

Aer Rianta's Portugal triumph 'a validation' of travel retail success

"To compete for and win this new contract as we emerge from a global pandemic is testament to the commitment and skills of the entire ARI team."

These were the words of Nuno Amaral, Chief Operations and Business Development Officer, Aer Rianta International (pictured below), who spoke proudly to *Global Travel Retail Magazine* about the company's landmark tender triumph in his home country of Portugal.



The seven-year contract covers eight airports (*Porto, Lisbon, Faro, Madeira Islands including Madeira and Porto Santo and Azores Islands including Ponta Delgada, Santa Maria, and Horta*) spread across 10,000 sq m. This encompasses 34 commercial spaces, including main duty free shops, satellite stores and fashion and beauty outlets.

Speaking ahead of the commencement of operations on 1 June 2022, Amaral described this key development as a validation of over 70 years of travel retail success. He also suggested that the capture of the new business represented a substantial increase in ARI's European airport portfolio.

On the winning bid itself, Amaral revealed it took a real team effort. "ARI is an ambitious company driven by an ambitious team. The bid for Portugal was a company-wide effort with all hands-on-deck and the wider team worked tirelessly and often remotely."

A bespoke experience

Passengers visiting each location can look forward to a world-class, bespoke experience celebrating the essence of Portuguese culture and flavors. Amaral adds: "It is our mission to deliver a tailor-made sense of place with exceptional range, value, and customer service.

"Walking through these airports will be completely different, with truly outstanding concepts being brought to life over the coming 18 months to reflect each location, such as 'The Port Cellar', 'Dream Avenue' and 'Flavours of Portugal.'"

The personal significance of this key contract gain is not lost on Amaral, who is "beyond proud" to be working with the team at ANA Aeropuertos de Portugal to operate the duty free concessions across his home country. "We are very excited and looking forward to opening on 1 June," he remarks.

Passenger numbers throughout last year may have been adversely impacted by various Covid-19 travel restrictions and the emergence of new variants, but ARI still witnessed relatively positive trading.

With a marked upturn in international travel expected in 2022, the retailer is confident of increased growth across its estate and hopes sales will return to at least 70% of pre-pandemic levels as air travel continues to recover.

"The return to growth will be staggered across various locations as some countries, such as India and New Zealand have only recently reopened their borders for international travel," Amaral explains.

Speaking of India, which lifted its international passenger flight ban on 27 March 2022, Amaral said he was delighted at the return of international travel to a country which has suffered greatly due to the pandemic.

He also praised the team at Delhi Duty Free (*the joint venture between Delhi International Airport Limited, ARI subsidiary Yalorvin Limited and GMR Airport Limited*) which has remained resilient throughout. "Over the past two years, we have spent time reviewing and improving our offering as well as upskilling teams. Passengers can look forward to a world-class shopping experience upon their next visit."

Ready to capitalize

Putting itself in a position to capitalize as the world recovers from Covid-19 has been a priority. "To really understand our customers, we listen," Amaral emphasises. "Our new customer value proposition was developed through extensive customer research, and we believe that this strengthened retail proposition will now offer passengers the best travel retail experience wherever their journeys may take them.

"Even when the doors of our stores weren't open during the pandemic, our teams continued working tirelessly behind the scenes to ensure we had an even stronger retail proposition when customers returned.

"Our stores have been adapted to ensure we have the right products and the right choice when it comes to service – be that face-to-face interaction or the use of clever new technology to find, for example, the perfect foundation shade."

To prepare for the recovery, ARI has also invested in a global digital centre of excellence in Dublin (pictured below), where a team of digital experts provide strategic tactics to its stores worldwide.

Amaral says: “We need to ensure we can reach customers as early as possible on their ‘travel journey’ with a bespoke, personalized experience.



“Continued investment in training and development is a priority. Our people are one of our greatest strengths. We remain agile and flexible with our partners so that we can adapt as needed and seize new opportunities.”

The pace of digital transformation at ARI was certainly accelerated by the pandemic, according to Amaral, who emphasised that ARI has always been a leader in the digital space with its world-class platforms and experienced omni-channel team.

Despite recognising the increasing importance of digital convenience in offering value added service to customers, he believes digital will always complement the physical experience and not replace it.

Amaral comments: “Continuously embracing digital will allow us to create a tailored experience at every customer touchpoint, creating a sense of connection to our customers at all corners of the globe and complimenting the in-store experience.

“We have trialled several new initiatives to enhance the online shopping experience. These include virtual try-on tools, virtual shop assistance, live-streaming and improved payment solutions to offer shoppers secure convenience.

“Further innovative initiatives will be trialled throughout the year, including the introduction of more delivery options, geo-fencing and augmented reality solutions.”

All things considered, ARI is well-positioned to capitalise on the evolution of passenger needs and expectations, as the industry moves from ‘survival mode’ in 2020/2021 to a return to growth this year.

Remaining agile and responsive will be key to its success. “Broadly speaking, we have enjoyed a strong start to 2022 across the estate,” Amaral reveals. “Passenger numbers are steady in most

locations and people are eager to treat themselves in duty free once again.”

The development of a solid corporate strategy in 2020 will stand the business in good stead over the coming years, he acknowledges. “Of course, we have had to be flexible and adapt as we navigated through the pandemic, but this continues to be the framework within which we operate.

“As passengers return, we must ensure we are not only meeting but exceeding customer expectations and adapting to their new post-pandemic needs.”

Cross-functional workstreams

At the time of writing, ARI had seven cross-functional workstreams focusing on delivering over 60 new initiatives to deliver on its newly defined customer value proposition.

“These [workstreams] cover key touchpoints such as value, convenience, the importance of digital, gifting solutions, brand range and value, sustainability, hyperconnectivity and bespoke sense of place.

“Delivering on this new customer value proposition is a key objective in order to retain business and capitalize on growth opportunities.”

In the meantime, ARI also relaunched its Diversity and Inclusion Framework last year with the aim of re-inspiring its people. “Without our world-class team, we could not deliver a world-class proposition, so it is essential that everyone feels valued, empowered, and respected.”

Delivering on its Environmental, Social and Governance strategy is a further focus. “We are undertaking some ambitious initiatives, such as eliminating single-use plastics from ARI’s retail and office operations by 2023 and increasing our product range with sustainable USPs by 300% before 2025.

“In fact, we launched a new global marketing campaign in April entitled Little Changes, Big Difference to help our customers make more environmentally and socially conscious purchase decisions.”

Looking ahead, Amaral reveals ARI is hungry and ready for new growth opportunities in new and existing locations. “We know our niche and strengths, so we are selective with our bids. When we do bid, we do so where we know we can add value and we bid to win.”



Snapshot of ARI's Cyprus operation