



TFWA

HANDBOOK

INTRODUCTION FROM THE TFWA PRESIDENT

Welcome to the third TFWA Handbook.

Since the first edition of the Handbook was published in 2014, it has been gratifying to see the positive response from TFWA members to this initiative. We felt that our industry lacked a resource to explain the nature, size and scope of the duty free & travel retail market – one that would prove useful to industry veterans and newcomers alike. We hope that the Handbook has gone some way towards filling that gap.

When I wrote the introduction to the last TFWA Handbook in 2016, our industry had just posted its first annual sales decline since the financial crash of 2008-9. As I write these words, I'm pleased to say that the outlook is considerably more positive. The confirmed 2017 sales figures from Generation Research, presented here, show a year-on-year global sales increase of 9.5%, with product categories across the board back into growth. This despite fragility in many key economies, and a political landscape that has rarely seemed more uncertain.

Our industry is nothing if not resilient, yet I feel that the coming years will test that resilience to the full. Significant progress is being made to ensure retailers and brands are engaging travellers digitally, but more needs to be done to offer customers the kind of seamless retail experience that they increasingly demand. And while passenger numbers are rising almost everywhere, duty free & travel retail sales are not always keeping pace. Our common challenge is to grow our sales ahead of traffic, and that will require a genuinely collaborative approach from brands, retailers and landlords.

In launching this third edition we are once again grateful to Dermot Davitt and the team at The Moodie Davitt Report for their input in editorial and production. We also express our thanks to all our sources of data, including Generation, Airports Council International, IATA and the UN World Tourism Organization. Sincere thanks also go to the business leaders who have shared their thoughts with us in the Comment & Analysis section of the Handbook. They have once again provided a fascinating barometer of industry opinion.

The TFWA Handbook is intended to add value to membership of our Association. If you, our members, have any 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.



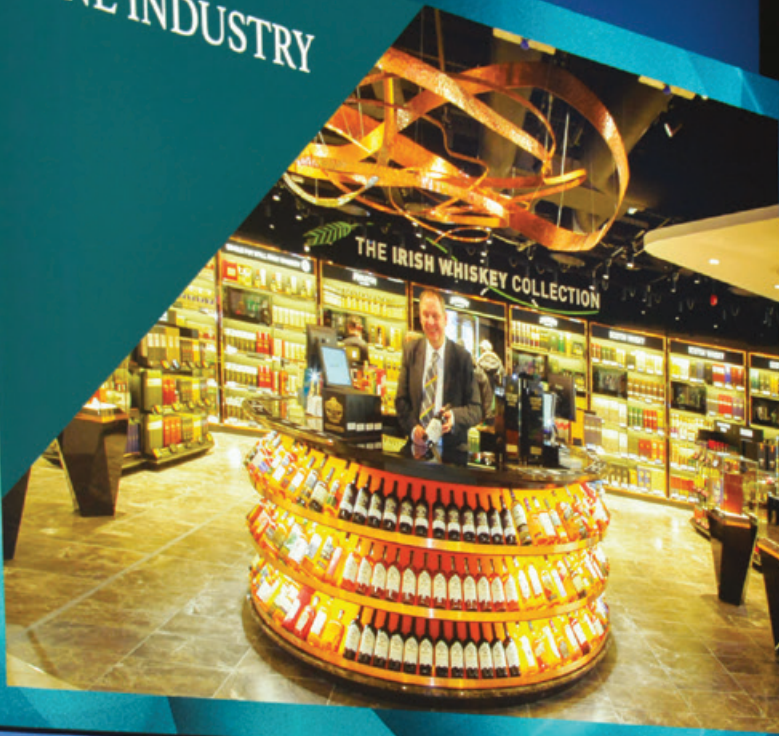
Erik Juul-Mortensen
President
Tax Free World Association

A handwritten signature in black ink, appearing to read 'Erik Juul-Mortensen'.

ONE INDUSTRY

YEARS
OF
DUTY
FREE

— 2017



TFWA



THE TFWA HANDBOOK

INTRODUCTION

The travel retail landscape is much changed since we first published the TFWA Handbook in 2014, and even since the second edition in 2016. The long-term outlook still looks solidly bright, with favourable traffic projections, many emerging markets blossoming and robust increases in travel among emerging middle classes. The third TFWA Handbook also comes at a time when other forces are exerting themselves on the industry. Not only do we face the persistent challenges of currency shifts, excessive regulation and outside political and economic factors, but now the business must tackle the disruptive threat of digitalisation and e-commerce.

Many brands, retailers and airports are investing to understand better the omnichannel opportunity, and to seize the upside where they can, becoming closer to their consumers and adapting the product offer to their needs.

In these changing times, a convenient guide to the market is more important than ever. The TFWA Handbook serves as a reference tool for the latest duty free & travel retail business intelligence, gathering data, definitions and practical information on the industry today. We hope it is as relevant to newcomers and established companies as the first two editions.

The Handbook includes an up-to-date definition of 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 the most recent sales data by product category, region and sales channel. ACI and IATA have kindly provided traffic data from the airline and airport channels, while this section also features tourism figures, forecasts plus a look at the fast-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, using 2017 numbers. This is enhanced by our detailed look at the locations operated by the top ten retailers. This chapter also features selected key concession changes and renewals over the past two years, along with the big airport infrastructure projects shaping the industry's future.

Also in the Handbook this year is a section highlighting recent consumer insight studies commissioned by TFWA Research. And we add a fascinating section on industry trends courtesy of Portland, which maps out the possible direction of the trade in coming years.

As in previous editions we invited industry leaders, association representatives and media editors to share their thoughts on the factors shaping the business. The Comment & Analysis section provides a lively snapshot of industry opinion, and we are 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



Dermot Davitt

The Moodie Davitt Report

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