

TRSW24 keynote: "Sustainability is par for the course – not an add-on"

The live conference sessions for TR Sustainability Week 2024 commenced on a strong note this morning with a keynote panel session that delved into travel retail's approach to sustainable, compostable, biodegradable and eco-materials, from pre-Covid to now.

Titled, 'A circular future for packaging and waste', the session featured Linzi Walker, Chief Commercial Officer for Harding+ and Lara Schlüter, Director Travel Retail, Babor, who offered their expert insights into the topic.

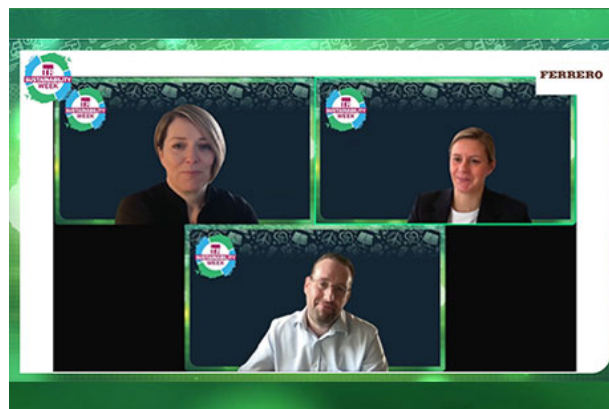
The session was moderated by Luke Barras-Hill, Editorial Director at TRBusiness.

To start, Schlüter highlighted Babor's long-term commitment to sustainability by taking the audience on a journey back to the 1960s when the company's early advertising referenced its green efforts.

Today, Babor is guided by its trinity of 'integrating performance, luxury experience and sustainability at the highest level' to power its continued growth and development.

"Sustainability is in our core DNA," said Schlüter. "We want to make sure we offer our customers products that are really performing well and that are luxurious."

Schlüter shed light on some of the key milestones that have been achieved as part of the company's sustainability roadmap through the years, from introducing refills in 1990 to launching the Babor forest in Eifel in 2020 which, as well as helping to neutralise CO2, is home to eight different bee colonies.



A lively discussion on minimising packaging and waste kick-started the TR Sustainability Week 2024 live sessions.



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The session was moderated by Luke Barras-Hill, Editorial Director at TRBusiness.

She also noted the opening of the state-of-the-art Babor Beauty Cluster last year, where all the products are produced and logistics are managed in-house. Thanks to smart initiatives, the building is on track to be 30% self-sufficient with regards to its energy by 2030.

This is one of a roster of goals the company is targeting over the coming years.

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The discussion moved on to talk about measuring and reducing Scope 3 emissions, which essentially refers to everything product related.

"We have an excellent sustainability team in house who are working on the three different Scopes and also the lifecycles," said Schlüter.

"They do a lot of research and work together with our packaging department so of course we want to see that we really reduce our emissions and that we get better all the time and that we are sustainable and recyclable.

"We want more sustainable products without losing the performance or the quality. So, for instance, does it make sense to just make paper [packaging] thinner to the point where it doesn't look good or is secure anymore.

"For us, it is important to combine sustainability, luxury and performance. This is something our sustainability, packaging and marketing teams work together on in order to be aware of the three different Scopes and to get the results needed."



Babor highlighted its major sustainability milestones through the years.

Next, Walker from Harding+ gave the audience an overview of the scope of the business, including how the company has been retailing at sea since the 1930s and how it is working with some of the largest cruise lines in the world.

She described the evolving consumer as one of the biggest shifts the company has seen since Covid, with passengers being "slightly less traditional and a lot younger" with the average age of passengers falling to 46 compared to 60 in the space of a few years.

"With that younger demographic, they are many more questions around what is in the products and what the packaging is made of," she said.

"We are seeing around 50% of guests who are new to cruise and have not been in this environment before."

SOME OF OUR GOALS

- 2025:** Reduce carbon emissions by 93%
- 2030:** Energy self-sufficient factory 30%
- 2026:** Clean Standard for BABOR 47%
- Beyond carbon:** LCA on track

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Lara Schlüter, Director Travel Retail, Babor, talked through the company's green goals for the future.

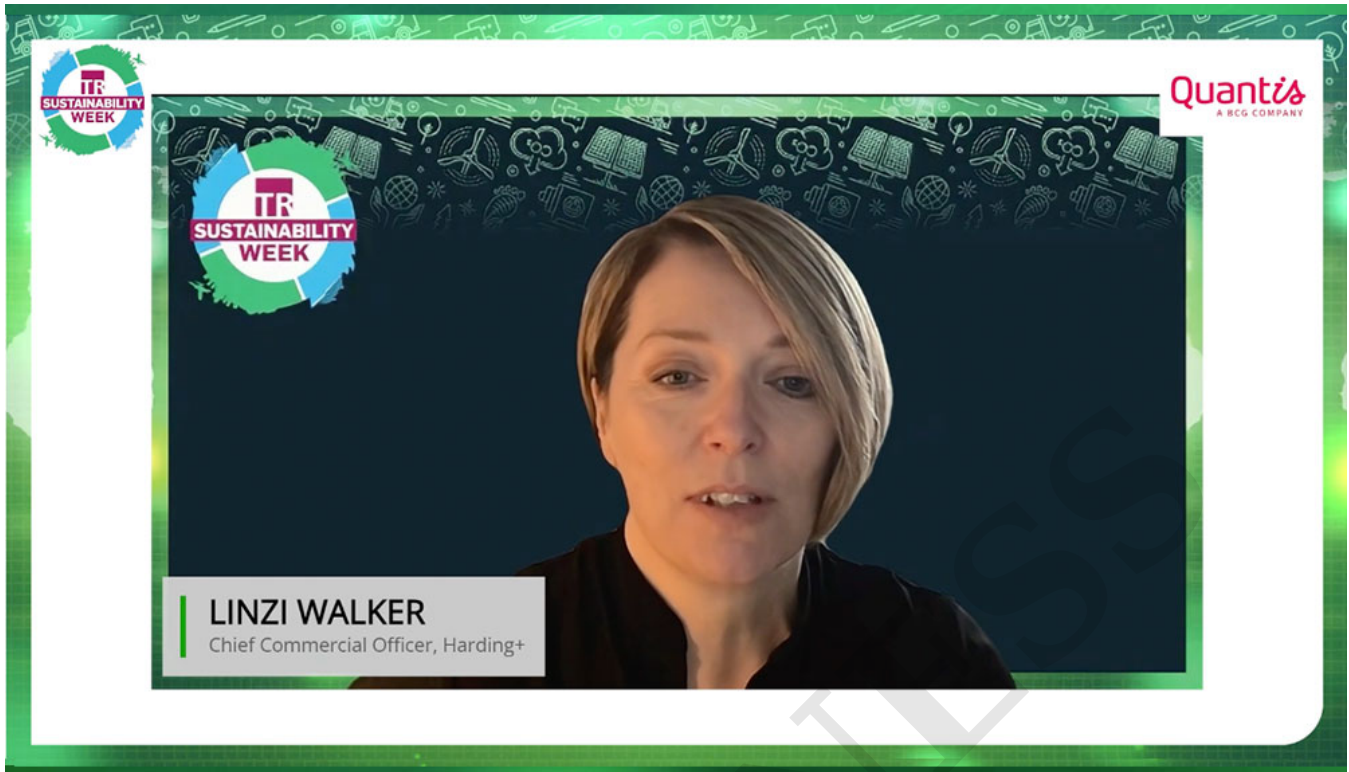
She mentioned how this given rise to more families onboard, adding that understanding its guests and customers is vitally important in how Harding+ curates its retail assortments.

"When people are on holiday they are in a very different mindset when shopping, which gives us some very interesting conversations to have," elaborated Walker.

"It's a very large product proposition that we deal with – around 650 brands – and each of them, of course, has its own sustainability proposition and journey.

"We engage and help educate our guests and colleagues on board with those sustainability conversations."

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Linzi Walker, Chief Commercial Officer and Harding+ brought the retail perspective to the fore.

She went on to talk about the uniqueness of sustainability at sea, as passengers onboard are captive and so have the space and time to engage with retail staff.

"We are seeing guests visit our stores on average three times during a cruise – that is a lot of interaction – and they spend about 30 minutes browsing in store," she said.

"This give us an important opportunity to create a connection with them and also to do a beautiful job for our brand partners in terms of explaining what brands have to offer.

"At the heart of this is embedding a culture in our marketing and merchandising division on doing the right thing – [it's about] understanding the guests and our brand partners and merging those conversations together.

"Sustainability is not an add on to these conversations – it's par for the course now. And that is different to a couple of years ago."

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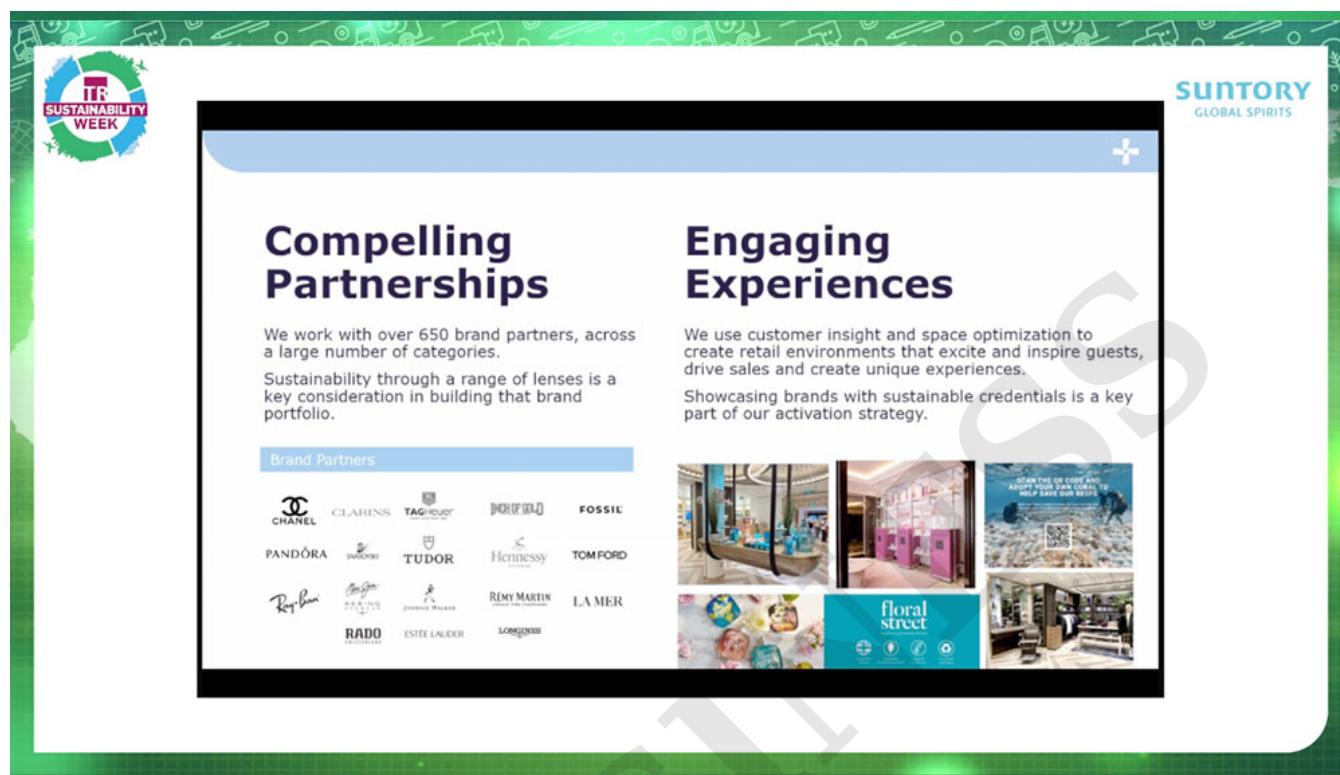
Walker also noted that the beauty industry is at the forefront of a number of sustainability initiatives, from cruelty-free and fair-trade formulations to recycling and reusable aspects.

Harding+ is going a step further by exploring the concept of wellness and organic living as part of this and

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curating ranges specifically around this theme.

Promoting a circular economy and sustainable fashion is also a key focus.



Harding+ detailed how sustainability, through various lenses, is a key consideration when it comes to building its brand portfolio.

“We introduced pre-loved [fashion] where we are selling pre-owned and pre-loved brands,” she said. “This has been a huge part of our business growth and we have extended it to watches and jewellery.”

She also spoke about the company’s advancements in sourcing its products and delivering them onboard and into the hands of consumers in the most efficient way possible.

This sparked a focus within the discussion on the visible versus invisible effects of sustainability efforts.

Schlüter ran through some of the visible packaging upgrades that Babor has made such as for its HSR Lifting product to minimise hot foil stamping in favour of an updated paper coated solution that can be fully recycled.

“It’s a big difference and it looks better and more modern,” she said.

She also highlighted how the Babor advent calendar has been given a makeover with a paper inlay instead of a plastic one.

“The customer doesn’t really see the difference, but it makes a huge difference [from a recycling perspective],” she said.

In response to a question from the audience on the demand for refills, Schlüter pointed out that a trial of a bigger jar showed that consumers liked it so much that they didn’t bring it back. However, the company is currently looking at new inventions as an initiative it “really believes in”.

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"Watch this space," said Walker with regards to refills. "Everyone is desperate to land this with consumers. They do want it but perhaps are not yet understanding or willing to pay for it. But I have seen some innovations that really take it to the next level. It is evolving so quickly so I think next year at this conference there will be some concepts launching that we can discuss."



Babors Schlüter explained how small changes to packaging can make a big difference.

Walker went on to discuss how Harding+ is listing an increasing number of sustainable and environmentally friendly brands – and exactly what the retailer is looking for when it comes to introducing new listings.

"We are looking for points of interest because they differentiate and they give us another conversation to have with consumers," she explained. "This is definitely at the forefront of our decisions.

"Packaging to an extent is in the hands of the brands and the partners we dealing with and we will challenge that and will look for methods of packaging and boxing and warehousing that reduces waste and packaging, she continued.

"Our own responsibility onboard is with our bags that we give to consumers who purchase on board. We moved a while ago to paper bags, away from plastic. But we still give away a lot of bags: in 2013 we gave around 3.8 million paper bags on ships, which is still a significant number, and we have a strategy to reduce that down and we are doing three things in order to do that.

"The first is around educating with our colleagues onboard about not always offering a bag does the customer really want a bag, and not just expecting them to need one. Or can they put several products into one bag – just reducing what we give away.

"The second is in territories where it is more familiar and appropriate we have started charging for bags, which in the UK is very par for the course. And we have seen an 80% reduction in bags given away when

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we have that charge.

"The third is introducing a bag for life, which we have done on some of our UK fleets. This has proved to be hugely successful and we are looking to roll that out to the rest of our fleets also."

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Prompted by another question from the audience, the speakers tackled the question of how the Packaging and Packaging Waste Regulation (PPWR) regulation coming down the line in the EU may impact on business.

"To be honest, until now we are really relaxed because in 2023 we reached 75% recyclability of all our packaging components – already above the 70% required by the EU legislation by 2030," said Babor's Schlüter.

"So we are in a good way, but this is not enough for us as we want to be a hero in the beauty category so we are aiming to increase our 75% recyclability while keeping an on performance and luxurious aspects."

She referenced some pending decisions at a country level to inform how Babor will proceed with the next steps.



The discussion inspired a flurry of questions from the audience.

In terms of the categories Haring+ is focusing on when it comes building more sustainable options into the

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mix, Walker shared the following: "Liquor is probably fast on beauty's heels in terms of where the products are coming from and the packaging and the bottles that are used in that space."

"Pre-loved will become a bigger and bigger part of our business," she added.

The branded products that Harding+ produces with its cruise line partners, or for specific cruise ships, is also an area with huge scope thanks to the process and discussions between stakeholders being nicely joined up.

"This is where we can lean into things like reusable water bottles for free fill ups around the ships," she explained.

"So theres lots of conversations we can have very specifically when we are doing joint marketing and branding that will align with what they are trying to achieve."

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