

NEW YORK	14:30
FRANKFURT	14:40
MOSCOW	14:50
LONDON-LUTON	15:00
MOSCOW	15:05
MOSCOW	15:20
MOSCOW	15:20
ROME	15:40
ISTANBUL	15:45
VIENNA	15:45
ZURICH	16:00
ZURICH	16:00
LUTENNA	16:10



GENERAL DATA

THE GLOBAL INDUSTRY PERFORMANCE IN 2017

We provide commentary on the latest annual results for the global duty free & travel retail industry, with statistics provided by Generation Research.

The global travel retail & duty free industry reached sales of US\$69.3 billion in 2017, a healthy rise of +9.5% compared to the previous year, according to full-year results from Generation.

The performance is a sharp contrast to 2015, covered in detail in the 2016 Handbook, when sales declined by -2.7% compared to 2014.

By region, Asia Pacific delivered the strongest rate of growth in 2017 at +12.6%, to more than US\$30.8 billion. That strengthens the region's position as the largest contributor to the global business, at 44.5%. This compares to 40.8% in 2015 and 38.8% a year earlier, as Asia Pacific continued to take share from other markets.

In the next largest duty free & travel retail region, Europe, sales climbed by +7.1% to US\$20.1 billion in 2017. Its share of 28.9% has declined slightly from 29.6% in 2016.

Sales in the Americas exceeded US\$11.6 billion, which represented a solid rise of +7.4% year-on-year. The Americas' share of the worldwide business stood at 16.8% in 2017, compared to the 2016 share of 17.1%.

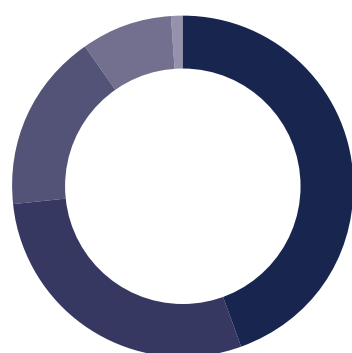
The Middle East region showed sales growth of +5.9% in the year, as sales reached almost US\$6 billion for a share of 8.6%. This compares to 8.8% in 2016. In Africa, sales rose by just +1.1% to US\$787 million, as this emerging region contributed a little more than 1% of business in the channel.

Sales by channel

The dominance of airport stores within the business continued in 2017, with sales (measured in US Dollars) climbing by +7.6% year-on-year to US\$38.2 million, according to Generation. That translates into a share of 55.1%, against 56.1% in 2016.

The category of 'Other Shops', which includes downtown, border, cruise, diplomatic and other channels,

2017 regional breakdown



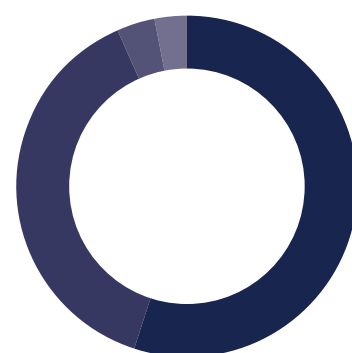
● Asia Pacific	44.5%
● Europe	28.9%
● Americas	16.8%
● Middle East	8.6%
● Africa	1.1%

2017 category breakdown



● Fragrances & cosmetics	36.9%
● Wines & spirits	16.4%
● Fashion & accessories	13.8%
● Tobacco goods	10.4%
● Watches, jewellery & fine writing	8.2%
● Confectionery & fine food	7.2%
● Electronics, gifts & other	7.1%

2017 sales channel breakdown



● Airport shops	55.1%
● Other shops & sales*	38.3%
● Airlines	3.7%
● Ferries	2.9%

Note: *includes border, downtown and cruiseline retail

Source: Generation Research

posted above-average growth of +13.7% for sales of over US\$26.5 billion and market share of 38.3% (2016: 36.9%).

Ferry and airline stores recorded increases of +2% and +3.1% respectively to reach sales of US\$1.98 billion and US\$2.6 billion. Inflight retail had a 2017 market share of 3.7%, with ferries at 2.9%.

Key categories

Within the key product groups, the largest category, fragrances & cosmetics, showed the highest rate of growth at +19.3% compared to a year earlier. At US\$25.6 billion, the category accounts for 36.9% of the business.

DUTY FREE & TRAVEL RETAIL SALES 2017 vs 2016 (in US\$ millions)

REGION	SALES 2017	MARKET SHARE 2017	CHANGE ON YEAR	SALES 2016	MARKET SHARE 2016
Asia Pacific	30,827.3	44.5%	+12.6%	27,375.3	43.2%
Europe	20,060.7	28.9%	+7.1%	18,732.9	29.6%
Americas	11,655.2	16.8%	+7.4%	10,853.4	17.1%
Middle East	5,982.7	8.6%	+7.3%	5,573.3	8.8%
Africa	786.9	1.1%	+1.1%	778.1	1.2%
World total	69,312.9	100.0%	+9.5%	63,313.0	100.0%

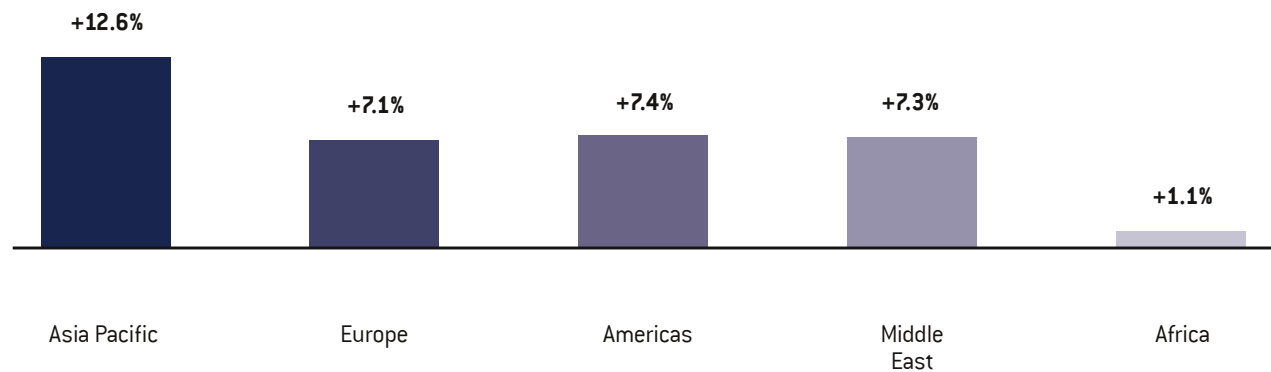
PRODUCT CATEGORY	SALES 2017	MARKET SHARE 2017	CHANGE ON YEAR	SALES 2016	MARKET SHARE 2016
Fragrances & cosmetics	25,605.9	36.9%	+19.3%	21,464.4	33.9%
Wines & spirits	11,350.7	16.4%	+8.5%	10,463.3	16.5%
Fashion & accessories	9,540.9	13.8%	+4.5%	9,128.9	14.4%
Tobacco goods	7,229.6	10.4%	+0.0%	7,228.8	11.4%
Watches, jewellery & fine writing	5,672.1	8.2%	+4.4%	5,435.4	8.6%
Confectionery & fine food	4,993.4	7.2%	+4.2%	4,791.5	7.6%
Electronics, gifts & other	4,920.2	7.1%	+2.5%	4,800.8	7.6%
Total	69,312.9	100.0%	+9.5%	63,313.0	100.0%

SALES CHANNEL	SALES 2017	MARKET SHARE 2017	CHANGE ON YEAR	SALES 2016	MARKET SHARE 2016
Airport shops	38,207.7	55.1%	+7.6%	35,515.2	56.1%
Other shops & sales*	26,554.1	38.3%	+13.7%	23,363.0	36.9%
Airlines	2,568.6	3.7%	+3.1%	2,491.4	3.9%
Ferries	1,982.5	2.9%	+2.0%	1,943.5	3.1%
Total	69,312.9	100.0%	+9.5%	63,313.0	100.0%

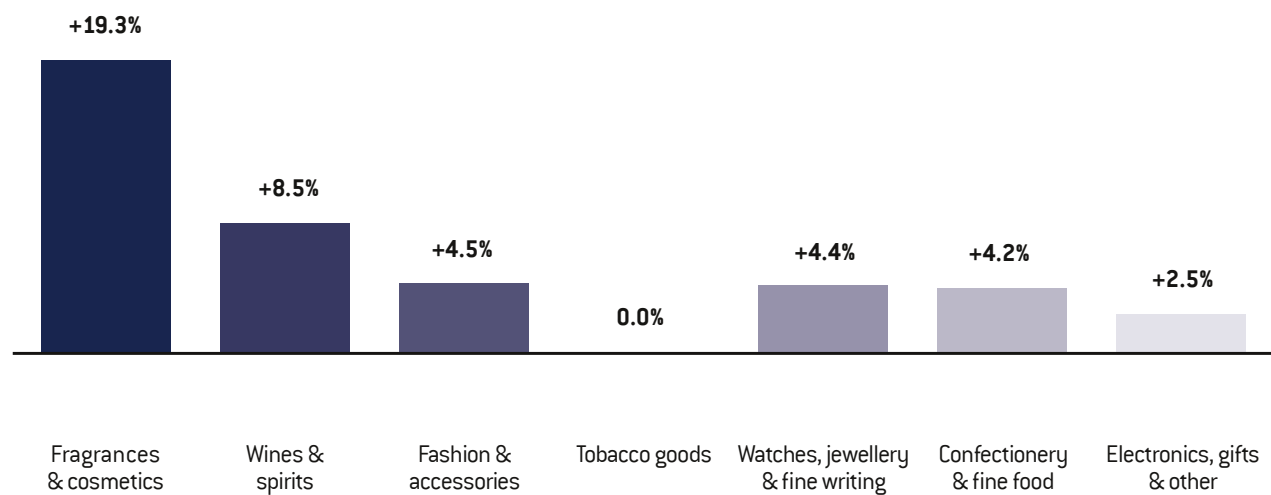
Note: *includes border, downtown and cruiseline retail

Source: Generation Research

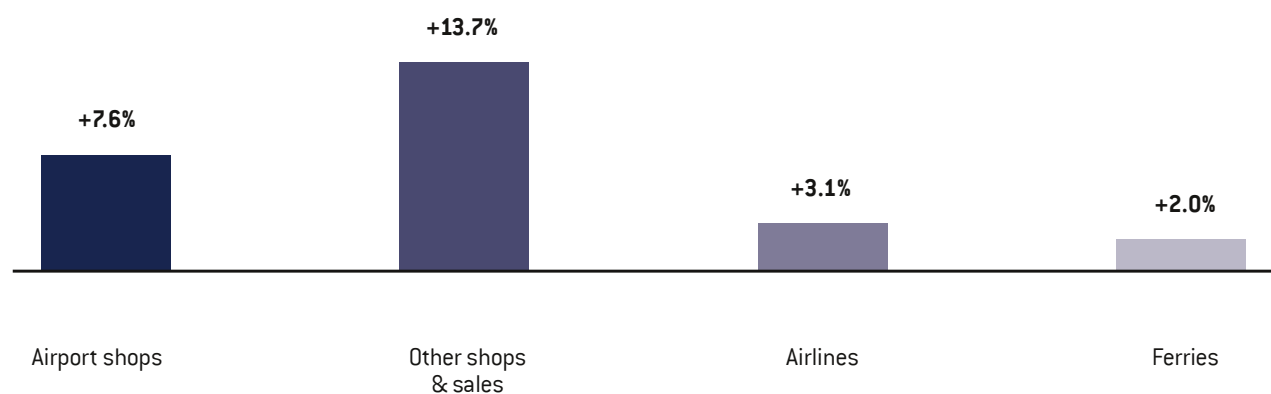
Regional % change 2017 vs 2016



Category % change 2017 vs 2016



Sales channel % change 2017 vs 2016



Source: Generation Research

That represents a dominant share and well above the 33.9% it accounted for in 2016.

Wines & spirits sales grew at just under the global average (+8.5%) for almost US\$11.4 billion and a 16.4% share of the business.

Fashion & accessories showed a solid +4.5% increase year-on-year to US\$9.5 billion and a share of 13.8%.

Tobacco goods sales remained flat at US\$7.3 billion, watches, jewellery and fine writing instruments sales were up +4.4% to US\$5.7 billion, confectionery & fine food hit just under US\$5 billion (+4.2%), with electronics, gifts

and other goods up +2.5% at US\$4.9 billion.

Ten-year trends

A glance at the rate of sales growth over the past decade shows that the industry has almost doubled in size from the 2007 figure of US\$37.7 billion. It was held back by the flat growth between 2014 and 2016 before surging again in 2017. That recovery has come against the backdrop of strong passenger traffic growth and the rise of travel and spending power in some key emerging markets.

The rise of Asia, driven by China but also other

Duty free & travel retail sales by product category 2007–2017 (in US\$ millions)

CATEGORY	2007	2008	2009
Fragrances & cosmetics	10,404.1	11,589.5	10,708.0
Wines & spirits	6,628.6	7,175.1	6,681.9
Fashion & accessories	4,827.9	5,043.8	4,761.5
Tobacco goods	6,443.4	6,821.9	6,006.0
Watches, jewellery & fine writing	3,624.1	3,778.0	3,589.2
Confectionery & fine food	2,939.1	3,407.4	3,167.1
Electronics, gifts & other	2,832.8	3,184.2	3,286.3
World total	37,700.0	41,000.0	38,200.0

Duty free & travel retail sales by sales channel 2007–2017 (in US\$ millions)

CHANNEL	2007	2008	2009
Airport shops	20,125.6	22,632.7	21,385.4
Other shops & sales	12,487.5	13,070.1	12,211.5
Airlines	2,664.3	2,733.3	2,437.9
Ferries	2,422.6	2,564.0	2,165.1
World total	37,700.0	41,000.0	38,200.0

Duty free & travel retail sales by region 2007–2017 (in US\$ millions)

REGION	2007	2008	2009
Asia Pacific	9,114.2	9,869.5	10,295.2
Europe	17,363.9	18,544.0	16,176.1
Americas	7,827.1	8,532.3	7,605.2
Middle East	2,851.8	3,446.8	3,466.4
Africa	543.1	607.4	657.2
World total	37,700.0	41,000.0	38,200.0

Source: Generation Research

nationalities, has been one of the major industry dynamics of the past ten years. Note the surging sales in Asia Pacific, where the business has more than trebled since 2007 and the market share now stands at 44.5%.

The Middle East was the other stand-out region over the past ten years, with sales more than doubling to just under US\$6 billion.

By contrast, sales in Europe have grown at a relatively slow pace in this period, rising from US\$17.4 billion in 2007 to US\$20.1 billion. The Americas too has shown solid if unspectacular sales increases in the period, from US\$7.8 billion to US\$11.6 billion. Africa too

has delivered modest growth, from US\$543 million to US\$787 million.

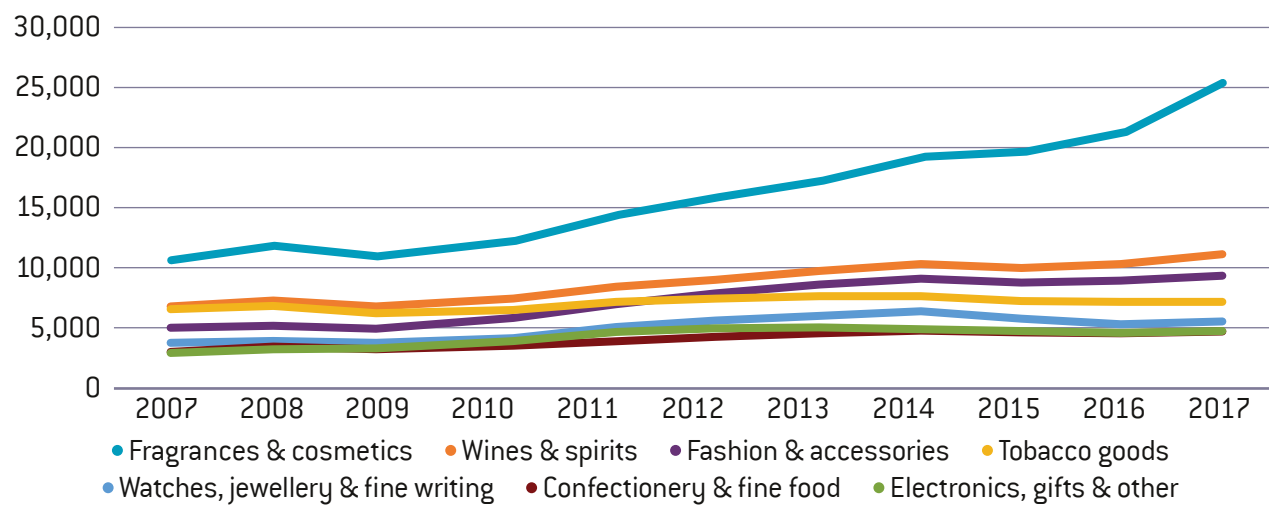
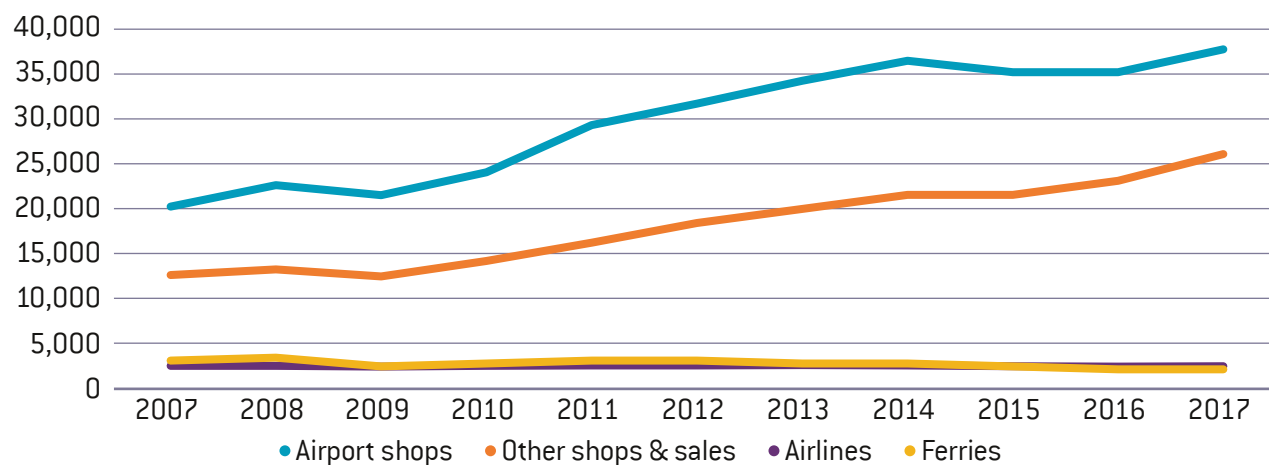
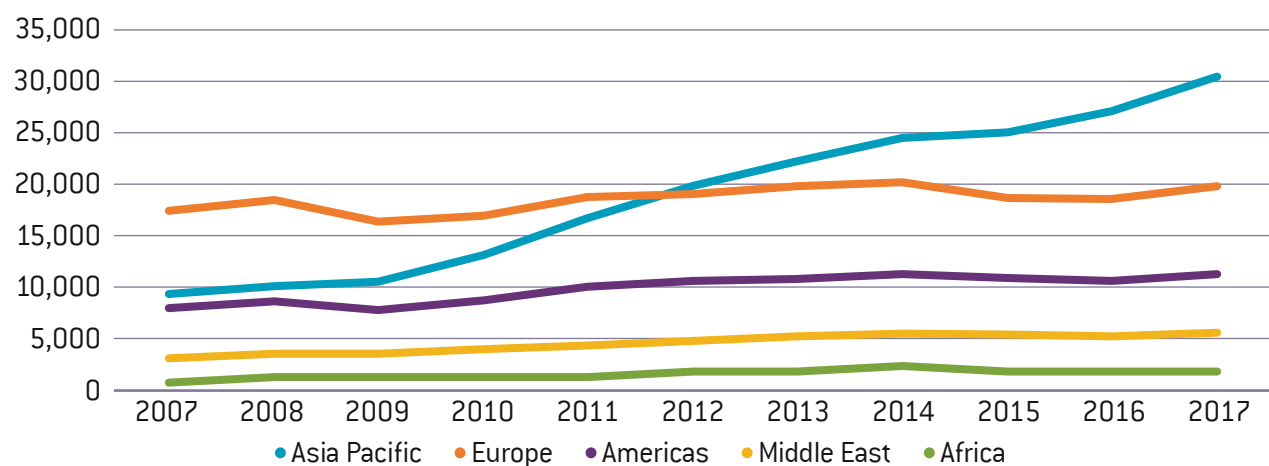
By channel, sales at airport shops have almost doubled from US\$20.1 billion in 2017, while the contribution from 'Other shops' has more than doubled from US\$12.5 billion a decade ago. Neither the airline nor the ferry channel have kept pace, with each posting a decline compared to 2007.

By product category, the ten-year trends underline the rise and rise of beauty as the cornerstone of many travel retailers' offers. From US\$10.4 billion in 2007 (when it was already the number one category)

2010	2011	2012	2013	2014	2015	2016	2017
12,060.1	14,344.1	15,793.7	17,260.3	19,289.5	19,763.5	21,464.4	25,605.9
7,367.8	8,432.6	9,091.0	9,862.3	10,437.0	10,150.7	10,463.3	11,350.7
5,792.2	7,007.4	7,955.7	8,755.2	9,272.9	8,998.3	9,128.9	9,540.9
6,416.1	7,300.9	7,626.8	7,851.8	7,908.9	7,353.7	7,228.8	7,229.6
4,073.3	5,139.2	5,767.8	6,210.8	6,601.8	5,933.9	5,435.4	5,672.1
3,503.6	3,941.7	4,376.6	4,745.1	5,079.6	4,875.3	4,791.5	4,993.4
3,987.3	4,834.1	5,188.5	5,314.6	5,162.6	4,924.7	4,800.8	4,920.2
43,200.4	51,000.0	55,800.0	60,000.0	63,752.3	62,000.0	63,313.0	69,312.9

2010	2011	2012	2013	2014	2015	2016	2017
24,103.5	29,435.9	31,927.8	34,671.2	36,832.4	35,530.1	35,515.2	38,207.7
14,144.7	16,270.7	18,466.8	20,095.6	21,714.2	21,772.4	23,363.0	26,554.1
2,686.6	2,851.4	2,991.9	3,021.4	2,980.9	2,639.0	2,491.4	2,568.6
2,265.2	2,442.0	2,413.5	2,211.8	2,224.7	2,058.5	1,943.5	1,982.5
43,200.0	51,000.0	55,800.0	60,000.0	63,752.3	62,000.0	63,313.0	69,312.9

2010	2011	2012	2013	2014	2015	2016	2017
13,000.2	16,665.6	19,902.2	22,317.9	24,729.4	25,294.4	27,375.3	30,827.3
16,758.8	18,910.4	19,272.3	20,139.3	20,581.9	18,856.7	18,732.9	20,060.7
8,702.7	10,280.8	10,855.7	11,162.5	11,725.3	11,276.4	10,853.4	11,655.2
4,026.9	4,446.1	5,005.8	5,560.6	5,867.3	5,810.8	5,573.3	5,982.7
711.3	697.0	764.0	819.7	848.4	761.7	778.1	786.9
43,200.0	51,000.0	55,800.0	60,000.0	63,752.3	62,000.0	63,313.0	69,312.9

Duty free & travel retail sales by product category 2007–2017 (in US\$ millions)**Duty free & travel retail sales by sales channel 2007–2017 (in US\$ millions)****Duty free & travel retail sales by region 2007–2017 (in US\$ millions)**

Source: Generation Research

fragrances & cosmetics has more than doubled to US\$25.6 billion.

Wines & spirits has performed solidly in the period, almost doubling sales from US\$6.6 billion to US\$11.4 billion, while the next biggest category, tobacco, has risen only marginally, from US\$6.4 billion to US\$7.2 billion.

Luxury goods has been a powerhouse of the business over the past ten years, as the sales performance underlines. From US\$4.8 billion in 2007, fashion &

accessories has roughly doubled to US\$9.5 billion.

Watches, jewellery and writing instruments grew from US\$3.6 billion in 2007 to US\$5.7 billion but has struggled for growth since the downturn year of 2014.

Confectionery, another staple of the core offer, has seen sales climb from US\$2.9 billion in 2007 to just under US\$5 billion ten years on. The categories of electronics, gifts and other goods also performed reasonably well, going from US\$2.8 billion in 2007 to US\$4.9 billion by 2017.

Leading markets and their sales performance

South Korea retained its status as the world's largest duty free and travel retail market by sales volume in 2017. This was despite the challenges faced by all retailers following the slump in Chinese arrivals (notably from tour groups) amid the THAAD anti-missile system dispute with China.

The industry still managed to deliver double-digit sales growth and a market share (just under 18%) that remains more than twice that of its nearest challenger, China. Growth in the Chinese market (+23.3%) grew at a faster pace than any other in the top ten, amid surging outbound travel numbers and the rise of the offshore duty free business in locations within China such as Hainan Island.

Other markets heavily affected by Chinese travel included Hong Kong and Macau (both positively) and Chinese Taipei (negatively) as travel to the latter from Mainland China slipped during the year.

The USA, UK and Germany occupy the other positions in the top five, each posting solid single-digit growth. Within the top ten, apart from China, the other markets to record double-digit increases were Singapore and Turkey.

Elsewhere in Generation's top 25 country rankings, the rebound in travel among Russian and Brazilian consumers in the year was reflected in strong sales growth in each.

TOP 25 COUNTRIES 2017 AND CHANGE ON YEAR

RANK	COUNTRY	SALES CHANGE ON YEAR	MARKET SHARE 2017
1	South Korea	+13.7%	17.9%
2	China	+23.3%	8.3%
3	USA	+6.7%	6.1%
4	United Kingdom	+1.6%	4.7%
5	Germany	+2.5%	4.2%
6	United Arab Emirates	+6.2%	4.1%
7	Hong Kong	+9.4%	3.4%
8	Thailand	+8.6%	3.0%
9	Singapore	+14.0%	3.0%
10	Turkey	+11.1%	2.5%
11	Japan	-4.0%	2.5%
12	France	+6.7%	2.0%
13	Spain	+5.1%	1.8%
14	Taiwan	-0.3%	1.5%
15	U.S. Virgin Islands	+12.3%	1.4%
16	Russia	+20.4%	1.4%
17	Norway	+6.7%	1.2%
18	Brazil	+14.4%	1.1%
19	Italy	+14.1%	1.1%
20	Jordan	+30.2%	1.0%
21	Australia	+1.9%	1.0%
22	Macau	+28.1%	1.0%
23	Israel	+15.3%	0.9%
24	Estonia	+4.5%	0.9%
25	Finland	+4.6%	0.9%

Note: In addition to airports, airlines and ferries, above ranking includes sales in off-airport shops, downtown shops and border shops as well as some military and diplomatic sales.

Source: Generation Research

AIRPORT PASSENGER TRAFFIC TRENDS 2017

Reviewing the Top 100 airports in the world by international traffic in 2017, along with details of their lead travel retailers.

In 2017 Dubai International maintained its status as the world's leading airport measured by international passenger traffic, a position it has held since 2014. London Heathrow was again ranked second, with Hong Kong, Amsterdam and Paris CDG completing the top five. That's according to the latest figures from the Airports Council International (ACI) 2018 Annual World Airport Traffic Dataset, which is available in full from September (see opposite page).

Of the top ten airports worldwide, Amsterdam (ranked fourth), Incheon (seventh) and Bangkok Suvarnabhumi (ninth) posed the highest rates of growth in the year, at over +7% each. Of the top 30, only Kuala Lumpur International and Brussels recorded double-digit increases in international passenger volumes, at +14.6% and +13.8% respectively. Also in the top 30, Doha (Hamad International) was the only airport to show a fall in traffic (-5.2%), which was due to the impact of the continuing aviation blockade imposed amid a dispute with other Gulf states.

Among airports outside the top 30, there were some notable traffic performances in terms of international traffic growth. Lisbon (ranked 32) delivered a +19.4% surge year-on-year, Moscow Sheremetyevo (ranked 33) climbed by +17.3%, while Antalya roared back amid a rebound in Russian tourists to leap by +57.4%.

Guangzhou (ranked 52), China's third busiest airport, reported an impressive +25% rise, with Prague (ranked 57) rising by +18.4%, Warsaw (ranked 64) up +19.6% and Muscat (ranked 71) showing +18.4% growth in the year.

By region, the healthy and sustained growth of air travel in Asia Pacific is reflected in the solid performance of the top five airports: Hong Kong, Singapore, Incheon, Bangkok Suvarnabhumi and Taipei.

There was a more mixed picture for Middle East airports. Successive years of rapid growth at Dubai International have tapered back to single-digit gains as the airport nears capacity. It is followed in the regional top five

rankings by Doha, Abu Dhabi, Jeddah and Tel Aviv. Of these, Tel Aviv was the star performer in 2017, with international traffic leaping by +16.4% year-on-year, while Jeddah's figures improved by +6.9%.

In Europe, London Heathrow, Amsterdam, Paris, Frankfurt and Istanbul Atatürk remain the top five, as they were when we produced the 2016 Handbook (then based on 2015 figures). But there is one significant difference: Amsterdam has now overtaken Paris as the region's second largest international airport after posting sharper growth rates in recent years. If each of these space-constrained airports can put in place infrastructure to cope with continuing traffic growth, they should maintain their places in the top ten for years to come. Istanbul Atatürk will be replaced by New Istanbul Airport by late 2018, with the new facility likely to enter the top ten in its first full year of operations, or soon afterwards.

In North America, Los Angeles (+9.2%) posted the highest rate of international passenger growth, but there were other noteworthy increases at San Francisco (+8.6%) and Toronto (+8.1%) within the top five. New York JFK and Miami posted more modest increases.

In Latin America and the Caribbean, Cancún and Mexico City led the 2017 rankings, posting +8.4% and +12% growth in international passenger volumes respectively. The figures maintain both airports' strong performances of recent years. Tocumen Airport, which serves Panama City, was the third biggest airport in the regional list and showed a solid rise of +6.1% year-on-year. It was followed in the rankings by São Paulo Guarulhos (+3.6%) and Santiago de Chile (+15.7%).

In Africa, the two leading airports remain Cairo and Johannesburg, with both inside the top 100 worldwide. The former posted a -4.4% decline with the latter up by +2.4% in international volumes. The other leading airports in the region for international traffic in 2017 were Addis Ababa (+14%), Casablanca (+7.7%) and Algiers (+3.8%).



The ACI 2018 Annual World Airport Traffic Dataset is the most comprehensive airport traffic statistics dataset in the aviation industry. It provides a view of air transport demand across the world's airports by three thematic areas for the years 2017 and 2016:

- passengers (international and domestic)
- air cargo (freight and mail)
- aircraft movements (air transport movements and general aviation).

ACI collects airport traffic every year through its global network of airport operators. The Excel format of the dataset offers the possibility to filter through traffic statistics of over 2,500 airports in over 175 countries.

To buy a copy of the ACI 2018 Annual World Airport Traffic Dataset, please go to <https://store.aci.aero/product/annual-world-airport-traffic-dataset-2018/>

Dubai International has maintained its position at the head of the global rankings for international traffic

RANK	AIRPORT	REGION	COUNTRY
1	Dubai International	MEA	United Arab Emirates
2	London Heathrow Airport	EUR	UK
3	Hong Kong International Airport	ASP	Hong Kong SAR
4	Amsterdam Airport Schiphol	EUR	Netherlands
5	Paris Charles de Gaulle Airport	EUR	France
6	Singapore Changi Airport	ASP	Singapore
7	Incheon International Airport	ASP	Republic of Korea
8	Flughafen Frankfurt/Main	EUR	Germany
9	Suvarnabhumi International Airport	ASP	Thailand
10	Taoyuan International Airport	ASP	Chinese Taipei
11	Atatürk International Airport	EUR	Turkey
12	Kuala Lumpur International Airport	ASP	Malaysia
13	London Gatwick Airport	EUR	United Kingdom
14	Aeropuerto de Adolfo Suárez Madrid Barajas	EUR	Spain
15	Hamad International Airport	MEA	Qatar
16	Munich Airport	EUR	Germany
17	Aeropuerto de Barcelona El Prat	EUR	Spain
18	Narita International Airport	ASP	Japan
19	John F. Kennedy International Airport	NAM	United States
20	Toronto Pearson International Airport	NAM	Canada
21	Aeroporto di Roma Fiumicino	EUR	Italy
22	Dublin Airport	EUR	Ireland
23	Flughafen Zürich	EUR	Switzerland
24	Pudong International Airport	ASP	China
25	Copenhagen Airport	EUR	Denmark
26	Manchester Airport	EUR	UK
27	Brussels Airport	EUR	Belgium
28	London Stansted Airport	EUR	UK
29	Los Angeles International Airport	NAM	USA
30	Vienna International Airport	EUR	Austria
31	Abu Dhabi International Airport	MEA	United Arab Emirates

Source: 2018 ACI Annual World Airport Traffic Dataset

CITY	LEAD TRAVEL RETAILER(S)	INTERNATIONAL PASSENGERS 2017	% CHANGE ON 2016
Dubai	Dubai Duty Free	87,722,023	+5.6
London	World Duty Free (Dufry)	73,187,198	+3.0
Hong Kong	CDF-Lagardère Company; The Shilla Duty Free; Gebr Heinemann	72,462,236	+3.4
Amsterdam	Schiphol Airport Retail (Gebr Heinemann); Kappé; Lagardère Travel Retail; Gassan	68,401,146	+7.7
Paris	Lagardère Travel Retail/AdP	63,697,227	+5.5
Singapore	DFS; The Shilla Duty Free; Lagardère Travel Retail; WHSmith	61,574,000	+5.9
Incheon	Lotte Duty Free; The Shilla Duty Free; Shinsegae Duty Free	61,520,572	+7.6
Frankfurt	Fraport/Heinemann	57,122,348	+6.4
Bangkok	King Power International Group (Thailand)	48,811,600	+7.8
Taipei	Ever Rich Duty Free;Tasa Meng Corp	44,479,754	+6.2
Istanbul	ATÜ Duty Free	44,476,589	+7.7
Kuala Lumpur	Eraman; DR Group; The Zon Duty Free; Dimensi Eksklusif	42,350,673	+14.6
London	World Duty Free (Dufry)	41,476,858	+5.3
Madrid	World Duty Free (Dufry)	38,479,159	+6.7
Doha	Qatar Duty Free	35,262,164	-5.3
Munich	Eurotrade	34,721,745	+6.6
Barcelona	World Duty Free (Dufry)	34,527,018	+6.8
Tokyo	NAA Retailing	33,090,944	+3.4
New York	DFS; International Shoppes	32,431,419	+2.1
Toronto	Dufry	29,655,141	+8.1
Rome	Lagardère Travel Retail	29,378,923	+1.0
Dublin	Aer Rianta International	29,285,415	+6.0
Zürich	Dufry	28,670,944	+6.4
Shanghai	Sunrise Duty Free; China Duty Free Group	28,360,031	+5.4
Copenhagen	Gebr Heinemann	27,125,907	+0.7
Manchester	World Duty Free (Dufry)	25,397,116	+9.0
Brussels	International Duty Free	24,731,022	+13.8
London	World Duty Free (Dufry)	24,154,180	+8.5
Los Angeles	DFS	24,151,229	+9.2
Vienna	Gebr Heinemann	23,734,695	+4.4
Abu Dhabi	DFS	23,274,039	-3.8

RANK	AIRPORT	REGION	COUNTRY
32	Lisbon Airport	EUR	Portugal
33	Sheremetyevo International Airport	EUR	Russian Federation
34	Beijing Capital International Airport	ASP	China
35	King Abdulaziz International Airport	MEA	Saudi Arabia
36	Aeropuerto de Palma de Mallorca	EUR	Spain
37	Miami International Airport	NAM	USA
38	Aéroport de Paris Orly	EUR	France
39	Stockholm Arlanda Airport	EUR	Sweden
40	Kansai International Airport	ASP	Japan
41	Ninoy Aquino International Airport	ASP	Philippines
42	Tel Aviv Ben Gurion International Airport	MEA	Israel
43	Düsseldorf International Airport	EUR	Germany
44	Milano Malpensa	EUR	Italy
45	Antalya International Airport	EUR	Turkey
46	Tokyo International (Haneda) Airport	ASP	Japan
47	Indira Gandhi International Airport	ASP	India
48	Geneva Airport	EUR	Switzerland
49	Helsinki Vantaa Airport	EUR	Finland
50	Aeropuerto de Málaga Costa del Sol	EUR	Spain
51	Sydney International Airport	ASP	Australia
52	Guangzhou Bai Yun International Airport	ASP	China
53	Cancún International Airport	LAC	Mexico
54	Aeropuerto Internacional de la Ciudad de México	LAC	Mexico
55	Oslo Gardermoen Airport	EUR	Norway
56	Aeropuerto Internacional de Tocumen	LAC	Panama
57	Prague Airport	EUR	Czech Republic
58	London Luton Airport	EUR	UK
59	Soekarno–Hatta International Airport	ASP	Indonesia
60	Athens International Airport	EUR	Greece
61	Don Mueang International Airport	ASP	Thailand
62	Guarulhos International Airport	LAC	Brazil
63	Kuwait International Airport	MEA	Kuwait
64	Warsaw Frederic Chopin Airport	EUR	Poland
65	Tan Son Nhat International Airport	ASP	Vietnam

Source: 2018 ACI Annual World Airport Traffic Dataset

CITY	LEAD TRAVEL RETAILER(S)	INTERNATIONAL PASSENGERS 2017	% CHANGE ON 2016
Lisbon	Dufry	23,144,471	+19.5
Moscow	Imperial Duty Free (Gebr Heinemann)	22,092,683	+17.3
Beijing	Sunrise Duty Free; China Duty Free Group	21,721,292	+5.3
Jeddah	Lagardère Travel Retail	21,653,530	+6.9
Palma de Mallorca	World Duty Free (Dufry)	21,576,951	+5.6
Miami	Duty Free Americas	21,473,311	+0.4
Paris	Lagardère Travel Retail/AdP	21,243,942	+4.4
Stockholm	Dufry	21,166,430	+9.0
Osaka	KIX Duty Free; Lotte Duty Free; Blanc de Blancs; Airport Senmon Daiten; DFS	21,136,880	+12.7
Manila	Duty Free Philippines	20,957,571	+10.4
Tel Aviv	JR Duty Free/Gebr Heinemann	20,189,162	+16.4
Düsseldorf	World Duty Free (Dufry)	20,146,906	+6.0
Milan	Dufry	18,871,947	+13.6
Antalya	Dufry	18,448,685	+57.4
Tokyo	TIAT Duty Free (JATCo)	17,041,313	+11.5
New Delhi	Delhi Duty Free Services	16,825,512	+12.4
Geneva	Lagardère Travel Retail	16,624,649	+5.2
Helsinki	World Duty Free (Dufry)	16,156,064	+11.4
Málaga	World Duty Free (Dufry)	16,120,479	+12.4
Sydney	Gebr Heinemann	15,972,235	+6.9
Guangzhou	China Duty Free Group	15,894,100	+25.0
Cancún	Dufry	15,811,491	+8.4
Mexico City	Dufry	15,750,307	+12.1
Oslo	Gebr Heinemann	15,710,682	+8.8
Panama City	Motta Internacional; Duty Free Americas	15,511,706	+6.1
Prague	Lagardère Travel Retail	15,354,351	+18.4
London	Lagardère Travel Retail	14,826,911	+9.0
Jakarta	DFS; Lotte Duty Free; Plaza Bali; Aura Cantik (ARI)	14,688,715	+12.1
Athens	Hellenic Duty Free Shops (Dufry)	14,353,352	+11.8
Bangkok	King Power International Group (Thailand)	14,288,205	+21.3
São Paulo	Dufry	13,979,959	+3.6
Kuwait City	World Duty Free (Dufry)	13,735,580	+16.8
Warsaw	Lagardère Travel Retail; Baltona Duty Free	13,655,873	+19.6
Ho Chi Minh City	SASCO	13,646,675	+15.0

RANK	AIRPORT	REGION	COUNTRY
66	Moscow Domodedovo Airport	EUR	Russian Federation
67	San Francisco International Airport	NAM	USA
68	Cairo International Airport	MEA	Egypt
69	Chhatrapati Shivaji International Airport	ASP	India
70	Budapest Ferenc Liszt International Airport	EUR	Hungary
71	Muscat International Airport	MEA	Oman
72	Newark Liberty International Airport	NAM	United States
73	Tegel Airport	EUR	Germany
74	Chicago O'Hare International Airport	NAM	USA
75	Vancouver International Airport	NAM	Canada
76	Schoenefeld Airport	EUR	Germany
77	Flughafen Hamburg	EUR	Germany
78	Aeropuerto de Alicante Elche	EUR	Spain
79	Hartsfield-Jackson Atlanta International Airport	NAM	USA
80	Henri Coanda International Airport	EUR	Romania
81	King Khaled International Airport	MEA	Saudi Arabia
82	Sharjah International Airport	MEA	United Arab Emirates
83	Montréal Pierre Elliott Trudeau International Airport	NAM	Canada
84	Ngurah Rai Airport	ASP	Indonesia
85	Aeropuerto Internacional Arturo Merino Benitez	LAC	Chile
86	Birmingham Airport	EUR	UK
87	Aeropuerto Internacional El Dorado	LAC	Colombia
88	Melbourne Airport	ASP	Australia
89	Houston George Bush Intercontinental Airport	NAM	USA
90	Sabiha Gökçen International Airport	EUR	Turkey
91	Aeropuerto de Tenerife Sur	EUR	Spain
92	OR Tambo International Airport	MEA	South Africa
93	Auckland International Airport	ASP	New Zealand
94	Bandaranaike International Airport	ASP	Sri Lanka
95	Boryspil State International Airport	EUR	Ukraine
96	Aeropuerto Internacional Jorge Chávez	LAC	Peru
97	Phuket International Airport	ASP	Thailand
98	Milano Orio al Serio International Airport	EUR	Italy
99	Aeropuerto Internacional de Ezeiza	LAC	Argentina
100	Aeroporto di Venezia Marco Polo	EUR	Italy

Source: 2018 ACI Annual World Airport Traffic Dataset

CITY	LEAD TRAVEL RETAILER(S)	INTERNATIONAL PASSENGERS 2017	% CHANGE ON 2016
Moscow	Travel Retail Domodedovo (Gebr Heinemann)	13,633,814	+15.1
San Francisco	DFS	13,425,328	+8.6
Cairo	Dufry; Egyptair Duty Free Shops; Cairo Airport Duty Free	13,304,222	-4.4
Mumbai	Mumbai Duty Free (Flemingo)	13,141,612	+9.4
Budapest	Gebr Heinemann	13,060,687	+14.5
Muscat	Muscat Duty Free	13,000,731	+18.4
Newark	Dufry; International Shoppes; EJE Duty Free	12,903,546	+4.5
Berlin	Gebr Heinemann	12,715,674	-5.7
Chicago	Dufry	12,461,636	+6.1
Vancouver	World Duty Free (Dufry)	12,429,867	+11.4
Berlin	Gebr Heinemann	12,329,349	+13.4
Hamburg	Gebr Heinemann	12,324,284	+14.0
Alicante	World Duty Free (Dufry)	12,316,400	+11.7
Atlanta	Duty Free Americas	12,033,865	+4.9
Bucharest	Best Value Duty Free (Gebr Heinemann)	11,511,558	+13.9
Riyadh	Lagardère Travel Retail	11,351,596	+1.3
Sharjah	Dufry	11,323,396	+2.6
Montreal	Aer Rianta International	11,243,498	+10.7
Denpasar Bali	Dufry; Plaza Bali	10,948,393	+9.9
Santiago	World Duty Free (Dufry)	10,592,022	+15.7
Birmingham	World Duty Free (Dufry)	10,582,435	+15.7
Bogotá	Dufry/DFASS	10,407,052	+6.7
Melbourne	Dufry	10,368,630	+8.4
Houston	ATÜ Duty Free	10,314,097	-4.3
Istanbul	Setur Duty Free	10,311,530	+9.3
Tenerife	World Duty Free (Dufry)	10,239,215	+7.1
Johannesburg	Big Five Duty Free	10,131,157	+2.4
Auckland	Lagardère Travel Retail; Aer Rianta International	10,021,905	+7.9
Colombo	Flemingo; Dufry	9,919,276	+4.9
Kiev	Pavo Duty Free; Gebr Heinemann	9,684,545	+22.6
Lima	World Duty Free (Dufry)	9,183,587	+9.8
Phuket	King Power International Group (Thailand)	9,171,284	+13.2
Milan	Dufry	9,060,201	+12.9
Buenos Aires	Dufry	8,992,164	+0.9
Venice	Lagardère Travel Retail	8,988,759	+8.4

RANK	AIRPORT	WORLD RANK	COUNTRY
AFRICA			
1	Cairo International Airport	68	Egypt
2	OR Tambo International Airport	92	South Africa
3	Addis Ababa Bole International Airport	107	Ethiopia
4	Aéroport Mohammed V	111	Morocco
5	Aéroport d'Alger Houari Boumédiène	140	Algeria

Source: ACI Africa

ASIA PACIFIC			
1	Hong Kong International Airport	3	China SAR
2	Singapore Changi Airport	6	Singapore
3	Incheon International Airport	7	Republic of Korea
4	Suvarnabhumi International Airport	9	Thailand
5	Taoyuan International Airport	10	Chinese Taipei

Source: 2018 ACI Annual World Airport Traffic Dataset

EUROPE			
1	London Heathrow Airport	2	UK
2	Amsterdam Airport Schiphol	4	Netherlands
3	Paris Charles de Gaulle Airport	5	France
4	Flughafen Frankfurt/Main	8	Germany
5	Atatürk International Airport	11	Turkey

Source: 2018 ACI Annual World Airport Traffic Dataset

CITY	INTERNATIONAL PASSENGERS 2017	% CHANGE ON 2016
Cairo	13,304,222	−4.4
Johannesburg	10,131,157	+2.4
Addis Ababa	8,607,204	+14.0
Casablanca	8,391,720	+7.7
Algiers	5,682,066	+3.8
Hong Kong	72,462,236	+3.4
Singapore	61,574,000	+5.9
Incheon	61,520,572	+7.6
Bangkok	48,811,600	+7.8
Taipei	44,479,754	+6.2
London	73,187,198	+3.0
Amsterdam	68,401,146	+7.7
Paris	63,697,227	+5.5
Frankfurt	57,122,348	+6.4
Istanbul	44,476,589	+7.7

RANK	AIRPORT	WORLD RANK	COUNTRY
MIDDLE EAST			
1	Dubai International	1	United Arab Emirates
2	Hamad International Airport	15	Qatar
3	Abu Dhabi International Airport	31	United Arab Emirates
4	King Abdulaziz International Airport	35	Saudi Arabia
5	Tel Aviv Ben Gurion International Airport	42	Israel

Source: 2018 ACI Annual World Airport Traffic Dataset

LATIN & CENTRAL AMERICA			
1	Cancún International Airport	53	Mexico
2	Aeropuerto Internacional de la Ciudad de México	54	Mexico
3	Aeropuerto Internacional de Tocumen	56	Panama
4	Guarulhos International Airport	62	Brazil
5	Aeropuerto Internacional El Dorado	87	Colombia

Source: 2018 ACI Annual World Airport Traffic Dataset

NORTH AMERICA			
1	John F. Kennedy International Airport	19	USA
2	Toronto Pearson International Airport	20	Canada
3	Los Angeles International Airport	29	USA
4	Miami International Airport	37	USA
5	San Francisco International Airport	67	USA

Source: 2018 ACI Annual World Airport Traffic Dataset

CITY	INTERNATIONAL PASSENGERS 2017	% CHANGE ON 2016
Dubai	87,722,023	+5.6
Doha	35,262,164	-5.3
Abu Dhabi	23,274,039	-3.8
Jeddah	21,653,530	+6.9
Tel Aviv	20,189,162	+16.4
Cancún	15,811,491	+8.4
Mexico City	15,750,307	+12.1
Panama City	15,511,706	+6.1
São Paulo	13,979,959	+3.6
Bogotá	10,407,052	+6.7
New York	32,431,419	+2.1
Toronto	29,655,141	+8.1
Los Angeles	24,151,229	+9.2
Miami	21,473,311	+0.4
San Francisco	13,425,328	+8.6

PROJECTING THE FUTURE: AIRPORT PASSENGER TRAFFIC FORECASTS

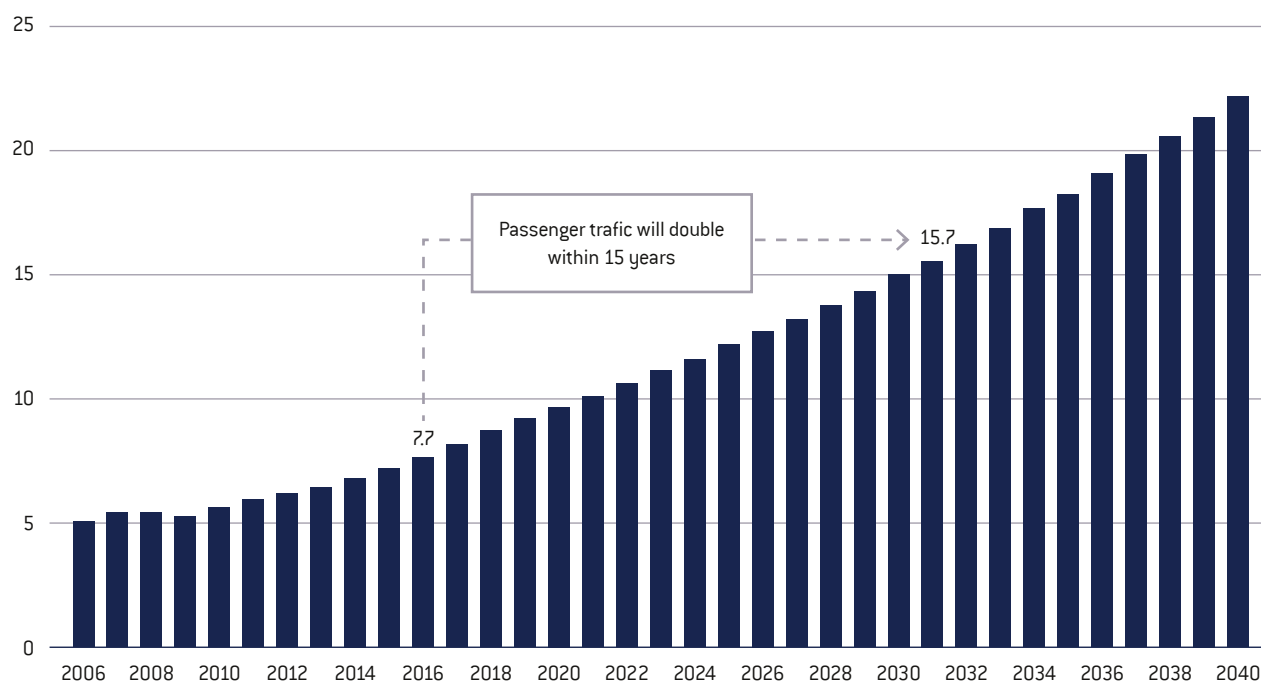
We present details of recent passenger traffic forecasts worldwide, with data from Airports Council International.

By 2040, worldwide airport traffic will reach 22.2 billion, from 7.7 billion in 2016, with average annual growth of +4.5%. China will become the largest national passenger market by then, replacing the USA. These are among the key findings from the latest Airports Council International (ACI) forecasts.

Using 2016 figures as a base, ACI's World Airport Traffic Forecasts 2017–2040 predicts that passenger traffic worldwide will double by 2031, to 15.7 billion, before exceeding 22 billion nine years later.

By 2029 the level of international traffic will reach 90% of the

Total passenger traffic forecast 2006–2040 (billions)



Source: ACI



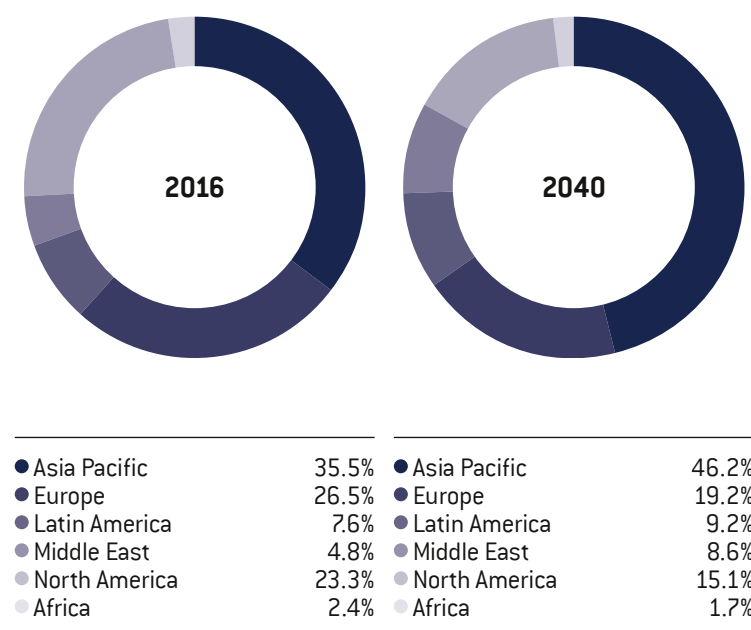
volume of domestic traffic (in 2006 it was little over 50%), and the share of international to domestic will be almost 50:50 by 2040. By then, international passenger numbers will have climbed to 10.9 billion from 3.1 billion in 2016.

As early as 2022 the volume of traffic from emerging

markets will be the same as that of advanced markets, noted ACI. Asia will be the key contributor to growth, accounting for almost 50% of all traffic – international and domestic combined – by 2040.

Asia Pacific's share of air traffic will grow from 35.5%

Forecast evolution of global passenger market share 2016 vs 2040



Source: ACI

Top 10 countries by passenger traffic

RANK	2016	2040
1	USA	China
2	China	USA
3	Japan	India
4	UK	Indonesia
5	India	UAE
6	Spain	Vietnam
7	Germany	Japan
8	Brazil	UK
9	Indonesia	Thailand
10	Turkey	Brazil

in 2016 to an estimated 46.2% in 2040. By contrast, Europe's 26.5% share in 2016 will dip to 19.2% by 2040. The next largest region, North America, will also decline in market share terms from 23.3% to 15.1%, while Latin America & Caribbean's share will rise from 7.6% to 9.2%.

The Middle East's rising status as a connector between east and west will be enhanced, with its share growing from 4.8% to 8.6% in the period, while Africa will account for just 1.7% of traffic, from 2.4% in 2016.

Among the major markets, as noted above, China will leap to the top of the passenger volume rankings by 2040, with a significant share of 18.2%, ahead of the USA at 13.9%, compared to the latter's 21.5% share in 2016. India will climb to third position from fifth in 2016, with healthy average annual growth of +7.5% over the period. Japan, currently third, will slip to seventh. Other big moves will be Indonesia, to fourth in 2040 from ninth in 2016, and Vietnam, up to sixth from outside the top ten.

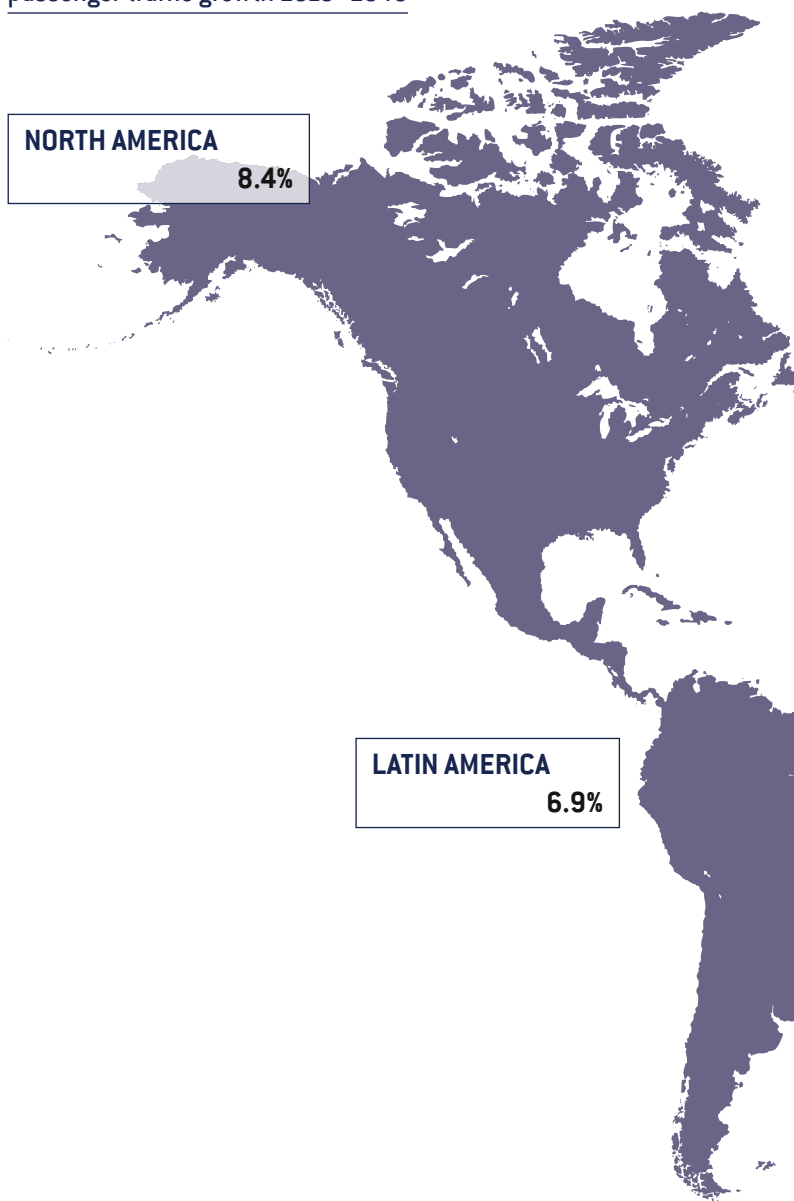
The top five fastest growth markets will be Vietnam (+8.4% a year to 2040), India (+7.5%), Iran (+7.3%), Colombia (+7.1%) and Saudi Arabia (+6.9%).

Top ten fastest growing markets 2016–2040

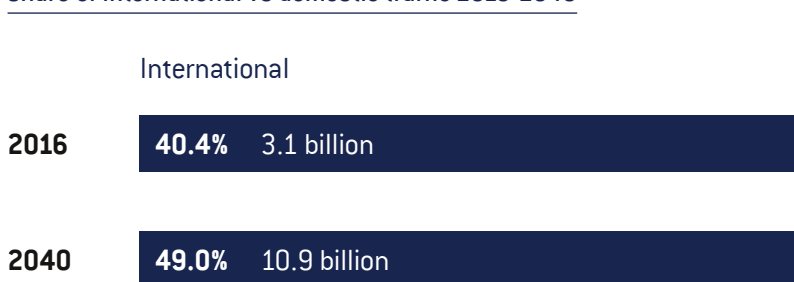
RANK	COUNTRY	
1	Vietnam	+8.4%
2	India	+7.5%
3	Iran	+7.3%
4	Colombia	+7.1%
5	Saudi Arabia	+6.9%
6	United Arab Emirates	+6.8%
7	Indonesia	+6.4%
8	China	+5.9%
9	Malaysia	+5.9%
10	Philippines	+5.7%

Note: Top ten markets handling over 50 million passengers per year
Source: ACI

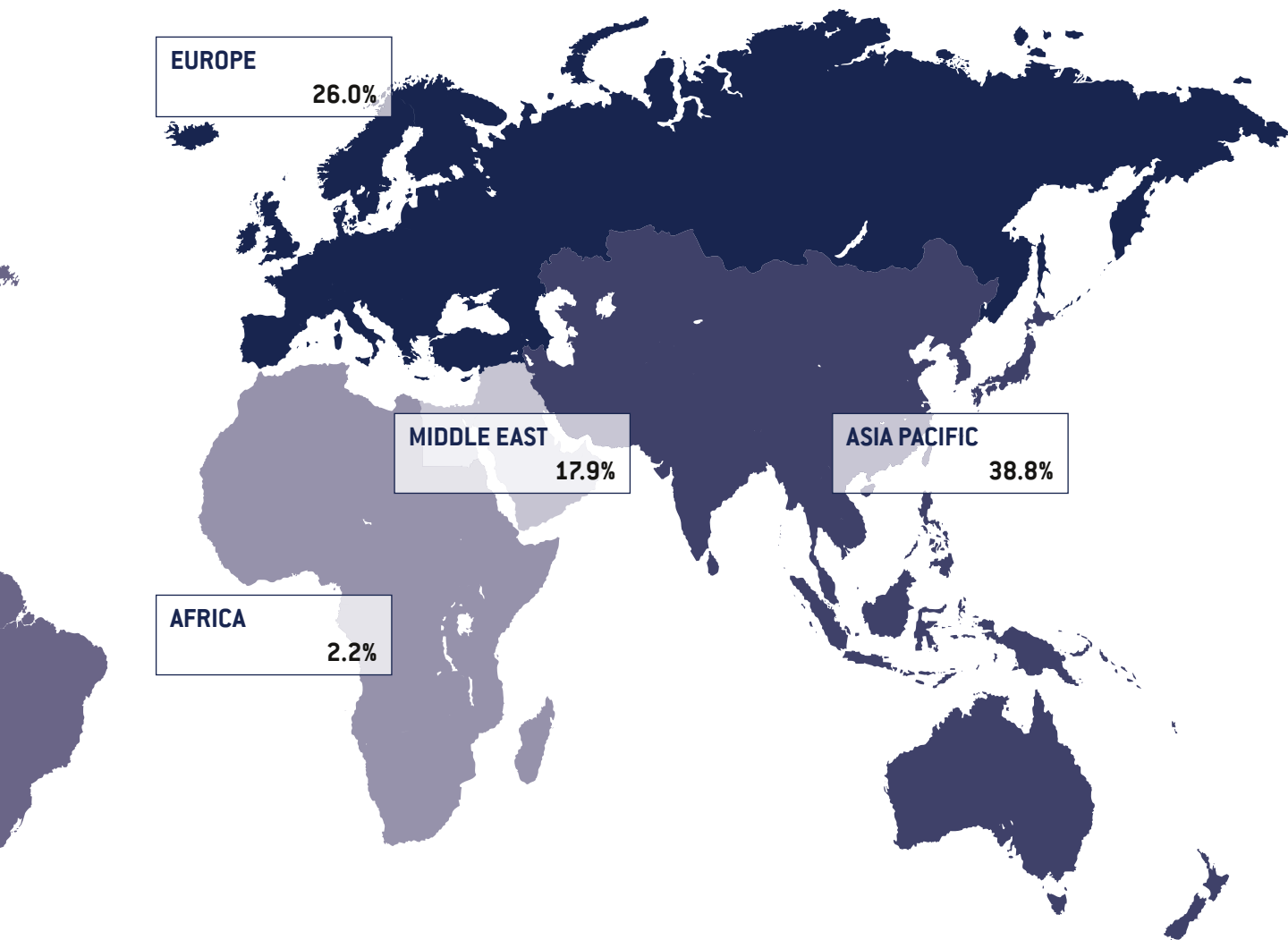
Regional contribution to international passenger traffic growth 2016–2040



Share of international vs domestic traffic 2016-2040



Source: ACI



AIRLINE PASSENGER TRAFFIC TRENDS 2017

We review the Top 25 airlines in the world by international traffic in 2017, along with details of their inflight retail partners.

Ryanair is the leading international carrier by passenger numbers, with a powerhouse ancillary revenues business to match

In 2017 Ryanair was the largest airline in the world measured by international passenger traffic, carrying 128.9 million travellers. Southwest Airlines remains the top-ranked airline by total (including domestic) traffic at 157.6 million. The figures for the year were supplied exclusively for this TFWA Handbook by the International Air Transport Association (IATA), and its annual World Air Transport Statistics report.

Four of the top five international carriers hail from Europe – Ryanair, easyJet, Lufthansa and British Airways – with Emirates ranked third. By contrast, four of the top five



Top 25 airlines by international passenger traffic 2017

RANK	AIRLINE	RETAIL PARTNERS	PASSENGER NUMBERS ('000S)
1	Ryanair	Gebr Heinemann (supply)	128,907
2	easyJet*	Gate Retail	70,633
3	Emirates	In-house	58,054
4	Lufthansa	In-house	48,160
5	British Airways	Tourvest Inflight Retail Services	39,013
6	Turkish Airlines	N/A	36,585
7	Air France	DutyFly Solutions	33,211
8	KLM	In-house	32,689
9	Qatar Airways	Qatar Duty Free (in-house)	29,948
10	Wizz Air*	Gate Retail	28,276
11	American Airlines	N/A	27,318
12	United Airlines	ISG	26,810
13	Norwegian*	Gate Retail	26,364
14	Delta Air Lines	N/A	26,058
15	Cathay Pacific Airways	ISG	24,130
16	Singapore Airlines	DFASS/SATS	19,448
17	Korean Air	In-house	18,660
18	Vueling	Gate Retail	18,407
19	Etihad Airways	Retail inMotion (LSG)	18,176
20	Eurowings	Retail inMotion (LSG)	17,962
21	Scandinavian Airlines	Gate Retail	17,391
22	Aeroflot Russian Airlines	ISG	17,146
23	Thai Airways International	King Power International Group (Thailand)	16,618
24	SWISS	In-house	16,304
25	LATAM Airlines Group	Duty Free World	16,071

* IATA Estimate

Source: IATA World Air Transport Statistics

measured by total traffic are US-based, with Ryanair the exception.

Those US airlines fall outside the top ten in international traffic terms, with American in 11th, United in 12th and Delta in 14th place. Similarly, China's leading airlines (China Southern and China Eastern) are firmly placed in the top ten for overall numbers, but as yet do not rank in the top 25 for international volumes.

Supported by the growth of their respective national hubs, the rise of the Middle East's global carriers continues. Each of Emirates, Qatar Airways and Etihad Airways features in the Top 25, alongside a mix of legacy and low-cost airlines, mainly from Europe but with a solid share from Asia Pacific's biggest players.

TOURISM AND TRAVEL: ROBUST RESULTS, HEALTHY OUTLOOK

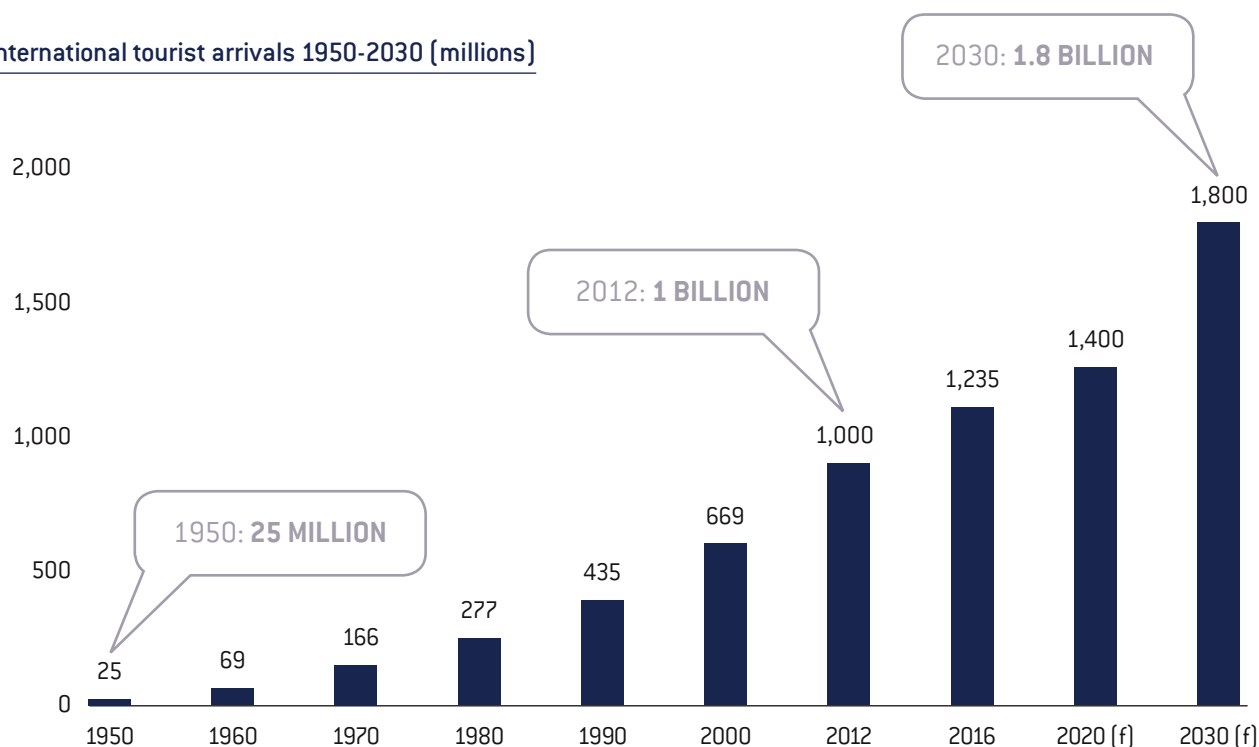
Tourism continues to underpin global travel, with forecasts for 2018 and beyond offering prospects for further growth ahead, according to the UN World Tourism Organization.

International tourism arrivals surged by +7% in 2017 to 1,323 million, according to the latest United Nations World Tourism Organization (UNWTO) report. That increase was well above the sustained and consistent trend of +4% or

higher growth since 2010 and represents the strongest result in seven years.

The year was characterised by sustained growth in many destinations and a firm recovery in those that suffered

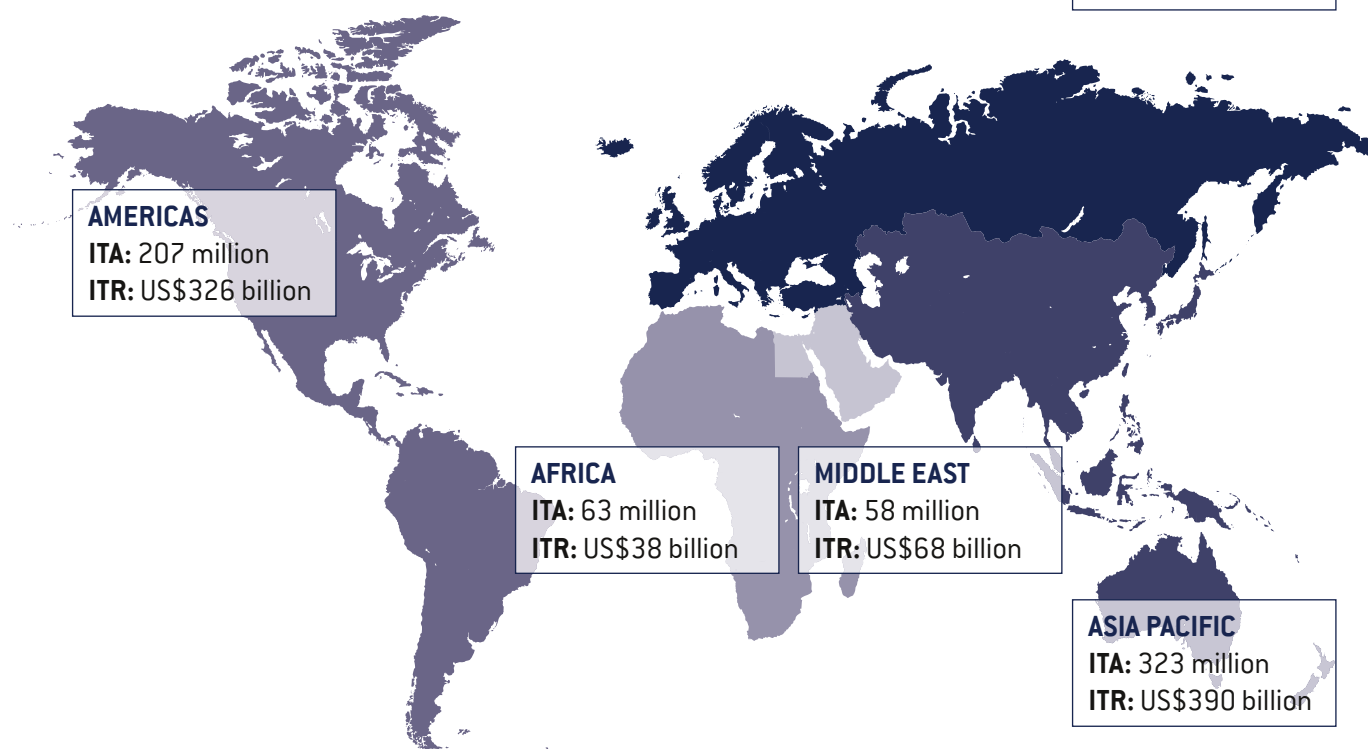
International tourist arrivals 1950-2030 (millions)



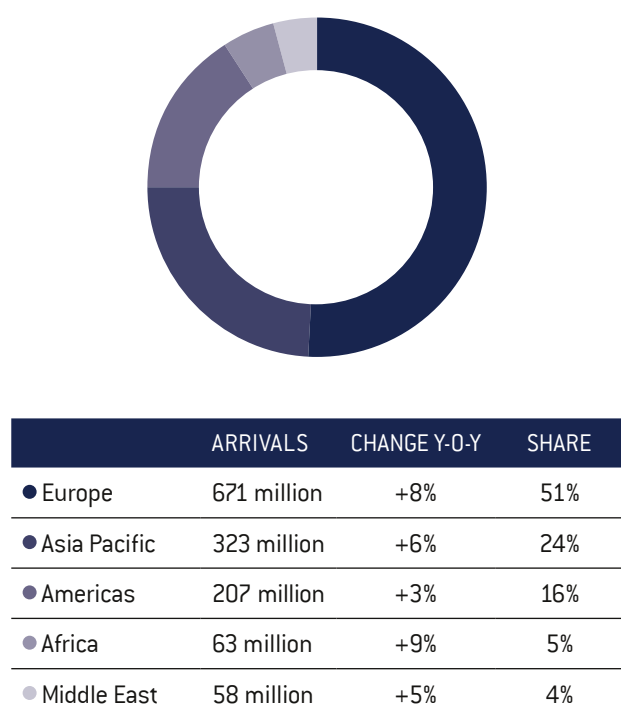
Source: UNWTO

International tourism 2017

International tourist arrivals (ITA): 1,323 million
International tourist receipts (ITR): US\$1,332 billion



International tourist arrivals by region 2017



Source: UNWTO

decreases in previous years. Results were partly shaped by the global economic upswing and the robust outbound demand from many traditional and emerging source markets. There was a solid rebound in tourism spending from Brazil and the Russian Federation after a few years of declines, for example.

Europe, the largest market, recorded what UNWTO termed “extraordinary” results for a large and mature region. International tourist arrivals were up +8% to 671 million. It follows a comparatively weak 2016 (+2% on 2015). The performance was led by strong +13% growth in Southern and Mediterranean Europe. Western Europe (+7%), Northern Europe and Central and Eastern Europe (both +5%) also recorded robust increases.

Asia Pacific recorded 323 million international tourist arrivals in 2017, a +6% rise. Arrivals in South Asia grew +10%, in Southeast Asia +8%, and in Oceania +7%. Arrivals to Northeast Asia increased +3%.

A +3% rise in the **Americas** took the total number of international tourist arrivals to 207 million. Most destinations achieved positive results. South America (+7%) led growth, followed by Central America and the Caribbean (both +4%). The latter showed clear signs of recovery in the aftermath of hurricanes Irma and Maria.

In **North America** (+2%), robust results in Mexico and Canada contrasted with a decline in the USA, the region's

largest destination. Based on available data for **Africa**, UNWTO estimated growth in the region at +9%. Africa consolidated its 2016 rebound and reached a record 63 million international arrivals in 2017. North Africa enjoyed a strong recovery with arrivals growing +13%, while in Sub-Saharan Africa arrivals increased +5%.

The **Middle East** (+5%) received 58 million international tourist arrivals in 2017 with sustained growth in some destinations and a strong recovery in others.

Increased tourism spend

Almost all global markets reported higher spending on international tourism in 2017. China spent US\$8 billion more and consolidated its position as the biggest spender in overseas travel in the world. Total Chinese expenditure was US\$258 billion (+5% in local currency).

Americans' spend of US\$135 billion represented a +9% increase. Russians (+13% to US\$31 billion) and Brazilians (+20% to US\$19 billion) rebounded from weaker spending in previous years.

India continued its rise with +9% growth in spending to

US\$18 billion and moved up in UNWTO's ranking to 17th by nationality. In other advanced markets, expenditure from Germany and the UK – the third and fourth largest markets – both increased +3%.

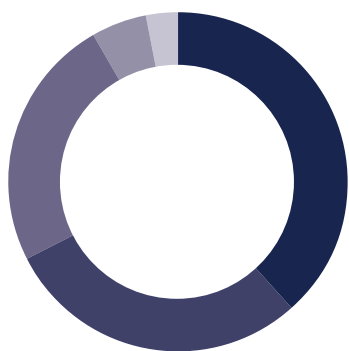
Expenditure from the fifth largest market France increased +1%. Australia (sixth) reported +7% growth while Canada (seventh) saw a +9% increase. Completing the top ten were the Republic of Korea (ninth) where expenditure grew by +9%, and Italy (tenth) where it increased by +6%. Beyond the top ten, tourism spending also grew notably in Sweden (+14%) and Spain (+12%).

Solid outlook

The strong travel momentum of 2017 is predicted to continue in 2018 at a rate of +4% to +5%. Europe and the Americas are both expected to grow by +3.5-4.5%, Asia Pacific by +5-6%, Africa by +5-7%, and the Middle East by +4-6% in 2018.

This upbeat forecast is above the +3.8% average increase projected for the period 2010-2020 by UNWTO in its Tourism Towards 2030 long-term outlook. By 2030, tourism arrivals are predicted to hit 1.8 billion.

Tourism receipts market share by region 2017



	SHARE
● Europe	38%
● Asia Pacific	29%
● Americas	24%
● Africa	5%
● Middle East	3%

Source: UNWTO

Top 5 tourism spending nationalities 2017



	US\$ BILLION	CHANGE Y-O-Y	SHARE
● China	258	+8%	44%
● USA	135	+9%	23%
● Germany	84	+3%	15%
● UK	63	+3%	11%
● France	41	+1%	7%

ASSESSING GROWTH IN THE WORLD'S LEADING TRAVEL MARKETS

We present highlights of Pacific Asia Travel Association's most recent forecasts, which reinforce China's dominant position in regional and global travel.

China is forecast to consolidate its position as the number one travel destination in Asia Pacific by 2022, capturing one-fifth of the total volume of foreign arrivals into the region by that year. That's according to Pacific Asia Travel Association's (PATA) Visitor Forecasts 2018-2022.

Visitor arrivals in 40 leading Asia Pacific destinations will climb by just over +5% a year for the next five years, reaching 808 million by 2022.

By sub-region, Asia will continue with its strong growth



momentum with an average growth rate for foreign visitor arrivals of +5.6% per annum between 2017 and 2022, while the Americas and the Pacific follow with average growth rates of +3.6% and +3.4% per annum respectively over the same period.

PATA said that Asia's share of foreign arrivals will rise between 2017 and 2022. After capturing a relative share of 73% in 2017, the proportion is expected to increase to almost 75% by 2022. The impact on the Americas and the Pacific will be a slight contraction in their respective relative shares from 22.9% to 21.3% for the former and from 4.1% to 3.8% for the latter, even as their respective numbers of foreign arrivals increase.

Hong Kong and the USA will follow China in terms of the absolute volume of foreign arrivals by 2022. China will establish a lead of more than 64 million over Hong Kong, its closest contender, in that period.

Mexico and Turkey will make up the top five inbound destination rankings by absolute volume in 2022.

Together, these top five destinations will account for well over half (55.5%) of all the foreign visitor arrivals into Asia Pacific in that year.

Of the 177 million additional foreign arrivals into Asia Pacific generated between 2017 and 2022, 72% will come from Asian origin markets, 10% from European markets and just over 9% will come from the Americas.

The strongest Asian market generators of additional visitor arrivals between 2017 and 2022 will be led by China and Hong Kong SAR with respective increases of 64.5 million and 13 million. These will be supported by Korea (ROK), Thailand and India with incremental increases of 8 million, 4.3 million and 3.2 million respectively.

In Europe, it is expected that the strongest gains in arrivals between 2017 and 2022 will come from Germany, France and the Russian Federation, with increases of 2.9 million, 2.3 million and 2.2 million respectively. Poland (1.9 million additional arrivals) and the UK (1.5 million additional arrivals) will make up the top five origin

Asia Pacific visitor forecasts	2018	2022
IVAs into Asia Pacific (millions)	673.4	808.2
% change (y-o-y)	+6.7%	+4.2%
Volume change (y-o-y, millions)	42.4	32.4

	IVAs into Hong Kong SAR (millions)	% change (y-o-y)	Volume change (y-o-y)
2018	68.3	+13.1%	7.9
2022	97.7	+7.8%	7.0

	IVAs into China (millions)	% change (y-o-y)	Volume change (y-o-y)
2018	147.1	+2.9%	4.1
2022	167.1	+2.8%	4.4

	IVAs into Turkey (millions)	% change (y-o-y)	Volume change (y-o-y)
2018	36.4	+11.8%	3.8
2022	49.5	+7.6%	3.5

Notes: IVAs = international visitor arrivals

y-o-y = year-on-year

Source: PATA

Leading origin markets with IVA increases of over 1 million in 2018 (forecast)

	Origin markets	2018	Volume change	% Change
1	China	126.8	14.0	+12.4%
2	Hong Kong	98.2	3.0	+3.2%
3	Korea (ROK)	30.7	2.7	+9.6%
4	Canada	28.6	1.6	+6.1%
5	Thailand	10.5	1.1	+12.0%
6	Germany	13.5	1.0	+8.3%
7	USA	45.6	1.0	+2.3%

Notes: IVAs = international visitor arrivals

Total Asia Pacific IVAs in 2022

Total Asia Pacific IVAs in 2022 (millions)	808
AAGR% 2017-2022	+5.1%
Volume increase 2017-2022 (millions)	177

Asia (additional IVAs 2017-2022, millions)

China	64.5
Hong Kong SAR	13.0
Korea (ROK)	8.0
Thailand	4.3
India	3.2

Pacific (additional IVAs 2017-2022, millions)

Australia	3.1
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Americas (additional IVAs 2017-2022, millions)

Canada	5.3
USA	4.6
Mexico	2.2

Europe (additional IVAs 2017-2022, millions)

Germany	2.9
France	2.3
Russian Federation	2.2

Notes: IVAs = international visitor arrivals

AAGR = average annual growth rate, expressed as a percentage

Source: PATA

markets ranking by incremental increase in the volume of arrivals over that period.

In the Americas, Canada, the USA and Mexico will generate the greatest increases in arrivals (5.3 million, 4.6 million and 2.2 million) with Argentina and Brazil closing out the top five list with gains of 1.3 million and 0.8 million respectively.

The Pacific will also deliver healthy additional foreign arrivals, with Australia producing a period increase of more than 3.1 million. This will place it in the top ten list of the strongest generators of incremental volume between 2017 and 2022.

The tourism-related revenue that these foreign arrivals generate will also grow sharply, says PATA. For the 25 destinations in this report where data are available, receipts from international tourism will increase from US\$710 billion in 2017 to more than US\$755 billion in 2018 and continue to grow to 2022 when tourism expenditure is expected to reach more than US\$955 billion.

From among these 25 destinations the Americas held a collective 36.1% share of tourism receipts in 2017. That relative performance, however, is expected to reduce to 34.7% in 2018 and then fall to just over 29.1% by 2022 even as receipts increase by an annual average of +1.7% between 2017 and 2022.

Asia will see receipts from tourism increase from US\$409 billion in 2017 to US\$447 billion in 2018, and to almost US\$625 billion by 2022. The relative share position of Asia in terms of receipts from international tourism among this group of destinations will grow from 57.6% in 2017 to 65.4% by 2022.

The average annual growth rate for tourism receipts between 2017 and 2022 is expected to be around +8.8%, with Northeast and South Asia showing even stronger average growth at rates of +9.6% and +9.3% respectively.

CRUISE PASSENGER TRENDS AND MARKET OUTLOOK

The cruise market represents an exciting growth opportunity for duty free & travel retail, as the latest figures and forecasts from Cruise Lines International Association underline.



The global cruise retail market has changed dramatically over the past ten years, with big implications for onboard retailing. First, in the late 2000s came the launch of the mega-ships, which allowed cruise lines and retailers to plan and build larger, more premium shopping spaces. Second, from what was once mainly a North American traveller base, the consumer has also become more globalised in the past decade, with Europe and more recently Asia taking greater market share of passengers and of ship deployments. Third, cruiselines now realise

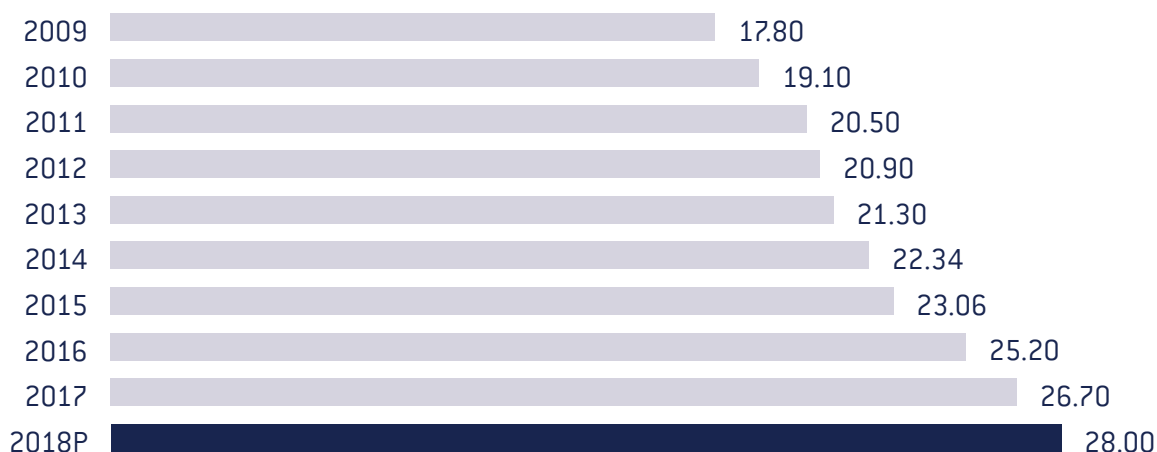
the potential of onboard retail in ways they didn't in the past and have integrated the channel into their broader entertainment programmes.

Crucially, the growth of the traveller base today is highly encouraging and is attracting more retailers and brands into the market. Ocean-going cruise passenger numbers in 2017 reached 26.7 million, up +6.3% year-on-year, according to Cruise Lines International Association (CLIA).

Asia led this growth by region, with passenger figures

2018 passenger capacity snapshot

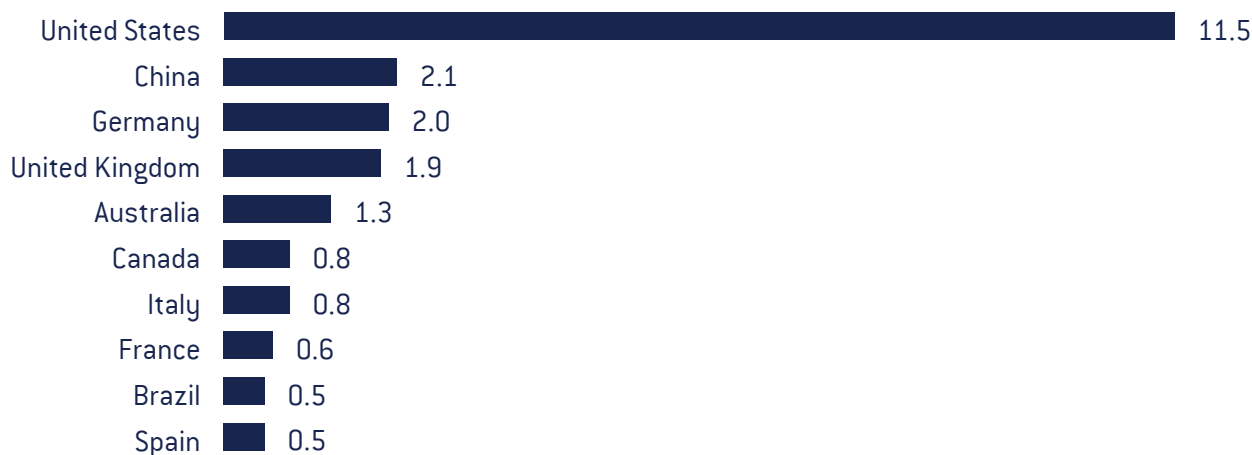
Global ocean cruise passengers (in millions)



Note: p = projection
Source: CLIA

Where are passengers coming from?

Top ten source markets (2016, millions)



Note: *Represents 2016 total ocean cruise passengers
Source: CLIA

surging +20.5% year-on-year. The region accounted for about 15% of the total market, or four million passengers.

Asia's growth trajectory was well ahead of the largest cruise market of the USA and Canada (13 million passengers) which increased by +5%. Australia/Pacific

grew by +4.9% and Europe trailed with a growth rate of +2.5%. North America still dominates volumes however. It accounts for just under half of the global cruise market at 49%, with Europe providing 26% (or almost seven million ocean cruise passengers).

The average age of global ocean passengers last year was 47 years old according to the CLIA data. These passengers preferred cruising for an average of 7.2 days, -2% lower than the average cruise length in 2016.

The cruise industry trade body is now forecasting 28 million passengers worldwide for 2018 based on new vessel launch schedules and expected shifts in regional deployment to tap into growth markets.

CLIA has identified some key trends that will dictate the market's direction in future. First, cruising is no longer confined to the well-off. Research suggests that 33% of those who have cruised in the past three years have a household income of less than US\$80,000. Second, cultural immersion and adventure are becoming more important to those who travel on cruises. Third, sustainable practices onboard are expected more and

more from cruise lines and their partners – important for restaurants (use of plastic for example) and increasingly, retail.

Fourth and fifth, CLIA notes the rise of Millennials cruising on one hand, and also grandparents with time on their hands travelling with grandchildren, without (working) parents.

Sixth, wellness and fitness are now requirements for many travellers onboard, with implications for how cruise lines plan their space. Finally, there is a rise in digital technology that enhances the travel experience – a trend one sees with the changing selection at retail level, with wearable tech a fast-emerging category.

Each of these trends is already or has the potential to affect the world of onboard shopping, as the cruise channel continues its rapid recent evolution.

