

The logo for CDF (China Duty Free Group) features the lowercase letters 'cdf' in a bold, brown, sans-serif font. Below the text is a thick, horizontal, grey brushstroke that tapers at both ends, giving it a hand-drawn appearance.A large, empty rectangular frame with a thick brown border, centered on the page. It serves as a container for the main title text.

# RE-ENGAGE DRIVING CUSTOMER LOYALTY IN TRAVEL RETAIL

TFWA ASIA PACIFIC CONFERENCE 8<sup>TH</sup> MAY 2017





# TRAVEL RETAIL IS EXCITING & EVOLVING

- Global travelers increased 25% to hit 1.18 billion vs 5 years ago.
- Airports are upgraded or in the process of upgrading, new airports built and being build, adding more spaces for Retail and F&B to meet increasing demands



**Beijing Daxing International Airport**  
Year of completion : 2018  
Annual passenger handling capacity: 100 million



**The New Guangzhou Baiyun Airport T2**  
Year of completion : 2018  
Annual passenger handling capacity: 45 million



**Chengdu International Airport (The Second)  
( Chengdu Tianfu International Airport )**  
Year of completion: 2020  
Annual passenger handling capacity: 90 million



**The New Xiamen Airport**  
Year of completion : 2018  
Annual passenger handling capacity: 70 million

- More activities and promotions are planned by both Airport Authorities and Concessionaires
- More retailers realizing the importance and opportunities in Travel Retail
- Travellers and customers are more demanding, especially the Millennials.





# CHALLENGES & OPPORTUNITIES

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- Competition for passengers' dwell time at Airport.
- Smart Phone... information, shopping and payment.
- Social Media.
- Increased competition from E commerce, Home deliveries (daigou).
- Ease of Payment: Wechat, Alipay.
- Changing demographics of travellers





# CDFG : ENGAGING CUSTOMERS CREATE VALUES & DELIVER ASPIRATIONS

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## 5 Step Approach:

- Grow Our Base... expand CDFG's network globally.
- Strategic alliance with key stakeholders.
- Differentiated Loyalty Membership Program :Target Millennials.
- Enhance CDFG VIP Card membership benefits.
- Create a shopping experience





# CDFG : LEVERAGE EXISTING AND EXPANDING TRAVEL RETAIL ASSETS

- Create A Single Marketing Entity

After strategic reorganization, CDFG becomes the subsidiary of the largest tourism central enterprise in China, China National Travel Service Group Corporation. This enables CDFG to effectively integrate the duty-free shopping with the comprehensive tourism resources.



- Travel agent: **2125** global travel agents
- Hotel: hold **140** hotels, nearly **30,000** rooms
- Scenic spots: **12** special cultural theme parks, tourist resorts and natural scenic spots
- Tourism financing: Hongkong PrimeCredit, the Bank of China Travel Service of Jiaozuo





# CDFG : LEVERAGE EXISTING AND EXPANDING TRAVEL RETAIL ASSETS

- With the current 248 retail outlets, CDFG will continue to expand the step to the tourism destinations favored by Chinese tourists. And CDFG also holds the down-town duty-free business license in 5 Chinese cities.





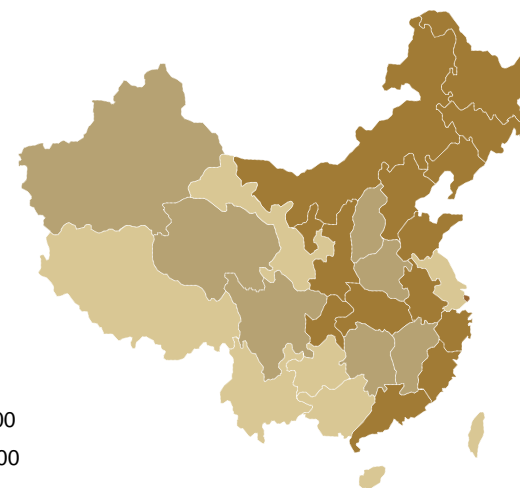
# CDFG LOYALTY MEMBERSHIP PROGRAM GROWING MEMBERSHIP BASE

- China's per capita income of urban residents continue to improve, by 2020, China's per capita GDP will be more than ten thousand U.S. dollars, the emergence of a large middle class will continue to release the consumption capacity.

Per capita GDP distribution of urban residents in China in 2015



Per capita GDP distribution of urban residents in China in 2020



Over US\$ 10000  
US\$ 8000 to 10000  
Less than US\$ 8000

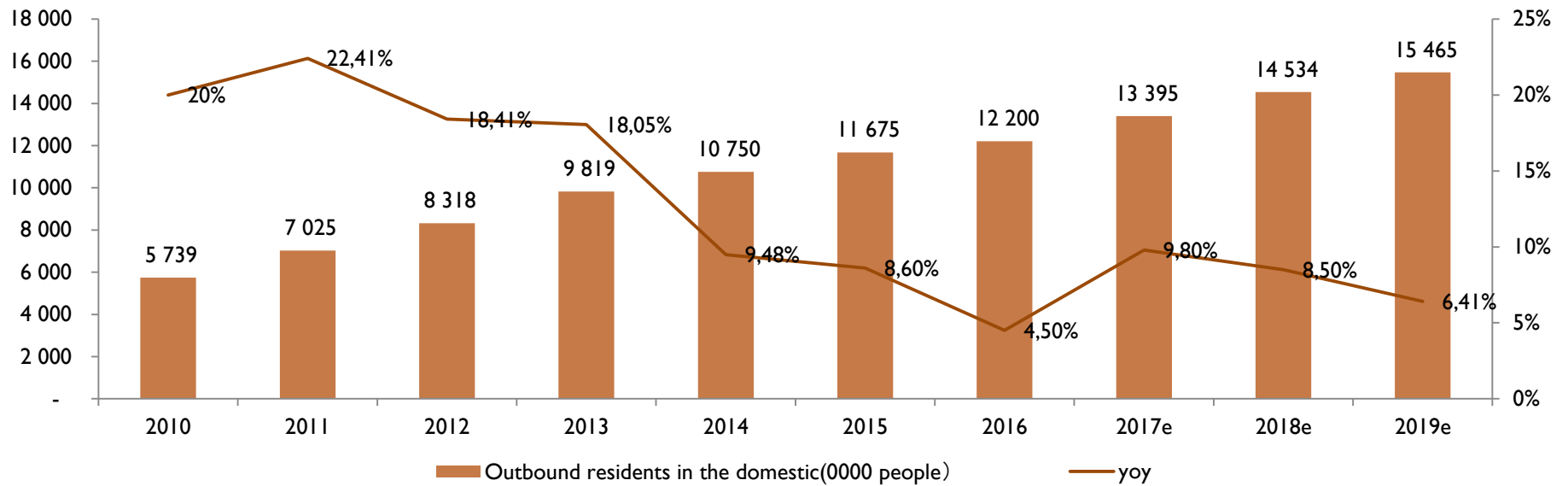




# CDFG : LOYALTY MEMBERSHIP PROGRAM GROWING MEMBERSHIP BASE

- CDFG currently has more than 1.5m members, and increasing.

Sustained growing number of Chinese outbound travelers. Opening of duty free shops in Beijing Airport, Hongkong Airport and the arrivals duty free shops in inbound locations.







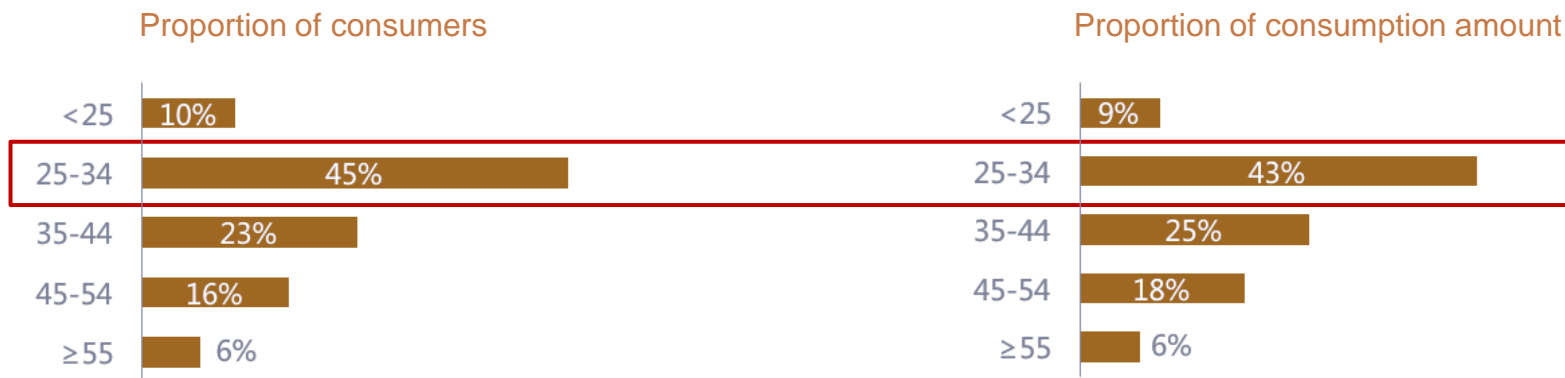
# CDFG LOYALTY MEMBERSHIP PROGRAM

## CORE CONSUMER GROUP: MILLENNIALS

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- China's Millennials has become the backbone of China's Travel retail market

CDFG serves more than 88 million Chinese tourists yearly, which has the world's largest Chinese consumer database that can identify the characteristics and preferences of consumers from different regions in a comprehensive and accurate manner according to thousands of duty-free consumption records.



Source: CDFG membership





# CDFG LOYALTY MEMBERSHIP PROGRAM

## CORE CONSUMER GROUP: MILLENNIALS

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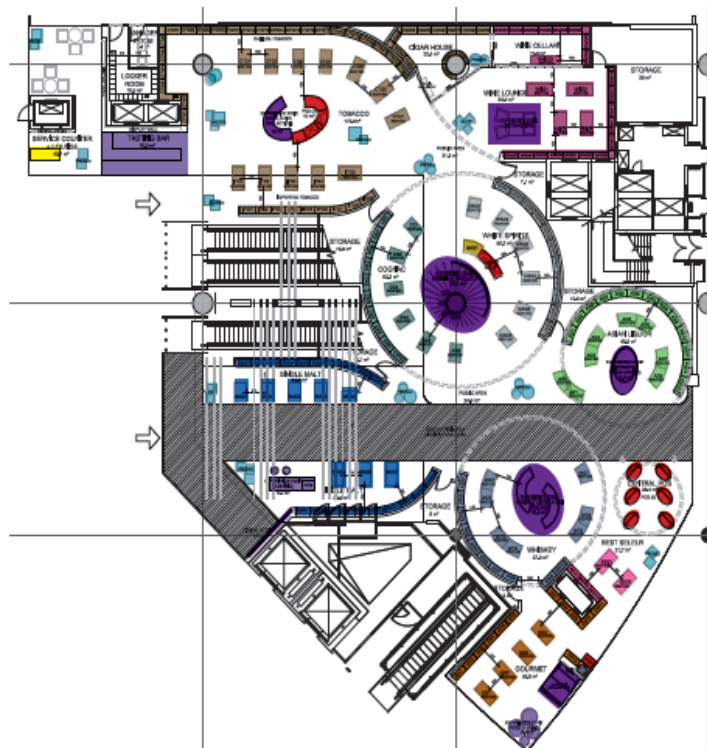
- Chinese millennials are leading the future trend of consumption, the member activities of CDF strive to fit the needs of young generation of the main consumer groups.
  - ✓ Keen on consumption
  - ✓ Pursue personalized brands and goods
  - ✓ Pay more attention to the quality of goods
  - ✓ Focus on consumer experience
  - ✓ Prefer online shopping
  - ✓ Keen on social media





# SHOPPING EXPERIENCE: ENGAGING CUSTOMERS

HKG Liquor and Tobacco concession shall have 7 Experience and 11 Interactive Zones:







# THANKS

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