

food

FOR THOUGHT

SERVED UP BY SSP THE FOOD TRAVEL EXPERTS

**MAKING A
DIFFERENCE**

SSP's team

THE BIG INTERVIEW

Patrick Coveney

EXPERT VIEW

An Athenian angle

IN FOCUS

Sustainability



SPRING 2023

News and comment from around the SSP business



EASTERN EUROPE, MIDDLE EAST AND INDIA

"We managed to weather the storm of Covid-19 by taking immediate action to sharpen our operations, simplifying menus and reducing waste and production costs. We are looking forward to a strong summer season. Sales are now up on 2019 levels, and there has been a strong recovery in our key markets such as Greece & the Middle East with our Associates Business in Cyprus and Qatar performing strongly, driven by leisure traffic. Our business in Egypt has largely made up for the loss of Russian tourists but we are faced with the challenge there of managing a significant devaluation of the Egyptian Pound. We are seeing an increase in the number of development opportunities across the region which is an encouraging sign of the anticipated growth."

"In India, our JV business TFS goes from strength to strength on the back of a strong domestic passenger recovery. With growth in international traffic beginning to catch up, we are now well ahead of 2019 on a like-for-like basis. The strength of the Indian economy continues to drive traffic and we have seen the launch of two new domestic airlines in the last six months. Additionally, we've seen the take-over of Air India by the Tata conglomerate nearly a year ago. This underscores the confidence and interest in the Air Travel market in India."

Mark Angela, CEO India, Eastern Europe and Middle East

CONTINENTAL EUROPE

"Our business is back to 2019 levels, driven by returning passengers and also new contract wins in most markets. We've seen a huge resurgence in leisure travel – our business in Spain and the Canary Islands has been particularly strong. As a consequence, we're seeing more 'treat spending' as passengers really want to enjoy the best part of their journey."

"Expectations around sustainability are high in Europe, and we're pushing to accelerate progress and working closely with clients to align on their plans. We also continue to develop healthy and vegetarian options in response to increased customer demand."

Jeremy Fennell, CEO Continental Europe

ASIA PACIFIC

"Across the different countries in the region, trajectories have not been the same. We're focusing on re-opening and mobilising significant new business wins in Malaysia, Australia, Thailand and others."

"The passenger mix we're serving is different, so it's difficult to compare to pre-Covid-19 profiles. Asia Pacific is not one region but many, each of which has very different needs and expectations. However, we're expecting to see the trends that are impacting the food service sector across the world in wellbeing and sustainability here too, and are ready to respond."

Jonathan Robinson, CEO Asia Pacific

UK & IRELAND

"We have two different recovery stories to tell. The unleashing of pent-up demand led to some of the busiest weeks ever in our airport estate, which we were able to capitalise on and trade well. Summer bookings demonstrate strong demand for air travel."

"In rail, hybrid working has had an impact and many people have changed their commuting patterns; however, the channel continues to recover. When customers are travelling, they are spending more, and leisure travel is replacing some commuter business."

Kari Daniels, CEO UK & Ireland

NORTH AMERICA

"Our recovery has definitely been helped by the growing trend for 'bleisure' travel, that is extending a business trip into a vacation."

"Pre-Covid-19, technology was becoming more important, but now things like virtual kiosks and order-at-table have become standard and really helped us to drive sales, serving more customers in a shorter window. One thing that hasn't really changed is consumer food preferences – our best sellers are still the same items."

Michael Svagdis, CEO North America



ADDRESSING THE NEEDS OF THE NEW POST-COVID TRAVELLER



An upbeat Theodore Anglos, Business Director Non-Aeronautical at Athens International Airport explains how a return to 'business as usual' came quicker than expected

Trying to predict the future can be a futile occupation, but there's no doubt that here in Athens, our recovery was much speedier than we expected. We ended 2022 with passenger numbers at 89% of 2019 levels, and so far, we are doing better in 2023 than in 2019. North American passenger numbers are at record highs, and we can only expect an increase in numbers of tourists from China as the country re-opens its borders. What is also great news for me and the team here is that retail and F&B are performing quite well, with 2022 seeing sales up on 2019 levels.

While the pent-up demand for travel has contributed to this success, we've not been complacent as travellers have returned. A quarter of our stores have been changed, and our 'Best of Greece' initiative which aims to bring the finest in products and concepts the country has to offer to the terminal has done much to boost sales.

The resilience of the team here at the airport and the partners with whom we work has also been instrumental in helping us get back on our feet quickly. Across all our operations, people had not been waiting around to see what happens but were proactively working hard to do whatever was necessary to maintain standards and plan so that we were ready when our passengers came back.

Of course, knowing our customers and understanding their behaviour has always been important, and it's particularly the case now. We've always conducted significant amounts of customer research and that won't change. While post-2020 passengers had been stressed and keen to avoid crowded areas, it's fair to say that they are becoming more relaxed now.

However, passengers still want to come to the airport earlier, and they're still keen to avoid queues. We're also seeing

more leisure passengers compared with passengers travelling for business.

Looking ahead, I'm wary of saying what I think is on the cards for our business. If five years ago anyone had said that we were going to be brought to a standstill by a global pandemic I wouldn't have believed it, and so, in the current political and economic climate, I'm cautious about making predictions. What I can say however is that Athens, with its rare mix of urban vibrancy and historical significance will continue to provide adventure in a safe context that is important in our new world. The future may indeed be challenging but I'm certain, having seen how we coped with the difficulties of the past three years, that whatever the fates have in store for us, the people who live and work here at Athens International Airport will rise to the challenge.

A GREENER FUTURE

A robust approach to sustainability is no longer a 'nice to have'





ABOVE: Salads from 'Ida & Frida' in Germany



TOP: Healthy food options at Sweet Maple, SFO Intl Airport

BOTTOM: The launch of SSP foundation-funded FareShare lorry

At SSP, sustainability is integral to future success, so much so that it's a key component of the company's corporate strategy. Though there have been a number of impressive social and environmental initiatives across the business for some time, these have tended to be locally-led.

While the pandemic tested the business on many levels, it also gave the company a chance to take stock, engage with a broad range of stakeholders to understand the issues that matter to them, and develop a more coherent, global approach to sustainability. In 2021, SSP launched its sustainability strategy, supported by clearly defined commitments and measurable targets. The strategy focuses on the most important issues for the business and stakeholders across three key areas.

The first key area is about serving customers responsibly in terms of how SSP sources its ingredients, supports animal welfare and provides customers with healthier and more environmentally friendly choices. In 2022, the company made significant headway, adapting its offer to provide healthier lifestyle choices suited to different dietary needs including plant-based diets. By the end of 2022, 33% of all meals offered by SSP own-brands were plant based or vegetarian. An excellent example of this is the revamped Ida & Frida brand in Germany, where over 70% of products on the menu are plant-based or vegetarian. These generated over 80% of the brand's total sales in the 2022 financial year, a testament to the quality and popularity of the offerings.

Protecting the environment is SSP's second key sustainability focus area. At the heart of this is a commitment to achieve net zero carbon emissions across the value chain by 2040. In 2022, good progress was made with a 36% reduction in direct Scope 1 and 2 CO₂e emissions from the 2019 baseline. SSP also fully mapped its indirect Scope 3 value chain emissions – this has given the business detailed visibility of exactly where the emissions lie, enabling the development of the detailed plan to achieve net zero by 2040. The journey to net zero is a

challenging undertaking and not something SSP can do in isolation. Collaborating with its suppliers, clients and brand partners will be absolutely crucial, with a focus on sourcing ingredients and designing menus to help our customers make more climate-friendly choices.

Good progress was also made with regard to food waste in 2022. For example, 96% of SSP's own brand units that use cooking oil were sending it for recycling, including 100% in India, through the national Repurpose Used Cooking Oil (RUCO) programme, which converts the oil into biofuel. In just three months in 2022 this totalled more than 7,800 litres of waste cooking oil, helping to reduce food waste and emissions from fossil fuels in one stroke.

The third key area is to support colleagues and communities. This includes treating colleagues with care and respect, protecting their safety and wellbeing, supporting communities, as well as embracing diversity and protecting human rights. To support these commitments, SSP's teams have made significant progress in 2022. As a way to support colleagues' mental wellbeing, SSP ran a month-long global campaign focusing on opening up the conversation around mental health in the workplace. SSP also recognises the important role it plays in the communities the company operates in. In 2022, SSP's teams across Europe supported a range of humanitarian projects for Ukrainian refugees, including a major effort in Berlin, where our teams worked selflessly to provide food and drinks for refugees arriving at the Central Station.

SSP's Sustainability Report details the concrete progress that has been made throughout the year and provides measurable targets for future initiatives. "I see an amazing opportunity ahead of us" said Patrick Coveney, SSP Group CEO, "Many of our suppliers, clients and brand partners already have their own sustainability ambitions and SSP is in a unique position to be able to bring our different stakeholders together to catalyse action around our shared goals."

SSP's sustainability report can be downloaded from our website.



A YEAR AT THE HELM

Group SSP CEO Patrick Coveney, who joined the business in March 2022, shares his thoughts on his first year at the company and what lies ahead for the wider travel retail industry.

TO KICK OFF PATRICK, HOW HAS YOUR FIRST YEAR BEEN?

It's been an absolute whirlwind. I've so enjoyed travelling the world and meeting many of our teams, clients, brands and joint venture partners. While the last twelve months have of course had their challenges, it's great to see the world travelling again, and travelling at real scale.

With the return of passengers, we've seen our business return to growth, and since September, we've largely been trading at above pre-Covid-19 sales levels. The fact that the recovery has been led by leisure travel is good news for airport F&B operators, as leisure travellers typically have longer dwell times, are looking for 'experiences', often travel in groups and tend to spend more on food and drink at the airport.

WHAT CHANGES ARE WE SEEING IN THE TRAVEL SECTOR THAT MAKES F&B EVEN MORE IMPORTANT?

For some time, we've been seeing relatively stronger growth among low-cost carriers, which usually offer few food options on board. This has meant that more passengers are looking to eat at the airport or 'grab' food for the flight. A shift in airport infrastructure in response to passengers' declining desire for retail and the growing demand for space dedicated to travel experiences – often food or drink related – has also boosted F&B sales.

HOW WILL YOU MAKE SURE YOUR BRANDS ARE PERFORMING STRONGLY?

One thing we'll be doing is taking a close look at our restaurants across the world and making sure they are really trading hard. We've developed a full set of performance levers, and tailored them by format, brand and region. We're also strengthening our research on customer behaviour and travel trends, and then using the valuable insights that this research yields to work with our clients and create new concepts. Some good examples from the past year include Koh Hop Bar in Suvarnabhumi Airport, Thailand, Oliva & Bellota in Spain and Soul & Grain at London Victoria Station and London City Airport. We're also looking at refreshing and fundamentally revitalising our in-house brands such as Upper Crust and Point. We'll be showing you more later this year.

HOW IMPORTANT IS DIGITAL?

Embracing digital is an essential part of our strategy, and we're already a long way down the road here. Simply put, consumers of all ages, nationalities, and missions want digital – typically in combination with some friendly human service! Kiosk ordering and digital offerings such as our contactless order and payment platform Order@ can do a lot to improve customer experience, and they've been deployed in hundreds of our units. Take-up is high, and because customers have more time to browse and think about their orders, they're spending more too.

WOULD YOU SAY SSP HAS RECOVERED?

We have recovered, yes, but a forward-looking mindset is so important. I am so proud of how our teams led through Covid-19, but I am equally clear that we cannot rebuild the business models of yesterday. What we must do at SSP – and what we all need to do as travel industry leaders – is to build compelling, relevant and exciting travel businesses for the future. The airport environment is changing, the brands that appeal are different, customers are seeking different tastes, conveniences, health and sustainability outcomes and exciting experiences. Our propositions and the way we work with clients need to be different. We've got to look forward and come up with new solutions that will work brilliantly in this evolved landscape.

WHAT ARE YOU LOOKING FORWARD TO FOR THE REST OF 2023?

What excites me now is building on the enormous potential of SSP, and the thing I like best about my job is the great people, and of course, the travel itself!



ABOVE: The team at Jollibee, Mactan Cebu T1

NEW TEAMS FOR A NEW ERA

How SSP's teams are now back to full strength in a new recruitment landscape

SSP now has over 35,000 team members across the world. And with the workforce doubling in size since the pandemic, came a real opportunity to reset the agenda and introduce radical cultural change.

Considerable resources were put into recruitment and retention, and the People function was augmented across the business. In the US for example, the in-house recruitment team was expanded from two to seven – one for each regional market.

A decentralised approach has given local teams the autonomy to devise innovative programmes to meet the specific needs of their business. A competition for talent means wage rates have to be attractive in 'hot spots', while remaining mindful of costs at a very local level. But competitive wage rates are just one tool in the arsenal.

A broad range of programmes such as referral-a-friend programmes and massively increased online outreach are also helping to boost the numbers.

Creative incentives, such as a payment programme in the US that gave staff a bonus for every hour they worked as well as improved benefits packages such as enhanced subsistence allowances, discounts, staff meals or cycle-to-work schemes helped considerably. Particular emphasis was placed on ensuring that all staff were on-boarded, inducted and trained to the highest standard, and management teams had the time to make sure new-starters had the best possible experience.

The story wasn't all about new recruits. A large percentage of SSP's management team was retained through the crisis (and many worked at the units that were still open during

the darkest days of the pandemic), providing continuity, and meaning that teams could be up-and-running quickly. Much effort was made to allay the fears of hourly paid colleagues returning to work by meticulously training management on new safety protocols and creating safe and attractive workplaces to come back to.

The new landscape meant the opportunity was there to instil core SSP values. This is perhaps best exemplified by the HighFive training scheme – piloted in the UK and Nordics, and due to be introduced more widely across the Group – which has been designed to ensure consistently great service standards.

It's paying off. According to the latest poll, engagement and retention efforts are having a real effect on the business, with scores showing 70-80% satisfaction among colleagues. And the commitment to strengthen the people agenda continues.