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Travel retail played an important role as Coty posted an +8 percent rise in net revenues (+10 percent like-for-like) in Q3 of FY2024, ended 9 May. Travel retail recorded a +20 percent sales increase and very strong double-digit reported net revenue growth across regions. This growth was propelled by the ongoing recovery of international travel and Coty's continued expansion in the channel.

Not the type to rest on his laurels, Coty Senior Vice President Global Travel Retail Guilhem Souche and his team are focused on finding new ways to elevate the brand experience across the Coty portfolio and transform the company's fragrance brands into multi-axis beauty powerhouses.

He says: "Indeed, we are enjoying good momentum in travel retail. I see this as a good opportunity for us to keep on elevating our brands.

"The good thing is that fragrance has been the most dynamic category these past three years which has benefitted us greatly and has given us the opportunity to further showcase the strength of our brands in this channel."

Souche adds: "This momentum has also allowed us to expand our mono-axis fragrance brands into multi-axis by adding makeup offerings, which now contribute a significant part of our sales."

Coty's prestige cosmetics business saw very strong momentum with reported net revenue growth of over +25 percent in the quarter, led by its two prestige cosmetics brands Burberry and Kylie.

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A good first impression in Hainan

Coty was one of four international beauty houses to invest in having a major presence at the Hainan Expo 2024, a strong statement of confidence in the region. "Hainan was a very good show for us," Souche recounts. "It was the third time that we were present at the Hainan Expo and that's important as it shows our commitment to China and our belief that Hainan will keep growing as a duty-free destination."

The well-documented inventory issues in the Hainan duty-free market, caused by the crackdown on the trade, may have affected most leading beauty brands, but Souche sees it as an opportunity to go back to basics in Hainan.

"In Hainan, we are committed to delivering each of our brands' best retail expressions. We have invested greatly in opening beautiful new stores in Block C of the cdf Mall in Haitang Bay and of course at the cdf Haikou International Duty Free Shopping Complex.

"There are many people in China who want to go on a quick trip and enjoy a nice holiday in Hainan. Those stores may be their first contact with our brands and you know what they say, you don't get a second chance at making a good first impression."

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Unlocking the India opportunity

During the recent TFWA Asia Pacific Conference, Singapore Management University Author and Professor Nirmalya Kumar talked about how India's positive economic trajectory has paved the way to a burgeoning middle class with disposable income and a desire to travel. India – and the opportunity it offers for travel retail stakeholders – was one of the big topics during the Singapore show.

Quoting Kumar, Souche says: "Dr Kumar said that 'If you're not in India, it's already too late. We have very strong positions in Mumbai and Delhi and Bangalore airports. So for us, it's about expanding our brands and extending the collections.

"For fragrances there is huge potential for growth. We started with entry-level fragrances but we are seeing customers upscale to our more prestige brands as the population continues to develop. There is also a lot of interest in colour cosmetics in India, so Gucci and Burberry makeup are doing well. Last year, we launched the first Kylie Cosmetics store outside of Western travel retail in Mumbai. Kylie Cosmetics is a great asset for us and attracts new customers into the category.

"During the conference, APTRA President Sunil Tuli said that 'there is no such thing as one Asia'. What we're seeing in India is that there is no such thing as one India either. We are seeing different stages of development across the country so it's important to adapt our mix and portfolio to different cities.

"Thanks to the depth of our portfolio, we can introduce brands from our consumer beauty division all the way to our prestige division, wherever they make the most sense."

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Evolving fragrance preferences in Asia Pacific

Prior to his tenure as Senior Vice President Global Travel Retail, Souche spent two years in China as General Manager of the Luxury Division, giving him a rarefied perspective into how the fragrance landscape, particularly for Asian travellers, has evolved over the years. Looking back, Souche says: "When I started my journey with Coty, fragrances in Asia Pacific were usually bought as beautiful gifts.

"Then it evolved and was all about floral and fresh scents, especially in more humid climates. Now, it's a new world with customers knowing everything about oud, leather, santal and all sorts of sophisticated and complex scents. The landscape is evolving even further, because customers are exploring home and body scents, empowering the fragrance category to become much more holistic.

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“We also see a very strong evolution in terms of concentration,” he adds. “Customers want more long-lasting scents and fragrances that are more differentiated and bespoke to them. We are seeing good performances across our portfolio starting with Chloé, which is still very floral but is high-concentration and has long-lasting qualitative juices. Gucci Alchemist Garden, which started very well in Middle East and European travel retail, is now one of our leading collections in Asia, and particularly in Malaysia and Indonesia.”

The year of Burberry Goddess

Burberry Goddess, Coty’s biggest-ever launch, continues to be a success story for the company. This launch, coupled with strong growth in other Burberry franchises, drove over +50% expansion in Burberry’s total net revenues in Q3.

Commenting on the biggest winners of 2023, Souche says: “If I had to single out one launch, this year was undoubtedly the year of Burberry Goddess. It all started with an exclusive airport pre-launch in July 2023, which gave the best visibility and the most traffic for one of our biggest launches.

“This sent a strong message to the industry that Coty wanted to be the first to bring memorable, blockbuster campaigns to travel retail. It also showed the fashion houses the power of what travel retail can offer in terms of global visibility and traffic.

“We did another pre-launch with Daisy Wild Marc Jacobs in March, which was the big success story of the second half of our fiscal year. Our brands such as Boss, which enjoy strong brand awareness and have run innovative cross-category animations, is performing very well.”

Creating cross-category synergies

Coty recently partnered with Changi Airport Group and Lotte Duty Free to reveal its first-ever cross-category Boss pop-up in Asia Pacific travel retail. The animation offers signature Boss collections across the categories of fragrance, fashion and eyewear. These range from the Boss Bottled Triumph Elixir to limited-edition cross-category bundle sets and Boss Parfums luggage tags. According to Souche, it is the first of many cross-category animations Coty has planned in the channel.

"The Boss Triumph pop-up currently running in Changi is the 2.0 version of the first-ever cross-category pop-up we ran with Gebr. Heinemann last year," Souche explains. "This pop-up is all about fun and football and we are offering fashion items as well as elements that show sense of place, sense of travel and sense of time."

On whether he sees cross-category animations such as this, which build synergy with the fashion houses, becoming a bigger part of Coty Travel Retail's marketing approach, Souche says: "There are some brands such as Burberry where we are already selling cross-category in the local markets and we are already in discussion with the brands about how we can adopt a more holistic approach to retailing. When a customer loves a brand, they don't compartmentalise by category.

"We want to play a key role in recruiting customers to the brands and the deeper the experience the more effective the recruitment becomes."

Another successful Coty pop-up campaign was 2023's Fly With Me, a multibrand concept that Coty first unveiled at Singapore Changi Airport. Fly With Me brought themes of travel and discovery to life through interactive retailtainment, immersive displays and digitally driven fragrance discovery and is getting a major revamp in 2024.

"When things work, we try and improve them but not change too much from the winning formula," Souche explains. "Flying Carousel is the next chapter of our successful Fly With Me campaign last year. It offers the same interactivity, gamification, personalisation and gifting but what we pushed further is the ability to better adapt to seasonality and occasions. For example, the Diwali Flying Carousel pop-up will have a different skin to the one in spring or on Lunar New Year.

"The mission is to get travellers in the holiday spirit the moment they set foot in the airport. This is what we're trying to achieve with campaigns such as this."

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Lancaster and the big skincare push

In recent years, Coty has invested heavily in diversifying its portfolio, boosting the critical skincare sector with brands such as Lancaster and Orveda and broadening established brands such as Burberry to include makeup and skincare.

In Q3 of FY2024, Coty's prestige skincare business grew reported net revenues by a high-single-digit percentage, led by robust double-digit growth from Lancaster.

"As far as travel retail is concerned, the focus we have for skincare is Lancaster," Souche says. "Everything starts with photoaging and we have strong legitimacy on this as Lancaster has been the photoaging pioneer for more than 75 years.

"We are expanding Lancaster and opening counters in new countries across the globe. We recently hosted key media and KOLs, including The Moodie Davitt Report, in Monaco, the home of Lancaster, to learn all about the brand's photoaging expertise.

"There are four key messages for Lancaster. The fact that we are the number one prestige suncare brand in Europe, our photoaging expertise, our 'Made in Monaco' label and the fact that we are ocean friendly.

"In Europe the brand is already very strong and now we're focusing on expanding in the Americas and Asia. We've just opened counters in Changi Airport T4 as well as in airports in Indonesia, India and Thailand, which are all new countries for the brand."
Looking ahead and investing in retailisation

The global beauty market remains strong with demand for prestige fragrances continuing to grow at a double-digit percentage pace and above historical levels, while the mass beauty market is performing consistently with historical levels, growing at a mid-single-digit percentage.

Coty continues to benefit from this attractive market dynamic with momentum across its core categories, strong launch results and early wins in key white spaces.

"We've made a lot of progress in digital," Souche says. "We've also been working to improve our brand impression both in stores and online so we can really immerse customers into the brand universe and help them understand what we stand for.

"The biggest priority for us is to keep working on retailisation. We will keep on improving our branded spaces, not just gaining space, but getting better quality spaces where customers will immediately recognise the brand even without the logo. For example, during the TFWA World Exhibition in 2023, Chloé gave away little bouquets at Nice Airport, which was a nice gesture that's specific to the brand.

"It's a lot of effort and investment. One thing I have noticed is that generic retail spaces are shrinking, so it's important to step up the retail experience both in permanent spaces and animations. This way, we can continue to ride this great momentum and gain even more market share in travel retail."