

A nighttime aerial view of a city, likely Shanghai, with numerous skyscrapers and lights. A semi-transparent map of China is overlaid on the top half of the image. The title '中国机遇' is written in large, stylized Chinese characters across the center.

中国机遇

THE "NEW ENGINE" OF FUTURE TRAVEL RETAIL

OPPORTUNITIES IN CHINA



目录

DIRECTORY

- 1 THE YOUNG GENERATION OF CHINA,**
Where have they changed? What have they changed?
- 2 GOVERNMENT'S DIRECTION,**
What are the opportunities for travel retail?
- 3 TRAVEL RETAIL,**
What are the development trends and core drivers of the future?

THE YOUNG GENERATION OF CHINA

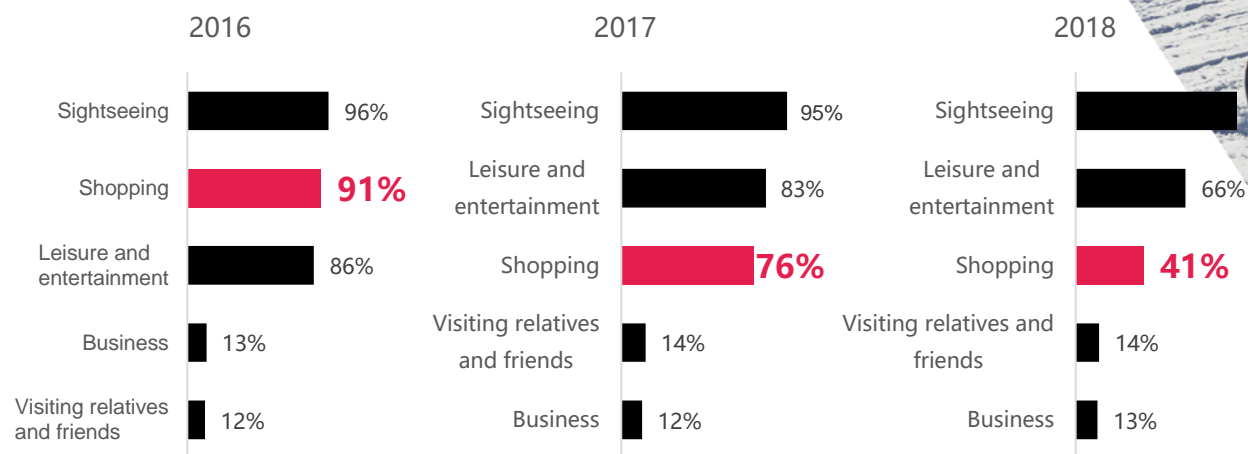
**WHERE HAVE THEY CHANGED ?
WHAT HAVE THEY CHANGED ?**



OUTBOUND TRAVEL OF THE YOUNG GENERATION IN CHINA

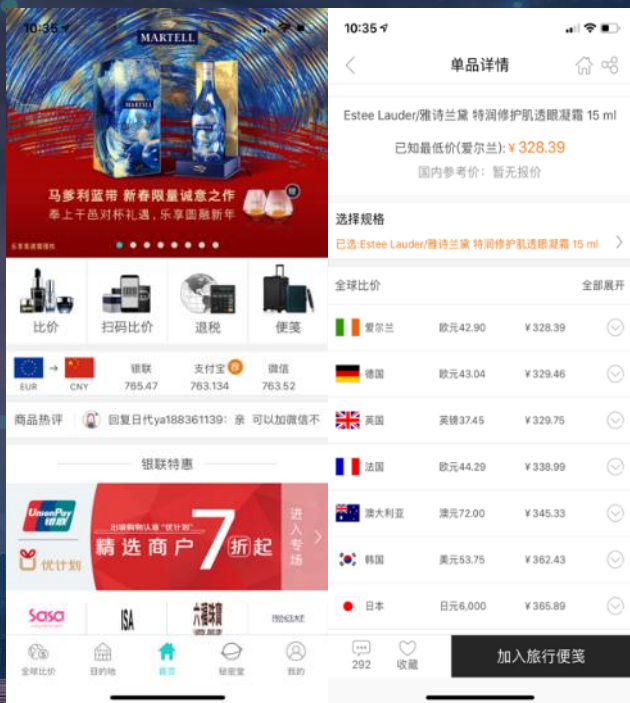
Shopping is no longer the main purpose

In the past three years, the willingness to shop while travelling has dropped by 50%.

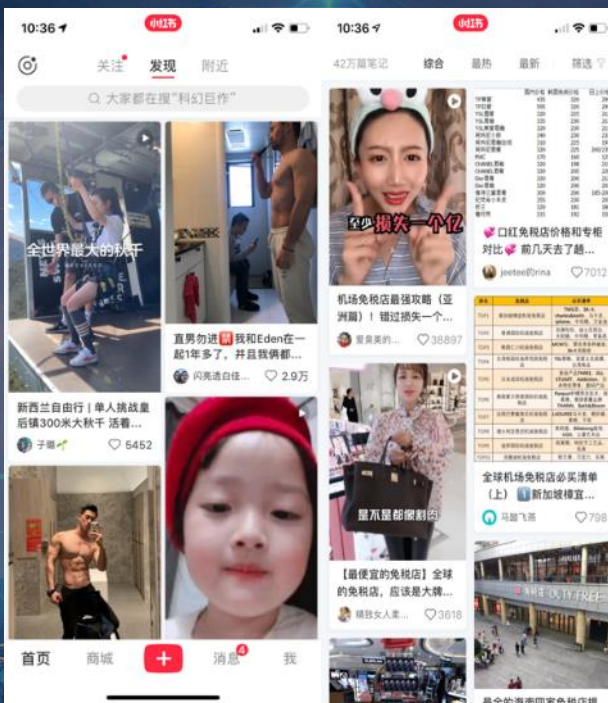


DIVERSIFIED SHOPPING TOOLS

The travel and shopping consumption of young generation is more rational



Global Price Comparison Tool



Product Sharing Tool

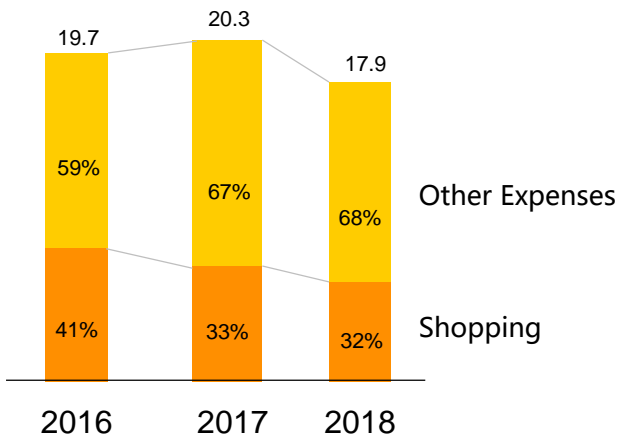


Oversea Shopping Tool

SHOPPING AND TRAVEL EXPENSES ARE BEING REDUCED

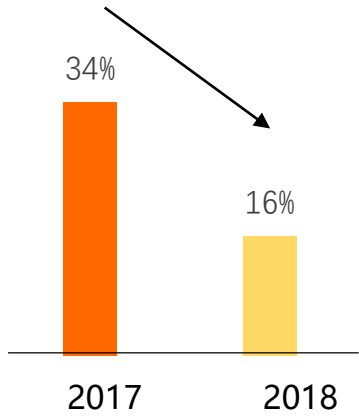
Local characteristic products are being pursued and admired, but no longer the luxuries

No matter where they travel to, Chinese tourists will carry at least one more bag to take home the souvenirs they bought



Changes in the proportion of overseas shopping expenditure of China tourists (2016-2018)

2018 China Outbound Travel Research Report



Shopping expenses such as conspicuous consumption, impulsive consumption and consignment purchase


The data comes from China Tourism Research Institute





KEEN MARKET PERCEPTION

A Steady and Growing China Market



TREMENDOUS TRANSFORMATION
IN THE MARKET

FROM “CHINESE” TO “CHINA”



GOVERNMENT'S DIRECTION

**WHAT ARE THE OPPORTUNITIES
FOR TRAVEL RETAIL ?**



**AGENT
PURCHASING**

Crack down on Agent Purchasing

Standardizing the Market Environment

CCTV 4
中文国际

腾讯视频
CCTV.com

News Observation:
E-commerce law was released after four trials

新闻观察：电子商务法历经四审终问世

中国

BY CNSC



OPENING UP THE OPERATING RIGHTS OF ARRIVAL DUTY-FREE STORES

Creating a Healthier Business Environment

"Enterprises that have previously been authorized by the State Council to operate duty-free products and have successively operated entry ports and downtown arrival and departure duty-free stores in the past three years shall be allowed to operate duty-free stores without restrictions on their regions and categories and to bid equally for the right to operate arrival duty-free stores at entry ports."

—— Regulations on the Administration of ARRIVAL Duty-free Stores at Entry Ports (February 18, 2017)

ENCOURAGE MULTI-POINTS LAYOUTS

Support duty-free development
in multiple-retail formats



BY CNSC

The image features the national emblem of the People's Republic of China, which is a red field with five golden stars and a gear, surrounded by a golden wreath. To the right, the national flag of the People's Republic of China is shown waving, with its red field and five golden stars. The background is a stone wall with intricate carvings.

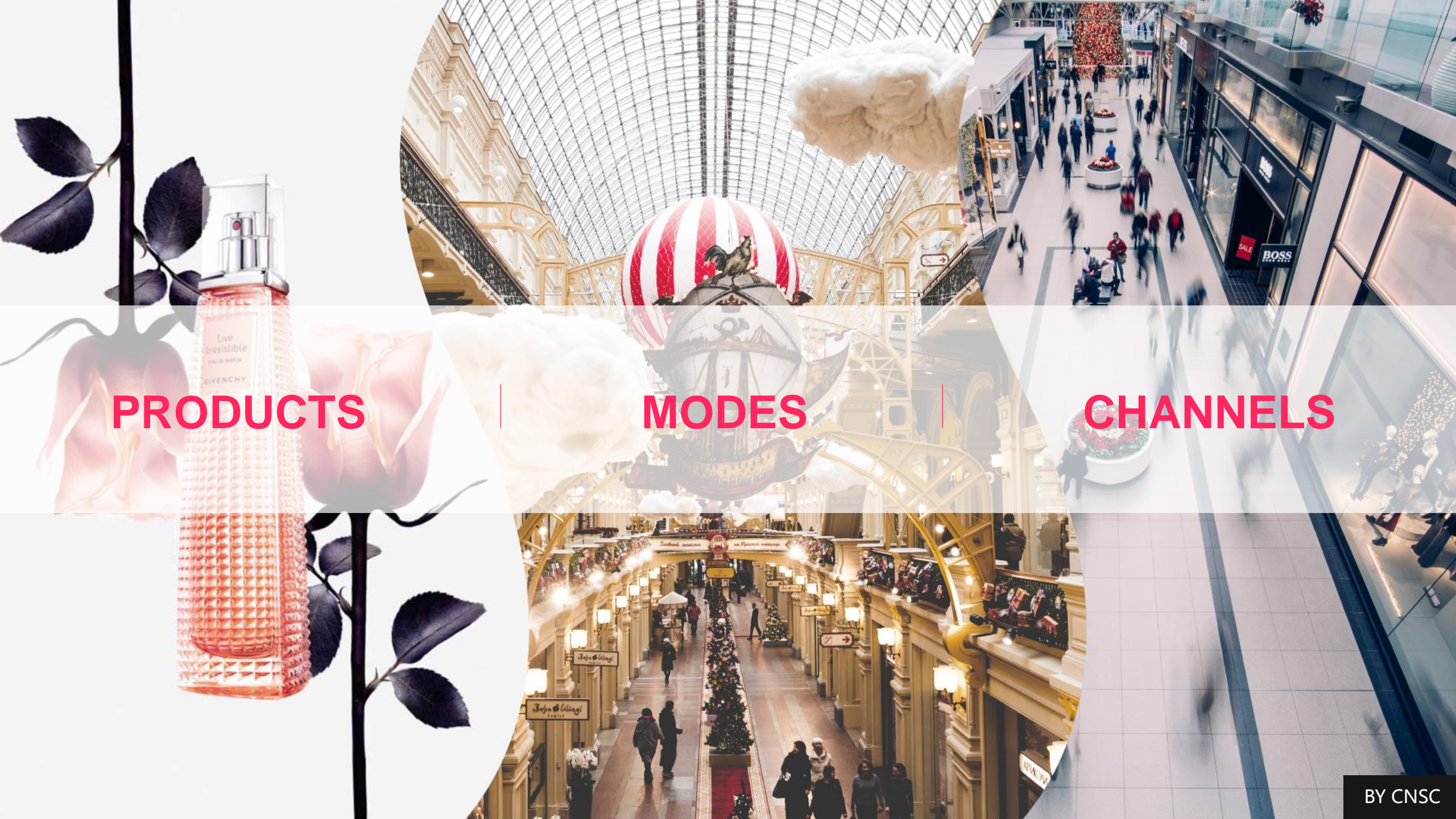
POLICY GOVERNMENT

**THE VITALITY OF DUTY-FREE INDUSTRY OF
CHINA WILL BE FULLY STIMULATED**

An aerial photograph of a rugged coastline with dark, layered rock formations and vibrant turquoise water. A wooden walkway and a small building are visible on the rocks. On the left side, there is a large, semi-transparent blue graphic that resembles a stylized 'R' or a series of horizontal bars of varying lengths, partially overlapping the landscape.

TRAVEL RETAIL OF CHINA

WHAT ARE THE DEVELOPMENT TRENDS AND
CORE DRIVERS IN THE FUTURE ?



PRODUCTS

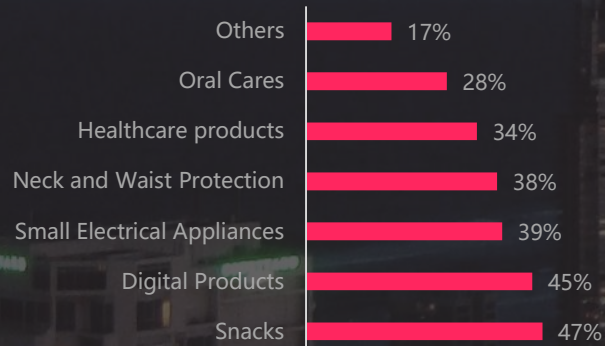
MODES

CHANNELS

THE NEW DEMAND OF DIVERSIFIED PRODUCTS FOR THE YOUNG GENERATION

Further expand the supply of products categories and continuously unlock domestic consumption potential of the younger generation

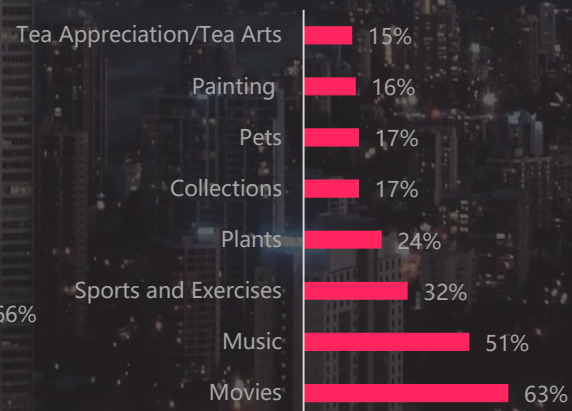
Users Consumption Upgrades Trends for Office Category



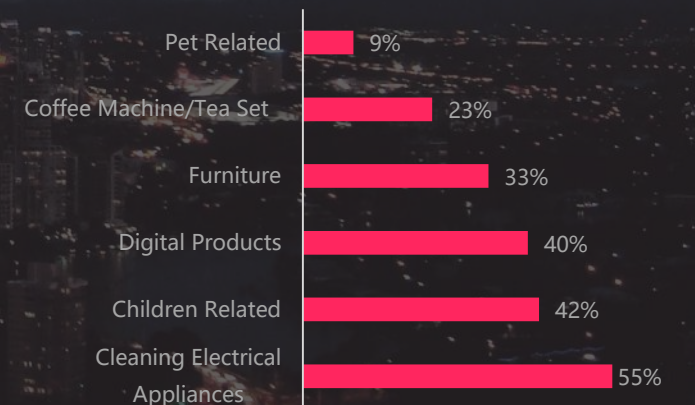
Users Consumption Upgrades Trends for Health Care Category



Users Consumption Upgrades Trends for Hobbies and Interests Products



Users Consumption Upgrades Trends for Living Room



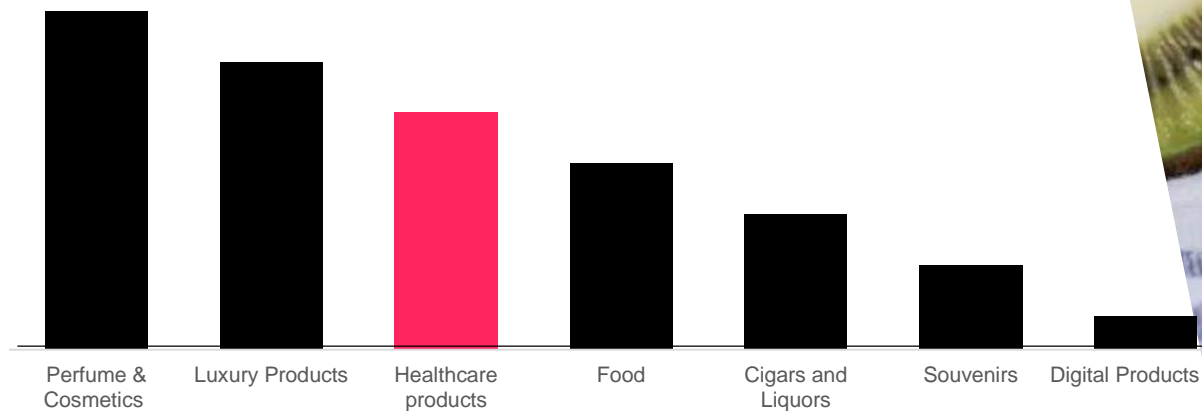
THE NEW DEMAND OF QUALITY LIFE FOR THE YOUNG GENERATION

Further increase the supply of quality
products, and continuously optimize the
industrial product structures



THE NEW DEMAND OF HEALTHY LIFE FOR THE YOUNG GENERATION

Further promote the supply of health Care products, spur the new kinetic energy of the industry



Joint Research by Yaok Group & CNSC
"Duty-Free Store Purchase Category Willingness Ranking of China Consumers"

PRODUCT DEVELOPMENT TRENDS

Satisfying the demand for consumption upgrading of the younger generation to is promote the supply-side reform of duty-free products



EXPERIENCE FIRST, THE SHOPPING RULES OF YOUNG GENERATION

59% of survey respondents mentioned Shopping is not only about buying products, but also is an experience

The experiences brought by shopping participation



TRADITIONAL DUTY-FREE STORES TAKE SELLING PRODUCTS AS PRINCIPLE OBJECTIVE

**80% of consumers,
shop in a port duty-free store for no more than 20 minutes**



TRANSFORMATION BROUGHT ABOUT BY NEW RETAIL

The transformation of new retail is the expansion from online retail to offline. The revolutionary advancement of big data technology has turned business into a C2B model, guided by consumer dynamic data, based on data feedback to select and adjust the business formats dynamically, and changed from “Different Products Service Everyone ”to the “Personalized Products Service Personalized Group”.

Big Data

It is the core of the new retail technology, customized services can be achieved through multi-dimensional data collection and feedback from customers, commodities and supply chains.

IoT

Guaranteed new retail store sales guarantee, the Internet of Things can ensure that physical store logistics can match the changing speed of the Internet and achieve more accurate distribution, reduced inventory and improved turnover

Artificial Intelligence

The future direction of new retail development, through data accumulation and combined with machine learning algorithm, improve the accuracy of selection and delivery.

Cloud Computing

Accessibility of new retail big data technology, through cloud computing to abandon traditional heavy servers, data can take effect at any time

Intelligent Interactive Device

Purchasing channel links of new retail , from traditional single online or offline purchases, through intelligent interactive device to achieve access

AR / VR

New retail scenarios create technology, through virtual reality technology, make the product experience of consumers more quickly and conveniently

WHAT IS THE FUTURE OF OFFLINE BASED TRAVEL RETAIL ?

NEW SERVICES



NEW SERVICES

The new services,
from focusing on products,
to focus on people.



NEW SERVICES

The New Services,
from servicing inside the store,
to servicing outside the store.



NEW SERVICES

The New Services,
from servicing customers,
to servicing partners.





SATISFYING THE CONSUMER EXPERIENCE REQUIREMENTS OF THE YOUNGER GENERATION

RE-UPGRADES OF TRAVEL RETAIL MODES

FROM NEW RETAIL TO NEW SERVICES

THE UPGRADING OF PRODUCTS AND MODES WILL INEVITABLY LEAD TO THE DEVELOPMENT OF CHANNELS

What kind of channels will fulfill the requirements of "Product + Mode" upgrades?

THE “LARGE PLATFORM CHANNEL” REPRESENTED BY THE DOWNTOWN DUTY-FREE!



FOCUSING ON THE TRAVEL RETAIL OF CHINA

Large platform channels become the “New Engine” for the development of travel retail industry!



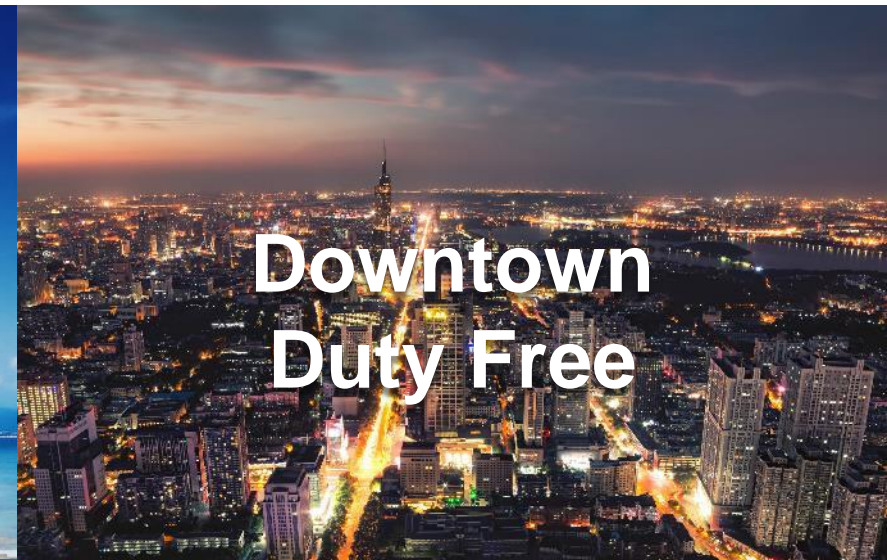
Mega Airports

~ 2010



Off-shore Duty Free

2010~2020



Downtown
Duty Free

2020 ~

THROUGHOUT GLOBAL TRAVEL RETAIL

DOWNTOWN DUTY FREE IS AN
IMPORTANT FORCE AFFECTING MARKET STRUCTURE

DOWNTOWN DUTY FREE IN SOUTH KOREA **> 70%**,

And most of the customers come from China

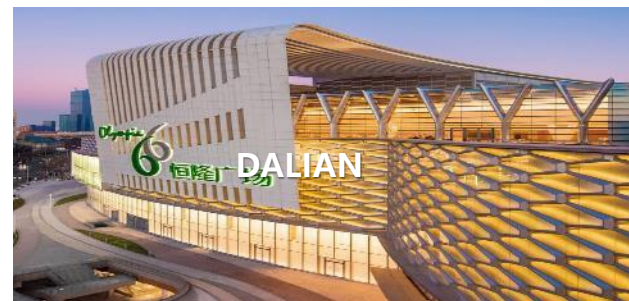
In China, the data is only **2%**

THE DOWNTOWN DUTY-FREE FOR CHINA NATIONALS WITH CHINESE CHARACTERISTICS

SPECIFIC TO THE CHINESE “BUY AND TAKEAWAY METHOD”

Better fulfill the landing requirements of products supply side reform

Better supports the development of the new service mode of the industry





DOWNTOWN
DUTY-FREE FOR CHINA NATIONALS!
WILL USHER IN THE GOLDEN AGE

KEY POINTS REVIEWS

WORLDWIDE

- The travel retail market will shift from "Chinese" to "China"!

CHINA

- The vitality of the travel retail industry will be fully stimulated!
- Travel retail market supply side reform is imperative!
- Travel retail will enter the era of new service economy!
- The downtown duty-free for China Nationals will become a new engine to promote travel retail of China!



**Let us
Work together to create**

The new future of travel retail in China!

A wide-angle aerial photograph taken from an airplane window. The sun is low on the horizon, creating a bright, golden glow that illuminates a vast expanse of white, fluffy clouds below. The sky above is a deep, clear blue. On the right side of the frame, the dark silhouette of the airplane's wing is visible, extending towards the horizon. The overall mood is serene and peaceful.

THANKS