

**APTRA**  
**Management Report**  
**Prepared for AGM 2020**

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**1. Introduction**

On behalf of the Asia Pacific Travel Retail (APTRA) board, we welcome you to review the 2019 Management Report (prepared for the 2020 Electronic Annual General Meeting).

In 2019, APTRA focussed on the 3 defined strategic pillars, namely Advocacy, Knowledge and Networking. This report is a summary of initiatives taken on during 2019 financial year.

**2. Treasurer's Report : Membership & Budgets**

The full treasurer's report will be presented at the AGM, 17<sup>th</sup> June 2020. Within that presentation we will cover :

- Financial Report for 2019
  - o Summary & Evolution
  - o Financial Overview
  - o Audited Accounts 2019
  - o 2020 Budget Review Report

The following is a top-line summary on APTRA membership and revenue for 2019

In 2019 the Association's membership remained fairly stable as we welcomed 5 new members made up of 3 Brands, 1 Retailer and 1 Airport and had an attrition of 10 members. This resulted in the total membership fees received: \$165,600 (2019) v's \$178,500 (2018).

The Associate members fluctuate and we now in 2020 are looking at the benefits being wider and reciprocal to APTRA and the partnership with Associate members.

Total membership fees received:	\$165,000
Total Advocacy contribution received:	\$102,250
Total Associate members fees:	\$11,000
Total Events:	\$27,000
Total Research:	\$9,000
Total Revenue for 2019:	<b>\$314,250</b>

We maintained our **sponsorship and research funding** for the year and supported APTRA activities confidently through 2019 with \$27,000 event and seminar sponsorship. Plus Research was supported by 3 members giving us research sponsorship of \$9,000

**Advocacy funds support** our behind the scenes work as we lobby, liaise, communicate with governments across APAC at various level on a multitude of regulatory issues. Investment is made in public affairs agency, Hume Brophy who have been instrumental in helping APTRA to navigate a new level of advocacy efforts, with more issues challenging our industry as 2019 saw an average of 35% more regulatory changes affecting duty free and travel retail.

During 2019 we appointed 2 agencies to do further work with APTRA, namely Digital Avenues whom were already supporting us minimally on digital work, were commissioned to create a brand new website for APTRA. Most of the work was completed in 2019, however the new website launched early 2020.

APTRA also appointed Horizon Consumer Science to support further research capacity supporting more trend reports across the region

The financial reports for 2019 are attached in Annexe 1 titled the Treasure's Report and are itemised as follows:

- Financial Overview
- Audited accounts 2019
- Management report 2019
- 2020 budget review

### **3. Strategic Pillars**

#### **APTRA Vision**

*We represent all member of the association to strengthen, nurture & protect our industry*

#### **APTRA Mission**

*Supporting members through meaningful research, knowledge share, networking opportunities and advocating our industry when facing regulatory challenges*

At APTRA's core, our fundamental reason to exist remains to strengthen, nature and protect the duty free and travel retail industry's interests through our advocacy work. Distinguishing

between domestic & duty free regulatory changes, helping to bring awareness and mitigate the risk of national legislation impacting the travel retail negatively across Asia Pacific.

In addition to this, the Association also invests in research, insights seminars in order to share this knowledge directly with members.

### **3.1 Advocacy**

In 2019 we confronted a range of issues across the major travel retail categories. In many instances, appealing for differential and separated regulatory measures for our industry, learning that a regulation was imminent and APTRA working to understand if the government could accept a separation for Duty Free and Travel Retail. For example, tobacco plain packaging and advertising in Singapore.

What was noticeable throughout 2019 was how the regulatory landscape was changing, with issues arising in more volume and more complexity. Tobacco issues still dominated, however now we address it in various formats, with issues slightly differing in nature. Regulation was surrounding health warnings, overall size of packaging, advertising tobacco in general or visibility and also warehouse storage and control with extensive red tape being introduced in some countries. In addition to this, we saw new regulatory discussions emerge around new frontiers. For example, plastics and sugar are to name some that emerging in 2019.

During the year APTRA instituted better tracking through stakeholders and an “issues heatmap” so we have more visibility to what’s happening in the region that needs immediate attention.

An annual roundup was disseminated in the Dec/Jan year end 2019 Newsletter.

### **Advocacy Learnings**

Given the vast geography and different political environments apparent across APAC, advocacy is a complex field to work within. Information is not always fluid and we have learned that it’s important to partner with organisations within a country such as like ADFA in Australia, APAO (Assn Private Airport Operators) in India who give us on-the-ground information and coverage where we don’t have a physical presence. We want to raise APTRA’s profile with stakeholders so that we become the recognised regional force to communicate with. Governments across APAC act local, however some countries create a leadership stance on regulation development, we anticipate a ripple effect on legislative measures being adopted in neighbouring countries. Those countries we have identified as legislative leader countries. We need to raise the regional association voice for the industry with more PR and awareness.

### **Current Issues Under Management**

Currently we are tracking regulatory developments on plastics bans and sugar controls in markets across the region, assessing their potential impact on our industry

For example, Singapore recently announced a ban on advertising beverages with a high sugar content. Currently this is focused on non-alcoholic beverages but we are in touch with the Health Promotion Board and the Ministry on possible implications for alcohol products.

There are huge populations across countries such as Malaysia, Philippines, Indonesia where diabetes is a focal health policy to overcome and we sense that sugar regulation will be one to watch across APAC.

Australia and India are markets in which we are managing multiple issues on longer term legislative plans across a number of categories, but alcohol being one to watch.

### **Advocacy Moving into 2020**

The overarching objective for 2020 is to get stakeholders to better understand the nuance and economic contribution of our industry so that regulations can be drawn up in a way that do not adversely affect our growth. To that end, stakeholder engagement, with our 'Economic Impact Report' in hand is critical. We will be look to the support of the Board and our members to facilitate these in those markets where you are physically present

Supporting the tobacco category, preparation for MOP2 in the Hague in November 2020.

Our advocacy work is crucial to us as an Association and Hume Brophy remain as a strategic partner leading on the collation of information for us across many campaigns.

### **3.2 Knowledge & Research**

APTRA has been contributing to the region with high quality research for over a decade. In 2019 APTRA embarked on a new research partner. We announced that our research bid was won by Horizon Consumer Science. Having had years of expertise in travel retail research and are able to support APTRA with reports that include both regional trends analysis coupled with consumer level research.

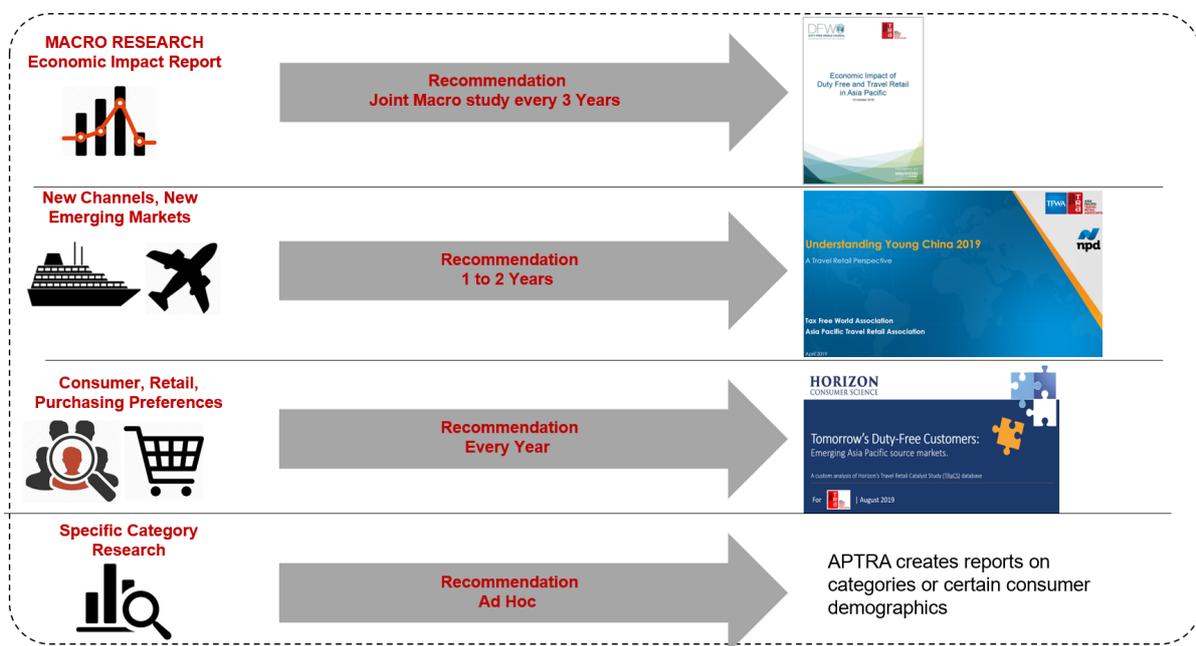
Appointment of Horizon Consumer Science was made in May 2019. The overall objective of APTRA research is to drive a strategy that offers our members a macro, regional and consumer level of insight into APAC, with different types of reports, in order to start building a bank of relevant data and knowledge.

### **A Macro Perspective – (EIR) *Economic Impact Duty Free & Travel Retail – APAC***

The most important research report to date that APTRA has commissioned was launched in 2019. Commissioned and published in partnership by DFWC and APTRA, the EIR not only offers sales and category analysis but provides unprecedented insight into the economic impact of the duty free and travel retail industry across Asia Pacific, including direct and indirect employment numbers, third party tertiary businesses, and contribution to GDP.

The report is the first quantifiable measurement of the impact of travel retail and duty free in Asia Pacific. Among many other points, the report shows a clear view of the industry size and importance; employing more than 300,000 people in the region and adding almost US\$15Bn to GDP.

APTRA released three research reports in 2019, with the Economic Impact Report being a first for Asia Pacific of its scale. We thank DFWC for their collaboration and guidance on the development of the Economic Impact Report that we refer to as an important tool for stakeholder engagement at the advocacy level.



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## Research Released in 2019

- **April 2019 : Understanding Young China Report** Deep dive into the preferences of the new generation of travellers Chinese 18-30 year olds
- **Oct 2019: Asia Pacific Economic Impact Report**, Offering members visibility of the commercial & socio-economic value of this region's duty free & travel retail industry worth.
- **Nov 2019 : Tomorrow's Duty Free Shopper** Reviewing the trends of shifting trends for the major Duty Free categories and what we can anticipate to see and plan for the near future.

Thank you to sponsors of APTRA's 2019 Research, and to DFWC for their collaboration on the development of the Economic Impact Duty Free & Travel Retail Report APAC.

**Distell | Interparfums | Puig (Asia Pacific) | DFWC**

### 3.3 Networking & Events

APTRA staged a number of events during 2019, with many around TFWA's annual events. Early in 2019 APTRA held a drop in networking session at TFWA's China Conference where members had a coffee and discussed the work of the association.

During the TFWA Asia Pacific event in May 12<sup>th</sup>, APTRA took advantage of the industry gathered 'on home ground' in Singapore and prior to the start of the regional event, APTRA hosted its third **APTRA Airport Forum 2019**, exclusively for airport operators. This informal interactive event, kindly hosted by Changi Airport Group and sponsored by DFS, included presentations by Stephane Geffroy of Kansai Airports and Teo Chew Hoon of Changi Airport Group.

APTRA presented the key findings from **APTRA's 'Understanding Young China' report**, a comprehensive analysis of the consumption preferences and shopping behaviour of 18 to 30 year-old Chinese travellers. The Forum was followed by a management-led tour of The Jewel Experience at Changi Airport.

APTRA President Andrew Ford addressed the morning plenary of the **TFWA Asia Pacific Conference** on Monday 13<sup>th</sup> May, summarising ways in which the Association is supporting the duty free & travel retail industry and updated delegates on the latest initiatives.

**APTRA Insights Breakfast Seminar**, took place 15<sup>th</sup> May at Marina Bay Sands Exhibition Centre. a summary of the 'Young China' report was presented and KPMG joined us to tackle the latest in retail technology, in a presentation entitled 'Data & Innovation' followed by a Q&A session and time for networking.

### New APTRA Events

APTRA launched the crucial new research report, The Economic Impact Duty Free and Travel Retail Report APAC at an event named the **APTRA Exchange**.

Hosted in the main conference of the Trinity Forum, the APTRA Exchange provides a platform for effective industry discussion focussed on the needs, opportunities and challenges of brands, retailers and airports in driving the Asia Pacific region and its pivotal role in the long-term growth of the global travel retail industry.

The launch event invited a panel of industry leaders to discuss findings from the new **Economic Impact of Duty Free & Travel Retail Report Asia Pacific (EIR)** which will be launched at the event.

- **Networking Events** throughout the year,
  - **APTRA Networking** , China Century Conf, March 2019
  - **APTRA Insights Seminars**, TFWA May 2019
  - **Airport Forum**, TFWA May 2019
  - **APTRA Exchange Event** , Trinity Forum Oct 2019
  - **APTRA Insight Seminar** , Singapore Nov 21<sup>st</sup>

**APTRA  
EXCHANGE**

**APTRA  
INSIGHTS  
SEMINAR**

**APTRA  
AIRPORT  
FORUM**

### Thank you to sponsors of APTRA's 2019 Events & Seminars :

Auckland Int. Airport | Beam Suntory | Pernod Ricard Travel Retail | Treasury Wine Estates | Brown-Foreman Corporation | Changi Airport Group | Distell | J. Holland & Associates | Edrington Singapore | Bommidala Enterprises | DFS Group | Yam Seng | Mondelez

### 4. THE EXECUTIVE OFFICE

I take the opportunity to highlight that from myself and the entire board, we offer our appreciation to the executive office that completes the APTRA team. This small team manage the day to day running, communication and operations of the Association. They plan, facilitate, co-ordinate, communicate, and execute all APTRA's activities. Christina Oliver as Executive Director has been with us for 18 months and has made an impactful contribution thus far. Sharolyn Paul as APTRA's Administrative Officer, has continued her loyalty and tenure with APTRA. She has started to work on further projects for us, for that we are grateful. Both



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individuals are very committed to the development and health of the Association. Working closely with this Executive team are the partners that we engage such as Hume Brophy, whom help to manage our advocacy public affairs work with us, Horizon Consumer Science who work with us on research, Digital Avenues developing a brand new website, a digital knowledge bank and network through our website and finally, Kavanagh Communications, who joined us late 2019 whom now support APTRA's PR and Communications. We thank them all for their collective hard work and commitment throughout.

## **5. THE BOARD**

I would like to take this opportunity to thank all my colleagues who have served with commitment over the past year. The team alongside the board has worked hard at adding further processes and governance in place and we especially thank Mr Grant Fleming, whom mid-way through his term has decided to leave the Travel Retail industry and therefore had to step down from his role as president of APTRA. Working with him his office bearers, APTRA secretary, Ryan Hill at the time and Pan Har Ying of Japan Tobacco International, whom we are very happy to have as APTRA treasurer and still with us serving on the board.

## **6. APPRECIATIONS**

And finally I would like to thank all APTRA's members for your loyal support. Like all Associations, APTRA could not exist without the investment from its members, and this includes their time, attendance, sponsorship as well membership fees support, for which we are truly appreciative. On behalf of all the APTRA board, thank you.

Sunil Tuli

President

Asia Pacific Travel Retail Association (APTRA)

## **2019 Board (voted in 13<sup>th</sup> May 2019)**

### **Board members**

Grant Fleming	Andrew Gardiner	Chew Hoon Teo	Stephane Geoffroy
Sunil Tuli	Alain Maingreud	Pan Har Ying	Julia Bauer
Ryan Hill	Jonathan Holland	Karl Marnane	Gabriela Steiner-Zajax