

MEADFA 2018



# A STRATEGY FOR INFLIGHT

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GROUP EUROPE**

# INTRODUCTION TO ISG



**1982:** Supplier of amenity kits to more than 60 Airlines worldwide and an exclusive distributor of major duty free brands.



**1986:** 1<sup>st</sup> Concession at Pan American



**1994:** Rapid growth from 1 Airline to 34 Airlines



**1996:** Establishment of Inflight Sales Group (HK) Ltd.



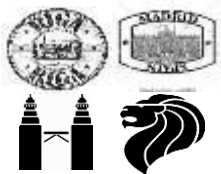
**1999:** Expansion to Asian Airlines



**2013:** Extension of Cathay contract for another 5 years



**2014:** Opening of the ISG European Office in Paris (France) & Asian Office in Tokyo (Japan)



**2015:** Opening ISG Offices in Riga, Latvia, and Madrid, Spain, with a team dedicated to Russia and Eastern Europe.



**The original concessionaire**

# ISG's SUITE OF SERVICES



*"Beyond Duty Free,  
Beyond The Carts,  
Beyond Your Expectations"*



**“Inflight Travel Retailer of the Year”**  
*from Duty Free News International (DFNI)*

**2008 / 2009 / 2010 / 2011 / 2012 / 2015 / 2016**

**“Inflight Travel Retailer of the Year”**  
*At Frontier Awards*

**2010 / 2011 / 2012 / 2013 / 2014**

**“Best new marketing initiative”**



**“Best Inflight Concessionaire”**  
at the Airline Retail Conferences (ARC) in Singapore and Paris

**2013 / 2014 / 2015**



**World Travel Awards**  
**Best Asia Inflight Retail Concessionaire**  
2015 / 2016 / 2017



# OUR CUSTOMERS

## ASIA



AirAsia X LH



ANA



AirAsia Malaysia



Cathay Pacific Airways



Cathay Dragon



Philippine Airlines



PAL Express



China Eastern Airlines



China Southern Airlines



Air China



Hainan Airlines



Peach



China Spring Japan



Citilink

## EUROPE & RUSSIA



Air Baltic



Smartlynx



Aeroflot



Rossiya



UT Air



Avrora



Royal Flight



Aigle Azur



French Blue



Air Caraïbes



Corsair

## AFRICA



Air Burkina



Tuy Fly Maroc



Royal Air Maroc



Air Arabia Maroc



# A CHALLENGING YET CHANGING INDUSTRY



- Increased competition : airports shops, Internet online discounts , ultra connected passengers.
- **Duty free onboard is no longer considered as a must by the brands and they do concentrate on airports for new and innovative products offer . Airlines are forgiven in this retail adventure**

To react , our vision is :

- ✓ We believe it is all about impulsion purchase and we need a strong communication and attractive prices
- ✓ To make crew interested and proud of their duty free programme
- ✓ To create a new Shopping experience where passengers will be highly motivated to buy gifts or for themselves : the differentiation

# OUR VISION OF THE AFRICA AND MIDDLE EAST MARKET

## AFRICA

- ✓ Africa is still an interesting and growing market , full of opportunities for growth with lots of expectations from travelers ;
- ✓ If the operator proposes attractive prices and a fine tuned product range , it will work !
- ✓ Strengths of the traditional categories and ability to promote tobacco
- ✓ Still some issues to solve :
  - ✓ Be aware that airlines need to control their distribution to avoid the existence of any 2<sup>nd</sup> market and opacity
  - ✓ Legislation and import customs & administrative processes to be facilitated for operators

## MIDDLE EAST

- ✓ ISG is not yet present on this market but we find it very interesting and challenging
- ✓ A very strong yet changing market
- ✓ Increased competition from airport shops has to force airlines to differentiate their offer to survive
- ✓ In this world of airport shopping , what is the advantage of the airline ? How to be different ?
- ✓ We need to be realistic about the potential and find a clear and aggressive positioning to exist







# THE STEPS TO A SUCCESSFUL INFLIGHT PROGRAM

## CUSTOMER PERCEPTIONS TOWARDS TR BY REGION



### PERCEPTION OF DF SHOPPING

% OF TRAVELLERS WHO AGREE

	GLOBAL	AsPac	Europe	Midd East & Africa	North America	South America
Part of the travel experience 	40%	44%	34%	54%	35%	30%
More motivated to buy "DF exclusives" 	38%	47%	28%	42%	30%	27%
Variety of products makes DF a great place for shopping. 	36%	43%	30%	42%	31%	35%
Great place to buy gifts 	34%	39%	28%	35%	33%	57%

**. INNOVATION AND EXCLUSIVE ITEMS ARE IMPORTANT**  
**. NEED A WIDE SELECTION OF PRODUCTS AND CHANGES ,**  
**. GIFTING IS IMPORTANT TO MAKE AN OVERALL GREAT SHOPPING EXPERIENCE**

### IMPACT ON OVERALL SATISFACTION: MOST IMPACTFUL ASPECTS OF THE DF VISIT

- #1 Uniqueness of products/services ★
  - #2 Value for Money ⚖️ MORE IMPORTANT FOR EUROPE & N. AMERICA
  - #3 Variety & range of products 🏪 MORE IMPORTANT FOR MIDDLE EAST
  - #4 Service level 👤
  - #5 Range of affordable products 💰
- The most impactful aspects of the DF visit are similar across regions

Source: <http://www.trbusiness.com/regional-news/international/dfwc-m1nd-set-launch-global-shopping-monitor/100585>



# SALES CHANNELS FOR DUTY FREE NEEDS TO BE DEVELOPED



## **In-Flight**

This is the traditional channel which involves cabin crew selling products which are packed inside carts, in-flight.

## **E-Commerce**

This refers to the provision of an E-Commerce website from where customers (and staff) can also pre-order for delivery on their next flight and get special offers and discounts



## **Pre-Order**

This refers to the provision of a unique sales channel that allows customers who re flying to log on and shop for duty free products that will be delivered to their seat by crew. Payment can be collected upfront, or upon delivery by crew on-board.



## **Staff & Crew Sales**

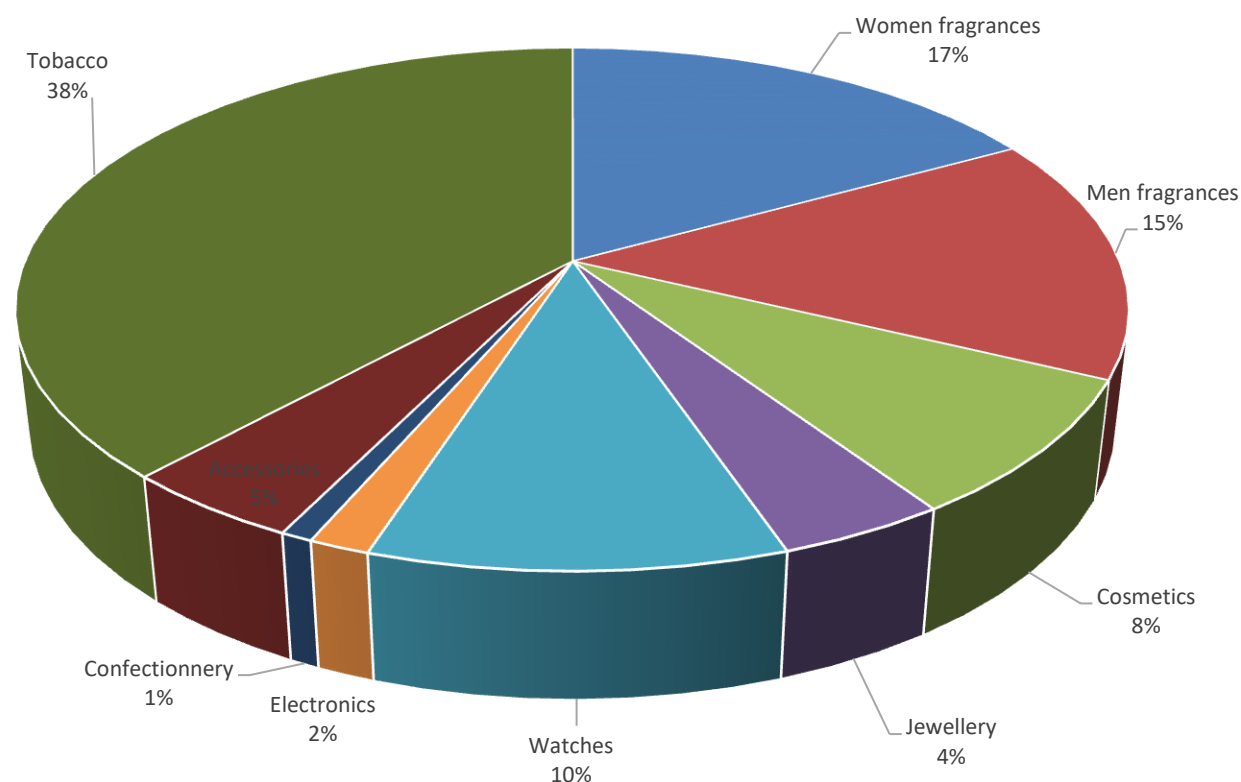
Airline staff and crew are also potential customers for our duty free program and it makes sense to offer them the opportunity to purchase items, perhaps at a discount. This will turn them from merely being “staff” or “customers” into becoming avid “proponents” and “fans” of the airline and our duty free program, especially on-board flights, which in turn promotes duty free sales.

# PRODUCT SELECTION AND MARKETING MIX IN AFRICA

For RAM , pax are really price sensitive and tobacco and traditional categories are still driving the sales (80% of overall turnover).



MIX MOROCCO 2017



# A UNIQUE MARKET TO PROMOTE TOBACCO

TABAC  
- tobacco -

## OFFRE SPÉCIALE / SPECIAL OFFER

LES PRIX LES PLUS BAS AU DÉPART DU MAROC  
THE LOWEST PRICES FROM MOROCCO

التبغ يضر بالصحة  
Not government & its variant  
Tobacco seriously damages health.

**Marlboro**  
Filter 200  
~~35€~~ **28€**

التبغ يضر بالصحة  
Not government & its variant  
Tobacco seriously damages health.

**Marlboro**  
Soft 200  
~~35€~~ **28€**



## PROMOTION SPÉCIALE / SPECIAL OFFER

SEULEMENT  
**55€**  
ONLY

**Marlboro** Filter 400  
De la boîte contenant de 2 cigarettes  
2 packs of 200 - **44€**

**Marlboro** Soft 400  
De la boîte contenant de 2 cigarettes  
2 packs of 200 - **44€**



التبغ يضر بالصحة  
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TOBACCO SERIOUSLY DAMAGES HEALTH

TABAC  
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## OFFRE SPÉCIALE / SPECIAL OFFER

LES PRIX LES PLUS BAS AU DÉPART DU MAROC  
THE LOWEST PRICES FROM MOROCCO

التبغ يضر بالصحة  
Not government & its variant  
Tobacco seriously damages health.

**Camel**  
Filter 200  
~~35€~~ **28€**



التبغ يضر بالصحة  
Not government & its variant  
Tobacco seriously damages health.

**Camel**  
Light 200  
~~35€~~ **28€**



التبغ يضر بالصحة  
Not government & its variant  
Tobacco seriously damages health.

**Winston**  
Filter 200  
~~33€~~ **26€**



التبغ يضر بالصحة  
Not government & its variant  
Tobacco seriously damages health.

**Winston**  
Light 200  
~~33€~~ **26€**





# BROCHURE AND SALES SUPPORTS

## INFLIGHT MAGAZINE – A REVOLUTION IN STYLE



1. Cover communication focused on a maximum of three elements with further detail message within the first five pages of the magazine.
  - Newness or key category focus
  - Exclusivity
  - Promotions
2. Simple and easy to understand Categories
3. Clear product message with Key Highlights and increased pack shot size
  - Exclusive
  - New Onboard
  - Savings
  - Route Specific Item
  - Additional Savings / Frequent Flyer Privilege / Redemption



2014

2016 – new layout with icons , must have section, trends & style page ...



# SOURCING & INNOVATIVE MARKETING

## INNOVATIVE PLATFORMS AND CHANNELS



## Our Shop in Shop original concepts for Pre Order & Home delivery

- “Exclusivity” - key driver in ISG’s product sourcing strategy
- ISG strives to offer as many exclusive products as possible for our airline partners
- ISG is proud that we offer more exclusives across our airline partners than any of our competitors





# SOURCING & INNOVATIVE MARKETING INNOVATIVE PLATFORMS AND CHANNELS

## ○ Home Delivery & Pop up shop

We need to set up an offer of rare , very exclusive items for inflight

Item	Price	Quantity	Total
White Dress	12,000	10	120,000
Straw Hat	8,000	10	80,000
Perfume	15,000	10	150,000

Model	Regular Price	Sale Price
Callaway Epic Speed Driver	12,000	8,000
Callaway Epic Speed Iron	10,000	7,000
Callaway Epic Speed Wedge	8,000	6,000

**Did you know?**

Special offer for the Asian market. The set of 12 golf clubs is designed for the Asian market. The set includes a Super T2T driver, 3 irons, 4 wedges, and a putter. The price is 120,000 JPY. The set is available for 4,100 JPY.





# AGRESSIVE MARKETING PLAN FOR PASSENGERS



Now the sales needs to be promoted as the catalogue itself is not sufficient any longer

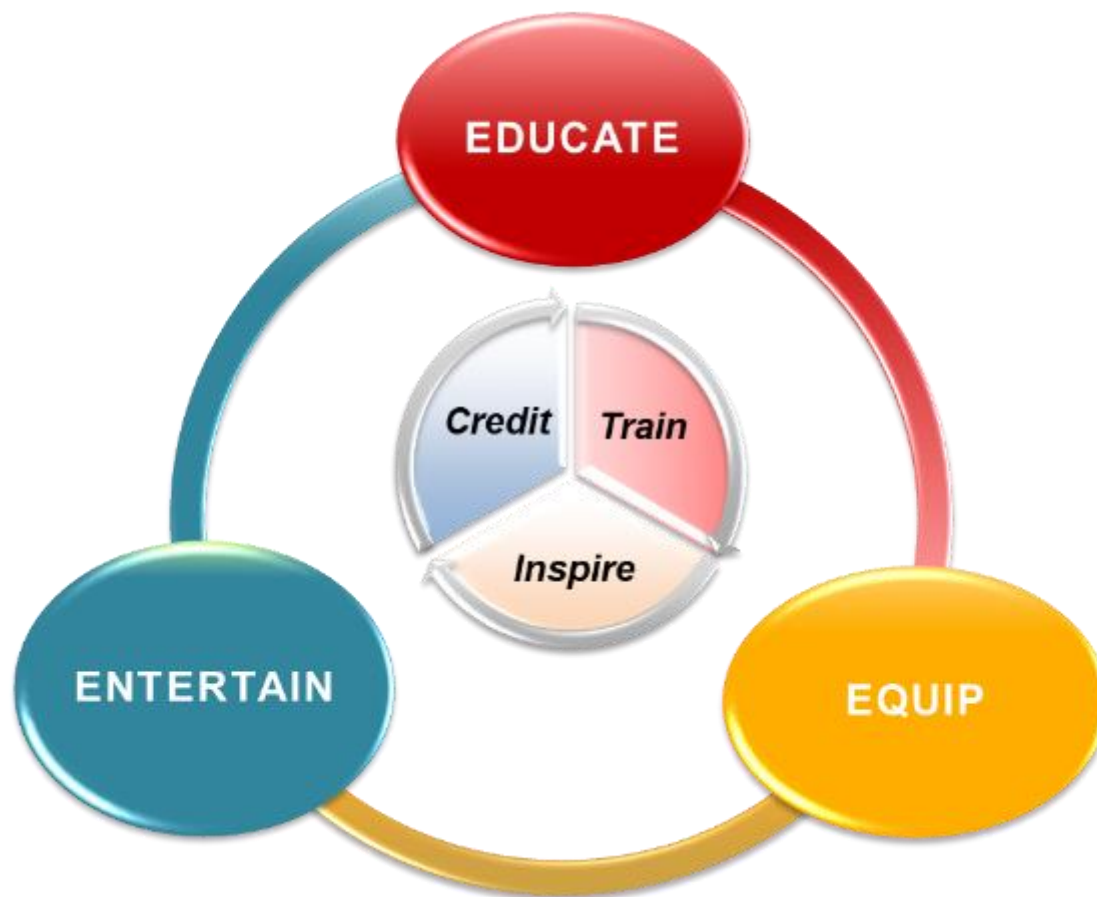
Our tools have proven results :

- Gift with purchase
- Video for inflight duty free on IFE
- Special offers ( End of Ramadan, summer , ...)
- Direct marketing : check in counters marketing offers
- Discounts
- Internet promotions
- Frequent flyers special offers



# CREW MOTIVATION AND INCENTIVE

In a people-oriented business, cabin crew are standing in the frontline representing the airline and driving the business. Effective training and sufficient support is inevitably one of the important element in order to offer a unique customer experience and to promote loyalty. Our “3E” approach is different but simple and effective – “**Educate**”, “**Equip**”, “**Entertain**”.





# CREW MOTIVATION AND INCENTIVE

• We believe crew's knowledge and ability makes a difference towards our business. ISG training experts provide crew training – in the classroom - covering the below key areas:

- Full product information with samples
- Sales techniques
- Time management
- Customer engagement techniques
- Positive reinforcement
- Increase confidence in selling



More than 700 crew have been trained this year for RAM

- Roadshows
- Brand challenges
- Test flights
- Crew party
- Best crew seller per route
- Best performance per destination
- Brand challenges

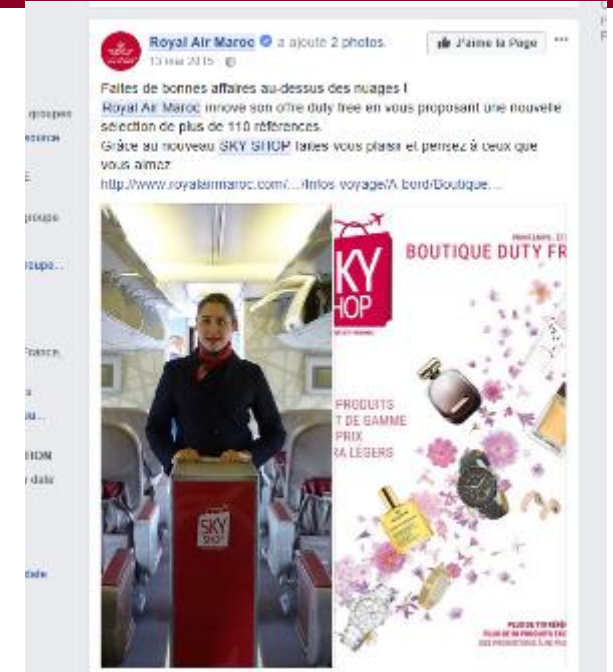


# DEVELOPING TR TRENDS



① TECHNOLOGICAL ADVANCEMENT & ADOPTION

② “SOCIAL-SHOPPING”



③ A CHANGE IN TRAVELERS & PREFERENCES

④ THE DEATH OF LUXURY?



## LEVERS TO INCREASE SALES IN AFRICAN MARKET

- Create a clear identity and positioning for the airline offer
- Keep the traditional categories sales and introduce new booming ones to increase sales. Be different !
- Customs and legislation in certain countries ( ex. Burkina) are a serious risk for the inflight industry

### [LISTE DES ELEMENTS A FOURNIR POUR UN DOSSIER DE PRODUITS COSMETIQUEE ET .. .pdf](#)

- A price sensitive market , where passengers needs to get «good deals », « best value » offers
- Technological revolution is there yet and airlines need to get ready
- Crew are getting more mature and need to be motivated and proud of their programme to sell





N°2016 \_\_\_\_\_ /MS/SG/DGPMU/DRLP/SHPS/SA

Ouagadougou, le

### LISTE DES ELEMENTS A FOURNIR POUR UN DOSSIER DE PRODUITS COSMETIQUES ET PRODUITS D'HYGIENE CORPORELLE

Composition du dossier conformément à la décision N°07/2010/CM/UEMOA portant adoption des lignes directrices pour l'homologation des produits cosmétiques dans les états membres de l'UEMOA :

#### 1. MODULE I ou dossier administratif :

- Une lettre de demande d'AMM adressée au ministre de la santé comportant : le nom, le dosage, la forme, et la présentation du produit, le nom du laboratoire fabricant et du laboratoire demandeur, l'adresse des sites de fabrication, de conditionnement, pays du demandeur
- Une copie légalisée de l'extrait du registre de commerce
- Un certificat de Bonnes Pratiques de Fabrication
- Une attestation de Prix Grossiste Hors Taxes
- Un bulletin d'analyse du lot des échantillons fournis

#### 2. Dossier technique contenant :

- L'autorisation d'ouverture de l'établissement de fabrication, de conditionnement ou l'importation, délivrée par l'autorité compétente,
- la formule qualitative et quantitative du produit ; en ce qui concerne les compositions parfumantes et les parfums, ces informations sont limitées au nom et au numéro de code de la composition et à l'identité du fournisseur ;
  - les spécifications physico-chimiques des matières premières et du produit fini ;
  - les spécifications microbiologiques des matières premières et du produit fini ;
  - les critères de pureté et de contrôle microbiologique des produits cosmétiques ;
  - la méthode de fabrication, conformément aux bonnes pratiques de fabrication ;
  - l'évaluation de la sécurité pour la santé humaine du produit fini, exécutée conformément aux principes de bonnes pratiques de laboratoire (à cet effet, le fabricant prend en considération le profil toxicologique général des ingrédients, leur structure chimique et leur niveau d'exposition) ;
    - les noms et adresses des personnes qualifiées responsables (Ces personnes doivent être compétentes dans les domaines de la pharmacie, de la toxicologie et de la dermatologie et de la cosmétologie) ;
    - les données existantes en matière d'effets indésirables pour la santé humaine, provoqués par le produit cosmétique suite à son utilisation ;
    - les preuves de l'effet revendiqué par le produit cosmétique, lorsque la nature de l'effet ou du produit le justifie.

**NB :** Les fabricants doivent se conformer aux règles de bonnes pratiques de fabrication





Thank You!