

# Dufry World

Corporate E-Magazine of the Dufry Group






DUFRY

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## Region 2 - America I: Overview to a diverse and challenging region

-  Dufry' acquisition in Greece of Hellenic Duty Free started
-  Dufry One Awards: Meet the winners
-  New contracts in Brazil and North America



Editorial

# An appealing Region and an exciting management lower case experience

by René Riedi (COO), Region 2

Last year, Dufry implemented a substantial reorganization of its global operations. I was delighted to be appointed as the new Chief operating Officer for the new Region 2, which covers all duty free and duty paid operations in the Caribbean and Latin America, excluding Brazil.

Our operations in the region comprise a great variety of business channels, including airports, cruise ships, downtown shops, port stores, and border stores. We also operate specialized jewelry stores under the Colombian Emeralds brand.

A team of dedicated and professional managers at our regional head office in Miami is supporting all of our local operations in the region. The fluid and excellent relationships which they established with the various local operations are invigorating the business and will surely continue to add to the global growth of the Dufry Group.

From a personal perspective, I have been very fortunate to receive such great support, making my integration a very easy and smooth process. I would like to particularly thank Mr. José Gonzalez, the former Regional COO and current Advisory President, who has not spared any effort to introduce me to the business and key business relationships in the region.



Mindful of the challenges ahead, the knowledge and experience of our teams in the region give me great confidence that we will increase our geographical footprint and further enhance our performance, while maintaining the highest levels of excellence and customer satisfaction. For a summary of some of the new and exciting projects that we are developing in Mexico and the Caribbean, please refer to this issue's Key Story. ■

## Content

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## Symbols and Sections



Editorial

Statements and announcements by CEO/COO/CFO, editorials, facts & figures, milestones, company commitments, management changes.



Regional News

New or modified shops, concepts, contracts, promotional activities, awards, local highlights or efforts.



Key Story

Main topic or interview with important people (usually aligns with the cover image). Focus on special activities, business, occasions.



Well Done

Success Stories, local background stories, best practice cases.



Dufry People

Presentation of an employee for a special reason: new ideas, doing a good job, special interests, remarkable hobby.



Favorite Shop

New or refurbished shop (e.g. Shop of the month) Back cover of printable PDF

## INPRINT

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Dufry is a global travel retailer with more than 14'000 people serving customers in more than 1'200 shops in 44 countries.



# Dufry News

Regional News

## HQ/Greece: Integration project of Hellenic Duty Free kicked off

Dufry successfully concluded the acquisition of the travel retail division of Folli Follie Group on 22<sup>nd</sup> April 2013, therefore the integration project has been initiated to fully integrate Hellenic Duty Free Shops (HDFS) into Dufry's structure and business model.



Hellenic Duty Free Shop in Greece.

HDFS is a major asset for Dufry as it is the leading travel retailer in Greece with more than 18000 m<sup>2</sup> of retail space and present in all major Greek airports with a strong concession portfolio in the Greek duty free market until 2048. HDFS operates 111 stores in 46 locations. More than 80% of customers are international travelers. The synergies expected to be EUR 10 million. In 2012, the business generated turnover of EUR 300.3 million and EBITDA of EUR 83.7 million resulting in a 27.9% EBITDA margin. Overall, the business generates more than 80% of its turnover with international customers, among which Germans and British were the most important visitors.

The new organization has been defined and the integration period is estimated to take around six to nine months and the integration team consists of Dufry as well as of Hellenic specialists. The main goals of the integration project are to align HDFS to the Dufry business model aiming at improvement of financial and operational performance and to identify best practices at HDFS that are applicable in the Group context for creation of additional value. Obviously, the highest priority of the integration project will be to not affect the business continuity and to provide the framework for the realization of the business targets for the first year, including synergies. The consolidation of HDFS from April onwards will be an important contributor to profitability and top-line growth. ■

## HQ: Dufry increases its engagement with children's right to education

Dufry has expanded its commitment to SOS Children's Villages by contributing to the running of two more projects to help educate disadvantaged children. In Morocco, our dona-

tion will cover all expenses for foodstuff, medical costs and clothing for 100 children at SOS Children's Village in Agadir. Meanwhile, SOS Children's Village in Battambang, Cambodia, is receiving a donation to cover personnel costs for one year, including teachers' salaries at Battambang Hermann Gmeiner School. Dufry's partnership with the organisation began in 2010, when it funded the construction of the Dufry Social Centre in Igarassu, Brazil. The Igarassu centre will be one of the beneficiaries of The Moodie Report Great Travel Retail EDUCATHLON, which will raise funds for children's education worldwide. [www.moodieeducathlon.com](http://www.moodieeducathlon.com) ■

## Bali: A new destination for Dufry customers

As part of expanding its geographic presence in Asia, Dufry signed on May 3<sup>rd</sup> an agreement with Angkasa Pura I to operate duty free and duty paid shops at the new international terminal at Ngurah Rai International Airport in Bali. This airport handled 16 million passengers in 2012, where international passengers accounted for more than 50% of this total. Through this partnership, Dufry and Angkasa Pura I will deliver high quality brands and the best shopping experience for passengers. ■

## Kazakhstan: Welcome Kazakhstan

Dufry starts operations in a new country, Kazakhstan. The shop at Astana International Airport has opened on Saturday 6 April 2013 and offers perfume, cosmetics, alcohol, tobacco, food and accessories. It has 174 m<sup>2</sup> and is open 24 hours a day. It has 26 employees. The next opening in Astana will be a new diplomatic shop of 120 m<sup>2</sup> planned for the end of April 2013. ■



Dufry's first step in Kazakhstan.

## America I: Colombian Emeralds, who is Diego Galante?

With a funny and original approach, Colombian Emeralds International (CEI) launched in December 2012 a marketing campaign based on a persona named "Diego Galante" through Mexico, Honduras and the Caribbean. The idea of a



## Regional News



A new Indiana Jones for Colombian Emeralds.

persona, a modern version of Indiana Jones, representing a jewelry company is innovative and different from traditional jewelry retail campaigns. Therefore CEI's brand awareness has increased significantly. "Diego Galante" allows customers to relate an identity or face to the brand and helps tell more of a story. CEI's image becomes more defined as the world leader in Colombian Emeralds and best value jewelry. ■

### Brazil: Dufry Sports in the World Cup

Dufry recently opened at the Congonhas Airport the first brand store specializing in sporting goods. In an agreement signed in late December 2012, Dufry Sports was presented as the official stores of the FIFA Confederations Cup Brazil 2013 and the FIFA World Cup Brazil 2014. The project includes the sales operations within all stadiums where the games will take place, megastores in large areas of concentrated public and temporary stores in airports. ■

### Brazil: An important 10 years contract signed

Dufry signed an agreement with Aeroportos Brasil Viracopos concessionary to operate duty free shops at the Viracopos International Airport for 10 years. This contract was awarded to Dufry Region America II, which accounts for 23% of the group. Dufry will operate two duty free shops in the existing terminal with a total area of 324 m<sup>2</sup>. The agreement also foresees that Dufry will enlarge its retail space by almost 50% once the new terminal is completed (expected in May 2014). Viracopos Airport is located 100 km from the city of São Paulo and is the 2<sup>nd</sup> largest air cargo terminal in Brazil. This airport has been chosen to host passengers for the 2014 World Cup. ■

### Brazil: Humberto Mota, public recognition

The president of Dufry –Brasil, Humberto Mota, has been awarded for the second consecutive time with the prestigious Brazilian Citizenship Award 2013. This recognition is given by the Center of Information of the United Nations, the Brazilian National Press Association and the newspaper Folha Dirigida. ■

### Brazil: Porto Alegre has a new store

On February 2013, we had the opening of a store, the number 23, in Dufry Shopping at the Salgado Filho International Airport, in Porto Alegre. The airport has a great movement of passengers, reaching 7 million in 2011. The store, located in Terminal 2, occupies an area of 35,87m<sup>2</sup>. It has 4 sales associate and 1 store supervisor, under the management of Vilceu Egewarth. ■



The new store in Porto Alegre

### USA: Hudson Group to open upscale shops in JFK Terminal 4

As part of an expansion project currently underway at JFK International Airport Terminal 4, a joint venture led by Hudson Group will be implementing a dynamic new concessions program to enhance the shopping experience for millions of travelers at JFK's Terminal 4. The program includes five new specialty shops featuring fashion icons – Michael Kors, Coach, Thomas Pink, Solstice and Victoria's Secret – and seven new Hudson travel essentials stores, as well as a Discover New York souvenir shop. The stores will open in three phases between May and October of this year. ■

### USA: A five-year contract in Vermont

Burlington International Airport has selected a joint venture led by Hudson Group as the winner for the airport's retail concessions program. The five-year contract (with two 12-month extension options) includes three Hudson newsstands. The two post-Security stores carry the branding of two famous Vermont icons, Lake Champlain and Mount Mansfield. In addition, the new pre-Security store will house a Discover Vermont section within the completely revamped, state-of-the-art Hudson travel essentials store. "The Hudson concept is the next generation newsstand, featuring a redesigned interior that focuses on changing customer needs," explains Hudson President and COO of Dufry's Region 4, Joe DiDomizio. Moreover the new stores will ensure an authentic Vermont look and feel. ■



## Manuela Facheris



Dufry's People



Manuela Facheris,  
Global Category Manager,  
confectionery category voted  
No. 1 by suppliers

*Dufry World: What is your current position?*

Manuela Facheris: I am the Global Category Manager for Food & Confectionery and Toys.

*DW: What do you best like about your job?*

MF: The daily contact with many different people based on different continents and the fact that every day is different.

*DW: What's the most difficult task?*

MF: To steadily improve our way of working to reach set goals; to cope with the volume of work... and to keep everybody happy.

*DW: The category of confectionery, for which you are responsible, was voted as no. 1 partnership of the Travel Industry in 2012 by the suppliers / partners...*

MF: This is a big recognition for the work we have done to strongly partner with the confectionery suppliers, to steadily develop the category in the different Dufry markets and professionally delivery and implement the strategy and agreements. It's a great joint achievement for all of those responsible for the category in different markets.

*DW: The Pick & Mix Lindt Shop opened in Milan Malpensa is the first and biggest of this type ever opened in Travel Retail. What was your role in this project?*

MF: I was involved from the very beginning and my involvement was on both the suppliers' and the operational/market side – negotiation and coordination. Both the support of our local team in Italy as well as from the supplier was great. ■

## Bárbara Suárez



Dufry's People



Bárbara Suárez,  
Accounts Payable Manager,  
more than 30 years with Dufry

*Dufry World: You have been 31 years working for Dufry. How have you experienced the company's evolution during that time?*

Bárbara Suárez: It has been a unique experience. I never imagined I was going to witness the company become what is today, a global institution. I consider myself very lucky for the opportunity to be a part of this evolution.

*DW: Your position is Accounts Payable Manager. It sounds like a very serious position. Do you ever have some fun?*

BS: Yes, it's a very serious position. Luckily my coworkers are very fun to work with, and we try to laugh as much as possible.

*DW: You work in a resort location, Miami. Does this fact affect your job?*

BS: Miami is a great vacation spot and a multicultural city, which helps to understand and work with people from so many different countries.

*DW: What are your expectations for the future of Dufry?*

BS: I still have some years until I retire, so I expect to find Dufry shops at all the airports of the different places I plan to visit on vacation. ■



Well Done

# Dufry One Awards go mainly to Latin America, USA and Europe

The awards that recognize the excellence and celebrate the success that Dufry's people worldwide are dedicated to delivering have highlighted these teams and projects in 2012:

## 1. The One Productivity Award –

Recognizing year on year measurable improvement across Sales, Number of Tickets, Organic Growth and Average Spend per Ticket.

**1st Place:** Dufry Prague, Czech Republic

**2nd Place:** Dufry Newark, USA

**3rd Place:** Dufry Islas Canarias, Spain

**2. The One Customer Award** – Open to all shops participating in the global Mystery Shopper program, this award recognises individual shop performance across the specific customer impact segments of the Mystery Shop.

**1st Place:** Puerto Rico, Departure Fragrance Terminal D and Dominican Republic, South Terminal.

**2nd Place:** Dufry Newark Departure.

**3rd Place:** Argentina Ezeiza Airport, Departure ST22.

**3. The One Innovation Award** – Recognizing innovations that have delivered positive and measurable results for the business.

**1st Place:** Retail Operations Community for the Commercial Plan Initiative Implementation.

Led by the Group Retail Operations, the Regional Commercial Directors, and the Deputy Chief Operations Officer of each Business Unit, the newly defined Commercial Plan processes and tools now enable us to better align our commercial strategy and operational execution to meet evolving customer needs and company objectives.

**2nd Place:** Malpensa, Italy Retail Operations Sales Team for "Out in Front" Software.

As the pilot location which has led the way in the introduction of our Out in Front store training Programme, Malpensa not only embraced the full programme but identified an area for process enhancement, taking action to design and develop their own software tool to aid them proactively managing Sales Team Training and Development information. We look to engage and implement the Out in Front Programme across all our locations globally.

In 2014 we will announce the winners and prizes of 2013 Dufry One Awards.

## Puerto Rico, Departure Fragrance Terminal D Team:

In Dufry Puerto Rico we are really proud of our 1<sup>st</sup> Place in the One Customer Awards. We worked together as a team to reach our goal: A First Class Customer Service. The Winners of this 1<sup>st</sup> Place are the Concourse Managers, Supervisors and Associates of each and every store at the airport, they are the "face" of the Winning Team, and for them "the client is their boss". Dufry Puerto Rico's slogan says it all: "Working Towards Excellence".



Puerto Rico, Departure Fragrance Terminal D Team

## Dominican Republic, South Terminal Team:

For the Dominican Republic Team this award is the result of our effort, teamwork, and effective and clear communication and objectives. We receive this award with our Plus One promise that we will continue doing our job under the standards that make Dufry the Global Leader in Travel Retail. We want also to congratulate all the other winners. We will see you in 2014! ■



Dominican Republic, South Terminal Team

**DUFRY**  
**one**  
**AWARDS**  
Excellence Recognised



Key Story

## Region 2: Dealing with tourism flows and economic challenges

**Commercial initiatives in Argentina and Uruguay, an improving situation in Mexico, growth in the Spanish speaking Caribbean and challenges in the English speaking part of this beautiful sea... Dufry's Region 2 includes such a diversity of cultures and places that, as its COO René Riedi, comments, its management becomes something exciting.**

Two of the countries in which Dufry has focused its efforts are Argentina and Uruguay. In the biggest country of the Southern Cone the state of the economy affects strongly the travel retail business: "Rules and regulations to control currency exchange make it nearly impossible for business to import and export goods and for Argentinian people to travel. There are also the trade unions to be mentioned which are driving the economy further into the ground," comments René Riedi, who adds that the largest passenger group in Argentina is, besides the local passenger, the Brazilian. Therefore, the economic situation in Brazil and any change of the exchange rate ratio between the Rial and the Peso has a direct implication on the passenger numbers in Argentina and the spending pattern of the Brazilian people traveling to Argentina.

Another challenging market is Uruguay where the bankruptcy of Pluna (Uruguay's hub carrier) in July 2012 wiped away in a single day 50% of the passengers. Nevertheless, Dufry has introduced in both markets a series of commercial initiatives to combat the decline of passenger numbers and the eroding spending power.

### Good news from Mexico

After several years of stagnation and in contrast to what is happening in Brazil and Argentina, Mexico's economy is growing at a quite impressive rate. This has also had a positive impact on the passenger numbers at the airports where Dufry is operating. There is also hope that under the new government, the "drug war" which cost so many lives is getting under control and safety and security in the country improves. "Signs of improvement can already be witnessed," explains Riedi.

Consistent with this situation, Dufry has opened at Mexico's City International Airport at the International Gate "G", Terminal I, a second Boulevard on January 2013. The store has 1,400 m<sup>2</sup> plus another 547 m<sup>2</sup> of the corridor. This huge and modern walk through commercial area offers fragrances & cosmetics, liquor, tobacco, food, watches, jewelry, leather and accessories. The expectations are high and, as Rodolfo Velasco, DCOO of Dufry México reports, the goal is that the Boulevard 2 "becomes a flagship store of our company in Mexico and in the Region."



Mexico's Boulevard II offers a huge and modern walk through commercial experience.

### Two Caribbean seas

Another important area in Region 2 is the Caribbean, which has its two different markets: "We must principally distinguish between the Spanish and the English speaking part of the Caribbean, points out René Riedi. While our operations in the Spanish speaking part, such as Puerto Rico or Dominican Republic, perform well, our stores in the English speaking part (e.g. Barbados) suffer from a weak economy and the absence of tourists from Europe."

Therefore, Dufry's team has started in Barbados a project that includes the change of the current business model at the downtown store in Bridgetown. "We are in process of transforming the department store as it is today to a mall concept with independent stores," concludes Riedi. ■



Favorite Shop

## Taking on growth opportunities in Argentina

Ezeiza, Argentina's main airport, opened a new terminal and Dufry accompanied this growth with three new stores in the new Terminal B. The biggest one is a Last Minute shop, with 247 m<sup>2</sup>, opened in December 2012. It offers fragrances, cosmetics, spirits and confectionary.

Moreover, in March we opened two extra 50 m<sup>2</sup> temporary stores to profit from the fact that President Cristina Kirchner was inaugurating the terminal.

One had electronic goods and the other fashion and accessories with brands like Tommy Hilfiger, Lacoste and Ray Ban. They were really successful. During the next quarter these two shops will be transformed into a MAC cosmetics store and a watches & sunglasses store. ■