

# DUFRY WORLD

WorldClass.WorldWide.


**CORPORATE  
MAGAZINE**


ISSUE 23

June 2017



 Launching our Digital  
Strategy **2**

 Project with  
Disney Institute **12**

 Jordi Martín-  
Consuegra, Chief  
Resources Officer **14**

# Positive start to 2017

By Julián Díaz

2017 started very positively for Dufry, as we have attracted more customers to our shops and have increased our sales. This positive development is reflected in the organic growth result for the first quarter, which accelerated at +7.2%. The vast majority of our operations across all divisions have contributed to this success, which saw key operations continuing their positive performance and important locations such as Russia, Brazil and Turkey considerably improving sales.

The positive results of the first quarter 2017, with a turnover increase of 4.7% to CHF 1,706.8 million, show that we not only improved our sales, but also managed to become more profitable. Supported by the World Duty Free (WDF) synergies, our gross profit margin expanded to 59.6% and the EBITDA margin increased to 9.1%, which corresponds to an EBITDA of CHF 154.7 million.

## Successfully expanding and extending our business

We succeeded in winning a high number of important new shops in 2016 and, in the first quarter 2017, we successfully continued to expand our operations by adding new locations. The new concession at Bogota Airport in Columbia, with a retail space of 2,200 m<sup>2</sup>, adds another market for us in South America and means we now have a presence in almost the entire sub-continent. The next success story was written by Hudson with the opening of eight stores at the Chengdu Airport in China, the fourth most important hub in the country in terms of traffic, welcoming 44 million passengers a year. Within our strategy to expand our cruise ship business we also signed a new agreement



with Grupo Pullmantur to operate almost 2,000 m<sup>2</sup> of retail space across four ships until 2022. And finally, we also added an additional duty-free store at Mexico City Airport Terminal 2 with 400 m<sup>2</sup> of retail space. Dufry's operations now account for close to 30 shops at the busiest airport in Latin America, which welcomed 41 million passengers in 2016, 14 million of which were international passengers.

In addition to securing new contracts it is equally important to retain and extend existing concessions, to secure the business for the future. The most important renewal seen in 2017 so far has been the 30-year contract extension we signed with Fraport for 14 Greek airports, which includes an increase of retail space from the current 5,000 m<sup>2</sup> to 12,000 m<sup>2</sup>. Furthermore, we also extended two contracts in the UK, with the Jersey concession successfully extended for 10 years and the Liverpool John Lennon Airport contract renewed for another eight years.

### Inprint

**Publisher:** DUFY AG, Brunngässlein 12, 4010 Basel Switzerland

**Editorial Team Headquarters:** Julián Díaz, José Antonio Gea, Andreas Schneider, Jordi Martín-Consuegra, Salvatore Arico, Javier Gonzalez, Renzo Radice, Jorge Muñoz, Lubna Haj Issa

**Design, Text Writing and Process Coordination:** Match Communications, Zurich **Production:** Match Communications, Zurich and x-site, Basel **Published languages:** English, French, Italian, Portuguese and Spanish

emagazine.dufry.com  
dufry.com

Regional News **3**

People **6, 14**

WorldClass **8**

Key Story **12**

Favorite Shop **16**

### Customer Focus is Customer Engagement

In the key story of this edition we discuss how Dufry has embarked on a new and exciting project to transform the way we engage with end customers, with the ultimate objective of moving from good service to exceptional service. Using a market expert in the field, Disney Institute, we are defining a new service culture, both internally and externally, that will allow Dufry to drive organic growth by transforming our customer service globally. In December 2016 we conducted a dedicated survey to identify the strengths and the weaknesses of our present customer service and have now started to work with Disney Institute to define the biggest opportunities for internal and external service improvement. Presently we are setting up the internal organization for the execution of this project and will soon be launching pilot locations to start exploring the findings at shop level.

### The Digital Strategy is coming to life

In this issue we also feature Digitalization or e-Motion – our strategy to bring together a number of initiatives that combine latest technologies and communication with the end customer. Dufry aims to be present in every phase of the customer journey, to increase our ‘talking points’ with our passengers and to improve their shopping experience. Within e-Motion, the roll-out of Dufry’s New Generation Stores (NGS) is probably the most eye-catching initiative. We recently opened the first New Generation Store in Melbourne, Australia, and we will soon launch the next at Madrid Barajas Airport Terminal 4, which will be featured in more detail in the next edition of Dufry World. Meanwhile, catch a first glimpse in the following pages of how we will delight our customers going forward. ■

## D1 30-Year Agreement with Fraport in Greece

Dufry has signed an agreement with Fraport Greece for the exclusive operation of airside retail activities at 14 Greek airports. The 30-year agreement also foresees an important expansion of the retail space resulting in more than a doubling of the current shop space from 5,000 m<sup>2</sup> to over 12,000 m<sup>2</sup>. As part of the agreement, Hellenic Duty Free Shops continues its operations in the 14 airports for another 30 years. The agreement also adds considerable floor space landside.

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



A Hellenic Duty Free store in Athens.

The expansion and improvement of the retail spaces is set to start in 2017 and to be completed in 2021. ■

## D1 Madrid Duty Free: Official Sponsor of the Mutua Madrid Open 2017

For the second year running, Madrid Duty Free – the duty-free shops at Adolfo Suárez Madrid-Barajas Airport – have supported the city’s emblematic tennis tournament, as official sponsor of the Mutua Madrid Open 2017. The event took place in the Caja Mágica sports stadium between the 5<sup>th</sup> and 14<sup>th</sup> May 2017. Some of the world’s best tennis players, including Andy Murray, Venus Williams, Novak Djokovic, Garbiñe Muguruza, Stan Wawrinka, Angelique Kerber and Rafael Nadal met in Madrid for the tournament that saw Rafael Nadal and Simona Halep crowned as the 2017 champions.



Rafael Nadal during one of the MMO matches.

The sponsorship included advertising ‘spots’ during the tournament, designed to promote RED by Dufry in Spain, and linesmen dressed in Madrid Duty Free uniform with their boxes decorated with the Madrid Duty Free logo. The airport shops also celebrated the Mutua Madrid Open, offering a range of in-store activities so that passengers could enjoy the event from Barajas. As an additional promotional activity, Lara Arruabarrena, a WTA tennis player, served as a shop assistant for the day

in one of the Madrid stores. Dressed in her tennis outfit, Lara engaged with the customers and helped them to find the right products. A film crew recorded the activity using a hidden camera. The faces of the surprised customers when they discovered Lara was their assistant for the day were simply priceless.

The sponsorship also served to further engage with Spain Duty Free's social media followers, who had the chance to win match tickets during the 10-day tournament. ■

## D2 Liverpool Airport – Renewal of Contract for 8 Years in Famous ‘Beatles’ City

Dufry has signed an agreement to renew and extend its contract to operate the main duty-free shop at Liverpool John Lennon Airport for another eight years. Dufry currently operates a 730 m<sup>2</sup> main shop, located in the departure lounge on the upper retail level, and an express store situated in the lower level. The agreement also foresees additional retail space, increasing the store area to 820 m<sup>2</sup> and allowing Dufry to further enhance the shopping experience.

Following the renewal, Dufry will refurbish its main duty-free retail space with an innovative design, showcasing the latest trends in travel retail. With the new attractive layout, Dufry will further extend the existing product assortment, offering several new brands across the main categories, such as Perfumes & Cosmetics, Wine & Spirits and Confectionery among others, in order to meet the very different needs of British and international travelers.



Liverpool Airport is an international airport serving North West England, where it represents the main gateway for passengers traveling to several European destinations, such as Spain, Ireland, France and Portugal. It is considered one of the UK's major airports – handling close to

three million departing passengers per year – and is an important tourist and business destination in itself. ■

## D2 Icons of Whisky ‘Travel Retailer of the Year’ Awards

The Edinburgh and Glasgow World of Whiskies stores have won the Icons of Whisky Scotland ‘Travel Retailer of the Year’ Award for the second year running. The London Heathrow Airport World of Whiskies store was also named as Rest of the World ‘Travel Retailer of the Year’.

World of Whiskies was founded in 1992 and aims to offer fine whiskies from around the world. The stores are stocked with an extensive collection of over 300 whiskies selected by expert buyers, with highly trained staff on hand in store to offer an exceptional shopping experience. Dufry currently has seven World of Whiskies stores across the UK.



David de Miguel, Global Head of Liquor, commented: ‘We are delighted to receive this recognition from such a key reference in the whisky world. World of Whiskies is a brand that continues to work very well for us at Dufry and over the years has become one of our most popular specialized stores. We hope to keep giving passengers from all corners of the world a fantastic and authentic whisky experience for many years to come.’ ■

## D4 New Concession Confirms Leadership in Mexico

Dufry has been awarded a concession contract to operate a duty-free shop at Mexico City Airport Terminal 2, with 400 m<sup>2</sup> of retail space. The shop joins Dufry's existing operations at the airport which now total al-

most 30 shops, showcasing all formats of Dufry's retail concepts: general travel retail shops, brand boutiques, specialized shops and convenience stores. Mexico City is the busiest airport in Latin America and received 41 million passengers in 2016, of which 14 million were international travelers. ■

## D4 New Agreement with Cruise Lines Operator Pullmantur Group

Dufry has signed a new agreement with Grupo Pullmantur, a cruise line operator headquartered in Madrid, Spain, with more than 15 years of experience in the sector. Dufry will operate close to 2,000 m<sup>2</sup> of retail space distributed across 4 ships until 2022. The main ship routes include some in the most important regions in terms of tourism: the Mediterranean, the seas of Northern Europe, the Caribbean, the coast of Brazil and the Canary Islands.



The shops will offer a wide range of products from several categories such as liquor, tobacco, perfumes, cosmetics and confectionery, as well as jewelry, watches, fashion, accessories and sunglasses. ■

## D4 Recognition as 'Top Workplace 2017' in South Florida

Dufry America has been named one of South Florida's Top Workplaces for 2017 - the third year in succession it has been included in the employee-influenced rankings. The awards ceremony was held at the Marriott Coral Springs Hotel, Golf Club & Convention Center in April.

Dufry's benefit structure, career development, progression prospects and company ethos were all commended by its employees. The company was ranked



The team in Miami celebrate the recognition as 'Top Workplace 2017'.

in seventh place as best mid-size employer (125-399 employees) to work for in the region.

Compiled by media company Sun Sentinel Group and research firm Workplace Dynamics, the list is the result of extensive employee surveys across South Florida. It highlights 65 workplaces where employees expressed significant confidence in their leaders, the direction of their businesses and an appreciation for how they are treated.



Marcus Griffin, Human Resources Director for Latin America commented: "Over the last three years, the Dufry America team has worked tirelessly at all levels to create an exceptional culture, one which is based on a really simple J. Willard Marriott philosophy: 'You take care of your people, they will take care of our customers and the rest will take care of itself.' Our involvement and success in the Top Workplaces Program impacts internally and externally. Internally, our employees come to work knowing that they not only work in one of the region's best companies but that they are custodians of a unique and special culture, and play their part each and every day. Externally, it gives extra impetus to our employer brand and slogan of 'WorldClass, WorldWide'. When we recruit new staff we can tell them about the camaraderie, our benefits, our social responsibility in the community, our fun events and results-focused environment. To then be able to show that everything we are telling them has been endorsed by an external independent transparent organization, is a really powerful message." ■

# The Luxury Category – A Mix of Glamour and Trends

**Since 1<sup>st</sup> November 2016, Manuela Facheris, Global Category Management Director for Fashion & Luxury, has led a strong buying team located across three continents, with locations in Switzerland, Spain, UK, Brazil, Hong Kong, China and the US. Read about Manuela's approach to further developing the Luxury category.**

By Lubna Haj Issa

***You have been working for the company now for 23 years and your appointment in a director position crowns your career – so far. What were the milestones in your professional development?***

I was 19 years old when I first joined the company on a temporary contract and I have learned everything from the bottom up. During the first nine years I worked in different positions within the Master Data and Logistics department and in 2003 I moved to the Procurement department as Global Category Manager for Food, Confectionery & Toys. I have always been incredibly dedicated to my role. I am proud to have been there when Dufry was created, and to have been part of the change process the company has gone through with the numerous acquisitions over the years. I felt as if I was working in a different Dufry year on year, yet without abandoning the Group's heritage. In 2016, I was offered the opportunity to lead the Luxury category, which was both a promotion for me and a big opportunity. I felt very emotional at first, leaving the Food category and team, but I also felt sure that I would become as passionate about the Luxury category. It is a great opportunity to learn many new things and further grow and develop myself.

***What are the main tasks and challenges in your new role?***

Following the new direction to convert the categories of Luxury, Fashion, Sunglasses, Watches, Jewelry and Accessories into CORE categories – and work them in a central and global way when it comes to Strategy, Buying Sessions, Master Data and orders – one of my main first tasks when I took over this position was to design and create the global structure which was implemented at the end of 2016. Today we have a great number of very dedicated and professional people within the global structure who support this important change process of globalization and centralization with a will and passion. Despite some hurdles and challenges – which such a change pro-



Manuela Facheris, Global Category Management Director for Fashion & Luxury.

cess naturally brings and which we have to overcome on a daily basis – we always say it is important to believe that we will get there and we are positive that we will! For that reason we are running an intensive relationship campaign with the suppliers. We visit and meet these companies and present Dufry as the leading travel retailer, pointing out the benefits this partnership has to offer for both sides. This is an

important change process and as with every change process – especially of this size – it will take time to be established.

**What does this new global structure look like?**

The new structure is based on three pillars. The first pillar consists of the Global Category Heads, which we define as the Brand Owners responsible for the brand management in these three sub-categories: 1. Fashion, Bags and Travel Accessories; 2. Luxury Fashion; 3. Watches, Jewelry, Accessories and Sunglasses. The second pillar is the Planning and Pricing team, which we refer to as the heart of the structure as they are the owners of the budgets and the Open-To-Buy. The third pillar includes the Global Market Heads who are the voice to our markets and operations and hence the Market Owners within the global structure.

**What in particular is so special in the Luxury category, which represented a 12% share of Dufry's sales in 2016?**

The luxury market is highly competitive and therefore it is crucial for every operation to have the correct mix of brands in the assortment, according to the identified customer profile. It is important to work closely with our divisional and local teams to follow up on the steadily changing market place. It is equally important to manage expectations when it comes to the listing of brands, as airport environment, adjacencies, number of passengers and expected sales are key elements for the listing. Many people tend to have their own opinions on what they think is glamorous and fashionable and what is not, and these opinions cannot always be converted into reality. Therefore the customer is, and remains, the most important reference to us. Category expansion is strongly linked to tenders to enter new markets and open new shops, and as airports tend to approach brands directly, negotiations with the suppliers to partner and cooperate with Dufry are essential.

**The Luxury category is a very volatile one as it is sensitive to political and economic issues – for example we have seen a decline in Russian and Chinese customers in 2016, who were known to be top shoppers of luxury items. What do you do to minimize the risk?**

We have adopted a strategy to present a mixed assortment of world-famous and lesser-known brands – so called 'rising stars'. It is very important that we are up to date with the trends defined by opinion leaders and influencers. More and more luxury labels are launching more affordable lines in their product offer to serve the customers with less purchasing power.

**Your environment is now the world of luxury and glamour. How glamorous is your daily work?**

I have always been interested in fashion, beauty and luxury as a lifestyle – hence I can identify very well with the brands. My job is really exciting with a good mix of glamour and hard daily work.

**Tell us about yourself. What do you like doing in your free time?**

As a matter of course with the new role I have not had as much free time, and this time I spend with my family and my nine-year-old daughter. I now travel more and it is a big change for my family and myself, but I can count on their support so that I can be fully committed to my professional responsibility. ■

**IN A MINUTE:**

- A meal: Because of my Italian cultural background, I love Italian food. A good meal with friends and family is always a great moment to enjoy.
- A book: At the moment these are children's books that I read with my daughter.
- A city: There are loads of beautiful places in the world I would like to explore. Definitely London and New York which I feel are the most vibrant cities – but also the area around Lake Como (connected to my Italian origins) and Tuscany with Florence, Siena and Pisa which are just beautiful places to be.
- A film: In general I prefer watching comedies. If I would have to choose it would be 'Along Came Polly'. A totally different genre but still a very interesting movie to me is 'Sliding Doors' – showing that life can take a completely different direction based on different circumstances and ways we go.
- A hobby: I now like to accompany my daughter as she enjoys her hobbies, such as riding horses.

# Welcome to the Future of Dufry

**Under the umbrella of e-Motion – a number of initiatives that combine latest technologies and communication with the end customer – Dufry aims to be present in each one of the phases of the customer journey and improve their shopping experience. Within e-Motion, the roll-out of Dufry’s New Generation Stores (NGS) is probably one of the most eye-catching initiatives.**

**By Jorge Muñiz**

If an image is worth a thousand words, experiencing a New Generation Store may be worth a million. Or even more. So it’s a huge challenge to put in words in just two pages what the New Generation Store delivers. Dufry strives to lead innovation in travel retail. And we believe we’re good at it. However, the challenge to deliver the ‘next big thing’ in today’s fast changing world is a difficult one. It requires a deep understanding of the customer in order to spot opportunities and find ways of seizing them.



Render of the Melbourne New Generation Store.

We have mapped out the different phases of the customer journey. We understand that travelers often plan their trip in advance from start to finish and we want to identify the different opportunities of engaging and interacting with them at every stage, with the ultimate objective of encouraging travelers to spend more with us. This is the strategy at the heart of e-Motion, a set of initiatives that take advantage of new technologies that increase our interaction time and provide a better quality service to passengers. It is the umbrella to many initiatives that we already have in place, such as pre-order, RED by Dufry, staff digitalization or the use of celebrities, to mention just a few. Combining all these initiatives will allow us to inspire our passengers earlier and later in the journey and increase their exposure time to our brand beyond the in-store presence.

The scheduled inauguration of our first New Generation Store in Melbourne, Australia, in June sets a new milestone in the retail world. It is probably one of the most

engaging shopping environments in the industry today as it is designed to stimulate the senses with a wide variety of content and activities carefully targeted to specific passengers. It brings to life a retailer’s dream of waving a magic wand and being able to completely change the look, feel and even the mood of the store, in a few seconds.

New Generation Stores are equipped with HD screens in pillars, walls, ceilings and canopies, virtually everywhere we can place them. Every screen is synchronized with the store’s ambient lighting and audio systems to deliver an immersive atmosphere at any moment. So, for example, if a flight to Shanghai is leaving at 8:00 am, the whole store will be welcoming Chinese customers in their language, with special promotions of the best sellers among this passenger profile, and with activities targeted for them. The store will then change again when the last passenger has boarded and we prepare the store to welcome business passengers travelling to New York at 8:30 am.

The store also has several stages – spaces exclusively devoted to brands that, again with the aid of technology, allow for an enhanced level of customer interaction. From tasting bars where we can offer the latest mojitos to branded-beauty boxes with touch screens, these spaces provide the customer with a more tangible experience with our brands. This increased level of interactivity, together with the ability of changing the set up of the stage, maximizes the effectiveness of the space and multiplies the opportunities for brands. Some of our partners – including Estée Lauder, Chanel, Diageo and Mondeléz – have already showed an interest in working with us to make the most of this new opportunity.

Bringing together all the elements of the New Generation Store allows us to create that WOW effect that will stop passengers in their tracks and attract more potential customers to our space. It is a new way of communicating with passengers in a more targeted and personalized manner. Melbourne is leading the way – before the end of the year we will have six more New Generation Stores at Madrid, Zurich, Buenos Aires, London Heathrow, Cancún and New Jersey. ■



# Dufry Wins Optimas Awards Gold 2016



**Dufry has been honored with the 2016 Optimas Gold Award for the learning program 'Out in Front' in the award category 'Global Outlook'. Designed by Dufry's Human Resources learning and development team in collaboration with the Retail Operations department, the leadership and sales development program Out In Front was created to improve sales and service performance and align organizational behaviors globally.**

**By Lubna Haj Issa**

The idea of Out in Front was to equip each manager with the tools and techniques needed to lead people's performance successfully in real time, on the shop floor. Launched in 2012, the program's primary goals were increasing sales, developing store managers and supervisors and creating a standardized customer sales and service best practice. The program uses a 'train the trainer approach', where managers and qualified store professionals are trained, tested and when successful, receive a certification enabling them to implement the program among their teams. The program is not a one-off effort: sales people, both existing and new, receive training on a regular basis to maintain best standards. Learning becomes part of the culture and of the day-to-day job. Global Organization and Human Resources Director Salvatore Arico explains the importance of this program: "Out In Front is a fantastic example of how a cross functional initiative can generate a great impact in the organization from different perspectives including engagement, ownership and business performance. The greatest success of this initiative is its great success in giving support to our front line staff, supervisors and managers as they seek to deliver a World-Class shopping experience to our valued customers."

The need to develop such a program as this arose because the business, operating as it does across many diverse cultures and locations, was delivering inconsistent sales and service standards and sometimes lacked the tools to address this key element of our retail offering. It was crucial that each operation adhered to best practice standards. The program's main aim was to make sure that all sales professionals received the training and tools required to deliver excellent customer service and increase productivity world-wide. This in turn helps us deliver a unique experience to all our customers, specific to Dufry and clearly differentiating us from our competitors.

The program's success was evident in the first three years, when Out In Front achieved its goal of moving

managers away from a tasks based role, to a people leadership role. Supervisor performance evaluation scores increased from 43 percent in year one, to 64 percent in year three. The program has exceeded all expectations over a four-year period, increasing average ticket sales and sales and service standards.

Chief Resources Officer Jordi Martín-Consuegra comments: "Out In Front represents the best Dufry has to offer from three perspectives: firstly, it's innovative, because it doesn't simply deliver customer service, product and process training to our sales professionals to support them in their jobs, but also develops leadership and performance at our stores, where our business lives or dies. Secondly, it's a great example of collaboration and teamwork, as it was jointly implemented by our HR team, our Retail Operations department and hundreds of Store Managers and Supervisors around the world. Finally, it is delivered globally, showing how we can effectively roll out complex best practices through focus, determination and hard work over many years".

## **About the Optimas Awards**

The Optimas Awards are awarded by the publication Workforce. The magazine specializes in topics interfacing people management and business strategy. Workforce is an important tool for Human Resources professionals, helping them to approach their jobs from a more strategic, and results oriented perspective.

Picture gallery showing Optimas Awards trophy presentations, recognizing successful managers:



Dufry CEO Julián Díaz (middle) presented the award trophies to Salvatore Arico, Global Organization and HR Director (left) and Jordi Martín-Consuegra, Chief Resources Officer.

## Division 1



Division 1 HR Director Alfonso Diaz-Merediz(left), Learning and Development Manager Anna Kanari (middle) and Deputy General Manager Greece Alberto Iglesias (right).



Featured in the photo are Alfonso Diaz-Merediz, Anna Kanari and Thomas Koumpouras.



Heraklion Hellenic Duty Free Shops celebrating the award.



Chania Hellenic Duty Free Shops celebrating the award.



Thessaloniki Hellenic Duty Free Shops celebrating the award.



CEO Division 1 Pedro Castro (left) presented the award to Learning & Development Manager Javier Torres (2<sup>nd</sup> from left) together with, Isaias Diaz, and HR Director Division 1 Alfonso Diaz-Merediz (right).

## Division 2



From left to right: Stefan Heinzen, Bozhidar Blagoev, Sharon Cookson, Niina Oksanen, Sara Stevens, CEO Division 2 Eugenio Andrades, Becca Whitworth, Natalija Radic, Dan Shefford, Anne Heinmann and Kristin Brune.

## Division 3



CEO Division 3 Andrea Belardini (middle) together with Noel Cho (left) handing the award to Kevin Siu, Divisional Learning Manager (right).

## Division 4



From left to right: Elizabet Llanes, Madelin Moreno, CEO Division 4 René Riedi and HR Director Division 4 Marcus Griffin.

## Division 5



From left to right: Anni Maley, Charolett Mayoral, Juan Carlos Torres Carretero (Chairman Board of Directors), Gary McBayer, Aldo Pannozzo, Mario DiDomizio, Andrés Holzer Neumann (Board of Director) and Joe DiDomizio (CEO Division 5).

## Global L&D



Head of Global Learning & Development Anni Maley (left) and Global Learning & Development Admin Victoria Warren (right) were excited and thrilled to receive the Gold Optimas Award.



Team picture of the Customer Heroes taken during the workshops hosted in Eurodisney in Paris, France.

# Transforming the Way We Engage with Customers

**Dufry has embarked on a new and exciting project to transform the way we engage with end customers, with the ultimate objective of moving from good service to exceptional service. With the help of one of the most recognized names in business solutions and professional development – Disney Institute – we are defining a new service culture, both internally and externally and on all organizational levels, that will permit Dufry to drive organic growth by transforming our customer service globally.**

**By Matt Chambers**

At Dufry, we operate over 2,200 shops in 380 different locations across the world, a platform that only last year resulted in us achieving CHF 7,800 million in sales. The question is, can we make more with the existing resources? The answer is yes of course! Simply by increasing the average ticket value by 2% on a global basis, we could hit the 8 billion revenue threshold. And that can only be achieved by 'delighting' customers, making them feel comfortable and encouraging them to buy more, and shop more often with us.

In principle, this doesn't seem to be a difficult goal to meet. The challenge is to maintain a steady growth over time. To achieve this we need a sustainable solution rather than a patched one. This is where the need for transformation becomes more obvious.

The work we are doing with Disney Institute centers around transformation and how to build a stronger emotional engagement. The starting point of engaging with consumers is to first engage with our own

employees. The degree to which customers are engaged with us is directly linked to the degree of engagement among our staff. This is the key way we can drive our service to the level of consistently delighting our customers. Emotionally engaged customers are at least three times more likely to recommend buying in a particular outlet; they are three times more likely to re-purchase; they are less likely to shop around, and they are much less price-sensitive.

## **But how we can achieve this?**

We began in December 2016 by conducting an employee survey to identify the strongest and weakest areas when it comes to Dufry's customer experience, internal and external service, company leadership and ways of working. Paired with over 60 in-depth interviews with staff across all levels of the organization, this phase of the project has allowed us to identify the areas that offer the biggest opportunities to improve the internal and external service experience: we refer to these as our Focus Areas. Based on this



feedback, it was then time to get our heads around it and start taking the proposition into reality. We recruited a group of individuals across the organization to help us shape our future customer-centric culture: the Customer Heroes.

Customer Heroes were selected from a pool of candidates nominated by the five Divisions and Basel Central Offices with a shared attitude of strong customer focus, both internal and external. This group is comprised of 24 colleagues who represent the 5 Divisions and Global Functions, a variety of business areas, including stores, and all professional levels. Their passion has been the driving force of the design phase of the project, and this team, under the guidance of Disney Institute, has defined Dufry's new Service Standards and Behavioral Guidelines that will form the base for the transformation process we are aiming for.

So what is the next stage? We are now preparing to pilot the new Service Framework across the five Divisions, including all Divisional Head Offices and one airport location per Division. There will be several pilot locations where we will see 'with real fire' how this work is implemented. It will be the time to take the findings from the frontline, to adjust and fine tune and, with the support of our leadership, get ready for the global launch. Stay tuned to find out more! ■

A message from Jose Antonio Gea, Global Chief Operating Officer:

*I can only start this note by thanking everyone that is taking part in this project. Either because they were one of the 6,000 employees that took the time to respond to the survey or one of the team that is devoting non-existing spare time to work on this project. I want to express my gratitude for the efforts we are putting together into this critical project for the company.*

*From the very first minute the Group Executive Committee (GEC) heard about the Customer Service Transformation project, we knew it was what we had to do. We recognize that a cultural change in the way we approach internal and external customers is needed. And for Dufry, the time is right. It is time for us to get back to the basics. To re-learn how to best serve our customers and to really put them at the center of all what we do.*

*I really encourage all of you to join us on this journey.*



Time for a break for Dufry's Customer Heroes and to take a group picture with Pluto.

# No Two Days are Alike at Dufry... and I Like it

**Jordi Martín-Consuegra is Dufry's Chief Resources Officer. A member of the Global Executive Committee (GEC), Jordi is responsible for Organisation, HR and IT. He joined Dufry in 2005 after twelve years in technology consulting and since then his professional life has predominantly involved leading change and integrating teams and systems. He lives in Basel with his wife and two children. Outside of work, Wolverhampton, a small town in the UK, occupies a special place Jordi's heart. Music is another of his passions.**

By Jorge Muñiz

***Jordi, looking at your main projects across Dufry – the integration of teams and systems, organization charts, redefinition of roles and creation of job descriptions – we can see you've been busy lately?***

I feel nothing but gratitude for being at Dufry at this unique time, and for being able to work with all of my colleagues – old and new – who each demonstrate a daily commitment to building the new Dufry. As for keeping busy, it's always been like that at Dufry, and that's why we are here. I like to say that at Dufry no two days are alike. Everything changes so much, so quickly. I hope it stays like this!

***Looking through the rear-view mirror, is there anything you would have done differently?***

Certainly. I think we have managed the project and financial sides of the integration well. Together, the teams have identified demanding targets and executed them with outstanding discipline.

However, many colleagues have approached me over time asking for more communication on the issues affecting people most directly (such as organizational changes, new appointments, transition to new responsibilities, etc.). I hold myself accountable for not having done enough in this area, and I am looking for ways to apply this lesson now and in the future. There are now 32,000 people working for Dufry every day. Staying connected to the needs and ideas of our employees is an even greater priority than before. Your suggestions are welcome, always, and I encourage all employees to share their ideas with me, or with our HR and IT teams.

***What is the biggest challenge ahead in your view?***

In terms of IT and HR, I can mention the transformation of our IT systems, processes and training by implementing our new Business Operating Model (BOM); the completion of the global standardization



Jordi Martín-Consuegra, Chief Resources Officer.

of our technology (such as Point of Sale, ERP and IT infrastructure); the digitization of our business; putting our people at the center of creating a better customer experience across all of our functions; strengthening our pipeline of future managers; leveraging technology for collaboration across all

countries and employees; supporting our stores with better technology and services that help them maximize sales ...

The list is long and sums up the real challenge: we have so much to achieve now, in a company that's become larger, that it is more demanding and more important than ever to meet our targets. The leadership team needs to work with our many committed people by giving them clear direction, empowerment, and support. The best thing about Dufry is that there are so many opportunities to be even better. We want to be Worldclass, Worldwide, all of the time.

***And during this change process, what do you feel most proud of?***

Integration came up as one of the initiatives most valued by our employees in the latest survey. We must all feel proud about this; the 32,000 of us who have made it happen.

***We have recently learned the results of the Dufry Global Engagement Survey. Is there anything in the results that has surprised you?***

I am surprised that the results are quite aligned with what I was anticipating! The results have been remarkable, placing us above industry benchmarks in many countries. Overall, we achieved a 69% response rate, and 85% of our employees telling us that they are engaged is really good. The results have also shown areas for improvement. This poses a huge demand on me and the rest of the GEC as leadership: we must continue to work with our country, divisional and global teams to act on this feedback and improve our employees' experience in high potential areas such as people development, learning and communication. It helps greatly that our employees are giving such clear statements. We must now rise to this challenge, starting with myself.

***With the implementation of the BOM, the customer service transformation process initiatives and other on-going projects, the role of the learning and development function must be critical?***

Indeed. The vision is to continue to develop a global learning and development portfolio with three main programs, and to increase the use of technology with the new 'Dufry Connect' Learning Management System that we are implementing on the cloud. The three programs are: the Dufry Sales Academy, with more than 1,000 experienced Dufry Certified Trainers delivering our training culture each day at our stores (we have trained 20,193 people in the last year); Step Ahead, a program that we are reinventing in order to train all business functions on our new operating model (we have trained 1,528 employees in 2016); and our Talent Management Program, which has 129 participants already across all divisions and seeks to develop management talent through individual development plans and a network of Dufry mentors.

***What do you like doing when you're not in the office?***

Family time comes first. I also love to listen to music at home or live in concert, and I try to play drums! I also like to hike up a hill or go for a run, socialise, travel, or read good books (often recommended by Sara Hinckley from our outstanding Hudson Books category team in Division 5). I enjoy way too many things! I have calculated that I will need another three lifetimes to do most of what I want to get done. I do hope I get them, but I am making sure I make the most out of this one, just in case I don't. ■

**IN A MINUTE:**

- A meal: Any fish, best when cooked in Spain, Greece or Portugal.
- A book: 'Decisive Moments in History', by Stefan Zweig, is a superb book that passionately tells the story of historical events that changed the world. I enjoy books that both tell a story and leave their mark when you read them. I enjoy Spain and Latin America's many extraordinary writers too: for example, any short story by Julio Cortázar, or book by Javier Cercas.
- A city: With permission from my friends and family in Madrid (which I assure you is the European capital with the best quality of life) and Basel, it's going to be Wolverhampton, in the UK, where I spent an important year studying in my 20s. I learnt, I had fun, and it opened the door to the world for me. I also got to know an England that does not get talked about so much, and is full of beautiful people and places.
- A film: 'To Kill a Mockingbird'.
- A song: 'Hot Burrito #1', by the Flying Burrito Brothers.
- A leader: Many, and none in particular. I am not into idolizing famous leaders. You can find many unsung leaders in everyday life if you pay attention: people around you who set an example by doing the right things in the right way.



## Chandelier lights in London

In the year that Heathrow celebrates its 70<sup>th</sup> anniversary, we wanted to pay tribute to one of its stores. Heathrow is probably one of the most iconic airports in Dufry's portfolio, and the 2,850 m<sup>2</sup> of its flagship store in Terminal 5 is our favourite store for this issue. The store is massive in every aspect. It handles over 35,000 transactions every week and welcomes over 15 million passengers who depart from Terminal 5 every year.

The most immediate and striking feature is the vast chandelier suspended at its front entrance, which is made up of more than 53,000 individual Austrian

crystals. Its Contentainment equipment, comprised of large screens, high resolution LED tiles, floor and ceiling lighting and dedicated audio, create an immersive experience for passengers.

The cherry on the cake is the wide range of complimentary 'express' beauty treatments offered in store, including the latest make-up looks, skincare consultations, mini facials and massages. All are designed to be quick and informative, helping customers discover new products and techniques, whilst enjoying a relaxing pre-flight treatment. ■