

TFWA ANNOUNCEMENT

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ASIA PACIFIC CONTINUES STRONG GROWTH CURVE

Delegates packed The Scene on Wednesday September 21 for the Asia Pacific Workshop, to listen to presentations from Marion Buttler of PATA, Peter Mohn of m1ind-set, along with TFWA's International Sales Manager Mathieu Vanhalst and APTRA's Sunil Tuli.

After an introduction by TFWA Conference and Research Manager Michael Barrett, Sunil Tuli, President APTRA updated the audience on the current work of APTRA, which has commissioned several research reports within the region and is also looking at customer service and product knowledge training projects. New members include Changi Airport, Furla and Lagardere Services and Tuli asked delegates to consider joining if they had not already.

Matthew Vanhalst gave a positive summary of aviation development within the Asia Pacific area, where a \$290bn plan to develop infrastructure will affect 700 airports. He highlighted airport development in the Philippines, Thailand, Vietnam, Indonesia, India and China – the latter will see 78 new airports in the next ten years and a total of 244 by 2020. Asia Pacific now has seven of the world's top 20 airports. Vanhalst concluded by reminding delegates that TFWA Asia Pacific takes place next year in Singapore from May 13-17; this year the exhibition was sold out and projections for 2012 are equally positive.

PATA's Marion Buttler continued with facts and figures on passenger numbers in the region. The first half of 2011 has seen a worldwide improvement in international visitor arrivals of +4.5%, with peaks in South Asia and Southeast Asia of 14% and 12% respectively, compared to the lower 3% of Northeast Asia and 2% of the Pacific – affected by the various natural disasters in the region this year. Market drivers regionally have been China and India as 'origin' markets with top destinations including Sri Lanka, Vietnam, Mongolia, and Myanmar.

Buttler warned that although the trends are positive, variables can impact suddenly and viciously – as has been seen from the Japanese tsunami, New Zealand earthquake and floods in Australia. Nevertheless while there has been a 4% increase in scheduled flights and 5% increase in passenger seats globally in the first eight months of 2011, Asia Pacific has shown improvements way above the average at 11% (flights) and 10% (seat capacity). Low cost carriers have shown particular growth with 20m seats added to date this year and Buttler outlined the massive increase in this sector comparing 42 destinations from 6 LCCs in 2005 to 154 destinations from nine LCCs this year.

Looking ahead, while Asia is not immune to recession, the forecast is excellent as Asia's middle class continues to grow at rapid speeds, particularly in emerging countries such as Vietnam, Indonesia – and of course China and India. Emerging Asia now has more rich people than Europe, with 3.3m multimillionaires compared to 3.1m in Europe.

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Consumer insights into buyer behaviour are key for both retailers and suppliers and Mindset's Peter Mohn gave the audience a summary of research carried out for APTRA. Within the Asia Pacific region travellers spend a fifth of their time shopping whilst at airports, with this being a favourite activity for the Chinese (63%), women generally (74%) and 26-35 year olds (71%). Half of travellers go spontaneously into duty free shops with every third traveller purchasing. There are regional differences of course but the Chinese, in particular, are looking for gifts and within the fragrance category, 51% of items are gift purchases.

Other interesting points noted were that of non-smokers, 9% actually regularly buy tobacco for others as gifts – in fact a significant number. Promotions/offers are a strong motivation for purchasing with 28% saying they buy directly as a result and a further 12% saying they buy more of an item. The Chinese, in particular, like offers/promotions associated with special gifting times such as Chinese New Year, Easter, Christmas etc.

On the downside, one third of travellers never buy in duty free/travel retail shops, particularly the under 26 and over 50 age group. The main reasons are that they don't need anything, don't want to carry product, have a lack of time, think prices are too high, and that the offer is not attractive. Significantly, 11% said they were dissatisfied with service.

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