.5m has been contributed to the campaign so far which, in an almost \$30bn industry is less than 0.005%.

European Travel Retail Council (ETRC) President Frank O'Connell then updated the audience on the LAGS issue. Whilst emphasising the achievements so far such as agreement on STEBS (sealed bags) and acceptance of the 100ml size, he emphasised the need for the industry to persuade its non-EU governments to apply for third country recognition. So far only five countries have done so, and this puts the credibility of ETRC on the line...the Commission will lose interest in this subject if there are not more applications.

Keynote speaker Neil Armstrong, the first man to set foot on the moon, followed with a presentation entitled 'Life begins at 60: A Starry Future?'

Armstrong discussed the world's continuing fascination with predicting the future, reminding the audience that at a World Fair in the 1930s covering this very subject, nobody predicted the jet engine, micro circuitry or the transistor – yet it all became reality in the next decade.

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He highlighted the explosion of technology; despite the world facing many wars, we have seen many monumental events, including the elimination of many diseases, exploration of space and incredible developments of products that have gone from fantastic to necessary to forgotten.

Remarkably, few have been created because of consumer demand but owe their existence to human curiosity, creativity, and endless trial. He applauded the early pioneers of flight in France and the US and the remarkably rapid development of flight as a consequence at the beginning of the century and pointed out that it was only 12 years later that commercial flights began.

Predicting the future, he said, was not easy but there are certain factors that can be taken into account: per capita disposable income is a great deal higher and is likely to continue rising, the cost of travel has fallen and, while air travel may be under attack environmentally, he predicted that technology is likely to overcome this in time. With demand for travel increasing, air traffic congestion will remain a pressing problem, again pointing to the likelihood of ever improving communication and navigation technology.

Armstrong concluded that space tourism was also likely and viable but his lasting comment to the audience was that the one area most needing development and progress – in reality – is the human condition.

Mary Portas, Creative Director of Yellow Door Creative Marketing (London), shook up the audience with a punchy address: 'Should the travel retail industry be over the moon with its life achievements?'

Nicknamed 'Mary Queen of Shops', Portas' recurring theme was the need for retailers to sell an experience first and foremost. Today's winners in retail are those with insight into what consumers want in the future and that is not necessarily product dominated. She said travel retail industry is probably one of the most exciting retail channels in the world and while operators may excuse themselves with 'restrictions', in fact most retail environments are faced with restrictions of some sort. At the end of the day, some retailers are just not good enough. Great retailing is about leading and inspiring and not copying, she said. As online retailing is now the norm, and consumers can buy big brand fashion everywhere with constantly changing choice, retailers must offer a complete experience that makes consumers think 'I want to be here'.

Customer knowledge is increasingly key as is socially responsible buying. Consumers will define themselves more by what they do and not what they own. Intelligent retailers will recognise this and sell services for their products or stand alone services which will inspire, educate and excite. She cited Apple as a perfect example of a company which knows how to connect with its customers.

Shopping spaces will have to sell lifestyles, she said, criticising airports for often being sterile despite being part of a sometimes magnificent architectural building. She said queuing was too regular and promotions that do not appeal to her as a person depressingly commonplace. The term 'luxury' was also overused and needed to be redefined as exclusive, authentic and rare.

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In conclusion she said 'The Shopper of the future takes great products for granted. The retailer of the future will replace that product obsession with a fanatical attention to experience.' The travel retail industry is 'better placed than most' to achieve that.

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