

Serving the luxury goods customer

Dr. Nirmalya Kumar spoke for the TFWA Asia Pacific Conference 2002 where he discussed the key aspects of **"Serving the luxury goods customer"**.

A clipping from [tfwadaily](http://tfwadaily.com) [Singapore, May 2002] reporting the event is given below:



In an entertaining and pertinent delivery focused on the issues of how to deliver a brand satisfactorily to consumers to meet their needs and expectations, Dr. Nirmalya Kumar, provided many interesting examples from the service and retail industries to give travel retailers an idea of how brands get it right and wrong when it comes to communicating with their consumers.

The professor of marketing and e-commerce at the Lausanne based International Institute for Management kicked off with the four minute opening sequence from the Disney movie The Lion King and explained how all Disney's brand values could be seen in that short clip. Could brands in travel retail be as transparent to their customers with their products?

This is a goal that is harder to achieve with a product such as a scarf or a bottle of liquor, but still possible. Kumar, admitted that marketing luxury brands had become more complex, partly because identifying who the target customer is has become so difficult. His own travelling experience in Geneva airport was his example. In an electronics store his purchase of a Nokia Communicator was customer friendly and service oriented whereas his attempts to enquire about a necklace in the jewellery store next door was met with indifference presumably, he thought, because the sales woman had already dismissed him as a non-target customer who was unlikely to purchase the goods because he looked as though he might not be able to afford it.

Kumar also addressed the satisfaction gap that resulted when customer expectation of service was not met by their perceived service. In an unusual example, he explained that when the Red Cross surveyed prisoners for whom they were trying to get better conditions, the charity found that they were unhappy with the service. Apparently prisoners were under the impression the

Red Cross would get them out! The solution was to send the prisoners a letter in advance explaining what the charity was there to do, nothing more. Subsequent surveys showed a much better perceived service from them.

The example applies to all industries, said Kumar, because brands often forget that such simple actions were often overlooked but make all the difference in the way customers perceive their brands.

Other aspects that Kumar touched on included the use of stealth and buzz marketing to target consumer groups, particularly 12-19 year olds, who were hard to reach by conventional methods, and also the idea of treating complainers as friends of a brand because they actually help to improve both the product and/or service.

For further information about the TFWA Asia Pacific Conference 2002, please visit: http://www.tfw.com/duty_free/2002_Workshops.215.0.html



TFWA Asia Pacific Conference 2002

Conference and Workshop Programme

This year's conference programme promises to look at the changing nature of the travel retail business and challenge the industry's executives to seize these defining moments and be a part of shaping the future of the trade. Registration is free to TFWA Asia Pacific exhibiting companies and registered buyers, distributors, agents and press. Badge is required for entry.

09:30

Plenary Session

TFWA president Erik Juul-Mortensen will open the annual TFWA Asia-Pacific Conference discussing the state of the travel retail industry and the moments and issues that will define its future.

"Japanese Travellers in a Post-9-11 World" Masato Takamatsu, Vice President, Japan Tourism Marketing Co. Fresh research examines where Japanese are travelling, what they are spending and how the domestic economy in a post-September 11 world is affecting their travel habits.

"Making Sense of a Turbulent World" Keynote speaker Bill Emmott, Editor-in-Chief of the Economist. A discussion of a range of developments on the geo-political/economic landscape and an evaluation of the travel sector's role and prospects in these turbulent times.

"The Industry Responds" TFWA's Linda Hopkins leads a panel discussion with Bill Emmott, Dr. Victor Gubareff, Director of Intelligence for STRATFOR, and John Koldowski, Managing Director of Pacific Asia Travel Association (PATA)'s Strategic Information Centre.

11:25

Coffee Break sponsored by Godiva

11:50-13:00

4 Simultaneous Workshops

Workshop #1:

"China's Influence in the Development of the Travel Retail Industry". Led by Dr. Victor Gubareff, Director of Intelligence for STRATFOR, and John Koldowski, Managing Director of Pacific Asia Travel Association (PATA)'s Strategic Information Centre, this workshop session will investigate the power of China's outbound tourism market and what will influence its development. Additional speakers will join in a final round table discussion on how China will drive investment and changes in the travel retail industry.

Workshop #2:

"Asia's Future: Gen X and Gen Y Consumers". A discussion of these all-important emerging consumers in Asia and the influence they will have on product development and consumerism in travel retail across the region. Led by Grey Advertising HK's powerful CEO, Viveca Chan, this workshop will also include other presenters whose companies focus directly on these young consumer groups.

Workshop #3:

"Serving the Luxury Goods Customer". As the nature of the travel retail business continues to evolve, serving a price-savvy and well-heeled traveller becomes all the more challenging. Dr. Nirmalya Kumar, IMD Professor of Marketing and Harvard Business School visiting professor will challenge delegates to understand how consumers today perceive and respond to premium international brands.

Workshop #4:

"Airports' Retail Revenues: Facing Up to the Challenge". Airports are operating in uncertain times, forcing authorities to continually look for new and creative ways to develop revenue streams and serve passengers. Airports Council International (ACI)'s Michael Brown will moderate this session. Led by Hong Kong Airports Retail Director Eva Tsang, and Nuance Watson's Managing Director Alessandra Fiovesana, the panel will discuss with the audience the role that suppliers and retailers play in helping airports maximise retail revenues, particularly in challenging times.

同時通訳

即時翻譯

동시 번역

TFWA Asia Pacific Conference 2002

Travel Retail's Defining Moments

TRAVELLING THROUGH CHANGE

Defining moments... the travel retail industry has seen its share in recent years. Amidst the turmoil left in the wake of 1999's abolition of duty free within the EU, the 11 September attacks in the US and a global economic recession have been moments equally filled with promise. Airport privatisations, liberalisation policies that have stimulated outbound Chinese travel, investments in tourism infrastructures across the globe and, of course, new technologies have been welcome developments against the backdrop of growing international travel.

This industry continues to travel through change, often emerging stronger and more resilient. TFWA is using this year's TFWA Asia Pacific Conference to assess the impact these changes and defining moments are having on the development of the travel retail trade. The conference programme sports a line-up of expert speakers unprecedented at an industry event. They will challenge travel retail executives to examine the big picture and offer an analysis of the industry within the context of recent world events and the unfolding of the geo-political and economic scene.

The prospect of global economic recovery against the backdrop of a worsening Japanese economy ... what does this mean for the Asia-Pacific region and the travel retail industry at large? A weakening airline sector juxtaposed to projections for strong growth in international travel ... what are the ramifications for airports and consumers? Consolidation in leading product categories alongside threats to duty free trading from international organisations ... who will ultimately control our business? These are just some of the signs of the times, some of the moments that will define the travel retail trade.

KEYNOTE: MAKING SENSE OF A TURBULENT WORLD

Making sense of a turbulent world is no easy task, but the keynote presentation by The Economist editor-in-chief Bill Emmott, promises to offer keen insight from one of the world's most widely read economic commentators. "After a tough and turbulent 2001, 2002 still looks tough," says Emmott, respected for his often-provocative analysis. "US [economic] recovery will come, but it won't be exciting for a while, and Japan will stay a sad sight. But the rest of Asia is showing some recovery."

Emmott's expertise on Japan led to publication of three books. He co-authored *The Pocket Economist*, and he speaks to audiences around the world about such key economic matters as the future of Japan and America, the European Common Market and the new global economy.

"The world is in an adjustment period, in economics (post-US bubble) and in politics (post 9-11, but really delayed adjustment post-cold war). In both, the short term will be tough, but the long term looks great," says Emmott, adding that the travel business will mirror macro developments in both the short and long term.

EXPERTS DISCUSS THE IMPACT ON TRAVEL RETAIL

Following his address, Emmott will join an on-stage panel of experts to discuss the impact of the geo-political and economic climate on the travel business in general and the travel retail industry specifically.

Dr. Victor Gubareff will bring his expertise as the Director of Intelligence for STRATFOR (Strategic Forecasting, LLC), one of the world's leading private providers of global intelligence. Dr. Gubareff and his colleagues furnish business and government leaders with real-time intelligence, forecasting on geo-political, security and economic affairs, and consulting on existing or potential competitive and security threats that companies and nations may face in specific markets or regions.

John Koldowski, managing director for the Pacific Asia Travel Association (PATA)'s Strategic Information Centre, will join Emmott and Gubareff on the panel. PATA, the recognised authority on Pacific Asia travel and tourism, provides marketing and research support to governments, airlines and a range of travel-related companies. Conference moderator, TFWA's Linda Hopkins, will lead the panel through a discussion and a time of Q&A with the audience.

EXCLUSIVE RESEARCH ON JAPANESE TRAVELLERS

The travel retail business is already adjusting to the short- and long-term impact of Japan's economic climate and changing demographics. These adjustments have prompted TFWA to conduct an in-depth study on Japanese travellers in collaboration

with the Japan Tourism Marketing Co. The results of the research will be presented as part of the conference plenary session and will offer insight into current and future Japanese travel destinations, changes in Japanese travel spending and their attitudes toward duty free and travel retail.

DYNAMIC WORKSHOPS BROADEN THE DISCUSSION

Four dynamic workshops will be led by experts in their prospective fields.

STRATFOR's Dr. Victor Gubareff and PATA's John Koldowski will join a line-up of industry executives in workshop 1 to discuss "China's Influence in the Development of the Travel Retail Industry". Drawing on STRATFOR's exclusive intelligence sources, Gubareff will discuss the macro influences on the development of outbound travel from China. Koldowski will lend his expertise in understanding how this will come to weigh on the region's travel business and the development of travel retail in the region. Additional speakers will join in a final round table discussion on how China will drive investment and changes in the travel retail industry.

One need only look at the demographics of Asia Pacific's population to understand why global consumer goods companies are investing in understanding and reaching the region's young consumers. In workshop 2, Gray Advertising HK's powerful chief executive, Viveca Chan, will examine "Asia's Future: Gen X and Gen Y Consumers".

As a pioneer throughout the emergence of Asia's tiger economies, Chan can discuss the influence these young consumers will have on product development and consumerism in travel retail across the region.

However, in today's sluggish economy, travel retail's "best" customers are still the focus of luxury goods suppliers. In workshop 3, Dr. Nirmalya Kumar, IMD Professor of Marketing, will discuss key aspects of "Serving the Luxury Goods Customer". As the nature of the travel retail business continues to evolve, attracting and serving a price-savvy and well-heeled traveller becomes all the more challenging, Kumar noted in his acclaimed presentation at the 2001 conference. Following a year spent writing a book and teaching at Harvard Business School and London Business School, Kumar returns to Singapore with fresh insights into how consumers today perceive and respond to premium international brands.

Airports too continually look for ways to better serve their customers. The impact of the 9-11 attacks on airports has been acute, forcing a reduction in long-haul flights from Asian ports to the US. Other challenges, stemming from the economic climate, continue to weigh on airport performance. Workshop 4, "Airports' Retail Revenues: Facing Up to the Challenge" led by Airports Council International (ACI)'s Michael Brown will open up a challenging discussion. For further details please see pages 8 and 9. ■



Bill Emmott: EDITOR-IN-CHIEF WORLD ECONOMICS

As editor-in-chief of *The Economist*, Bill Emmott directs one of the world's most respected publications on international affairs and business.

He earned that prestigious position through distinguished performance as an *Economist* correspondent in Brussels and Tokyo, as the publication's economics correspondent, and during appointments as financial editor and business affairs editor. Since becoming editor-in-chief, he has introduced such innovations as a regular review of books and multimedia and a new section on Latin America and Canada.

Emmott's expertise on Japan led to publication of three books: *Japanophobia: The Myth of the Invincible Japanese*; *The Sun Also Sets: The Limits to Japan's Economic Power*; and the Japanese language *Kanryo no Taiza (The Great Sins of the Bureaucracy)*. He coauthored *The Pocket Economist*, and he speaks to audiences around the world about such key economic matters as the future of Japan and America, the European Common Market and the new global economy.

Commentators described *The Sun Also Sets* with such terms as "prescient," "remarkably insightful" and "penetrating." Published in 1989, it correctly forecast that Japan's economy was not as invincible as it seemed. In *Japanophobia* in 1993, Emmott accurately reassured America that Japan's U.S. investments were not the threat that some feared.

CREDENTIALS

- Editor-in-Chief of *The Economist*.
- Former *Economist* financial editor, business affairs editor and economics correspondent.
- Reported on the EEC and the Benelux countries as a Brussels correspondent for *The Economist* and on Japan and South Korea as a Tokyo correspondent.
- Earned first class degree in politics, philosophy and economics at Magdalen College, Oxford, and did post graduate research at Nuffield College Praised for insight and wit as international public speaker.

STOP PRESS – TOBACCO WORKSHOP

The World Health Organisation's proposal to abolish tobacco in duty free is a threat to the entire travel retail industry. A ban on sales of tobacco has implications for every product category in travel retail, for duty free shop performance and ultimately for overall airport and ferry revenues.

During the TFWA Asia Pacific exhibition, the IAADFS and ITRC will present an update on their efforts and what the industry can do to support them at a workshop for retailers and suppliers organised by Duty Free Business magazine and sponsored by Tax Free World Association. The workshop will be moderated by *The Business'* editor Doug Newhouse. An interactive discussion following brief presentations will allow the industry audience to ask questions and offer comments.

Tobacco Workshop at TFWA Asia Pacific
Thursday, 23 May 2002, 09.00 (Coffee served at 08.45)
Suntec Singapore (Room 301)