



Reigniting our industry

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 **DUFY**

Our industry's evolution

Growth is resilient but with more competition

	Yesterday	Today
Passenger traffic growth	+4.1%* CAGR 05'-10'	+6.2%* F25'
Retail operator and supplier consolidation		Increasing
Market saturation	Fully fledged retail offer in airports above 10M passengers	Fully fledged retail offer in airports (core categories) above 1-2M passengers
Airport bidding environment	Partnership Competitive	Partnership Competitive Aggressive

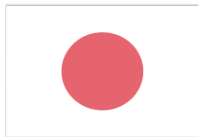
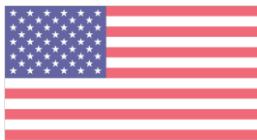
* Source: ACI
TFWA presentation Singapore May 2017

Our industry's evolution

More sophisticated and diversified consumer groups than ever before...

Yesterday

Key consumers by nationalities



Generations



Generation X



Baby Boomers

Purchasing drivers



Savings



Impulse / last minute

Key channels

- Airport retail sales accounting for more than 2/3 of the market

Spend per passenger

05-10
+6,2%*

Today



...



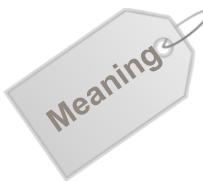
Millennials



Generation X



Baby Boomers



Value for money



Pre-planning

- Growing share of down town duty free, cruises and other channels
- Downtown retailers systematically target travelers

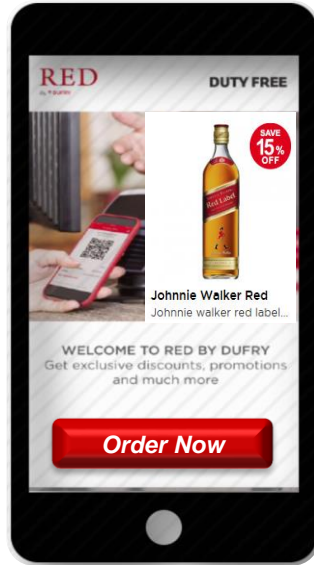
10-16
+0,6%*

Technology and taste-sophistication have created a significant shift in customer expectations

Customer expectations are shifting...



Technology puts **consumers in control** (access to information)



Consumers are demanding **quick, consistent interactions**



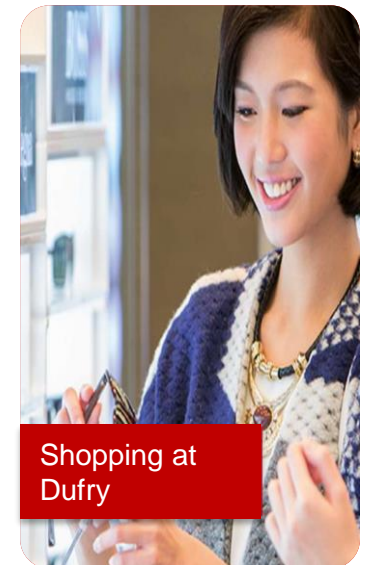
MEANING

Consumers expect a **deeper connection with brands and their values**



PERSONALIZATION

Consumers expect brands and retailers to **cater to their individual needs**



PERSONAL FULFILMENT

Shopping must be a **fulfilling experience**

Some trends are more accelerated in Asia

Asia Pacific market grew from 24% (in 2005) to 41% (in 2016)

Asia dynamics are emerging



HIGHER COMPETITIVENESS

Non airport channels reached **48%** of the travel retail market in Asia in 2015



STRONGER CONCENTRATION OF CUSTOMER GROUP

Chinese account for roughly three quarters of personal luxury market



DISRUPTIVE DIGITAL GROWTH

Digital penetration of e-commerce is **double** in China vs global average



REGULATION THREATS

- Chinese government set repatriate sales
- Protection of local champions
- Travel item restriction laws



MORE ACTORS IN THE VALUE CHAIN

- Tour group leaders,
- Online travel agencies –
- Tour operator
- ...

Five point formula to ensure long-term growth..



Staying true to the store experience, innovating the core business...

Adapt & personalize



Chinese Shanghai arrival - 10 am

Enhance interaction



TFWA presentation Singapore May 2017

Explore



Stay local



Staying true to the store experience, innovating the core business...

Discovery – (ig. Exclusive products)



Exclusive launches and products

Entertain – Events with Celebrities in the store



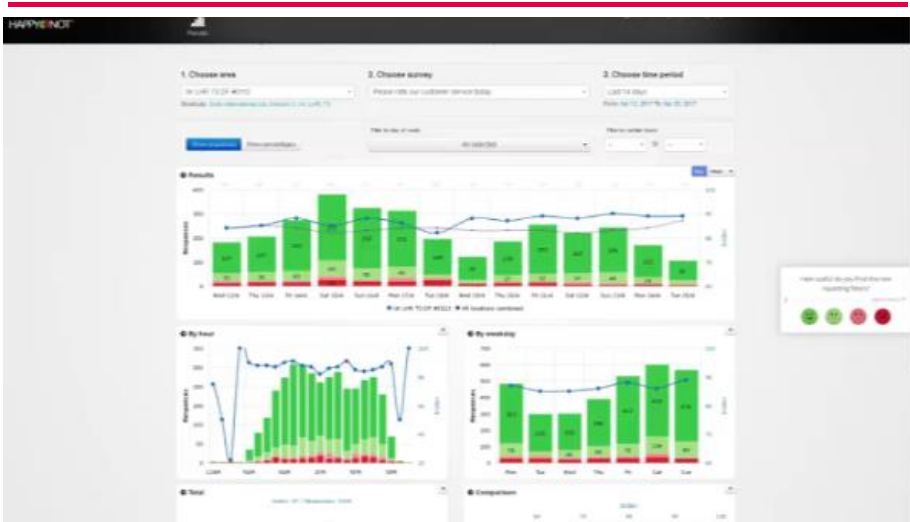
Events – Increasing trendiness, glamour and animation in store. Melbourne: celebrity wine promotion; Guo Degang is a major celebrity in China. 64 million followers on social media site Weibo.



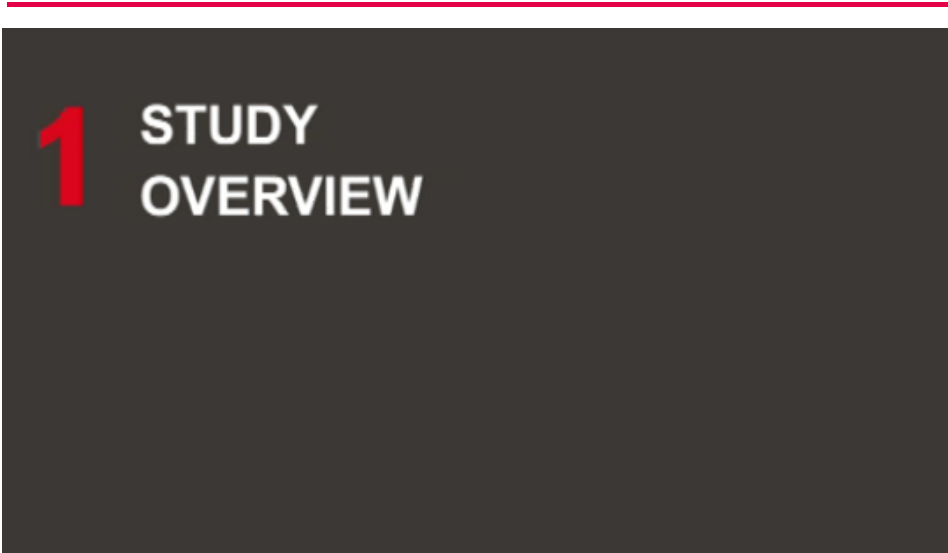
A systematic approach to constantly enhance customer service

Integrated system of tools

Quantitative customer feedback on daily level..



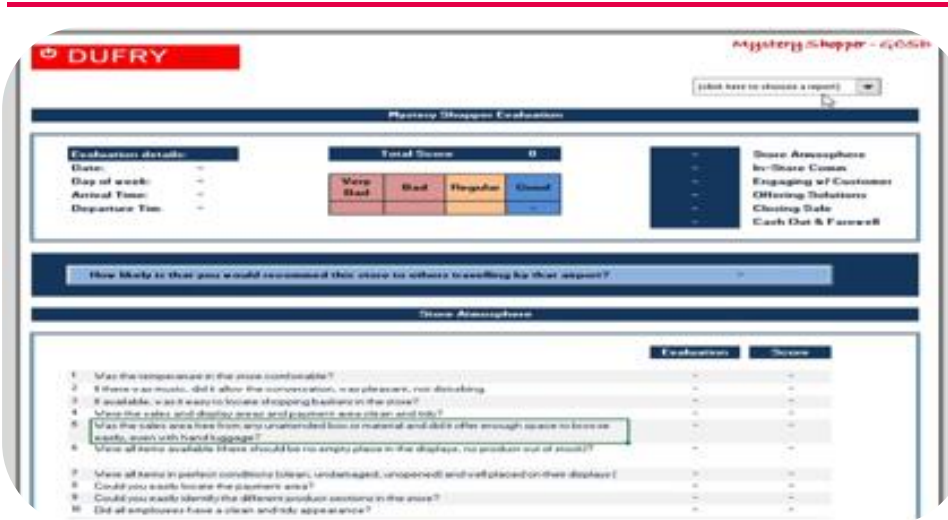
Qualitative studies on the perception



Open channel to communicate online & offline

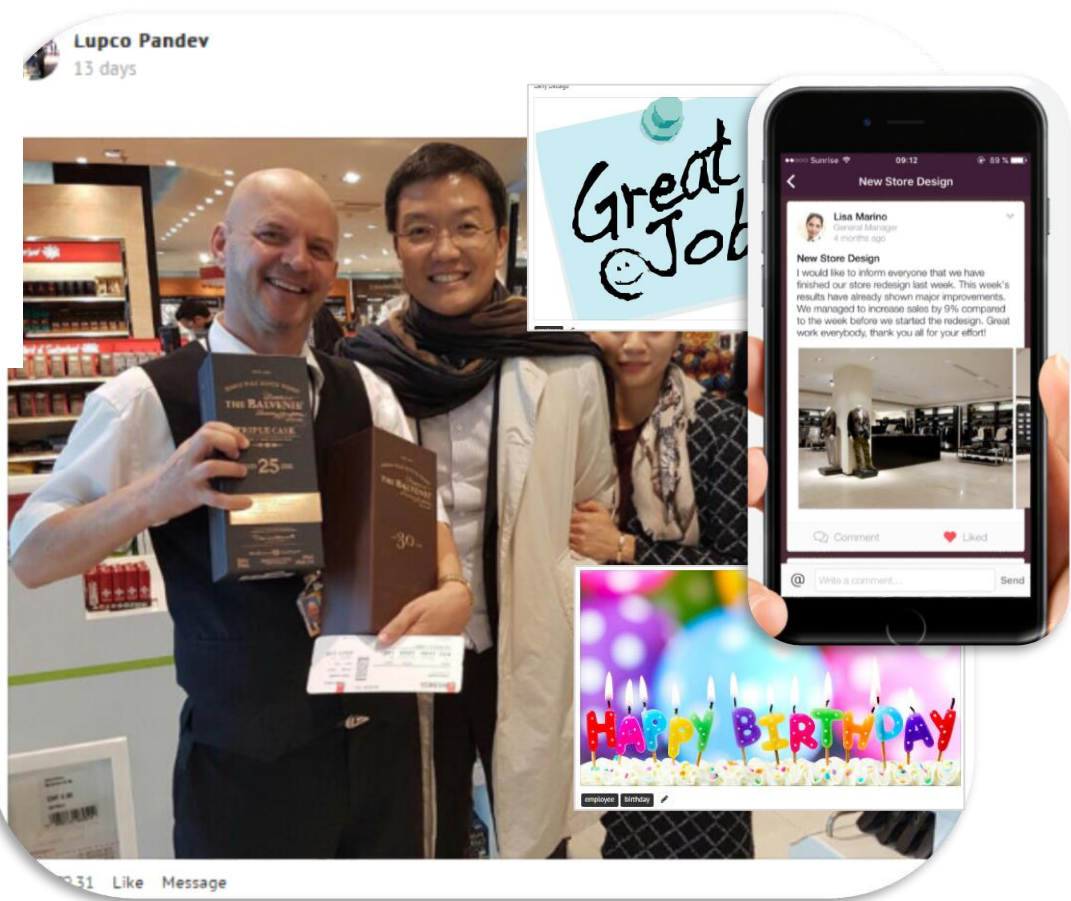


Mystery shopping program

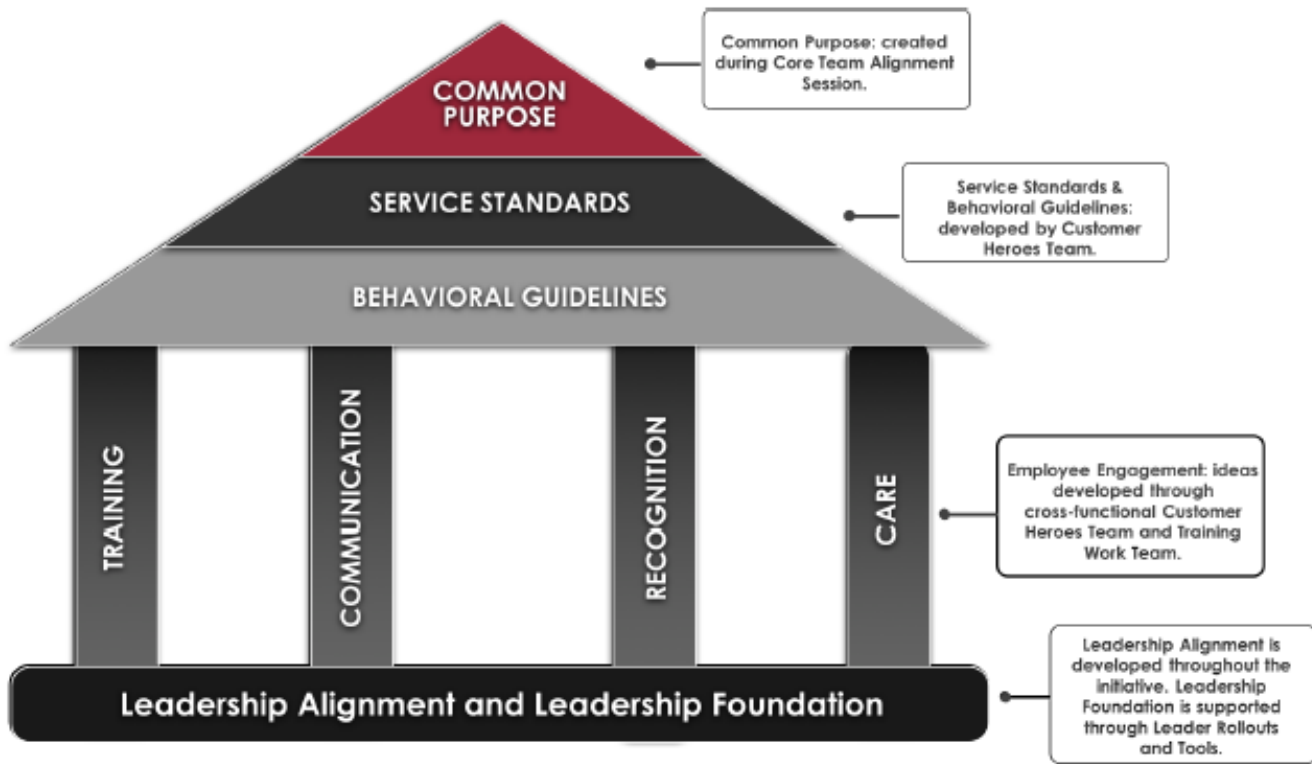


Human resources and cultural development as key pillars of service excellence

Staff engagement



Investing in service culture



BUILDING DUFY'S SERVICE FRAMEWORK

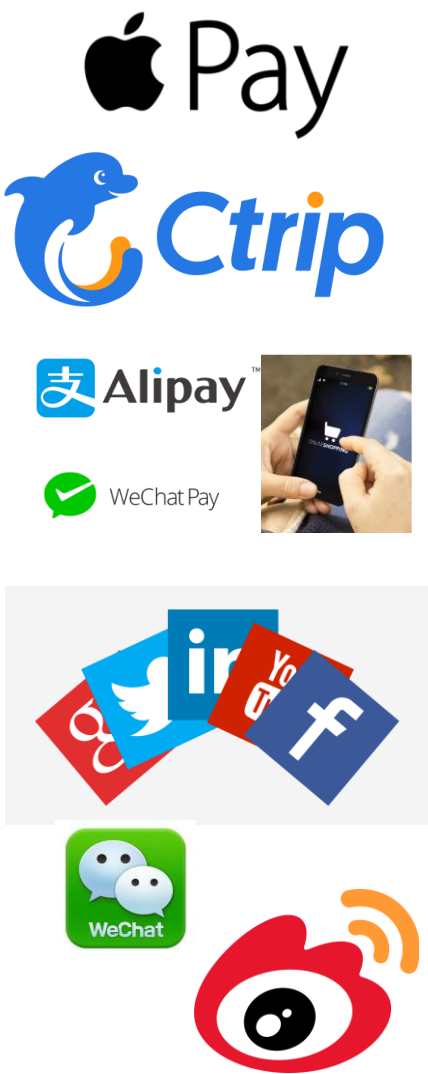


Introducing more digital tools

Dufry Red - Loyalty



Digital partnership



Dealing with complexity requires stronger and balanced partnership



Thank you!