

# Michael Payne discusses IAADFS 2017 and beyond

By **Wendy Morley** on March, 14 2017 | Associations



The duty free industry in the Americas region has been in a time of transition, with some regions doing exceptionally well and some going through a time of great challenge. Michael Payne, President and CEO of IAADFS discusses how the organization and its Duty Free Show of the Americas anticipates, reflects and reacts to these changes.

North America and the Caribbean have had strong sales over the past year, and weakened regions were picking back up by the end of 2016. Payne had suggested at the show in 2016 that LATAM would see improvements beginning by 2017 and indeed that seems to be the case.

How all of these factors affect attendance at IAADFS 2017 remains to be seen, but as of this interview with Payne, numbers were in line with 2016, though down slightly. Last year the show attracted approximately 620 buyers. Payne says he is comfortable with the numbers so far this year, as many people register at the event, and during the weeks leading up his focus was on attracting buyers that under previous rules had been excluded.

Payne says the new rules reflect the changing industry, which reflects travel retail as opposed to strictly duty free. "Some islands in the Caribbean are completely tax free zones," he says, implying that the association and industry needs to be a little more flexible.

### **New floorplan**

The IAADFS tradeshow floor has been redesigned to better suit exhibitors and to offer additional space for events and workshops. Some exhibitors have expressed that with the floorplan so separated and spread out, there has not been enough traffic. This year, therefore, the exhibitors will be mainly in one hall, although some choose to have more private rooms accessed by the main thoroughfare, and some prefer to be on display and easily accessible outside the hall.

### **Summit of the Americas**

There has been much talk and speculation in recent years about the possibility of the IAADFS show and ASUTIL conference taking place together. The two associations confirmed at the TFWA World Exhibition in Cannes that they were working toward this, and finally in January the announcement was made, meeting with great enthusiasm from the community. A great deal of effort and thought during year's event will be focused on preparing for next year's. There will be focus groups, questions and educational programs, all gearing up for the inaugural Summit of the Americas in 2018.

Payne says he has heard nothing but positive remarks. "We will offer the best of both events in one place. Traveling to two events is costly not only because of travel, but also time," he states. "Time is money." The two associations still have many details to sort out. This year will be a transitional year with both events taking place although ASUTIL will have some input at workshops in Orlando, but in 2018 the first Summit of the Americas Conference and Trade Show will take place.

The Frontier Duty Free Association is currently examining its level of participation in the new event.

### **The future**

"There's no question that the industry is growing," he says, despite the fact that last year saw the first decline in global travel retail sales. "All signs point toward continued greater air traffic growth, with a growing middle class in many developing countries, and massive infrastructure investment."

Payne suggests the main issue facing the industry is penetration. The majority of travelers continue to refrain from spending money, and the continual question remains: How to attract travelers into the store and then how to convince them to buy once they are in. "This is a main issue facing the industry," says Payne. "To resolve it, the industry needs to further embrace technology as a way to attract millennials in particular. This group is a huge cohort and the demographic group gaining the most income, and are therefore the target market of choice." But, he adds, the baby boomers are also still important. Those now in their 50s and 60s have disposable income and both the time and proclivity to travel.

Payne feels that stores and brands will have to work together creatively and proactively in order to

increase footfall and spend. Two trends he sees happening now that he feels are important for future success are the trends toward local products where feasible and GTR exclusives. An example he gives is visiting Portugal and being able to purchase a special port unavailable or rare outside of the country. "Retailers need to do much more to get people into the store and inspire impulse buys," he says. "I think that they all are searching for more imagery, more excitement, more surprises."