

# FLEMINGO



THE DUTY FREE PEOPLE

**India & South Asia**

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Singapore  
12/05/14

**TFWA**



11-15 MAY 2014  
SINGAPORE

**THE  
DUTY FREE  
& TRAVEL  
RETAIL  
ASIA PACIFIC  
SUMMIT**



# AGENDA



About Flemingo

Overview of ISC travel retail

India

Sri Lanka

Maldives

Bangladesh

Nepal

Pakistan

Bhutan



# FLEMINGO INTRODUCTION



Emerging market, travel retail specialist

Vision: 2B.BY 2020

138 operations in 31 countries

Present in Africa, Asia, Europe and LATAM



# FLEMINGO INTRODUCTION



- Duty Free
- Duty Paid
- Food & Beverage
- Diplomatic
- Inflight
- Master Retailing

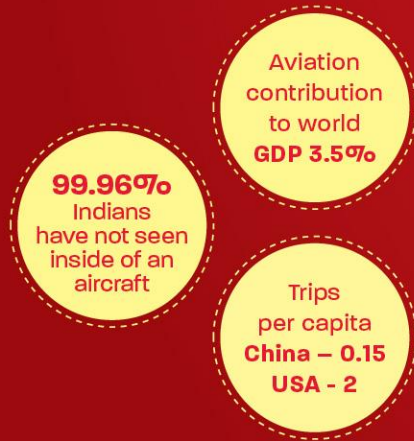


# OVERVIEW OF ISC TRAVEL RETAIL



- Includes 7 countries - India, Sri Lanka, Bangladesh, Maldives, Pakistan, Nepal and Bhutan
- 25% of world population
- 376 airports - 132 commercial airports
- Approximately 200 million passengers
  - International passengers - Approximately 65 million
- Estimated duty free sales - Approximately \$450 million
- Duty paid ???
- Approximaately 13 million tourists

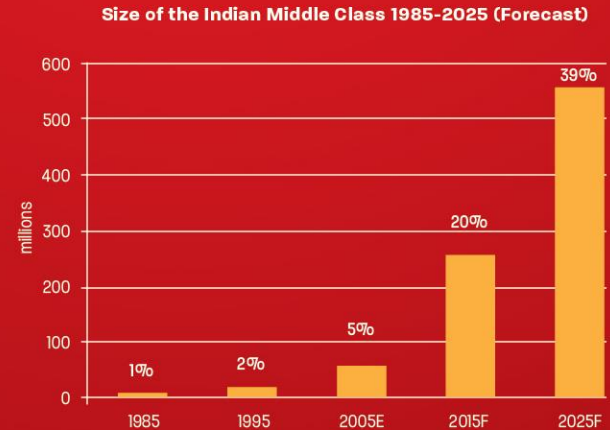
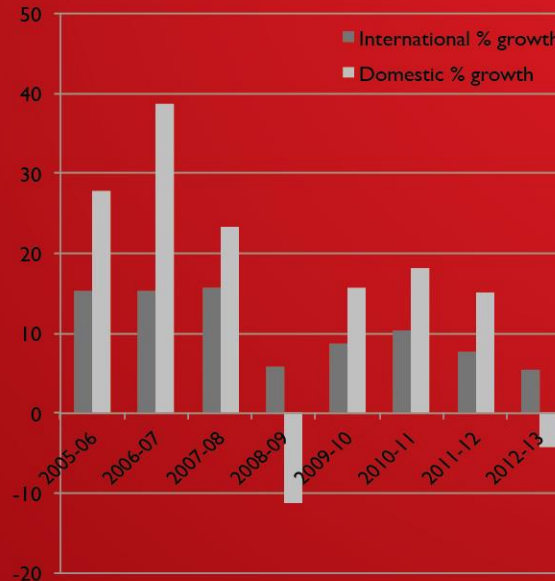
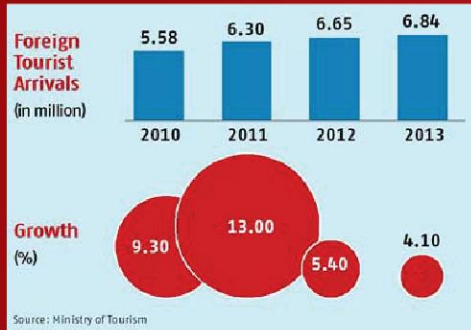
# OVERVIEW OF INDIA



- Aviation market : **9th** largest and expected to be **4th** largest in the next decade  
Contribution of aviation to GDP **1.5%**
- Trips per capita 0.04
- Recent developments
  - New Mumbai and Delhi airports through PPP
  - Modernization of Chennai and Kolkata by AAI
  - Greenfield airports at Bangalore, Hyderabad and Cochin
- Pipeline
  - 15 greenfield airports through PPP
    - *Navi Mumbai airport*
    - *Kannur airport*
  - AAI planning two greenfield airports in North east region

# OVERVIEW OF INDIA

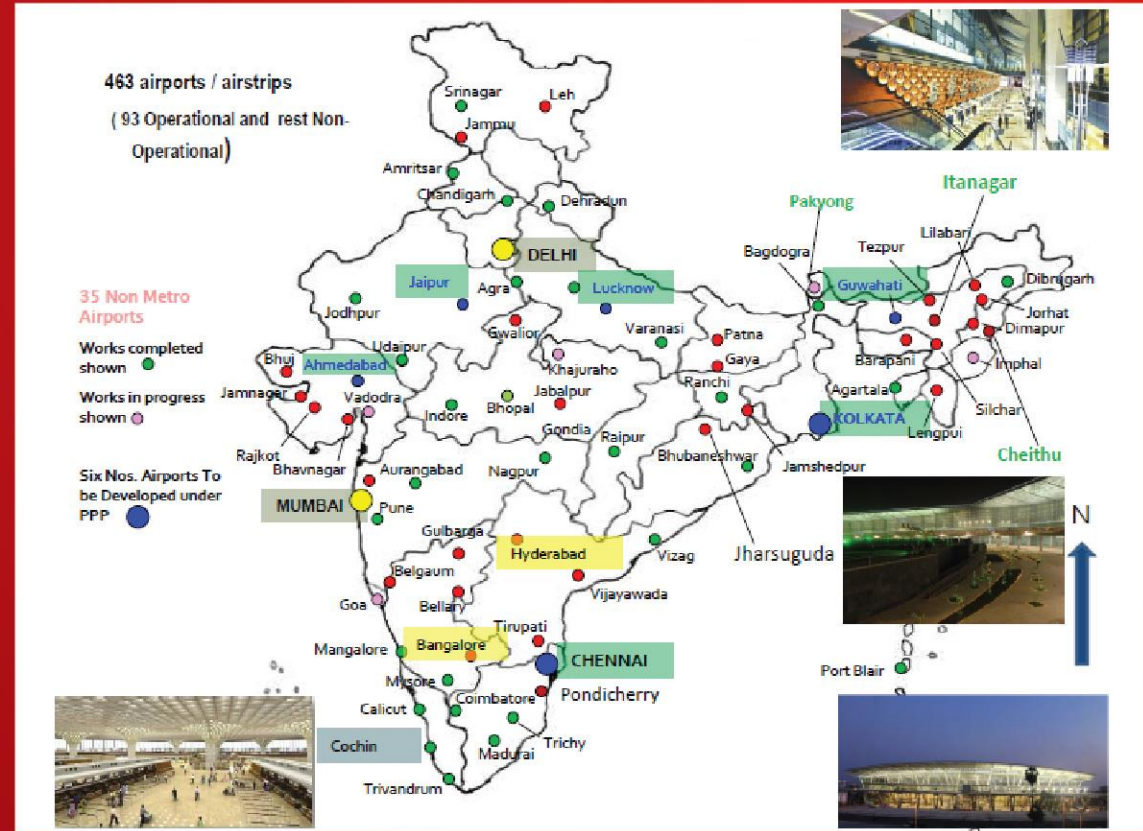
- Around 44 million international passengers
- Around 117 million domestic passengers
- Growth of 5.5% - International traffic



Courtesy : Airports Authority of India

# EXISTING AIRPORT STRUCTURE IN INDIA

90 airport commercially operational.  
26 airports with international operations incl 5 PPP airports and 7 civil enclaves



Courtesy : Airports Authority of India



# TRAVEL RETAIL & DUTY FREE IN INDIA



- Around \$ 300+ million market
- Total estimated sales expected to increase to 1.5 billion USD by 2023 (Capa)
- Category contribution – Liquor : 68 %, P&C : 11%, Confectionery : 8%, Tobacco : 8% , Destination and Fashion : 5%
- Category mix shift needed
- Growth in local product
- Fashion and accessories at its infancy
- Accessories and fashion in Delhi and now in the new Mumbai airport
- Duty paid e.g Delhi T3 terminal

## MORE ON TRAVEL RETAIL

- Airport expansion
- Potential for shopping
- Non - aeronautical revenue on an average around **30%**
- Arrival / departure split on an average **60%** to **40%**
- Indians are the largest number of passengers travelling to Dubai

Non-aeronautical revenue of Cochin **71%**. **60%** of this is liquor sales

Indians contribute towards **34%** of Malt sales in Dubai



# INDIAN CONSUMER PROFILE



- Predominantly male customers (87%)
- High percentage of passengers between the age group of 31-40
- 47% buy in arrivals, 23% in departure and 37% in both arrivals and departures
- 64% plan their purchase in advance whereas for 32% it is impulse purchase
- 50% of travelers shop for themselves and liquor is the most preferred category followed by confectionery and perfumes
- Price is the main purchase driver followed by promotions, availability, novelty and ideal for gifting
- Price off is the most sought after promotions followed closely by GWP
- 69% are interested in travel exclusives and new products
- 77% preferred receiving communications about promotions and 57% opted for SMS as channel for receiving the communication
- Average spend around 80 dollars and they purchase once in 3 months

Courtesy : In house survey

# CHALLENGES IN INDIAN MARKET

- Lack of long term aviation policy
- Time taken for new airports to be rolled out
- Government legislation protecting Indian market
- Complicated logistics process with Government departments
- Allowances
- Indian traveler confidence

# SRI LANKA

Total  
duty free  
business  
around  
**70 Million**

- Two duty free operators
- 50/50 business in arrival and departure
- Sales category mix
  - Liquor - 64%;
  - Tobacco - 8%;
  - confectionery - 20%
  - P&C - 8%
- Increase in brand awareness, Growing interest in cognac and single malt  
Other retail (102 airside)
- Approximately 6 million passengers in 2013 (14% transit passengers)
- Second airport - Matala airport
- Plan of airport expansion - 15 Million passengers capacity by 2020



# MALDIVES

- Operated by the Government
- Around USD 50 Million turnover - duty free
- Duty free only at departures
- Tobacco and P&C are the dominant category
- Russians and Chinese passengers
- Shift from Europeans to Asians in pax profile
- High net worth couples
- Approximately 2 million passengers annually

As of March 2013,  
Sri Lankan airlines  
is the largest carrier  
into Maldives  
with 32 flights  
a week

Male's  
international  
airport has the  
biggest sea plane  
operations  
in the world



# BANGLADESH



- Three international airports
- Around \$10 million turnover
- 5 duty free operators in departures and one in arrival in Dhaka and one in other airports
- Sale of liquor in the domestic market is restricted
- Sale of liquor only to foreign tourists on arrival
- Tobacco is the best seller in both arrivals and departures
- Approximately 6 million total passengers
  - 95% locals

# NEPAL

- No duty free on Liquor and tobacco
- Duty free only on Perfumes
- Duty paid shops
- Discussion on for new airport
- 29 International carriers, 3.14 million passengers (TIA)
- Growth of 7.35% in 2013 (TIA)
- 11th consecutive year of growth since 2003 (TIA)
- Carriers from middle east 32.62% market share, Indian carriers 27.54% (TIA)
- Domestic passenger numbers around 1.6 million (TIA)





# PAKISTAN



- Approximately \$10 million in turnover
- Three major airports - Karachi, Lahore and Islamabad
- Passenger profile
  - Lahore - Mix of travelers including business people
  - Karachi - Locals and workers settled abroad
  - Islamabad - Locals
- Tobacco and electronics are the best sellers
- No liquor on arrivals
- One duty free operator
- High standards of retail
- Easy to navigate airport
- Approximately 25 million total passengers

## BHUTAN

- One international airport
- Duty free in arrivals and departure operated by Druk air
- One downtown duty free store in Thimpur
- Liquor contributes 80% of the duty free sales
- Allowance restricted e.g. 1 litre for liquor / 250 ml of perfume
- One of the smallest aviation market in Asia
- Over 200,000 international passengers
- Size of Travel retail and duty free business around Rs. 72 million

## SUMMARY



- 25% of the world population
- Potential for growth in
  - number of airports
  - pax numbers
  - Tourism
  - travel retail revenue
- Need for investment
- South Asians buying at home



# DUTY FREE

**THANK YOU**

