

Michael Payne's pragmatic approach evaluating the Americas

The Americas account for 64% of the world's Covid-19 deaths, Dr. Carissa Etienne, Director of the Pan American Health Organization, explained in a briefing earlier last week. "The Americas have approximately 13% of the world's population, but 64% of officially reported global deaths, so far," said Etienne. 400,000 people have died from the virus in North and South America thus far.

These numbers paint a stark reality of the current situation in the Americas. While countries like Canada and Uruguay are presenting lower Covid-19 numbers daily, Brazil, the US and Mexico's numbers tell a different story.

Americas Duty Free spoke to Michael Payne, IAADFS President & CEO, to understand the current situation with duty free stores within the Americas. Payne points out that each airport is managing the evolving situation on a daily basis. Air travel is down in the Americas 85% year over year, which has had negative economic impact on the hemispheric economy.

"Of course if you have global international traffic down to that level, you clearly don't have passengers going through stores. In terms of the retail operations in the US, some domestic travel has started to creep back up this summer. But from an international perspective, for those shopping in duty free, the numbers are really bad," explains Payne.

Duty free operators have also decreased staff levels to accommodate for a decline in business until international passenger traffic numbers increase.

"There may be some gradual re-emergence internationally, but there won't be anything quick as the domestic level flight return in my view," says Payne. "That's assuming that nothing else dramatic happens and if there is no more resurgence in the fall. The operators are in serious trouble with a lack of passengers and those that are trying to service passengers are doing an excellent job but it's a struggle when you are trying to keep full staff and you are losing revenue."

Subhead: Support ecosystem

Payne points out that each country is evaluating the situation individually and approaching its government accordingly. The Canadian government came out with different programs to support those affected by the pandemic like the Canada Emergency Wage Subsidy Program which allows Canadian employers whose business has been affected by COVID-19 to be eligible for a subsidy of 75% of employee wages for up to 24 weeks.

Payne discusses what IAADFS has been advocating for to support duty free and travel retail in the US.

AUDIO CLIP 4:24- 6:25 It obviously varies from country to country. The primary focus has...one formula that fits all.

Revenue is down all around and the airports themselves are suffering. Payne feels the best avenue to pursue is forgiveness as opposed to deferment and financial assistance where countries can afford it.

Advocate to educate

"I know in the US along with some of our other coalition partners, we are trying to get relief through

the congress with the airport scenario. The US airlines received a substantial relief package earlier this year worth US 50 billion. In that airport ecosystem relief package, duty free and concessionaire operators were not awarded any relief, essentially being left out. We are making an effort to fix that. So there has been a big effort to identify some money in next bill," says Payne.

Payne stresses the important to educate the government about the important revenue stream duty free and travel retail contribute to airport operation. This mutual partnership relies on one another to survive.

Audio CLIP 1021: 12:39 well it varies a little bit from country to country....started up.

Summit of the Americas 2021

The cancellation of the Summit of the Americas earlier this year was the harbinger for a year of cancelled global tradeshows. As the industry looks to its global and regional associations for direction for 2021, Payne understands that people want to know if the Palm Beach tradeshow will materialize.

"We are in the midst of assessing how we might go forward, what makes the most sense and what is viable. I think there is a consensus that we want to have an event if we can. What form it takes and what the best method is to deliver it is what is being discussed now," he explains.

The decision will be made within the next few weeks, as registration is normally set to open in the fall. He emphasises that it really comes down to when normalcy returns and which travel restrictions and safety measures are in place for the upcoming year.

Payne and the IAADFS board members have been discussing the March tradeshow with suppliers to assess possible participation. With a mixed bag of feedback, Payne explains, "Some suppliers are not going to be in a position to do things at least until next summer or fall just given the market. They have restrictions on travel and we don't know when they will be lifted. Then of course when you have revenue down as much as we do in this industry, that includes operators and suppliers. When they start to get back to normal operations, all of them will be struggling with cash and what to do with budgets. Some are more optimistic than others and for some, decisions are dependent on where they are located."

Is virtual the new reality?

The duty free industry, like many, has adapted to various virtual platforms of communication, however Payne feels this is a temporary solution to adapt to the current pandemic. He feels people still want in-person meetings and conversations, and doesn't see that need to connect disappearing any time soon.

Audio Clip: 20: 40- 22:50 "Wellnot go away in the next 30 days"

"Going forward you may see some changes. I think that while virtual makes sense right now for many reasons, hybrid-type events are really what people will look towards down the road, which can provide virtual and in-person time."

He continues, "I don't think that traditional tradeshows will disappear, but they will change. I think virtual worlds will wear thin. The hybrid approach makes sense and that's the right way to go."

At the end of the day, Payne and the organizations he works with have a common end goal: to ensure passengers feel safe and, most importantly, *are* safe. Payne and the IAADFS will continue conversations with the travel retail ecosystem to help it move forward in an efficient, safe and

effective manner.