

INTRODUCTION FROM THE TFWA PRESIDENT

Welcome to the second TFWA Handbook.

The first Handbook was launched in 2014, an auspicious year for TFWA as we celebrated our 30th anniversary. Our hope was always that this would prove to be a durable initiative, and a resource that would add value to membership of our association. And judging by the very positive response to the inaugural edition, the Handbook has met a genuine need among our members.

Our industry is blessed with many sources of data and information. What we have tried to do with the Handbook is to combine the most relevant data with definitions, insights, commentary and practical information in order to explain the current size and scope of the duty free & travel retail industry. We hope that the result will help answer the deceptively simple question: “What is duty free?”

In the two short years since the first Handbook was published, much has changed in our industry. Consolidation, among both retailers and brand-owners, has gathered pace. Geo-political tensions and the threat of terrorism have become more acute, adding to the pressures on the travel and tourism industries. And, according to 2015 sales figures from Generation Research presented here, our own market has shrunk for the first time since 2009. Not, you might think, a vintage period for duty free & travel retail.

And yet when I travel through airports large and small, when I visit downtown and border duty free stores, I find vibrant retail offers full of high-quality brands, creatively presented. We certainly have work to do to increase the number of travellers entering our stores, but the tools are there at our disposal. We simply have to use them to greater effect.

In launching this second edition of the TFWA Handbook we are once again grateful to Dermot Davitt and the team at The Moodie Davitt Report for their input in editorial and production. We are also indebted to the companies that have provided data, including Generation, Airports Council International and the UN World Tourism Organization. And it is hugely gratifying that industry leaders from around the world have once again taken time to share their thoughts with us in the Comment & Analysis section; we are grateful to them and to all our contributors.

Most importantly, the TFWA Handbook is designed for you, our members. If you have ideas on how we can improve future editions and make them more useful to you, we encourage you to get in touch. In the meantime, please enjoy the TFWA Handbook with our compliments.



Erik Juul-Mortensen
President
Tax Free World Association

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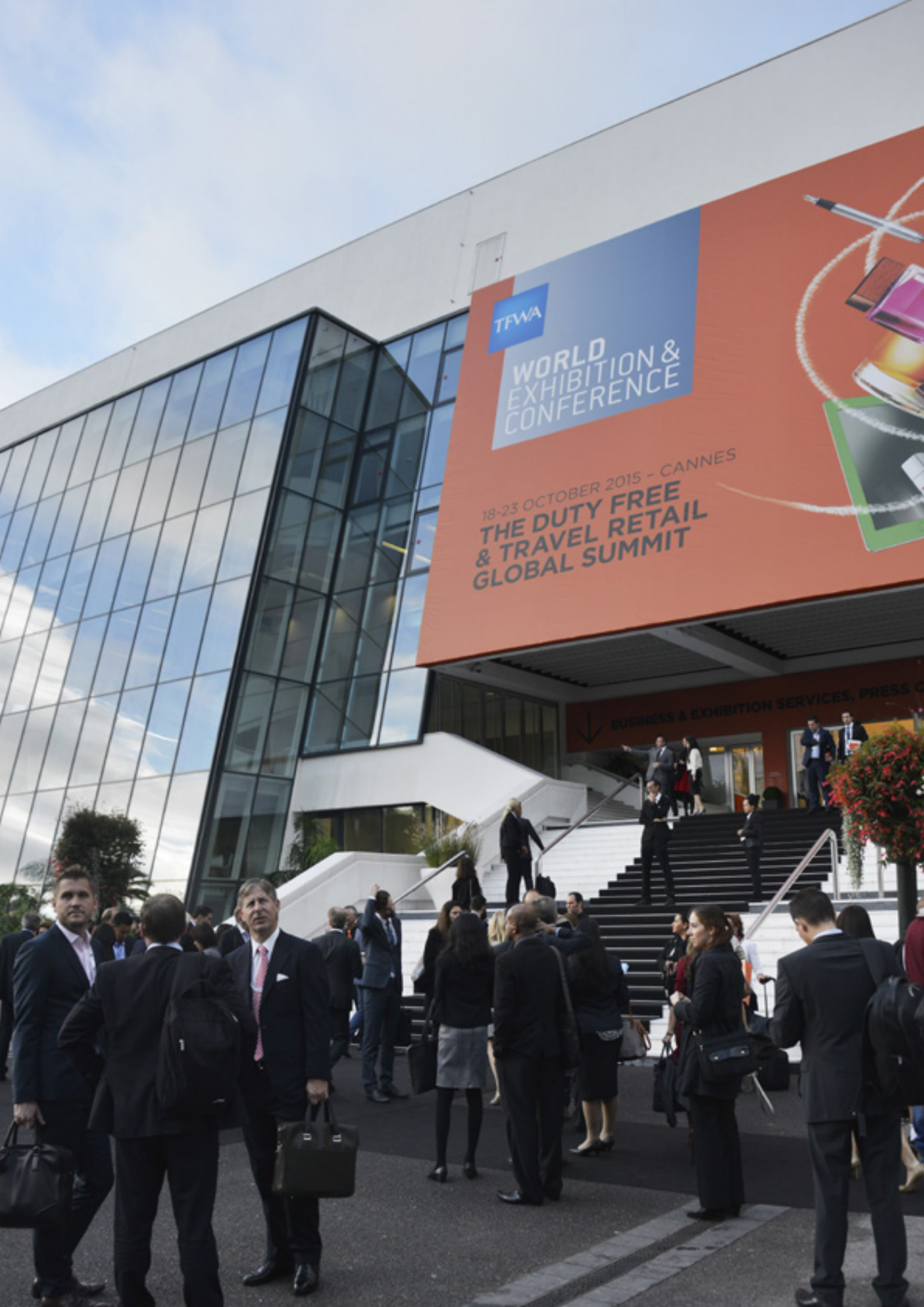
TFWA

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THE TFWA HANDBOOK INTRODUCTION

Two years is a long time in duty free & travel retail. Since we produced the first TFWA Handbook in 2014, the business landscape has changed considerably. This second edition is designed to provide TFWA members with a convenient guide to a fast-evolving market – and we know that by the time the third edition is in preparation, the market will have moved on once again.

The encouraging response from TFWA members to the first Handbook suggests that the publication meets a need for a reference tool bringing together data, definitions and practical information on the duty free & travel retail industry today. We have again tried to collate as much relevant data as possible, and to prioritise content that will be relevant to the widest cross-section of TFWA's diverse membership, be they companies new to the industry or more established.

The Handbook opens with our attempt to define the duty free & travel retail market, complete with an industry timeline and a summary of the major regulatory challenges the market is facing. Once again we are very grateful for the input of the Duty Free World Council and industry associations around the world, whose support of this project is much appreciated.

Our General Data section presents relevant facts and figures from duty free & travel retail and the industries on which it depends. Courtesy of Generation Research, we present sales data from the past decade, by product category, region and sales channel. ACI has very kindly provided traffic data from the world's top 100 airports by international traffic, while this section also features air traffic and tourism forecasts plus a look at the growing cruiseline market.

The popular Mapping the Market section once again features The Moodie Davitt Report's ranking of top 25 duty free & travel retail operators by sales. Given the pace of consolidation within the market, readers will note marked changes from the ranking provided in the 2014 Handbook, further illustrated by our detailed look at the locations operated by the top ten retailers. This chapter also features major concession changes and renewals over the past two years, along with the infrastructure projects shaping the short-term future.

New to the Handbook this year is a section highlighting recent consumer insight studies commissioned by TFWA Research. The Association has built a significant bank of industry research going back to the early 2000s, all of it accessible free of charge to TFWA members.

At a considerably challenging time for our industry, we were keen to invite industry leaders, association representatives and media editors to share their thoughts on the business climate. The Comment & Analysis section provides a fascinating snapshot of industry sentiment, and we are very grateful to all our contributors for taking part.

The Handbook closes with an explanation of the mission, structure and day-to-day work of the Association. The core of TFWA's mission remains to serve the interests of its members, and we hope that the Handbook proves useful to all the companies that make up the Association.



John Rimmer
Tax Free World Association

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Dermot Davitt
The Moodie Davitt Report

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