

Video Clips: Muscat Duty Free prioritizes best practice

Muscat Duty Free's Rob Marriott contrasts the “fantastic” MEADFA Conference in November 2019 with what’s happening now

In May, *Gulf-Africa Duty Free* connected with Muscat Duty Free General Manager Rob Marriott, who took the helm at the Omani operator 18 months ago. Not long after joining the company, he recalls attending a “fantastic” MEADFA Conference in November 2019 in Oman – hosted by Muscat Duty Free – but within a few months, the business climate has changed dramatically as the COVID-19 pandemic spread globally. Now, most of Muscat Duty Free’s team are working from home.

“It’s tough everywhere at the moment,” he says. “Compared to Europe, the [coronavirus case] numbers are a lot lower here. There are about 2,000 active cases at the moment and there’s been about 17 deaths. Muscat is the main hub in Oman, and most of the population lives here. In some areas there is total lockdown. They’re following the same guidelines as most of the world, in terms of working from home and all the sensible stuff.”

At the time of writing, only essential businesses are able to trade and malls are still closed. Marriott is speaking during the holy month of Ramadan (taking place from April 24), with the Eid Al Fitr festival coming up in May.

Muscat Duty Free took action on stock levels as soon as store closures were announced

“We closed March 29. We had some notification, which allowed us to do the sensible thing in terms of stock. A big part of any duty free [operation] is confectionery. We took the view that anything expiring in April, May and June we offered deep discounts on and cleared. We didn’t have the issue of expiry and the passengers got a deal. That put us in a good position stock-wise.”

Tweaking the offer

Pre-COVID-19, Muscat Duty Free had many plans in the pipeline. The new, state-of-the-art Muscat International Airport was approaching its two-year anniversary, so there were lots of learnings. When the duty free operation opened, the company was very ambitious in terms of flight numbers, destinations, etc, and made sure that the offer was tailored to the passenger demographic. Marriott’s team discovered that the offer was too broad, so it was adjusted to target the main body of passengers traveling to the Indian subcontinent, the GCC countries and Western Europe. Based on customer feedback, the focus has been on local products.

Marriott highlights the success of the 3,000 square meter arrivals store, which could be expanded in the future, when necessary.

Attaining the new normal

Amid the crisis, Muscat Duty Free has been working on four distinct areas: surviving through the crisis, managing the restart, winning the recovery and then pivoting to the new normal. The retailer is

mindful of the need to implement local legislation as well as to ensure it learns from other destinations in order to achieve best practice. Having Aer Rianta International Middle East (ARIME) as a shareholder gives it the ability to share learnings and benefit from best practice. (Muscat Duty Free is a 50/50 joint venture company between Oman Air and Aer Rianta International ARIME.)

Financial relief

Marriott says Muscat Duty Free has so far not received financial support for salaries, as he thinks the government's focus has been on making sure people are safe. "Having said that, we haven't let go of any employees during COVID and we've maintained full salaries. If this goes on for a significant time, we'll have to review."

Some welcome financial relief has come from the airport landlord, however. "In terms of our concession agreement and MAG (minimum annual guarantee), we've had relaxation from Oman Airport which we're very grateful for. We continue to lobby for what else we can do. The concession fee is based on sales, which are very limited at the moment."

Turning to the future, Marriott thinks short-haul travel numbers in the GCC will recover fairly quickly. "Muscat is a big transit airport, certainly for Qatar, etc. I imagine that will get back to decent levels as soon as planes are in the sky."

"There are a lot of expats in Oman – approximately 1.8 million – and people will want to go home. But, for example, if I wanted to go to the UK and the UK government is saying 'well, if you come, you have to go into quarantine for 14 days' – I'm not going to do it. This all depends on what countries open up and when. We also have to look at airlines. There are many airlines in significant trouble."

Store reopening preparations get under way

Muscat Duty Free has been changing the look of stores in advance of reopening. It has focused on three key points: social distancing, colleague safety and passenger safety. The retailer is making sure that the layout works with social distancing and has opened up the main walkthrough. Some units have been moved away to get rid of clutter and congestion.

"Our number one priority will be colleague and passenger safety above anything else"

Rob Marriott describes how the store layout will change due to social distancing

Preparing for the future

So what's next for Muscat Duty Free? Marriott's team is looking at a home delivery option but the real focus is on pre-order. This means people can order before they arrive at the airport and pick it up at the store so they don't need to visit the shops if they don't want to. In addition, the retailer is looking at wholesaling to areas which are excise-exempt, such as embassies. The company is also considering opening more duty free port stores.