

Duty Free and Travel Retail:

Our call in favour of digital labelling to allow our unique retail channel to thrive

Duty free and travel retail (DFTR) is a unique retail channel catering to the international traveller and a significant source of income and marketing opportunities for European businesses. It requires tailored legislative and regulatory solutions to those used in European domestic markets.

ETRC urges EU regulators to formally allow for product information to be provided by means other than on the package or on the label to better inform consumers in the digital age.



Differentiating the Travel Retail Market from the High-Street

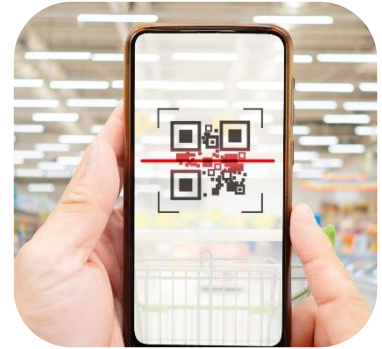
The strict application of EU and national legislation, which was negotiated without the specificities of the sector in mind, restricts the ability of manufacturers to access this important market. Indeed, such stringent rules act as significant barriers to entry for new products, particularly for SMEs and local producers, inevitably limiting consumer choice even further.

- **Multiplicity of languages** – DFTR channel serves a globally diverse customer base, with travellers who may not speak the language of the airport, airline, or maritime vessel they are travelling on. To address this, the sector is exploring innovative solutions to inform the consumer about the products they plan to purchase, in ways that meet regulatory objectives while catering to the needs of the customers of this unique retail channel.
- **Product nature** – Many products are intended for gifting and/or travel retail exclusives, packaged specifically for this global retail channel and destined for sales in many EU and non-EU countries. As a result, increased labelling requirements for information to consumers intended for the domestic market make it very challenging for suppliers to operate in DFTR and ultimately restricting the range available to the customer.
- **Limited product accessibility** – Unlike high-street retail, DFTR is available only to international travellers at airports, onboard airlines, ferries, and cruise ships.
- **Strict supply chain with security regulations and customs-controlled environments** – Products often do not enter the territory where they are sold and remain under customs control until purchased. DFTR operates within restricted-access areas, ensuring a controlled retail environment.

ETRC calls for Tailored Solutions for this Unique Retail Channel

The travel environment is driven by innovation, and digital solutions are fully part of the passenger experience. Mobile boarding passes, for instance, are now a standard for airlines and passengers across the globe.

ETRC advocates strongly that regulators consider adapting the application of existing EU legislation to the DFTR channel. This is necessary to take into account retrospectively the international marketplace that is being served, and the nature and place of final consumption of the goods retailed. In the event of new legislation being put forward, this should at all times include specific rules tailored to the needs of this unique channel.



ETRC is not advocating for the channel to be fully exempted from labelling and packaging rules. We do, however, need flexibility in how we communicate with our customers. ETRC argues that digital labelling through which mandatory information can be provided in a consumer-friendly format is the optimum solution to comply fully with regulatory requirements, while enabling the Duty Free & Travel Retail channel to continue to thrive and propose iconic products targeting an international audience.

ETRC Digital Labelling Project: 'DUTY FREE LABEL'

Not only can we meet the policy objectives of the regulations, but we can do so in a more effective manner for our retail channel than that required by the regulations. In this case by providing mandatory product information to international consumers in multiple languages via digital labelling, instead of on-pack labelling in the language of the country in which the product is being sold.

Even worse, national on-pack labelling requirements do not increase consumer information in the DFTR channel, since most passengers come from other countries and don't speak the local language. The outcome of full on-pack compliance results in the fragmentation of the offer and the withdrawal of products from the smaller markets, resulting in less consumer choice.

DUTY FREE LABEL

Through the project Duty Free Label, ETRC is supporting its members in adapting to this new reality: informing consumers in the Duty Free & Travel Retail channel in the digital age. Duty Free Label is a platform providing product information in multiple languages, which can be accessed when a digital mean on the packaging is scanned via a smartphone or in-store scanners.

As part of this project, ETRC also conducted an online consumer survey in 2021 of over 1000+ EU consumers who tested the usability of the platform. The survey provided overwhelmingly positive results, with 98% of travellers carrying a smartphone, 88% of respondents being satisfied with the platform, 85% of travellers considering the platform to be easy to use, and 74% considering themselves to be more likely to use digital labels compared to before the COVID-19 pandemic.

About the European Travel Retail Confederation (ETRC)

The European Travel Retail Confederation (ETRC) is an industry association representing the interests of the Duty Free and Travel Retail industry in Europe. ETRC is composed of 14 national and regional affiliated trade associations, and direct corporate membership from 40 individual companies working in the Duty Free and Travel Retail trade across Europe and beyond.

For more information, please contact:

Julie Lassaigne

Secretary General, ETRC

Email: julie.lassaigne@etrc.org

