WWD AN ISSUE OF WOMEN'S WEAR DAILY

BEAUTY INC

BEAUTY'S 50 MOST POWERFUL WOMEN

JESSICA WHO?

MEET THE ENTREPRENEUR WHO'S REWRITING THE RULES OF E-COMMERCE

Jessica Herrin, founder of Stella & Dot

Stella & Dot, a direct-selling accessories brand, has sales of more than $220 million.

Herrin's new beauty brand, Ever

Herrin believes beauty is a billion-dollar opportunity for her company.

THE NEW DIGITAL DISRUPTERS

MOVERS AND SHOPPERS

THE TRAVEL RETAIL MARKET IS FLYING HIGH THANKS TO AN INFLUX OF NEW GLOBAL SHOPPERS EAGER TO LAP UP THE LATEST IN LUXURY GOODS.

BY PETE BORN
WITH CONTRIBUTIONS FROM JENNIFER WEIL

ILLUSTRATIONS BY PIETARI POSTI

Air travel is the new omnichannel, as leaps in digital technology converge with the emerging horde of global middle-class shoppers.

That is just one of the developing factors poised to spur a transformation of the far-flung travel retail industry and set a new stage for evolutionary growth of one of the most dynamic businesses in all of global beauty.

A burgeoning tide of new middle-class shoppers, rising up in the emerging markets of the world, all with a sharpening appetite for travel and luxuries, has swollen the population of air travelers to more than 1 billion. This groundswell has created a travel retail environment ripe for innovation and growth, ranging from brands diversifying their product assortments to the introduction of beauty categories such as professional hair care and dermacosmetics to a complete digital revolution in the sky with passengers buying products in their seats at 30,000 feet.

The travel retail business, or duty free as it has been called since the first airport shop opened in Ireland's Shannon Airport in 1947, has undergone a long series of dramatic reinventions. Once known for stacked-up displays of liquor, cigarettes and fragrances—whose appeal was solely based on the depth of discounts—duty free morphed into travel retail after a change in European Union legislation in mid-1999 and was made over into an environment as sophisticated as any glittering downtown specialty store.

Today, beauty manufacturers maintain counters or wall units in multibrand shops manned by multilingual beauty advisers, who cater to travelers from different countries, and offer sharply targeted product kits and offerings tailored to a traveling audience. Some brands, like MAC Cosmetics and Kiehl's, have their own boutiques in airports.

The world of travel retail crisscrosses the map with a global network of sales points, not only in international airports, where 57.8 percent of the total business was done in 2013, according to Sweden-based Generation Research, the industry's sales tracking firm. The sales are also made on ferries and in downtown shops operated by travel retail operators, which have become a new dynamic channel with gains of 20 percent a year, according to industry sources. The power of the channel has always derived from the constantly increasing foot traffic of a captive audience of waiting travelers looking to kill time and with an urge to spend money.

HONG KONG
TOKYO
RIO
PASSPORT
EAU
DE
TOILETTE

As a result, the travel retail business often outpaces sales trends in local markets and the global business as a whole.

Even though the industry is weathering some financial turbulence with the implosion of the Russian economy, a marked slowdown in China and trouble in Latin America, sales ran ahead by 5 percent last year and are expected to increase by 7 percent this year (compared with a 3 percent to 5 percent increase for global beauty), according to Jérôme Goldberg, managing director of JMG-Research, a research and consulting company.

The category's revenues increased 9.3 percent in 2013, when global travel retail sales of just fragrance and beauty amounted to $17.3 billion, according to Generation.

"In less than two years, we should be above $20 billion," Goldberg says.

It often has been pointed out that the travel retail market is significantly bigger—at least 64 percent larger—than the entire U.S. prestige sector, which amounted to $11.2 billion for 2014, according to The NPD Group.

In terms of fragrance alone, Goldberg observes, the duty-free market accounts for 20 percent of total global category sales. The travel business also generates 14 percent of prestige skin-care and makeup sales.

Skin care is the biggest seller, apparently pushed by the rise in Asian travelers, with 34.7 percent of total beauty sales, according to Generation. In 2013, it was followed by women's fragrances, with 31.3 percent; men's scents, with 17.9 percent; makeup, with 14 percent, and fragrance coffrets, with 1.8 percent.

"It's more and more important for prestige brands to rely on this market," Goldberg concludes, adding that for fragrance manufacturers, it can be the biggest market in the world.

The entire duty-free business—including wines and spirits, tobacco, fashion and accessories, watches and jewelry, electronics and confectioneries and food—totaled $60 billion in 2013. Beauty accounted for 28.8 percent of the total, the largest segment.

"It should be around $100 billion by 2020," Goldberg says.

The business has become so immense and vibrant that major manufacturers have begun to give it greater visibility as a key driver in their core growth strategies.

"Travel retail was something that was very much a side business a few years ago and has become a strategic and a very high-priority business for every luxury or selective brand today," says Philippe Guitelmann, managing director of travel retail worldwide at Guerlain.

Indeed, during the Estée Lauder Cos. Inc.'s shareholder's meeting in November, Fabrizio Freda, the company's president and chief executive officer, cited travel retail as one of the prime factors of this year's business.

In a follow-up interview, Freda says, "A traveling consumer has different needs, different aspirations and different priorities. They want a different experience. This channel is growing and in my opinion it will continue to grow.

"It is in the double-digit percent of our business, and it is one of the fastest-growing segments. For the last five years, it has been one of the two fastest-growing segments of our business," Freda says. "Think of all the increase of Asian travelers, who are amazing skin-care users and skin-care buyers. How much is flowing into our business for opportunity and penetration into the market?"

Jonathan Zrihen, global chief operating officer for Clarins, says that the nature of duty-free shopping has evolved. "It used to be a replenishment reflex, and now it's becoming more and more like any impulse purchase, a way of presenting our brands. We have to look good, we have to train our beauty advisers, we have to educate consumers, we have to display the newness and use the airport to launch newness. It's becoming a really full channel of distribution, where you use it not only to replenish product but also to expose and elevate the visibility of the brand."

"It's a very strategic channel for us," agrees Cedric Prouvé, group president for international at Lauder. And not only as a major profit contributor.

"There are a lot of emerging middle-class consumers traveling for the first time, in many cases Chinese people, and they discover our brands for the first time," he explains. "The way we expose our brands is not all about dollars and profits, it's about how do we build awareness. That's why we are so worried about space, location and service."

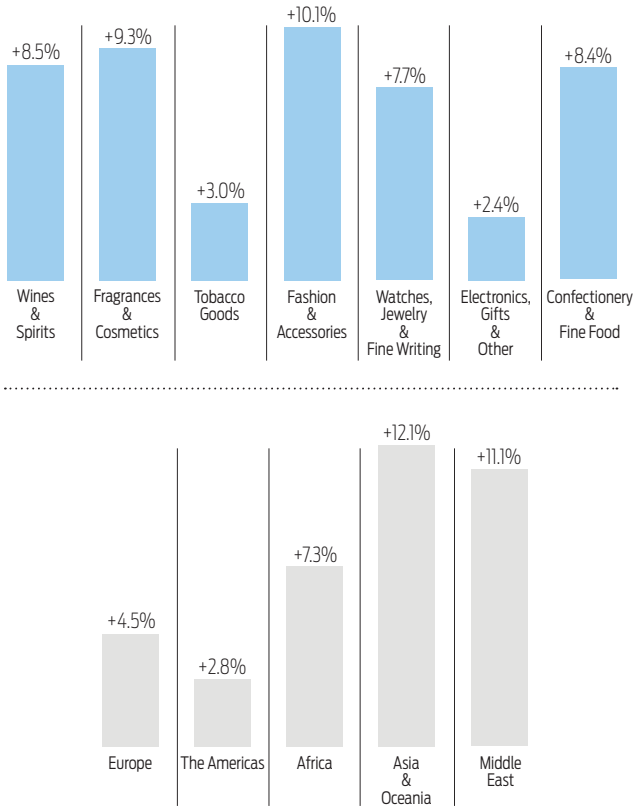
In an effort to capture these new consumers, Lauder, much like its competitors, tracks the travel patterns of Brazilians, Russians, Chinese, Koreans, Middle Easterners and Africans. The company designs the product assortments, recruits and trains beauty advisers and installs collaterals to be relevant to the target groups in shops where consumers may touch down, not only in destination airports but also hubs. MAC, for instance, has a strong lineup of airport stores stationed through Latin America as a way of catching the attention of traveling Brazilians and others on their way to New York.

"We follow them in their journey, and we market to them at the right spot at the right time," says Prouvé.

Major manufacturers are beginning to talk about the global customer as the next step beyond the omni model, Goldberg observes, adding that the major brands are targeting the customer, no matter where they are—even in the local market. "They can be traveling in the airport or in other travel retail outlets," he says, "or they can be abroad." Questions abound: "How to send the proper message, how to be consistent, how to be sure there is no gap in the price we are offering to this passenger, how to take advantage of travel retail to upgrade the whole contact we have with the consumers?

"It's global; [the customer] can be buying products anywhere in the world as long as he's buying my brand and not a competitor's. If my consumer is buying my product in Heathrow Airport [in London], or JFK [in New York] or downtown at Sephora in Times Square, or in China, I'm fine with that. It's building the international development of the brand," Goldberg concludes.

TRAVEL RETAIL SALES IN 2013 VERSUS 2012



THE WORLD'S TOP-10 COUNTRIES IN DUTY FREE & TRAVEL RETAIL SHOPPING 2013

Rank	Country	In U.S. $	In Local Currency	Market Share
1	South Korea	8.9%	5.4%	10.5%
2	China	23.5%	21.4%	7.0%
3	U.S.A.	18.9%	18.9%	5.9%
4	United Kingdom	1.3%	2.7%	5.5%
5	Hong Kong	7.7%	7.7%	4.9%
6	Germany	2.3%	-0.9%	4.7%
7	United Arab Emirates	16.1%	16.1%	4.1%
8	Turkey	7.7%	13.6%	3.5%
9	Singapore	9.6%	9.8%	3.0%
10	Thailand	38.7%	37.4%	2.8%

Source: Generation.Se

L'Oréal, the overall leader in travel retail and the global beauty industry, made a major presentation on the extent of its diversification into the channel last October during the Tax Free World Association meeting, the annual duty-free gathering in Cannes, France.

"We consider the world of travel retail as what we call the sixth continent," says Barbara Lavernos, the company's former managing director of travel retail who is now executive vice president of operations. "This market is as big as a continent—it has its own inhabitants, its own capitals. The geography of this continent is very different compared to the footprint of, let's say, the traditional economical world." As an example, she said that among the 10 top travel retail capitals, there are none in North America.

Generation lists the channel's top-10 retail locations for 2013 as airports in Dubai, Seoul, Singapore, London, Bangkok, Hong Kong, Shanghai, Beijing, Paris and Frankfurt.

There was speculation at the TFWA meeting whether the new Dubai International Airport had edged out Incheon International Airport in Seoul and Heathrow as the top travel retail location.

L'Oréal created a dedicated travel retail team about 30 years ago, and reached 20 percent market share three to four years ago. Today it boasts more than 21 percent.

In late 2013, L'Oréal said it was creating a worldwide Group Travel Retail division, spanning L'Oréal Luxe brands as well as those from the Active Cosmetics, Professional Products, Consumer Products and The Body Shop divisions. At that time, L'Oréal chairman and ceo Jean-Paul Agon called travel retail "a key channel for winning over 1 billion new consumers."

While L'Oréal first entered travel retail with luxury brands, about a decade ago it introduced masstige with L'Oréal Paris and then some three years ago it launched The Body Shop. In late 2014, the company began introducing into travel retail in Asia some new categories, including professional luxury hair care and dermacosmetics. The new entries, including Kérastase, La Roche-Posay and Vichy, will be rolled out in travel retail in the Americas early this year.

L'Oréal began launching its dermacosmetics products into the channel, via shop-in-shop, multibrand "Dermacenters," which include brand animations, travel essentials, three- to five-minute checkups and beauty advisers. Kérastase is located in dedicated areas dubbed Hair Studios, offering services and travel exclusives.

A dermacosmetics approach has received a warm reception from at least one major travel retail operator. Ariel Gentzbourger, senior vice president and general merchandise manager of beauty at DFS, says her company "anticipates that dermacosmetics and well-being brands will play an increasing role in the future of travel.

"Pollution is ultimately a major culprit in the rise of skin problems, whether it be inflammation, irritation or dry skin," she says. "Travelers, in particular, are vastly susceptible to skin problems, mostly caused by the unfamiliar environment of the destination they travel to."

Gentzbourger notes that a diversification trend is taking root in the beauty category, and it goes beyond product offerings into the experiential.

"In September last year, we launched our global First Class Beauty by DFS campaign, which represents our philosophy of beauty and lifestyle, inspired by the joys of travel," she says.

As an example of an in-store experiential offer, the Beauty Concierge service in DFS's T Galleria Canton Road location in Hong Kong provides customers with complimentary skin-care services, including makeovers, skin-care analysis, make-up tutorials, facials and massages.

Market analyst Goldberg describes L'Oréal's latest moves as part of a wider diversification of the travel retail space, with less luxury players arriving, like the entry of Nivea and Yves Rocher.

"You have new players in the same room," he says of the increased competition. For L'Oréal, it's a strategic move allowing the company to target certain markets and countries with specific brands in terms of usage, category and price level.

With a mix of luxury, mass, hair-care and pharmacy brands all swimming in the huge travel retail market, the result may be increased pressure on the retail operators in the airports.

"You'll probably have prestige brands asking not to be mixed with other brands," Goldberg speculates. "You will have a subdivision of brands, just like L'Oréal wants to create dermatological space to push Vichy and La Roche-Posay, and asking also for hairdresser space. It probably will be a benefit for the other brands; they will take advantage of this subspace inside the global retail space."

Olivier Bottrie, president of travel retail worldwide at the Estée Lauder Cos., agrees with the idea of creating specialized merchandising layouts.

"This is going to be part of the answer in terms of conversion and penetration," he says, referring to the question of how brands can convert more passengers into shoppers and buyers, because there are consumers for different products. "We're telling our retailers that you should really try to create zones or stores specifically for each [product] category. I believe that luxury and prestige brands should be protected and that protection should not be for ourselves. It is for the airport and the consumers.

"What happens when you have a mass brand that sells at a few dollars versus a prestige brand that sells for three or four times the price for a similar product—meaning a lipstick?" he continues. "This eventually erodes the value and the revenues from that sale. The best is to have all the categories of a brand, but in a specific environment, not to devalue the existing business in a way similar to the domestic market."

Zrihen of Clarins agrees that there is going to be an expansion of choice, particularly with lower price points, since more middle- to lower-class people are on the move now. It's the "democratization of traveling" brought about by lower fares from low-cost airlines, he says, predicting that there's going to be a demand for skin-care products priced at less than $75 a jar.

Zrihen also has been looking for white space outside the airport shops and thinks he found it in the Air France passenger lounges. Clarins has struck an agreement to open spas in the airline's business lounges—already, Paris and JFK outposts have opened. Each has two treatment rooms in which to provide services like a 20-minute facial or back massage. The installation also includes a vending machine holding 40 Clarins products that passengers can buy after having a massage. The prices are the same as in the Clarins' stand in the airport shop.

"Traveling is becoming an experience, and [the company] wants to be part of the experience," Zrihen says. "Interestingly enough, one of the big competitors of travel retail is the lounge because people hang out there. They go straight to the business lounge and they wait for their plane there."

But the loudest buzz, particularly when discussing the future of travel retail, is the coming of a digital revolution on Wi-Fi-equipped planes. It has been broadly suggested that instead of having air attendants trundling down aisles, pushing carts laden with merchandise, passengers could buy products through video screens at their seats that would then be waiting for them at their destination.

"This is the next evolution," says Bottrie. "There must be a way to have people from the airlines, the retailers and the airport people sit around a table and talk about how we can optimize the potential of having people sit in a chair for 15 hours, flying from New York to Hong Kong. We started the discussions with some airports. It will happen eventually; it's a matter of when. We are pushing. The technology is here today. What's missing is the element of profit sharing between the

WHAT IS THE MOST EXCITING AIRPORT GLOBALLY IN TERMS OF BEAUTY RETAIL AND WHY?

ZURICH AIRPORT for its modern, inviting retail concept. The approach to merchandising is more personal. Luxury is presented more prominently where the product is hero.
–Emmanuel Saujet, Chief Executive Officer, International Cosmetics and Perfumes

I have always loved CHANGI AIRPORT. It is absolutely beautiful and the layout and design are well thought-out. The atmosphere is very conducive to a pleasant shopping experience overall. Regarding beauty, the level of branding is quite strong and the service is truly excellent.
–Cedric Prouvé, Group President for International, The Estée Lauder Cos.

DUBAI DUTY FREE. The airport itself is an experience, the volume, the distances, its diversity and frantic traffic day and night. Regarding beauty, it is probably the only place in the world where the equity of the brands breathes more clearly and their personality is better expressed. It balances novelties and superb execution of the brand personality.
–Jose Maria Marquiegui, Vice President, P&G Prestige, Global Selling Organization

HONG KONG. It is Asia Pacific's largest and fastest growing airport, serving 67 million passengers per year. Hong Kong is a vital gateway for the mainland Chinese tourist with China's outbound tourism spend virtually exploding at over $120 billion annually. You can get virtually any beauty brand with highly trained consultants prized by this sector.
–Masahiko Uotani, Chief Executive Officer, Shiseido

airlines, the airports and the retailers."

Prouvé suggests that the digital possibilities could be expanded to allow passengers to order merchandise from home, even before they leave for the airport. Then they can pick their purchases when they land at their destination, so they don't have to worry about finding the time to stop at the airport shop.

"It increases the conversion rate," he says, adding that it would make the purchase more certain.

A preorder from home system is already in operation in Korea. There, people can pick up the merchandise at a special area in the airport, so it remains a duty-free purchase.

The implications of digital may become more advantageous than thought, as financial pressures continue to mount in terms of the cost of doing business. A number of industry figures say they are concerned by the tendency of retail operators to overbid to win concessions from the airport developers. As a consequence, sources note, some retailers pay so much up front to get the concession space that they don't have money to properly fixture their shops or pay for the needed advertising.

Laurent Marteau, vice president of global travel retail at La Prairie Group, acknowledges the widespread subject of increased costs of doing business in airports.

"Brands will have to pay more and more—and the [retail] operators, as well," he says. "At the end of the day the margins will already be much reduced, which could be a concern if we want to have the proper service and luxury aspect. The cost of operating business is getting more and more expensive."

Still, there can be no qualms about the pace of growth or future of the channel. La Prairie's travel retail business was expected to close 2014 up 9.8 percent, well ahead of the channel's skin-care market, which advanced an estimated 4 percent to 5 percent.

As for the future, the number of passengers is steadily increasing. "It's only 2 or 3 percent of the Chinese flying today, so you can imagine when there will be 5 to 10 percent and the positive consequences it could have on our businesses," says Marteau, adding some airports, such as those in Dubai, Abu Dhabi and Qatar, are preparing for a boom in passenger footfall.

Looking into the digital future, he speculates that a passenger may use a tablet device to not only book a flight, but to view a video of a virtual airport boutique and its product assortment, allowing the traveler to pick and choose ahead of time, as well as book a service.

Another possibility is to have products delivered at home after purchases are made through a virtual shop. Consumers would just have to scan their boarding passes to prove they are travelers.

Such versatility stemming from the growing importance of digital may force brands to reexamine why a traveler should shop in brick-and-mortar travel retail locations. "The only thing we cannot remove is service," says Marteau. "There is a service you cannot get on the Internet, which is a proper consultation, a proper treatment."

As Lauder executives and others also say, the objective is to maintain a seamless brand experience in everything from choice of product, desirable price and convenience of use.

"We know it's going to be possible to have e-commerce to extend the shopping experience before the flight, during the flight and after the flight," says Guitelmann of Guerlain. "And to consider travel retail as really a business you can make with travelers, not only when they are passing by your shop in the airport. This is great."

However, he foresees the Internet blurring the traditional boundaries that always separated travel retail with the brick and mortar of the domestic markets. "There was a competition, but it really wasn't a competition because you didn't have so much of a choice," he notes.

However, in the future when a consumer can buy online, "whether you are traveling or whether you are on a sofa at home, you are going to have a choice between many retailers; one of them will be travel retail, but you can go for a local retailer online," continues Guitelmann.

"The question will be to go and get the consumer where he is," he adds. "You will have the possibility to compete with each other much more than before because of digital."

That increased sense of competition is one of the factors dictating the need for much more investment by brands. As a mark of the channel's increased sophistication, the additional investment clearly centers on "the beauty advisers and the people who are in the office working on the retail aspects," says Guitelmann. "The more you invest, the better it gets; the more you get the consumer's attention, the bigger the market is and the more luxurious it is. Therefore, people keep investing. You can no longer run this business like it used to be in the past."

But despite the digital evolution, "you will still have people who will have to go to the airport to take a plane," Guitelmann says. "We cannot make that digital. For those people, we will have to be very attractive and be able to give them a shopping experience because they will also enjoy touching the product and meeting face-to-face with a salesperson."

Likewise, at Lauder, enriching the transaction in-store is key in the company's more than 4,000 points of sale throughout the travel retail world.

"It's mostly through service, having highly qualified, trained beauty advisers who are there not just to be a cash register," Prouvé says. "They are there to advise and link sales—what we do is a big launch like Modern Muse [fragrance]. They link it and say, 'Do you have what you need in skin care?' Our items per transaction in any domestic market are anywhere between two and three products per transaction. In the airports we can generate much more."

With the goal of driving sales increases, in excess of traffic growth, Lauder focuses on refining the product mix, a large part of which is composed of product sets, more than in the domestic market. "We are trying to position each of our sets in one bucket or another—be it a gift or a regimen or a way of trying out the brand," says Bottrie. "We have identified why people buy products in airports, and we are trying to react and be relevant to the different reasons for buying."

Procter & Gamble operates in 1,350 travel retail locations and is dedicated to the prestige proposition of its fragrance brands and SK-II skin care. But José Maria Marquiegui, vice president, P&G Prestige, Global Selling Organization, has noticed that of all the different kinds of customer the company caters to in airport shops, two varieties stand out—the deal hunter and the luxury lovers.

"It is a dual thing in which we are going to expand and have a broad portfolio but at the same time we want to be very focused," he says. "We want to be very focused on prestige, but at the same time, we realize that we are catering to a different type of shopper. There is a shopper who is looking at duty free in a very opportunistic way, they are looking for something in the $25 [range] and they are not willing to spend anything more than that."

For them, the company has Hugo Boss Dark Blue, which retails for 19.90 euros, or $22.57 at current exchange. Then there is the credit-card crowd with a yen for the luxury experience, which P&G tries to satisfy with sets like the Dolce & Gabbana Velvet collection of fragrances ranging in price from about $180 to $380.

He notes that department-store shoppers are committed to a browsing expedition, but airline passengers are in a different mood. "You have to get her from the mood of 'Oh, my God, another hour delay,' to 'This is fantastic, I wanna have it.' You have to do that with merchandising material, to attract her and make her enthusiastic about it, with activities that say you don't need to wait there for the call to your plane. Let the store talk to you.

"The store talks to you in very different ways," Marquiegui continues. "For the value seeker, we have to go for the value angles and you have to go almost to the old syndrome of stock it high and price it low. Give me a good yellow sign with red letters saying 'deal,' 'offer,' whichever. Whereas for the shopper who is looking—I mean in the case of Velvet—it goes, for the big size, as high as 400 euros [or $453.58]."

Strategies don't always play out as expected. Up until six months ago there was a huge focus by most brands and re-

WHAT IS YOUR AIRPORT VICE?

Confiserie Sprüngli, in Zurich Airport, has the best chocolate delicacies ever. *–Emmanuel Saujet*

I love checking in on the latest electronic gadgets—after I've spent time seeing what's new in beauty, of course! *–Cedric Prouvé*

For a Spaniard living in Geneva, nothing compares to a "tapita de jamon y un rioja" (Spanish ham and rioja wine) at La Bellota in Madrid-Barajas T4. Last thing when I leave, first thing when I arrive. *–Jose Maria Marquiegui*

I have an unwavering habit of visiting every one of our counters, speaking individually with our consultants. I religiously take notes. Obviously, I also visit our competitor counters to keep me honest! *–Masahiko Uotani*

tail operators on travelers from emerging markets, but that strategy hit more than a speed bump, due to macro-financial and -political setbacks. These included the devaluation of the real and economic situation in Brazil; the steep drop of the ruble in Russia, and anticorruption efforts and the slight economic slowdown in China. Such events add up to the fact that fewer people from these countries are traveling, or shopping.

While it remains important to focus on customers from emerging markets, it's also key to strategize on how best to convert passengers from more mature markets, such as Europe, into shoppers, according to Antonin Carreau, global head of beauty at World Duty Free Group. (Sixty percent of passengers in Heathrow, for instance, are from the U.K.)

Whereas World Duty Free used to employ destination targeting, it's now honing in on particular flights. So for instance, it might know on Tuesdays a Cathay Pacific flight takes off from a particular terminal and so the operator can shift its retail strategy there accordingly.

"We look at the sales we do per flight," says Carreau. "It's not across all of our businesses, but it's already in place."

He adds, "All the retailers are looking to be more accurate and more space-productive given the maturity we're reaching and the more complex business that we have to manage. Range management will evolve and become increasingly more important because of the cost of doing business and the need for everybody to deliver more."

World Duty Free believes the network will remain highly selective. "Successful retailers and brands will be the ones providing price advantage, quality products and services better than domestic markets to make travel retail a destination," explains Carreau, adding his operator does not believe that an easy way to convert European consumers is with mass or masstige categories due to the way they are sold in domestic markets. "If the battle is price, we would lose.

"Brands highly discounted on the domestic market, overdistributed, not selective enough for travel retail will progressively disappear from [the channel]," he says. "Consumers would rather buy these brands on the Internet or on discount in the domestic market. It's cheaper than us."

Flexibility will play more of a role, as will service. Carreau sees the digital influence making itself felt increasingly, and color cosmetics—particularly makeup artistry—finding a larger voice. "It's all about fun, color, enjoy, try, indulge," he says, adding that niche fragrance will make gains; salon hair care will be "progressively introduced," masstige will be retailed in a suitable manner, and there will be an uptick in the number of monobranded beauty stores.

Olivier Decazes, travel retail director for Europe and the Middle East at Beauté Prestige International, agrees people are looking for more in service in travel retail. He sees as a future development the ability to prebook products and pick them up at airports, whether at the point of departure or arrival.

"It's really like a personalized service," he says, adding for wealthy travelers there could be an adviser who waits for them in the shop and gives one-on-one advice.

Also looking ahead, he thinks there might be the ability while preparing a trip online to check a travel retailer's assortment virtually. If there's not much time, products could be collected either at check-in or on arrival.

More targeted marketing also might be a thing of the future. Say someone is a skin-care consumer, with personal details in a brand's database. It could be possible that when she enters an airport, her mobile phone—picked up by sensors—will deliver her a message from the brand with news of an exclusive product or a cost savings on an item (or other such information) available at a travel retail shop.

Low-cost carriers are upping the competition with airports, since some practice preordering. In certain instances, people can prebook a travel retail item on an airline's Web site that's delivered to their airplane seat.

But still, travel retail, Decazes believes, will never be extinct.

"Purchasing your products, a gift while you travel, is still part of the journey," he says. ■

"THE TRAVEL RETAIL MARKET IS AS BIG AS A CONTINENT—IT HAS ITS OWN INHABITANTS, ITS OWN CAPITAL'S."

—BARBARA LAVERNOS, L'ORÉAL