

Video clip: Essence Corp interview: Adapting to thrive post-pandemic

Americas Duty Free caught up with Miami-based beauty distributor Essence Corp's Vice President Sales Antoine Bona in mid-May to discuss the current state of affairs in his part of the world. The thing I appreciate the most about the Bona family is their transparency and honesty during interviews. This makes my job easier and allows me to provide compelling and informative editorials, writes *Editor-in-Chief Hibah Noor*.

Essence Corp Vice President Sales Antoine Bona talks about what airports and airlines need to do to restore confidence in air travel and how Essence and its business partners can tailor their offerings to the consumer. He discusses a smaller assortment, focus on best seller & newness, and promotional references (US\$29.99 price point). Established brands and Bath & body products will be strong, he predicts

"We have been home since March 17 and are going back to the office June 15," said Bona. "We are under 'stay at home' orders in South Florida. Businesses in South Florida have slowly started to open from May 18, other areas of Florida have already opened up."

Essence Corp made the decision to push back the opening of its offices to June 15. Bona reports that the Essence Corp team is "fine" and everyone is working from home on Zoom and Microsoft Teams. The staff are familiar with working remotely, as half of the commercial team is on the road and there are 10 employees based in the Caribbean and Latin America.

"When we go back to work, we will have to rotate the team schedules," he explained. "One team will come in on Monday and Wednesday and the other on Tuesday, Thursday and Friday, with everyone working from home."

"The safety and security of our team members are our highest priority and we are currently putting in place appropriate safety protocols to ensure protection for when we return to the office."

The company is sourcing N95 and cloth masks, hand sanitizer, disinfectant cleaning supplies, and gloves. As before, it will reinforce office cleaning with a private cleaning firm. All communal items will be removed from the kitchen so as not to share plates, utensils and cups, and 6ft social distancing zones will be marked in the lobby entrance and kitchen floor. The conference rooms are also being prepared with social distancing protocols.

Targeting local travelers

On a more positive note, Bona noted that some regional markets served by Essence Corp were starting to reopen mid-May and at the end of the month. As of mid-May, the current situation was as follows:

Curacao - open

Aruba - open

Cayman - delivery only

St Maarten – French side open

St Thomas – delivery only

US Borders – open

Canada borders – June 21

New York JFK Airport – June 1 (Terminal 1 open)

Mexico – June 1

Costa Rica – May 15

El Salvador – May 16

Panama – June 22

Bogota – June 30

Uruguay – a few stores opened mid-May.

Bona believes that air travel will be most impacted short term, but he is already seeing some signs of recovery in the Caribbean and border stores where the company focuses on locals/terrestrial travelers.

“It's an extremely difficult year for travel retail,” he acknowledged. “We know the business is resilient, we know passenger traffic will pick up but it might take three years to get back to 2019 levels. People like going out, people like exploring new cities and there will be business travel and people going home to see families. We are taking a short-term hit but long term there will be new airline carriers, new means of traveling, airports and stores will be renovated. Maybe more walk-throughs as well that will help capture passenger traffic.”

In the Caribbean market, over the last five years, Bona has been observing a shift in the company's target group away from tourists to local people because the locals can't travel easily to the US due to visa restrictions and “Amazon doesn't ship easily to the Caribbean”.

He continued: “We already depend on the locals for 50% of business, it's a small domestic market. And [outside the Caribbean market] in the borders, we're dealing with traveling locals, they might live 100-200 kilometers away, it's still somewhat a domestic market. We've had some borders that haven't closed and others that are starting to open up in May. A lot of these border stores unlike airports; they offer a lot of essential products like food, olive oil, air conditioning, machinery.”

In recession-hit Latin America, Bona had hoped 2020 was going to be a good year, but then the virus pandemic struck the region. “It did start off as a good year until mid-March, when retail dropped by 50%. Prior to that we were extremely optimistic. We had a lot of key launches that were pushed back to 2021 due to the crisis. Right now it's about readapting and doing with what we have. We're focusing on our pillars, inventory, our sales staff. We have to readapt expenses to match the sales level.”

The key issue, Bona believes, is for airlines and stores to “really communicate” to the public the safety guidelines that they've set up, so people will start to feel comfortable enough to travel. This includes emphasizing the use of air filtration systems, face masks, aircraft seating adjustments to

reduce capacity, social distancing measures, and organized queuing. “People will start to feel comfortable, but people need that communication.”

Bona noted that thanks to its partnership with consumer goods group Unilever, Essence Corp is able to offer Lifebuoy-branded surgical masks and hand sanitizers to its clients.

Feedback on the brand so far has been positive. “Everyone is interested; people want it sooner rather than later. We will receive the surgical masks at the beginning of June and hand sanitizer at the end of July. Everyone is sourcing their own PPE [personal protection equipment] products locally. Moving forward they might want something branded to supply to their staff or customers.”

Plans moving forward; US\$29 key selling price

After restarting its business activities in both the Caribbean and some of the border stores at the end of April/beginning of May, Essence Corp supplied gift sets for Mother’s Day and Father’s Day, and although the store reopenings were too late for Mother’s Day, the sets will still be used as a promotional product. Bona is confident that the gift set business will be very strong from June to September. This year, stores will carry the sets until the end of the year, rather than seasonally, as happened before. “We’ve had customers interested in those,” he enthused.

Essence Corp is currently planning and getting in touch with its customers, helping them to mark down the old SKUs, and having a game plan for when the business returns.

Bona thinks that some shoppers will have less disposable cash, so lower priced brands such as Victoria’s Secret and Bath & Body Works will target this segment. At the other end of the scale, Rituals is a luxury bath and body brand with an average price point of roughly US\$22, so he predicts that this will be a strong selling category.

Turning to promotions, some of Essence Corp’s fragrance brands have introduced a US\$29 program on their classic SKUs, such as Versace Blue and Red Jeans and I Love by Moschino, while Montblanc offers some promotional references for its Starwalker line. “A lot of the brands are prepared to offer promotional price points. Sales just won’t be the same, and we’re prepared,” said Bona.

Carrying new brands won’t be on the cards for Essence Corp. “Right now we have a commitment to our suppliers we’ve had relationships with for a long time, for example with EuroItalia for over 15 years, Interparfums for over 30 years. These are important partnerships to sustain and right now isn’t a good time to invest what we have in new brands.”

Musing on the future, Bona is pragmatic. “Essence Corp has been in business for 30+ years, we’ve been profitable every year. We have to learn how to be profitable on a smaller scale during a short to medium term.”