

DFNI Cruise Conference hailed a success





180 delegates attended this year's *DFNI* Cruise Conference, which finished today (June 11) in Miami. This figure was up from last year's event, which attracted 120 people.

This year's gathering saw a 50:50 split between international and local delegates.



The wide-ranging conference, entitled *Charting Retail Success* and held in association with host partner Starboard Cruise Services, comprised a cruise tour, an opening cocktail and a smart gala dinner, where delegates got a taster of the Bulgari fashion show the jewelry brand has collaborated with Starboard and Costa Cruises for on *Costa Venezia*.

“As a friendly competitor magazine, we were impressed to see a healthy turnout in such an intimate setting,” said Hibah Noor, Editor-in-Chief, *Americas Duty Free* magazine.



DFNI's Editor, Kapila Ireland with Americas Duty Free's Editor-in-Chief, Hibah Noor (left)

Some of the main themes featured in *DFNI's* live coverage were as follows:

Ethos Farm Founder & CEO Sally Alington discussed how staff training can help deliver top-level experiential retail. She noted that staff are “essentially the eyes and ears” for getting real-time customer feedback.

Data mining was the topic during the ‘building luxury brands at sea’ panel with Yannick Raynaud, Managing Director, L’Oreal Travel Retail Americas, Christelle Caron, Key Accounts Director Cruise Lines, Moët Hennessy North America and Michael McCarthy, Associate Vice President Onboard Revenue, Celebrity Cruises (pictured below).

Creating memories at sea is a key experience driver, agreed all the panelists.



“For Celebrity this is in our DNA,” said McCarthy. “We have very high loyalty; return rates are good among our guests who come back to us for our focus on robust offerings onboard that are increasingly moving away from transactional to experiential. These activities are still within the physical retail environment, but we need to do a better job of personalizing and targeting our consumer. We do have guest management systems that tell us about our guests, but really it’s down to better data insights.”

“We can see how digital has been an accelerator of the brand experience onboard cruises,” said Reynaud, who added, “put the two together and it’s magic engagement”.

She highlighted a recent brand experience on *Celebrity Edge*, the first floating counter for fragrance brand Atelier Cologne, in which guests could experience the difference fragrances in the range in a purely digital way. Then customers could create their own storytelling options. "It's a unique experience with personalized packaging options to tailor that experience all the way through," she said.

Caron said, by 2020, experience would take over from products and pricing as a key differentiator for purchase.

McCarthy added that Celebrity is investing in more data scientists. "We have more data than we know what to do with but it's about processing the data in a meaningful way. From Artificial Intelligence (AI) and machine learning, we need to know what Amazon and Netflix do to target their customers. We've started pilots on some of our ships - smart store analytics, to tell us more about our demographics."

He gave the example of working with Cartier, "with the Cartier Grooms that visit guests on the ship wherever they are. We can only do that working with profiling data. We identify guests that might respond to experiences such as a trolley full of products, to surprise and delight them in unexpected ways".

For Reynaud, the knowledge of the customer, is key and needs to be leveraged. "We are not tapping into the full potential of the knowledge of the guest. We do not have enough understanding about that customer's desires on the ship. Having the right brands and the right assortment is key. Consumer data can propel our proposition for growth, to take us to the next level. To build experiences, to scale the experiences. To drive business for everyone. There is a need to have a true trinity - we are starting to do that with airports - this is where the magic happens.

"We are open for business. We need to crack the data conundrum. For everyone's interest."

The session titled From Land To Sea: Bringing Luxury Travel Retail To Life Onboard was a case study on Starboard Cruise Services and Bulgari's recent ground-breaking collaboration for the Bulgari Jewelry Fashion Show onboard *Costa Venezia*.

The panel featuring IAADFS President & CEO Michael Payne and Mariana Stangl Pinheiro, Corporate Affairs and Communications Manager at JT International S.A. (JTI), discussed the latest legislation and regulation for brands and travel retailers operating in the cruise channel.

Payne (pictured below) pointed out that these regulations such as liquids, aerosols and gels rules implemented several years ago can impact sales, and will have an impact in the cruise channel when passengers buy alcohol and cigarettes onshore and try to bring them back onboard.



"I want to ensure this industry continues to boom and the education aspect for this is relayed to the consumer. Because it can be confusing. Customers make mistakes when they don't understand the rules. We need to make sure as best we can to ensure they understand the rules," he said.

Payne added: "Bad perceptions of duty free means bad press for the whole channel. It will impact footfall and will have pricing implications. Just look at the WHO ITP, which could impact all the other categories."

"We represent a brand: duty free and these regulatory threats will impact it. We need as a group to fight that imagery."

Stangl Pinheiro pointed out the need to protect the industry's future. She spoke of excessive regulation and provided examples of how the threat to tobacco has moved on to sugar, confectionery and alcohol, while cosmetics has been criticized as being unregulated.

She urged the delegates to meet with regulators and join their travel retail associations, such as the IAADFS, ASUTIL and DFWC.

m1nd-set Travel Retail Research Director Clara Perez Perucchi talked on the evolution of the cruise customer with exclusive research based on 1,600 interviews with duty free shoppers.

For passengers shopping in cruise retail duty free stores, their frequency was 2.9 occasions of visits, said Perucchi. The most popular moment they go inside the stores is towards the middle of the trip, the occasions of visit are repeated so brands have multiple opportunities.

She said they are impressive figures – 78% of duty free cruise visitors go on to convert to 86% of purchasers, especially for Asia Pacific that rises from 84% of duty free visitors converting to 91% of purchasers, compared to 73% to 84% in the Americas.

Next, Heinemann Americas CEO Nadine Heubel discussed the logistical demands of cruise retail.

From a logistics perspective, airports are stationary and so can be replenished daily – a luxury not afforded to cruise retail. Heubel said cruise ships are “quite literally moving targets”, which makes a difference on supply management and requires “agility and flexibility”.

Heubel added that cruise retailers need to adopt a “consumer-driven global approach”, as the location of the ship doesn’t fully determine what the customers want to purchase.

This requires intelligent use of data, but Heubel said this is something done better in cruise retail than airport retail because cruise lines, unlike airports, have direct access to customer data.

A panel session on the trinity relationship of landlord, retailer and brand at sea comprised Carnival Cruise Lines Vice President of Retail Services William Butler, Dufry Divisional CEO Latin America & Cruise René Riedi and Swarovski Vice President of Travel Retail & Global Accounts Claudia Heskier Schioenning.



Riedi said: “The most remarkable difference is how the customer should be approached on a cruise ship. In an airport, you have a very short time to make an impression, which makes it hard to sell something that is not already known. On cruise, customer engagement has a totally different meaning.”

Data sharing is a critical part of the relationship between all three parts of the trinity. Schioenning called for top-level data and patterns to be shared – something echoed by Riedi.

Giving an insight into Carnival’s approach, Butler commented: “Anything that a guest is purchasing on our ships goes through the Carnival POS. That is shared with retail partners to establish what they [customers] are and aren’t purchasing.”

Starboard Cruise Services Senior Vice President Cruise Retail North America Carrie Julier gave the

welcome address on behalf of the conference's host partner, Starboard.

Discussing the previous day's tour of Royal Caribbean's *Allure of the Seas*, Julier said: "We hope that you walked away with a sense of the wonder and magic that our guests experience on our cruise ships every day."

Julier billed cruise retail as "one of the most innovative and exciting industries in the world" but added that cruise retailers are currently "barely scratching the surface of what we can do".

Julier concluded: "We need to transcend the retail category and be meaningful, competitive and worthy of guests' time.

DFNI's next annual Cruise Conference will take place June 7-9, 2020 in Barcelona, Spain!