

DUFRY WORLD

WorldClass.WorldWide.

**CORPORATE
MAGAZINE**

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Goals Achieved in a Year of Important Transformations



2016 has been the first year in which we operated as the New Dufry and I am very pleased that in such an important year of transformation we have managed to achieve our three main goals: completing the integration of World Duty Free with the delivery of the promised synergies, accelerating organic growth and reaching a 1% increase for the full year, and last but not least, maximizing cash flow generation to reduce our debt.

From a financial perspective, Dufry delivered another strong performance. Our turnover increased by 27.5% to CHF 7,829.1 million, while EBITDA came in at CHF 935.1 million, a step up of 29.2%. We also confirmed our strong cash generation capability with a free cash flow of CHF 483.8 million (+43.0% compared to 2015), and reduced our debt by CHF 205.6 million in 2016.

Business secured for many years

In 2016, we also successfully renewed a considerable number of contracts which cover some of our most important concessions – a very important achievement as it allows us to secure our business in these key locations for many years to come. Among many others, we renewed our contracts in São Paulo, Rio de Janeiro, Viracopos, Lima, Cancún and Cozumel, Guadeloupe, Birmingham, Bristol, Zurich, Basel, Melbourne, Casablanca, Seattle, Cleveland, Calgary, St. Louis and Los Angeles.

Great sales initiatives from around the world

In this first edition of Dufry World for 2017 we feature great initiatives from teams and sales floor colleagues around the world on how to engage with customers and achieve great results. All these contributions are very good examples of the creativity of our colleagues and of how local and individual initiatives can have a direct positive impact on the success of our company.

Acting as one team – ‘Customer Focused, Digitally Driven’

At our yearly Leadership Conference, held in January, Dufry leaders from headquarters, divisions and countries set the path for the next five years by agreeing and aligning on common objectives for the company, as outlined in the strategic plan for 2017-2020. In this context, we confirmed that organic growth will remain the main pillar over which Dufry will build its future. Most importantly, the future growth our company should primarily come from what we do best, which is operating travel retail in airports on a global scale. However, to further drive our sales, we also need to considerably enhance the customer experience we provide – and here is where the focus on the customer becomes relevant.

Focus on customers and customer experience

Customer service excellence is one of Dufry’s strategic priorities, and has been identified as one of the important elements in the further successful development of the company. A key goal is to create loyal customers who

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are 'delighted' by their experience with us. In order to achieve this goal we must create a culture of service excellence and we have asked Disney Institute, a recognized leader in building customer loyalty and driving cultural change, to help us continue this journey.

In order to gain an in-depth understanding of areas in which we are currently performing well, as well as areas of opportunity, the Disney Institute has recently conducted an anonymous electronic survey among a number of Dufry employees. The questionnaire focused on customer service, organizational leadership and Dufry ways of working. Disney Institute is currently assessing the findings to see how our employees believe these topics are applied, understood, and demonstrated within Dufry today. The next step will then be to define respective actions, allowing us to seize opportunities to improve.

Improve customer communication with digital tools

The strong focus on customers and the use of digital tools to better communicate with them goes hand in hand. We are now seeing new generations of customers entering our shops, with new purchasing habits. These shoppers are always connected by social media and the internet and expect a highly individualized and unique shopping experience. It is therefore crucial for us to better understand the wishes and habits of these new customers, communicate with them more effectively and offer them more relevant services. One strategic tool supporting this goal is the digitalization of our business on three levels. Digitalization of the shops will include digital screens to adapt our communication to the nationality currently present at the airport at any given time of the day and thus allow us to talk to customers in their language and offer them their preferred products. Digitalization of our sales colleagues will include tablets to provide customers with extensive product and service information. And ultimately, digitalization also includes the accelerated deployment of our customer loyalty programme, RED by Dufry. This app allows us to connect with the customer before, during and after a journey, to offer unique services as well as individualized promotions, once he or she is approaching, or inside, the store.

Key role of the new Business Operating Model

From an operational perspective, the most important element for achieving the goals we set for the next five years is the successful implementation of our new business operating model (BOM). Since we want to best serve our customers on the shop floor and offer them

Dear colleagues, feel free to send us **your stories, news and any other contribution** to suggestions@dufry.com so that we can continue to develop Dufry World as a magazine from employees for employees.

the unique shopping experience they expect, we also need to make sure that all our operational processes are efficient and aligned. The BOM serves exactly this purpose by refining our processes, benefitting from best practices and adopting new efficient ways of working. Following the successful pilot in Mexico we are currently implementing the BOM at country level in several waves across all divisions. I kindly ask you to fully support and positively contribute to the BOM implementation, as it is a crucial element for our future success and the ongoing development of our company. ■

HQ A 'Customer Focused, Digitally Driven' Future

Between 11th and 12th January 2017 Madrid hosted this year's Leadership Conference, an annual meeting organised by Dufry where Dufry leaders from the company's Headquarters, Divisions and Countries agreed the strategic business objectives for the next years.



Dufry CEO Julian Diaz explains the 'Customer Focused, Digitally Driven' approach.



Top managers from all divisions met in Madrid to discuss strategic business objectives.

Last year's event focused on the integration of our three different corporate identities: Dufry, Nuance and World Duty Free. This year, the focus was about setting the path for the next five years and achieving growth through a 'Customer Focused, Digitally Driven' approach. Dufry CEO, Julian Diaz, revealed that organic growth is central to building the business over the next five years. And here is where the focus on the customer becomes

relevant. He cited a host of exciting opportunities which include: expansion to other travel retail channels, expansion opportunities in existing operations, and the exploration of other retail options beyond travel retail.

But, most importantly, the future growth of our company also depends on what we do best, which is successfully operating travel retail shops in airports around the world. So, the challenge is to improve what we do and deliver even more. This improvement will be made possible by adopting a common way of running the business across the different operations – that’s why implementing the Business Operating Model is such an important part of our plan for the future.

However, organic growth will not only come from streamlining operations, but from winning new concessions and expanding our portfolio within airports. This can only be achieved by enhancing the experience we provide for our customers and maintaining excellent relationships with our landlords and airport operators. The digitalization of the business will help us communicate more effectively and offer more to our customers, with the ultimate aim of attracting more people into our shops and increasing spend per head.

Initiatives such as the New Generation Store, E-Motion and the Customer Service Transformation projects will also all play a key role in improving the customer experience. Expect to hear more about these in the coming months. ■

HQ Lindt - Fancy Visiting 'Chocolate Heaven'?

As part of the global partnership agreement between Dufry and the Swiss chocolate manufacturer Lindt, a new incentive scheme has been created to drive additional sales of the brand. It’s open to all sales employees in our airports. We have teamed up to offer a special twist on Dufry’s two best-selling Lindt products: Lindor and Napolitains. In a Dufry exclusive, these two bestsellers have been combined with the latest flavour marketed by Lindt: Stracciatella.

Dufry has started selling Lindt Napolitains Assorted Exclusive Stracciatella 500 g pack and the Lindt Lindor Assorted Exclusive Stracciatella tube of 397 g in airport retail outlets across the globe. The agreement also includes the deployment of ad-hoc point of sale displays featuring the Lindt Master Chocolatier, supported by tailored location-specific communication material. That’s not all! Both companies have put together a monthly staff reward program. Running until

December 2017, the best-performing Dufry sales team of the month will receive a cheque to spend. And, on a quarterly basis, the monthly champions will be entered into a draw to win a trip to ‘Chocolate Heaven’ – the world’s highest Lindt chocolate shop, located 3,454 m above sea-level at the Jungfrauoch in Switzerland. The first winning teams have already been announced – congratulations to Alicante and Las Palmas, in Spain, and to the Colombo Airport team in Sri Lanka. We’re looking forward to seeing who the next winners will be. Good luck! ■

HQ Farewell Irene and Thanks for a Lifelong Career at Dufry

After 48 years with the company, Irene Haberthür took her final curtain call to a life-long career with Dufry, on 28 February. Julian Diaz, CEO of Dufry, highlighted Irene’s loyalty and dedication to the company and expressed his thanks with a present, during a farewell lunch held in her honour. The same year that Neil Armstrong and Buzz Aldrin wal-



CEO Julian Diaz with Irene Haberthür (left) and Fabiola de la Cruz (right).

ked the moon and the year the popular Boeing 747 Jumbo made its debut – 1969 – Irene Haberthür started her journey with us in Basel, Switzerland.

Staying with the company for almost half a century and fulfilling a wide range of different roles across departments, Irene has seen the business go from strength to strength, to become the leading travel retailer we are today.

Since 2003, when the company became Dufry, Irene has worked for the IT, Legal and COO offices. In 2007 she returned to HR, her department of choice. ■

D1 A Year of Awards for Hellenic Duty Free

2016 has been a special year for Hellenic Duty Free (HDF) - Dufry's duty free operation in Greece. In November, George Valentzas, CEO of HDF received a True Leader 2015 award for successfully managing the business through the country's challenging economic climate. George was presented with the award by Konstantinos Bitsios, Executive Vice President of the Federation of the Greek Enterprises.



Following this recognition, HDF received another award, this time at the Lighthouse e-volution Awards 2017. HDF developed the My Olive Oil Tablet App, which helps customers choose the best olive oil on offer in our stores. The team picked up the award in the hotly contested Omnichannel category, which attracted 280 entrants. HDF's app was awarded for being an innovative tool that helps improve the customers' shopping experience by providing detailed information on olive oil production regions in Greece, and the different types of products and packages available in the HDF stores. ■

D1 Hudson Set to Debut in Madrid Barajas Airport

Six Hudson shops will launch in Madrid Barajas Airport after Dufry signed an agreement with operators in December. The convenience stores - which are expected to open in the first half of 2017 - will cover almost 600 m² of retail space and will be located across terminals 1, 2, and 3 at the airport. Dufry has also won the contract to operate a sunglasses outlet in Terminal 1, covering 150 m² of retail space.

The opening of Hudson stores in Madrid is part of our strategy to boost the international reach of the Hudson concept, especially in locations where the group is already present with its traditional duty-free stores. Dufry

operates over 450 Hudson shops in the US and Canada and now has close to 80 stores in the rest of the world, across 13 countries. We recently opened seven Hudson stores in airports in the Canary Islands. ■

D2 Bloggers Descend on Manchester Airport

World Duty Free hosted an exclusive blogger event at Manchester Airport to boost awareness of its Christmas offering. Ten influential local bloggers with a combined following of 1.2 million fans, followers and subscribers took part in the #ChristmasUpgraded event.



Each blogger was challenged to find gifts for their loved ones and after they'd 'shopped until they dropped', they were treated to complimentary beauty treatments by NARS, Jo Malone London, Urban Decay and Bobbi Brown. Social sharing from the event promoted the range of gifts available at World Duty Free in time for the holiday season, as well as the range of shopping services, expertise and in-store exclusives. The guest bloggers were treated to store gift cards during the #ChristmasUpgraded challenge to highlight the range of gift items available in-store. Over 45 social posts were created during the event by the participating bloggers, plus the World Duty Free and Shop Biza channels, and Manchester Airport's social media feeds. These messages were read by approximately 1.2 million unique users. ■

D2 Extended Concession at Jersey Airport

Dufry has successfully extended the World Duty Free concession at Jersey Airport following a comprehensive tender process. The 10-year agreement with the airport means we will continue to provide tax and duty free items under the World Duty Free brand in the airside departures lounge.

The new contract, which came into place on 1 March, will increase the retail floor space from 490 m² to 750 m² – an increase of more than a third. This will allow for the introduction of new products and more local ranges, and a redevelopment of the retail layout, which is planned to start at the end of this summer. ■

D2 UN Initiative '#YouNeedToKnow' Arrives at Zurich

Dufry has introduced the United Nations' #YouNeedToKnow sustainability campaign to Zurich Airport. The idea behind it is to raise awareness of the UN's 17 Sustainable Development Goals which includes tackling world poverty, providing quality education to all and guaranteeing gender equality, among other aims.



Zurich team members in front of the 'wheel of fortune'.

Wall-size banners and video screens have been placed in Dufry stores to promote the UN's global goals and urge travelers to do their part to help achieve them by 2030. The campaign has previously been launched at Geneva and Heathrow Airports.

Passengers at Zurich Airport were invited to participate in a 'wheel of fortune' event, organized as part of the campaign by the UN Perception Change Project and Dufry. Free luggage stickers were also handed out at shops to further promote the UN initiative. ■

D3 China - Debut of Hudson Concept at Chengdu Airport

Dufry has opened eight Hudson Travel Essentials Convenience Bookstores at Terminal 2 of Chengdu Airport as part of Dufry's initiative to introduce the Hudson

brand in China and to further expand the successful retail concept globally.



One of the 8 new Hudson convenience stores at Chengdu Airport.

The shops at Chengdu Airport will be operated by Hudson Bright Power (Beijing) Commercial Company, a joint-venture between Dufry and Bright Power Beijing, a company which operates bookstores throughout China.

The new Hudson Travel Essentials Convenience Bookstores offer travelers one-stop shopping with an international ambiance. The products range from international snacks and soft drinks to Chinese cultural and destination souvenir items, magazines, books and travel convenience products, as well as digital and electronics accessories. ■

D5 Hudson Goes to Hollywood

When flying out of any airport in the United States (and increasingly worldwide), you will notice one thing that every destination has in common: the presence of Hudson and Hudson News. These iconic stores are prominently featured in hundreds of airports and transport terminals, providing a calm oasis for all those with a busy travel itinerary.

But did you know that the stores attract not only hungry passengers; they also attract Hollywood producers? Major Hollywood films such as *Get Him to the Greek* (2010), *The Terminal* (2004), *The Manchurian Candidate* (2004), *About Schmidt* (2002), *With Honors* (1994), and *The Firm* (1993) all feature Hudson and Hudson News stores. Most recently, Hudson News was featured on the on-screen drama *Sully* (2016) featuring Tom Hanks, and the hit sitcom *Family Guy*.

Sully is based on the real-life story of Captain Chesley 'Sully' Sullenberger, who made a heroic landing of US Airways flight 1549 in New York City on the Hudson River in 2009, after the plane experienced engine failure. In a scene filmed at LaGuardia Airport, on Concourse D

in Terminal B, Captain Sully picked up a few travel essentials at Hudson before boarding his flight.

And, in a recent Family Guy episode, 'Passenger Fatty Seven', main character Peter Griffin visits San Francisco International Airport with friends and suggests that he should go to "Hudson News and pretend to be the most important guy there." When he visits, he is greeted with cheering and whistling from customers in the store. "It's important for brands to be recognised in this way," says Hope Remoundos, Division Marketing Director. "Good marketing and branding increases the value of a company, provides employees with motivation, and makes customer and partner acquisitions easier." More information:

www.fox.com/watch/835908163744/7684301568

Even Joe DiDomizio, DCEO North America, had a Hollywood appearance, starring in an episode of the popular CBS show, Undercover Boss. Back in 2014, Joe posed as Bobby, an undercover employee who worked in various roles and locations across the United States. The episode was one of the most-watched in the show's history, and it gave millions of viewers a intimate look at the inner-workings of the North America business and operations. As Joe wrote on a blog post about the experience, "...in healthy companies, there are no secrets. Everything is open to debate and discussion. I 'trusted' in our ability [to perform] and I really wanted everyone within the company to see complete transparency, especially our management team."

With Hudson's expanding presence worldwide, we wouldn't be surprised if Bollywood starts calling.

For more, go to:

www.linkedin.com/pulse/20141104185114-67206021-how-being-an-undercover-boss-changed-my-life ■

D5 Vancouver Charity Fundraiser

The World Duty Free team at Vancouver Airport has raised 30,000 USD for the Richmond Hospital Foundation, thanks to a range of creative fundraising ideas. Money was raised by selling bubble tea, cream puffs, Korean hot lunches and a Chinese New Year potluck lunch. The team also organised a silent auction and a 50/50 draw.

The funds raised will enable the foundation to purchase essential hospital equipment such as a portable oximeter monitor, intensive care thermal blankets, and residential care pressure relief cushions. A cheque was presented during an official event in February 2017.



In the picture from left to right: Fanny Jing, Patricia Or, Christine Tam, Kari Leoganda (Richmond Hospital Foundation's Board member), Freda Cheung (General Manager Canada), Carleen Pauliuk (Richmond Hospital Foundation's Director, Donor Relations & Events), Elaine Xu. ■

D5 Happy Chinese New Year!!

Happy lunar New Year! On 28th January we welcomed the Year of the Rooster. According to tradition, people born in the Year of the Rooster are honest, energetic, intelligent, flexible and confident.

Some celebrities born under that sign include: Roger Federer, Nancy Reagan, Dolly Parton, Michelle Pfeiffer, Serena Williams, Beyonce and Eric Clapton. So if you were born in years 1993, 1981, 1969 or 1957, then this is your year. But, beware. Because according to Chinese astrology, the year of your sign may not be the luckiest year of your life.

Chinese New Year has become a big event around the world. From the Soho district in London to Chinatown in San Francisco, local celebrations are taking place across the globe.

Chinese New Year is also known for being the biggest traveling week in China. Everyone heads home before New Year's Eve to have a dinner gathering with their family and they will often bring treats and gifts.

That means thousands of passengers transiting through airports across the globe – and ultimately thousands of sales opportunities for retailers such as Dufry!

Airports also join in the celebrations, with special decorations in terminals and a variety of events planned. Some of our locations have a high volume of Chinese passengers and are particularly important locations for

us, outside of China: San Francisco, London, Helsinki (the shortest route from Europe and China) and Vancouver.



Marilyn Bolomey, Director Retail Operations Vancouver with Marco Zhao, Sales Associate.



Team members dressed in traditional Chinese outfits to serve the customers.

In this issue of Dufry World we shine the spotlight on Vancouver International Airport – the largest trans-pacific hub, connecting North America with mainland China. Chinese passengers account for over 60% of Vancouver’s total sales. And with several airlines announcing an increase in direct flights from Vancouver to China of 24% between January and July 2017, the prominence of this demographic looks set to grow even further.

The Vancouver team put together a sales and promotions plan for the Chinese New Year period that ran from 20 January until 12 February, and included special promotions, animations and more. Pre-security, a God



of Wealth welcomed passengers and gave out flyers with promotions and special offers in-store, helping to increase penetration and sales. Once airside, another God of Wealth distributed Hong Baos, the Red Envelopes that married couples or the elderly traditionally give to unmarried juniors or children. The envelopes contained special vouchers.

The Vancouver team’s promotional plan also included special training on how to engage with Chinese passengers: from teaching sales staff basic greetings (like Xīnniǎnkuàilè which means Happy New Year in Mandarin) to tips on how to approach them.

And the results speak for themselves: this year Vancouver Airport broke two records. Collectively, on 12th February (last day of the New Year’s plan) the Vancouver operation reached their daily sales record, passing CAD\$ 1 million (equivalent to CHF 770,000). On an individual basis, on 20th January Marco Zhao, a sales associate at Vancouver, closed the highest single transaction in the 10 years of WDF history in Vancouver, worth CAD\$ 207,945! (equivalent to around CHF 158,032). Marco sold four bottles of whisky – Macallan Fine and Rare Collection from years 1937, 1938, 1940 and 1947. The buyer was a repeat customer known to Marco and Marco spent days talking to him, convincing him to make this record-breaking purchase.

A WorldClass achievement Marco. Well done! ■

Beyond the Numbers

It's a key time of the year in the business calendar, when companies – including Dufry – publish their annual reports.

by Jorge Muñiz

The annual report is probably the most powerful communication tool a company has in its hands as it gives the opportunity to communicate the company message, share achievements and set expectations for the future. It is also the most comprehensive piece of information for both internal and external audiences. From the company's targets and results, to the strategy of how to outperform going forward, an annual report provides a global view of the company that goes beyond the numbers.

If you flick through this year's Dufry annual report pages – now available on our corporate website – you will find we have included an extended sustainability section. We are planning to expand this section even further in next year's report. But why is sustainability important?

Traditionally, Corporate Social Responsibility (CSR) is linked to corporate philanthropy and as a way of boosting a company's reputation. It is seen as a way of giving back to society, through cash or product donations, employee voluntary work, etc. Dufry supports this kind of involvement but also believes a company's CSR programme should encompass a much wider variety of tactics, which can be grouped into four main categories:

Economic impact:

Every business has an impact over society in the form of taxes, salaries and creation of wealth in a community.

Philanthropy:

Companies practice social responsibility by helping charities to achieve their goals. This is mostly through direct donations, but also by promoting volunteering amongst its employees.

Environment:

Businesses, regardless of size, have an impact over the environment. Any steps they can take to reduce their carbon footprint and energy consumption or manage waste more effectively are considered good both for the company and society.

Ethical labour practices:

Businesses fulfil their social responsibility by treating their employees fairly and ethically and by ensuring this is also the case with their business partners; particularly in the supply chain.

Based on these four identified categories of focus, Dufry will provide stakeholders with more information on sustainability going forward and, as of this year, we intend to enhance our reporting on the economic, environmental and social impact of our activity and the link between our strategy and our commitment to a sustainable global economy.



New UN campaign with Geneva Airport and Dufry.

As a group, Dufry is taking all the necessary steps in order to be ready to fulfil this commitment to comprehensive sustainability reporting. Last year we conducted a 'materiality assessment'. This exercise involved mapping all the different factors where our business has an impact such as environment, labour, wealth creation, etc. Based on a set of indicators that are common to industry peers, and with the support of a third party institution, we agreed which are 'material' for our business. As a result, we identified over 80 KPIs.

Our ultimate objective is not the preparation of a nice report, but to create a robust reporting process that shows how Dufry is considering its sustainability impact, and to enable us to assess the risks and opportunities we face. This increased reporting is not just a common practice amongst global players, but an important step Dufry is committed to take in order to further build and foster trust with our stakeholders: employees, investors, partners, landlords, providers and customers. ■

“The Travelers’ Best Friend”

According to ACI’s 2016 World Airport Traffic Forecasts, North America currently owns 24% of the market share of passenger traffic by region, with steady growth of international passenger traffic year-on-year. And, if you look at the world’s busiest airports by passenger traffic, 30% of the top 50 hubs are in North America. And guess what? Dufry has operations in almost all of them. This gives us the unique opportunity to connect with travelers’ on a deeper level. We are able to gain market insights quickly and to try new things more often. What distinguishes us from our competitors is our outstanding customer service, amazing retail spaces and top merchandising strategies. In this issue of Dufry World we interview Joe DiDomizio, DCEO of Division 5. Dufry is present in 83 airports and transportation centres within the division, with three major brands – Hudson, Nuance, and World Duty Free – across 947 stores.

by Kristen M. Clonan

Travel essentials and convenience stores have proved to be a growth opportunity for Dufry in many regions. Andrea Belardini and other DCEOs think Hudson is a ‘great product.’ In Spain, we have recently won a tender to operate six Hudson stores in Madrid and just opened another eight at Chengdu Airport in Beijing. So, what makes Hudson a true ‘market driver’?

Hudson News and Hudson are both extremely successful concepts, and we are very proud of them. They are a core part of Division 5, as they helped lay the groundwork for Hudson Group.

The concepts work seamlessly because of the strong principles and strategic anchors that the brands stand for: operational execution, customer experience, great people, and relationships among our employees, landlords, vendors and partners.

With over 100 million transactions a year driven by travel essential retail, we know what makes us thrive; it’s the people. We make sure we are seamless in our execution, and we ensure our success by creating an outstanding customer experience; one that is second to none in the industry. It all begins and ends with our goal of being the travelers’ best friend. Our service, passion and dedication for our customers is what helps to differentiate us from the competition.

How is the integration going in the Division? Any highlights or issues that are worth mentioning?

The hardest and most important part of any integra-



Joe DiDomizio was filmed for the CBS show Undercover Boss.

tion is marrying corporate cultures and aligning leadership teams. Our Division has done this many times: in 2008, when we became part of the Dufry family; in 2014, when we acquired Nuance; and in 2015, when we acquired World Duty Free Group. With any transition, it is important to ensure that strategic anchors and core purposes are not compromised because this has a direct impact on financial success.

Stores depreciate over time, yet great people appreciate over time. The more we can stay people-centric, the better the company is going to be. We must remember that our most important assets are our employees. In that regard, we try to find values in people that contribute to the greater good of the overall company – not simply in part. All companies have strengths and weaknesses – and the goal is to play upon the strengths.

What are the main challenges and opportunities in your Division?

The strength of the U.S. dollar has presented challenges for us as it relates to discretionary spending. We believe we will see a change in this in the coming year. In terms of opportunities, we are really excited about the hotel business that we launched in Quarter 4, including new store openings at The Palazzo, The Venetian, and Hard Rock Hotel in Las Vegas.

We know Division 5 takes customer service very seriously. This drove your desire to participate in the popular CBS show Undercover Boss. In the show you said that it gave you the opportunity to understand what could be improved. Is this an experience you would recommend to the rest of your GEC colleagues?

Absolutely. It's easy for leaders, like myself, to forget why we do what we do every day. In the end, our success and failures are in the stores we operate. Undercover Boss gave me the unique opportunity to see how our stores perform and how our employees feel first hand – a rare occurrence for a DCEO. Success begins – and ends – with the relationships that leaders have with their teams. As Henry Ford once said, 'Coming together is a beginning. Keeping together is progress. Working together is success.'

Tell us about yourself. What do you like doing in your free time? We've heard that you played professional soccer in the past (but that's one of those unconfirmed corporate legends!)

I love soccer! I played in college at the University of Bridgeport, and played semi-pro for a Portuguese club

(Clube de Futebol Vasco da Gama) out of Bridgeport, Connecticut. Now, I enjoy the sport through my daughters, who are becoming outstanding players. I now play tennis, and I love spin and yoga. ■

IN A MINUTE:

- A meal:** The perfect meal is one with people you love. Every year, I look forward to Thanksgiving, an American holiday centred around giving thanks, feasting and family.
- A book:** Ishmael: An Adventure of Mind and Spirit by Daniel Quinn, because it gives real perspective on why humans, and the world, functions the way it does.
- A city:** There are so many cities and destinations in the world that I love so it is hard for me to pick one. But I would say that my favorite place has a beach with crystal blue water.
- A film:** I love comedies. While it's hard to choose, I would say There's Something About Mary.
- A hobby:** Tennis. It is something I am passionate about. I'll even string my own tennis racquets at home sometimes. It's therapeutic.
- A leader:** There are a lot of people who inspire me. Many are thinkers but not leaders, such as John Lennon, Albert Einstein, John Adams, among others. If I have to pick a single leader who made an impact on my life, I would pick my father, Mario DiDomizio.

D4 Dufry Signs a 10-Year Contract with El Dorado Airport in Bogotá

Dufry has joined forces with DFASS to run the duty-free operations at El Dorado International Airport in Colombia, until 2027. The concession agreement with Opain S.A. will see Dufry and DFASS operate close to 2,200 m² of retail space, which includes shops in the upcoming expansion of the north terminal.

The joint venture between Dufry and DFASS will operate a total of three shops in the departure areas

of the north terminal, including two retail stores of 1,300 m² in the existing area and 880 m² of new space in the extended area. The stores will offer the traditional core duty-free mix, which includes wine and spirits, perfumes and cosmetics, and fashion and accessories.

As part of Dufry's plan to further the international presence of the Hudson concept, it is also expected to open a Hudson convenience shop to complement the duty-free offer. The El Dorado International Airport in Bogotá, the capital of Colombia, is the largest in the country and one of the main airports in Latin America. In 2015, the airport welcomed over 30 million passengers, the third highest in Latin America. ■



Revamped Dufry Website Launched

Dufry has launched its revamped corporate website to better showcase the Dufry brand and provide an improved user experience to key stakeholders.

By Sherin Branquinho

Following the integration of Nuance and World Duty Free, Dufry became the world's leading travel retailer serving one in five customers worldwide. In 2016, we were included in the Swiss Leader Index, compiled of the 30 largest Swiss Corporations listed on the SIX Swiss Exchange.

It was important to reflect this evolution of the Dufry brand. Our mission began in 2015 with the launch of the new Dufry branding and logo which reflected our heritage and ongoing focus: duty free. The next step was to create a new website to showcase the company we have become for any stakeholder, whether they are current or potential customers, airports, landlords, brands, investors, the media and, of course, our people.

The redesign reflects our 'WorldClass WorldWide' commitment. This new platform has been created to showcase our brand with a modern look and state-of-the-art, responsive design which offers users the opportunity to access our corporate website from any device, wherever they are in the world.

The new site also demonstrates the way that digital forms an integral part of our company's strategy and operating model.

Dufry.com gives easy access to a full range of services and sub-pages, such as our Reserve & Collect services now available in many airports, as well as our retail brands. The new site brings together all the information relating to Dufry in one place.

We have also created a download centre where users can access all of our reports, presentations, news and media files quickly and easily, and developed the contacts section so that people can easily find and contact the person they are looking for in the company.

Another key feature is its accessible format and fully responsive design, offering easy, efficient and intuitive navigation to the end user. We know that our stakeholders are used to working and accessing information on the move, and so worked hard to ensure the standard of navigation is maintained across all devices, from smartphones to PCs.

Teams across the business – namely Communication & IR, Marketing & Customer Service, HR and also Legal and IT – were involved in the planning, creation and set up of the new website, hand-in-hand with Wondrous, our agency partner who shared our vision and built the website. The pre-launch project has been a really fun and exciting one to work on, giving the teams involved the chance to work closely together to create a platform which we all believe will enhance the user-experience.

We would like to take the opportunity to thank the teams involved in the design, development and re-launch of Dufry.com and hope that everyone enjoys using it as much as we do!

If you have any questions or comments, we would welcome your feedback, so contact us at: communications@dufry.com. ■

Divisions 

D4 Mexico, First Operation to be BOM-Ready

There is no doubt BOM is the Dufry acronym of the year. The BOM – which stands for Business Operating Model – basically sets the framework of how Dufry intends to run operations across all different locations. In essence, it is a standardized way of managing the business with local adaptations that will optimize management of operations while delivering efficiencies.

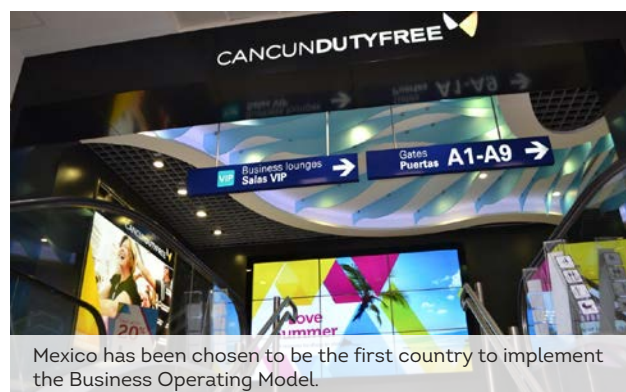
It has direct consequences over many functions: from IT to supply chain, finance, reporting, operations, etc. And the real challenge stands on migrating to the new way of doing things while improving the service offered to our customers.

The company is working in all divisions towards the implementation of the BOM and Mexico will be the first country to have a full implementation of the new operating model in the first half of this year. But the question that is floating around is: Why Mexico and not another one?

There are two main reasons. The first one is the commitment and the can-do attitude of the Mexican management and staff, who have always been very supportive in driving change. From a strategic point of view, Mexico happens to be like a mini-Dufry and clearly reflects the evolution of our company and the complexity we have reached as of today. It is the perfect lab to pilot the implementation of the BOM. It has two large operations – Mexico International Airport (DF) and Cancun International Airport that provide the ideal testing ground for BOM – they are a similar size and come from different operating models, Dufry and World Duty Free.

There are different ERP systems to manage the in-store products, supply chain and logistics, and the stores also house different product categories and ranges. On a small scale, these two operations provide most of the potential challenges we will be facing in the implementation of the new operating model across the whole business.

The roll-out started last year and is already delivering greater efficiency and savings. The trial has involved staff at all levels: country, global and divisional – a prime example of real teamwork in action.



Mexico is providing the perfect example for the rest of us to follow! ■

Back to the Floor... with Yves Gerster

When you're working from the office every day, you can feel like you're losing perspective of the business. That's why Yves Gerster, Global Treasury Director, decided to spend a full day working in our duty-free store at Zurich Airport. Yves describes his experience of selling, restocking and dealing with customers, and why this helped him gain a better understanding of the business.

by Yves Gerster

As a treasurer, I'm part of the administrative body of Dufry and my work is typically not directly related to the operations. My key stakeholders are mainly members of the finance department, banks and debt investors. After working for ten years for Dufry, I obviously have a general understanding about how a shop works but I was missing a deeper insight into all the processes and all the preconditions which have to be met before we can sell to our customers.

I had the opportunity to get a quick insight in the key departments, which included logistics and each of the different shop concepts Dufry operates in Zurich including specialty stores, the main duty-free and the arrival duty-free shops. My key tasks included filling up shelves and labeling products but I also had direct contact with customers and tried to actively sell too.

Any task which involves direct contact with customers is extremely challenging. In my normal day-to-day job there are two key advantages: typically I'm the client, and I have an existing relationship with counterparts who are interested in a long-term relationship. This makes life relatively easier. On the shop floor however, it's the exact opposite. I had to grab the attention of somebody I have never met before – somebody who is in a hurry or may be stressed and potentially not in the mood for shopping. On top of that, you have to deal with all kinds of people and sadly not everybody is friendly. Some of them were actually even pretty sniffy. Everybody has good and bad days but to get along with all these different mentalities and attitudes and always keep smiling, every day, all day long, is pretty demanding.

As a customer, I take a lot of things for granted. For example, the stock on the shelves. We're used to seeing that everything is in perfect order for us and perhaps don't notice the constant effort which is required by logistics and the sales force to make sure

that all products are placed nicely, that all the labels are faced towards the front, the shelves are clean, and stock levels are well managed.



Yves Gerster (right) gets an insight in the daily work 'out in front' in the shops.

Doing this once is relatively simple. However, taking constant care over all the little details and keeping up high standards is an impressive skill, and vital for the profitability of the group. Another example is the specialties shops: I was trained on a detailed, almost orchestrated process from the moment the client enters the shop until he or she leaves the shop. Each step was precisely defined, including how you welcomed the customer or how long you waited until you asked the first question.

The product and brand knowledge demonstrated by the sales associates impressed me a lot. It is very important to listen to their views as they are highly knowledgeable about our customers and the business in general. ■

Out-In-Front: Delivering an Improved Sales Force Worldwide

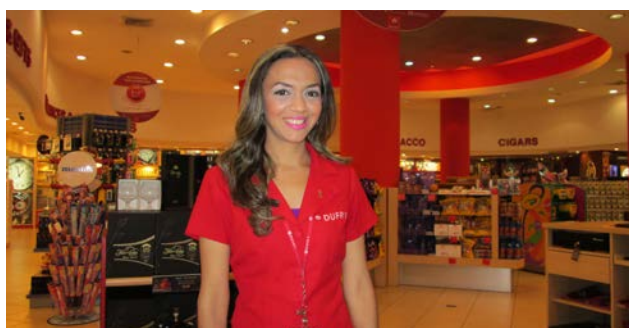
Excellence in customer service is always a key aim for the business. However, cultural differences, local habits and even the know-how brought from the different companies we have acquired in recent years pose a challenge: how do we ensure we provide a consistently excellent service across all locations?

by Anni Maley

The role of HR programs like Out-in-Front (OIF) are critical in ensuring that best practices are shared and that we put the resources where needed to achieve superior service and, ultimately, increase sales.

Launched in 2012, the OIF program is now running in 47 of the 64 countries we operate in with the number expected to reach 57 this year. The program is underpinned by a simple process: train-the-trainer. This means developing shop supervisors and shop managers to educate, observe, rate and coach their sales teams in the latest selling and customer service techniques, elevating them in their leadership role to Dufry Certified Trainers.

Our Dufry Certified Trainers receive on-going education, consisting of modules ranging from product essentials to how to manage people. The OIF program has transformed our first level of leadership to develop others.



Maria Solliet Meneses impressed supervisors and customers with her persuasion abilities.

By the end of 2016, Dufry had over 1,700 certified trainers and over 11,000 sales professionals benefiting from the program. It has achieved its goal of moving supervisors and shop managers away from a task-driven role into a people manager role, increasing Supervisor Performance

Evaluation scores from 43 per cent in year one to 64 per cent in year three.

This level of skill and education ultimately results in sales, thanks to cross-selling and up-selling, and small success stories around our store portfolio build confidence and are empowering our teams. We have lots of world-class performers with inspirational stories.

Here are some real life examples from across our different divisions:

- Division 1: Victoria Klimou in Athens managed to convince a customer flying to Doha to increase his basket and include seven watches (one for each member of the family) instead of one.
- Division 2: Ekaterina Kotlyarova at St. Petersburg introduced a customer to a brand-new Christmas selection, resulting in five additional items on her shopping list.
- Division 3: Based on the feedback received from customers, Firminus Shiran, from our Sharjah operation, identified a potential market for aged whiskey. Management agreed to a trial and stock of 30 and 40 year old whiskeys were sold in a short space of time.
- Division 4: Maria Solliet Meneses, from Nicaragua, encouraged a customer to buy a bottle of CKOne in our store instead of from a competitor's shop, despite the fact that we had run out of testers for that fragrance. The customer cited Maria's excellent customer service as the reason she chose to shop with us.
- Division 5: In Newark, Jacqueline Thompson has learnt Mandarin phrases and techniques to increase her sales records with Chinese passengers. Many now specifically ask for Jacqueline when travelling through Newark, proving how well she engages with Chinese nationals. ■



“Ahlan wa Sahlan”* to Dufry Marrakech

The recently opened Terminal 1 at Marrakech-Menara Airport is home to a striking new walkthrough Dufry store which loops in a figure eight and covers 1,460 m². The store features a space of over 435 m² devoted to beauty, and 700 m² of specialised stores – including Suncatcher and Timebox concepts – and a large food, liquor and tobacco offer.

This new and engaging shopping environment also features an infinitely looping architectural canopy which has been introduced to define the retail space and incorporate lighting. The inner sections of the canopy feature Moroccan geometric design fretwork,

giving a contemporary sense of place to the shopping area.

The space also incorporates seating areas surrounded by plants to reflect the beauty of the Moroccan gardens. This blends seamlessly with modern technology for a stunning customer experience. A large dynamic digital screen welcomes customers while a digital fascia is incorporated into the ‘infinity’ canopy.

*“Ahlan wa sahlān” (An Arab expression of hospitality meaning “Welcome”). ■