

Workshop report

18th May 2016

TFWA Asia Pacific Exhibition & Conference: Workshop A: Off-airport duty free: Asia Pacific powerhouse

Workshop A, moderated by **Dermot Davitt, President of The Moodie Davitt Report**, looked at **Off-airport duty free: Asia Pacific powerhouse** with presentations by **Amos Xu**, Deputy General Manager and Investment & Procurement Director at Haikou Meilan Airport Duty Free, **Hyunah Ahn**, Integrated Marketing Communications Director at Hanwha Galleria Timeworld Co. Ltd, and **Peter Mohn**, Owner and CEO of m1nd-set.

Peter Mohn shared statistics from his recent research on downtown duty free shoppers in Asia. The study, which was conducted in March and April 2016, was based on interviews with 2,000 travellers on the perception of downtown duty free, their reasons for visiting, motivators and barriers to purchasing, satisfaction levels and store staff interaction. The results of the report revealed that 44.6% of duty free sales took place off-airport in Asia Pacific, compared to the global average of 35.6%. In terms of categories, the biggest seller is fragrances and cosmetics, number two is fashion and accessories, and number three is watches and jewellery.

According to travellers surveyed, the top benefits of visiting downtown duty free shops are convenience and good use of time in the city (both 43%). When compared to other downtown shops, the key strengths of downtown duty free are value for money, guaranteed authenticity and exclusive products. In comparison with online, the benefits of downtown duty free are guaranteed authenticity and the shopping experience.

Chinese travellers and Millennials tend to have the most positive perception of downtown duty free shops vs. other shops. Comparatively, Japanese travellers often prefer other channels, mainly other downtown shops or online. More than 60% of downtown duty free shoppers consider that the shop's local identity is an important aspect of the shopping experience. Japanese travellers and those

travelling for city breaks, sightseeing and exploration of cultures are more likely to consider this as important.

Amos Xu explained that women aged 25 to 34 are the main focus at Haikou Meilan Airport Duty Free, with cosmetics, watches and bags as the top three categories totalling 70% of total sales. The two off-airport duty free shops in Hainan are authorised to sell products online and Xu reported that last year they had 220% online growth. Mobile accounted for 67% of online sales, and 45% of consumers that booked online were buying goods as they were departing.

Xu announced the opening of three new off-airport duty free centres in China next year: Haikou Aviation Tourism Duty Free Plaza (Aviation Experience Museum, duty free shops, hotel, restaurants, cinema and entertainment), Haikou Mova Plaza (food, fashion, cinema, duty free shops), and the Sanya Aviation Tourism Duty Free Plaza (duty free shops, food court, hotel, entertainment).

Hyunah Ahn highlighted the importance of Korean duty free, with the influx of Chinese tourists visiting Korea set to grow from three million in 2012 to six million in 2020 – and Chinese tourists revisiting Korea will treble by 2020. In Seoul, off-airport duty free is being made as appealing for customers as possible. Ahn said her organisation is trying its best to integrate Korean culture into duty free offerings, and provide an experience of 'K culture' for the traveller. In terms of regional products, Ahn explained that 'K cosmetics' are expected to do well. She added that tobacco continues to be a popular duty free product with Chinese shoppers.

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