

# DUFRY WORLD


WorldClass.WorldWide.


**CORPORATE  
MAGAZINE**  
ISSUE 25  
December 2017

## NEW GENERATION STORES



 Making Customers  
Feel Special **15**

 Orchestrating Our  
Operations **10**

 Fundraising  
Campaign **21**

# Strong Performance in the Peak Season

By Julián Díaz

The 2017 peak season has shown a very positive performance which makes me very optimistic for the achievement of our 2017 goals. Despite the higher comparison base, organic growth has kept up at high levels and cash flow generation has again set a new record, with the third quarter 2017 now being the quarter with the highest free cash flow generation ever.

Organic growth remained at high levels and reached 7.9% in the year to September, which is the best performance since 2011. Most markets performed well and the summer season was particularly strong in our Mediterranean operations, especially in Turkey. Organic growth continued at high levels in the third quarter with 7.6%.

Turnover growth continued to be strong and amounted to 6.7% in the first nine months of 2017. Gross margin expanded by 100 base points driven by the synergies from the World Duty Free integration, which completed in 2016. EBITDA grew by 8.5% and reached CHF 743.6 million in the first nine months of 2017, which represents a margin of 11.9%. Cash generation was strong in the third quarter of 2017 with free cash flow reaching CHF 337.1 million – the highest quarterly result ever. Dufry continued to deleverage and the total reduction of net debt in the year to September amounted to CHF 274.7 million.



## Launch of the New Generation Store with openings in Melbourne, Cancun and Madrid

The key story in this issue of Dufry World is dedicated to the New Generation Store, which offers the latest Dufry shop design and is packed with digital technology allowing us to attract more travelers to our stores.

During the summer months we opened our first two New Generation Stores in our Melbourne and Madrid operations – with Cancun NGS being delivered early November. In these locations we now offer our customers a completely new and attractive shopping experience never seen before that, in connection with our other digital initiatives, RED by Dufry and Reserve & Collect,

### 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

Division News **3, 19**

People **10, 18**

WorldClass **9, 20**

Key Story **12**

Favorite Shop **24**

contributes to increasing the spend per passenger. The next New Generation Stores are due to launch in Zurich, Heathrow and Buenos Aires. Flip through the pages and watch how the shop completely changes, not only visually, but also from an offer, messaging and language perspective.

#### First BOM certifications achieved

The implementation of the new Business Operating Model (BOM) is progressing well and two countries have already successfully completed the implementation. Please join me in congratulating our teams in Mexico and Switzerland for achieving this important milestone to further improve Dufry's operational excellence. The BOM - our key initiative to introduce best practices and standardize procedures across all our operations - is also currently being implemented in eight African countries (Cote d'Ivoire, Cape Verde, Egypt, Ghana, Kenya, Morocco, Nigeria and Mozambique), Australia and 6 AMEX countries (Colombia, Ecuador, Chile, Peru, Uruguay and Argentina) as well as in the Brazilian and North American duty-free operations. It is key that we all remain focused and support this project, as it will not only allow us to align our processes, but also to become more efficient.

#### Constantly increasing and refurbishing our retail space

We also kept working on our Shop Development Plan for 2017. In this context we have opened over 20,500 m<sup>2</sup> of new space and refurbished over 23,000 m<sup>2</sup> in the year to September. Among others, we have refurbished the Intra-Schengen operations at the Athens International airport in Greece, as well as refurbished and expanded our business in Morocco. With respect to the openings; I would like to highlight the opening of 18 convenience shops in China and a duty-free casino shop in Macau. We have opened several stores for domestic and international passengers in Rio de Janeiro and in the US, where we started operations of several shops in hotels in Las Vegas, such as the Hard Rock Casino and several stores at Tulsa airport. Last but not least, we have launched our new Dufry Cruise Services center based in Miami and entered the Asian cruise market with nine shops spanning over 1,950 m<sup>2</sup> on the JOY, a vessel of the Norwegian Cruise Line serving the Asian market.

With respect to the future, we have already signed contracts to open a further 18,000 m<sup>2</sup> of new commercial space in the last quarter of 2017 and 2018 and we also have additional opportunities in the pipeline which amount to around 38,000 m<sup>2</sup>.

#### 52 million passengers reached for the #YouNeedToKnow initiative

As you know, Dufry partnered with the United Nations to promote their awareness campaign #YouNeedToKnow that seeks to raise public understanding of 17 Sustain-

able Development Goals. Using space in the stores and with the support of airport partners in several locations, the campaign is to be run in our stores in over 100 airports. By the end of September we had already launched activations in 31 airports, which generated 52 million passenger contacts. The main part of Dufry's support campaign is focused in the last quarter of 2017 and will make the initiative visible to an even larger audience. ■

## D1 Expansion and Refurbishment of Heraklion Airport

Dufry's subsidiary, Hellenic Duty Free Shops, is undergoing a complete refurbishment of its stores in the Heraklion Airport "Nikos Kazantzakis" on the island of Crete. The modernization includes the extension of spaces on the ground floor and the first floor of the airport, covering a total area of 2,900 m<sup>2</sup>, along with the refurbishment of a further 8,000 m<sup>2</sup>. Construction work started in October 2017 and is scheduled to be completed by March 30, 2018. This means that the upgraded "Nikos Kazantzakis" airport will be ready for the start of the new tourism season in Crete and the increased passenger traffic it generates. The passenger experience in the stores, as well as the services provided to customers will be greatly improved.

This airport is a key asset in the Greek portfolio due to the large volumes of passengers that pass through this airport every year. Indeed, the Nikos Kazantzakis is Greece's second largest airport by passenger traffic, only after the Athens International Airport "Eleftherios Venizelos". The refurbishment will be exclusively and entirely funded by Hellenic Duty Free Shops.

CEO of Hellenic Duty Free Shops Georgos Velentzas commented: "This remodeling is crucial for Heraklion airport and for tourism in Crete, as well as for Greece in general. The airport is extremely important as it serves about 8 million passengers, 4 million outbound and 4 million inbound. The increase of commercial spaces will also help us to give more prominence Greek products, as our business is always delighted to invest in and support local businesses and local economies." ■

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.

## D1 Extension of Concession Agreement with Malta International Airport

Dufry has signed an extension to its concession contract to operate three stores at Malta International Airport, increasing its commercial space by more than 20%. The new contract term commences January 2019 and ends December 2026. As part of Dufry's global plan to offer passengers a WorldClass.World-Wide experience, the contract renewal includes a substantial investment for the extension and remodeling of the current walk-through departures store, as well as an arrivals store and a last-minute shop.

The renovation works will begin this autumn and conclude in April 2018. On completion of the renovation works, the main departures store commercial area will cover around 1,400 m<sup>2</sup> and will be located on level 1 of Malta International Airport's departure hall. The renovation of the main store will include an improved walk-through passenger flow and will increase the space by 420 m<sup>2</sup>. The last minute and arrivals stores are also included in the new agreement and the arrivals store has a new location and increases in size as part of the remodeling project.



Dufry is increasing its commercial space by more than 20% at Malta International Airport.

The departure store's commercial offer and design draw inspiration from Maltese culture and heritage to create a strong sense of place and lasting memory of the island. To complement this, a 'Spirit of Malta' area will be incorporated into the main departures store, with a selection of local products from the island.

Dufry currently operates a retail space of 1,326 m<sup>2</sup> at Malta International Airport, spread across 4 stores and has been a key driver of Malta International Airport's non-aeronautical revenue since commencing operations at this location in 2005. ■

## D1 New Concession at Toulouse-Blagnac Airport

Dufry has been awarded a new concession contract to operate two new duty free stores at Toulouse-Blagnac International Airport, which are due to open in April 2018. The contract is for 5 years and includes a new walk-through duty free store as well as a last-minute duty free shop, with a total commercial area of more than 1800 m<sup>2</sup>.



New concession contract at Toulouse-Blagnac International Airport.

The main international departures walk-through store will cover a commercial area of more than 1700 m<sup>2</sup> and will be located directly after security. It will offer a wide assortment of local products across various categories, including regional fragrance and cosmetics brands and local wines exclusive to Dufry. The 'Terre d'Occitanie' space in the store will complete the offer of Toulouse local delicacies, including foie gras (goose liver), cheese and local confectionery. The Toulouse Duty Free international liquor section, housed in a dynamic space with a tasting bar, will be brought to life with events and exclusive offers. A newly designed Cava corner will offer exclusive tobacco brands. Specialty fashion-concept corners such as 'Time Box', with a selection of watches and jewelry and 'Suncatcher', dedicated to sunglasses complete the range. Finally, a special Kid's zone will be dedicated to children's toy brands and confectionery.

The last-minute duty free shop of approximately 120 m<sup>2</sup> will be located in the international departures Hall D area and will be the only 'express' store offered in this terminal. ■

## D2 Frontier Awards – Gatwick Campaign Wins ‘Marketing Campaign of the Year’

World Duty Free won ‘Marketing Campaign of the Year by a Retailer’ at the Frontier Awards during the TFWA World Exhibition and Conference in Cannes in October.

The award was presented for the campaign “Rogue One: A Star Wars Story” which took place at London Gatwick’s North and South terminals from September through to December 2016. The campaign aimed to drive high levels of customer engagement with innovative and imaginative activations on airport and across social media. Characters from the film including storm-troopers and Death Troopers appeared in store and interacted with customers, as did the Rogue One: Star Wars actor Warwick Davies, who also hosted a personal takeover of World Duty Free’s Twitter platform.



From left to right: Dominic Moon, Frontier; Julian Diaz, Dufry CEO; Eugenio Andrades, D2 CEO; Andreas Fehr, Mondelez Travel Retail; Fred Creighton, Dufry GM – UK & Germany; José Antonio Gea, Dufry Global COO; Colette Doyle, Editor Frontier.

This prestigious award reflects the success in creating a world class experiential marketing campaign through the close cooperation of the retailer and the airport. Commenting on the award submission, the judging panel noted that the campaign was “innovative and well executed on a grand scale and delivered great theatre for customers”. They particularly liked the involvement of the film characters and felt that the campaign appealed to all age groups and families in particular. ■

## D2 Product Knowledge Training in UK

World Duty Free in the UK recently held product knowledge training events over three days, in both London and Manchester, for the Liquor and Confectionery categories. A total of 27 suppliers supported these events which were visited by 420 colleagues from all airports and trading operations in the UK, Channel Islands and



420 Dufry employees attended the events.

France. Teams were sent along to gain an improved understanding about key products and seasonal ranges, ahead of the important Christmas trading period.

The interactive events allowed for all colleagues to gain valuable information first hand from the suppliers and brands, which can then be used when serving their customers back on the sales floor. Colleagues were also given the opportunity to sample and view the various products and were provided with a bespoke reference booklet in which to take individual notes, which will be of significant benefit in the run up to the key trading period.



A total of 27 suppliers supported the knowledge training.

A feedback survey is currently underway to measure how successful these events have been for the teams and to improve any such events in the future. ■

## D2 Exclusive, Limited-Edition Old Pulteney Single Malt Whisky

On 12<sup>th</sup> September World of Whiskies unveiled an exclusive, limited-edition Old Pulteney single malt whisky at Edinburgh International Airport. The award winning World of Whiskies stores – a Dufry brand – partnered with the Wick-based distillery Old Pulteney to create a 32-year-old single malt, exclusively available in limited quantities.



Old Pulteney dates back to the year 1985.

Old Pulteney 1985 is non-chill filtered and has been matured in an American oak ex-Bourbon cask, before being bottled in 70cl bottles at 51% abv. The expression is described as having “elegant fruit notes of apricots and pears”, with a “gentle balance of honey sweetness” and a “slight chocolate undertone”. On the palate, it is “smooth with sugary honeycomb, slightly floral with fresh citrus and creamy chocolate”.



Exclusive and special, Old Pulteney Whisky.

Old Pulteney 1985 was available exclusively at the World of Whiskies store at Edinburgh International Airport, priced at £275.00. As a limited edition just 168 bottles were available and each bottle was presented in a cream canvas sailing bag, printed with the cask number and details of the Edinburgh International partnership. The unique presentation of the bottle paid homage to Old Pulteney’s rich seafaring heritage.



Only available in limited quantities.

This whisky broke all records for an exclusive at Edinburgh airport, by selling out within just three weeks!



A good price for such a precious spirit.

David de Miguel, Global Head of Liquor at Dufry commented: “It’s always exciting to collaborate on the launch of such a unique product and we are delighted that, as a result of our close partnership with Old Pulteney and Edinburgh International Airport, we were able to offer our customers this special whisky.”



Old Pulteney 1985 was available exclusively at the World of Whiskies store at Edinburgh Airport.

James Bateman, Director, Global Travel Retail at International Beverage added: “We were thrilled to partner with World of Whiskies and Edinburgh International Airport to create this exclusive Old Pulteney. Edinburgh International Airport is Scotland’s busiest airport and staff in the World of Whiskies store are important ambassadors for Scotch whisky. They help to connect the world to Wick, in Caithness, where the Pulteney Distillery has been making very fine malt whisky since 1826.”

## D2 'Best Marketing Activity' in Annual Sunglasses Awards

World Duty Free was recognized for its marketing and contentment activity at three London airports at the seventh annual Sunglasses Awards at the TFWA World Exhibition in Cannes in October 2017.



From left to right: Moyra Race, Global Head Watches, Jewelry and Sunglasses; Luca Molin, Global Category Brand Manager UK + Spain; Silvia Morris, Global Category Manager Sunglasses; Erwan Le Guennec, International Travel Retail Director Marchon Eyewear Inc.

The contentainment campaigns were implemented in April, May and June 2017. In London Stansted and London Heathrow the execution of the first cross category promotion supporting both Calvin Klein sunglasses and fragrance were activated. Screen based competitions and extensive product sampling created a compelling and engaging 'House of Calvin Klein' experience for the customers. Additional contentainment activity was carried out in London Gatwick South and once again, in London Heathrow Terminal 5, in support of Gucci eye wear. The promotional activity generated significant customer engagement and sales for the category, whilst the cross category event stimulated considerable brand immersion. ■

## D2 Taxmarc Goes Live as Part of Finance BOM Project

Dufry has launched a new SAP based application called Taxmarc, which offers a compliance framework to perform indirect tax (VAT) and customs transactions in a standardized way. Currently, Dufry operations have different business models and the legal reporting requirements in each country increase constantly. The launch of Taxmarc is a considerable milestone to improve control and governance in set-up, master data and various transactions within the organization, as well as to mitigate potential shortcomings and reduce risks resulting from non-compliance with EU custom and VAT laws.

The first phase of the implementation was launched in July, in combination with the BOM implementation at the EuroAirport Basel-Mulhouse-Freiburg with contributions from IT, finance, global tax, supply chain, customer service, master data, SAP Competence Center and the POS teams. The scope involves different operational entities such as the distribution center in Switzerland, as well as the retail operations at the Zurich, Basel and Geneva airports.

The new application has been developed by PwC in the Netherlands and is a future proof system that guarantees compliance with EU reporting requirements such as Intrastat and EC Sales. Taxmarc features a robust control framework for all VAT registrations and allows the business to setup effective Output and Input VAT controlling to avoid false tax determinations.

The next steps to further enhance Taxmarc will be to redesign functionality of the plants abroad and further automate Dufry's invoicing system to get ready for the "One Order" process. Moreover, deployment is planned to be extended to Sweden, Portugal, Malta, France, Bulgaria, Germany, United Kingdom, Russia, The Netherlands and Luxembourg.

The Taxmarc project team: Christoph Metzger, Thomas Neff, Kai Hoercher, Ignacio Hinojo, Tom Aussens, Peter Van der Schee, Hanneke vanEekert de Groen, Wayne Hughes, Kasia Wojcikowska, Ute Schmitt, Michelle Rollnik, Peter Day, Georges Eberle, Jote Menkir, David Haldimann, Davide Reverdito, Laura Domingo-Aceve, Candido Soto, Abdessamad Ilyassa, Javier Casanova, Philippa Whitehouse, José Fretcher, Pilar de la Torre, Paulo Domingos, Erik Montenegro and Jelle De Buck. ■

## D4 Top Work Place

Dufry America has been named a 'Top Work Place in South Florida' by Work Place Dynamics for the third year in a row. This recognition as being one of Florida's best employers 2017 was based on evaluation by Florida Trend partners with the Best Companies Group. Dufry America made the cut into the top 100 companies in the midsize group, in the ninth annual Best Companies to work for rankings, for the entire state of Florida.



To identify Florida's best employers, Florida Trend partnered with the Best Companies Group, who then surveyed those firms that chose to participate. The first part of the survey involved a questionnaire about



From left to right: Maddie Moreno, Division Learning & Development Manager, Elizabet Llanes, HR Manager, Marcus Griffin, Division 4 HR Director.

company policies, practices and demographics. The second part went to a randomly selected group of each firm's employees, who responded anonymously, to 78 statements on a five-point agreement scale.

The questions focused on eight themes: leadership and planning; corporate culture and communications; role satisfaction; work environment; relationship with supervisor; training, development and resources; pay and benefits; and overall engagement. ■

## D4 Dufry Debut in Colombia by Opening Ten Stores at El Dorado International Airport

Following the ten year agreement signed earlier this year, Dufry and DFASS inaugurated on October 17<sup>th</sup> 2017, almost 3,200 m<sup>2</sup> of retail space with a grand opening at El Dorado International Airport, which includes ten shops, seven duty-free, one duty-paid and two Hudson convenience stores across the international and domestic terminals. Dufry/DFASS bring their combined expertise to Colombia, offering a full range of high-end luxury goods and several commercial concepts including brand boutiques, specialized shops and the Hudson convenience stores.

The stores are located in Terminal 1, including nine shops in the international area, of which four stores are in the Main Pier and another five in the new expanded space - the North Mall. There is also a walk-through shop in the domestic area covering a retail space of 979 m<sup>2</sup>, specially designed to serve domestic passengers.

Two duty-free general travel retail stores are located in both areas: 695 m<sup>2</sup> in the Main Pier and 510 m<sup>2</sup> in the North Mall. The shops offer the traditional core duty-free mix, which includes the best selections from a wide range of product categories such as wine

and spirits, perfumes and cosmetics, confectionery, tobacco, fashion and accessories. The stores also feature a special area called 'Thinking Colombia' dedicated to typical Colombian products, such as coffee, confectionery and regional liquors.

The four specialized shops are: a Bijoux Turner store in the Main Pier with 14 m<sup>2</sup> featuring fashion accessories; a Collection store with 73 m<sup>2</sup> offering sunglasses, watches and accessories in the North Mall and two multi brand shops covering a total of 682 m<sup>2</sup> (546 m<sup>2</sup> in the Main Pier and 136 m<sup>2</sup> in the North Mall), presenting luxury brands such as Chanel, Victoria's Secret, Michael Kors, Lacoste and Tommy Hilfiger. A 'Tech on the Go' shop with 46 m<sup>2</sup> is also located in the North Mall. This retail concept specially tailored for tech-oriented customers, offers several electronic products and accessories.



Grand opening of ten stores at El Dorado International Airport, Bogota.

To complete the offer at El Dorado airport, Dufry has also introduced its Hudson convenience shop concept by opening two shops. One of them with a space of 31 m<sup>2</sup> is located in the Main Pier and the other one of 116 m<sup>2</sup> is in the North Mall. The two shops offer travel essentials and a convenience assortment, which provides travelers with a best-in-class shopping experience. ■



# First Successful BOM Certifications in Mexico and Switzerland

**Mexico and Switzerland have successfully passed the BOM certifications. The implementation of the Business Operating Model is Dufry's key initiative to introduce best practices and standardize procedures across all operations.**

**By Renzo Radice**

The implementation of the Business Operating Model is Dufry's key initiative to introduce best practices and standardize procedures across all operations. This will not only allow the business to align processes, but also to become more efficient.

In the first wave, Mexico, Switzerland, eight African countries (Ivory Coast, Cape Verde, Egypt, Ghana, Kenya, Morocco, Nigeria and Mozambique), Australia, 6 AMEX countries (Colombia, Ecuador, Chile, Peru, Uruguay and Argentina) as well as the Brazilian and North American duty-free operations, were working on the BOM implementation.

## **Successful certifications**

The certification process itself consists of two phases; the initial certification and the validation of the long-term BOM compliance. In this context, Mexico and Switzerland have successfully passed the initial certifications in September scoring high results: Mexico 13.5 points and Switzerland 14.5 points out of the 15 points possible in total. This is a considerable achievement, considering that they were the first ones to be certified. In both countries the BOM efficiencies are confirmed and in line with the overall BOM efficiency targets.

Operating according to the BOM represents a major change for the two countries - a change that will bring many benefits for the business in the years to come. Some of the changes implemented are:

- Standardized country and airport organization, underpinned by standard responsibilities and processes, bringing together country, division and global organizations.
- Corporate tools that facilitate interactions and increase implementation speed and business control.
- Standard commercial and operational processes.

Both countries have experienced the BOM implementation process as a positive initiative, which allowed the country organizations to eliminate inconsisten-

cies and work more efficiently across their whole organization. With reference to the second phase of the certification - the long-term BOM validation - both countries have now established a roadmap, clearly defining steps to fully solve the open points and identify the topics to be verified during the validation.

## **Learnings and recommendations from the certified countries**

During the implementation process both countries, Switzerland and Mexico described the BOM processes as being very clear and the available tools as providing useful support for daily business activities. However, they also pointed out that it's crucial that it isn't only the country organizations that apply the new BOM, but that the division and in particular the global functions also need to work accordingly, by following and respecting the defined BOM processes. ■



# Orchestrating Our Operations

**Operations are the “bread and butter” of our business. Closing a sale is the ultimate objective for each and every one of us. However, to get to that end goal requires the precise synchronization of a large number of processes. From ensuring we have the right products in the right place at the right time; to create engaging shopping environments for our customers that are capable of creating real excitement, to training staff to deliver a consistent WorldClass service, no matter where the store is located. The responsibility of orchestrating all of this – and more – is with José Antonio Gea, Dufry’s Global Chief Operating Officer our interviewee in this issue of Dufry World.**

By Jorge Muñiz

***We all agree that travel retail is a growing market and that there are many opportunities for companies like Dufry. However, what’s our strategy to capture the full potential of this market and how we can turn more passengers into good and loyal customers?***

Most of our stores are in airports and this is something that gives us a real competitive advantage versus high street retailers. Travelers are probably the best customers a retailer could hope for! Not just because of their tendency to spend more, but because of their mindsets. Those who travel tend to be more open minded and, hence, more receptive to new experiences and are more likely to share these with family and friends when they’re back at home.

This is great news for us... if we know how to best manage this mindset! More open minded customers provide a stronger emotional link and ultimately become more loyal customers, who are less concerned about the price tag and more interested in the overall value they receive. And it’s in that additional value that we have to focus our efforts and offer our customers a real opportunity to experience and interact with their favorite brands.

***How can this value-oriented strategy be articulated?***

As with a good recipe, the quality of ingredients is fundamental. There are several elements that are equally important. The first of them is the content – the brands. We need brands and products that provide value both for the customer and the brands themselves. Unusual or different things which are not easy to find elsewhere. With this in mind, exclusive products, novelties and product launches, special activations, as well as exclusive formats and packaging



José Antonio Gea, Global Chief Operating Officer is responsible for all shops worldwide.

(the so called ‘travel exclusives’) are all key elements. The availability of these exclusive items then needs to be communicated! Here digital communications – including blogs and social media for example – play a key role in sharing – globally – all the information

about the new and exclusive products and exciting events happening in our stores each and every day!

The next element in our equation is communicating with customers by making them feel special and part of an exclusive community. We can do this through RED by Dufry as it lets us have a direct conversation with our customers and provides us with an open channel in which we can share privileged information that is relevant just for them – even if they are not travelling. All for just being part of the club.

### **What about the store and what's the role that New Generation stores play on this?**

The store is the most important element. It's where the sale is done, and thus it's where most of our efforts must be placed. After the hassle of getting to the airport, passing the security and passport controls, our stores need to be a sort of oasis for passengers. The environment needs to be welcoming, energetic, attractive, but more importantly, it needs to talk to the customer about our three main propositions: price, novelties and exclusivity. And if possible it needs to do this in their own language!

With the New Generation Store, we have made this possible. We can change the messaging, the lighting, the ambiance... we can create a store customized to the preferences of any given nationality – including their language.

These new stores are also able to work harder for us – telling us more about our customers and helping us to understand their behaviors even better. For example, they can help us track hot and cold areas in the store more effectively, so that we can take the necessary steps to ensure we maximize the sales of each square meter of retail space.

### **And what's the role of the customer experience transformation project?**

That's an important project for the company. It's about moving customers from "satisfied" to "delighted" with the level of service received in our stores. And this is for one simple reason: delighted customers spend considerably more time in the store than satisfied ones. So moving our happy customers to the next level of satisfaction ultimately means selling more with what we have.

The objective of this ambitious project is to make our customers feel special. And this fits perfectly with the strategy described above. It is the last link in the chain, but probably the most important one. And the only way of succeeding is by making each of our 31,000 colleagues proud of what we do and by ensuring we provide top quality service. Regardless of whether you are on the sales floor or work in the finance department, it's about believing that you can do it a bit better.

### **Under your responsibility we find probably the most business critical functions. From Retail Operations to Marketing, Shop Development or Supply Chain... in which of them do you place the highest priority today?**

The answer is easy: all of them. The activities described above are probably the more attractive ones. But the most business critical projects that the company is currently undergoing are IOS and BOM.

The IOS, which includes the centralization of the supply chain and the warehousing processes, is helping to move Dufry to the next level, and revealing our full potential and size to the different providers. At the same time, the initiative will result in the more efficient management of our supply chain, ensuring that products are on the shelves when they are needed.

The BOM is the other pillar. It's a project that will enable Dufry to operate as a single company. We want to create the same experience for our customers no matter where they are. And the only possible way of doing this is by standardizing the processes for each of the 64 countries in which we operate. It is a seamless process in which the store adds value to the country operation, the country to the division and ultimately the division to the headquarters. And it works the other way round too: headquarters shares best practices to divisions, who spot opportunities for improvement at country and store levels.

It's a complex process. We are blending best practices drawn from the individual leaders of their markets – Dufry, World Duty Free, Nuance... The integration of these leaders was a transformational deal with just one objective – that of revolutionizing the industry, which is our big aspiration. ■

#### **IN A MINUTE:**

- A meal: A well cook Paella is always in the top of my preferences.
- A book: Patria (Homeland), by the Spanish writer Fernando Aramburu
- A city: Seville, in the south of Spain. It's a magical city and I encourage everyone to go and visit i. It's recently being selected as the best city to visit in 2018 by Lonely Planet's Best in Travel Top 10 Cities.
- A film: Out of Africa, by Sydney Pollack with Meryl Streep and Robert Redford.
- A hobby: I love horses.

Flight	From	Quarters	Remarks
MEL	Melbourne	Q3	Landed
MAD	Madrid	Q3	Landed
CUN	Cancun	Q4	Landed
ZRH	Zurich	Q4	On-Time
LHR	Heathrow	Q1	On-Time
EZE	Buenos Aires	Q1	On-Time

## Melbourne, Cancun and Madrid New Generation Stores: Mode On

Dufry showcases the future of travel retail with the opening of its first New Generation Stores. Our Digital strategy is brought to life in an enticing environment that combines World.Class customer service, latest multimedia technologies and glamour. A new generation store (NGS) made to communicate with a new generation of consumers.

### NGS: more than a store:

- Advanced customer service tools
- Staff digitization
- Nationality specific messaging
- Bespoke sense of place
- Enhanced opportunities for RED by Dufry
- More powerful brand presence
- Exclusive experiences
- Brand interaction





# Making Customers Feel Special

**The inauguration of the Madrid and Melbourne New Generation Stores – and more recently the Cancun one – are showing the world what Dufry is capable of delivering. Beyond the bright lights, these openings are the most tangible part of our customer vision and how we are shaping the future of our company.**

**By Jorge Muñiz**

The customer is the cornerstone of our strategy. Everything we do has a single objective: converting passengers into customers. Something we have been doing for many years but is becoming increasingly challenging in current times.

Brands are very powerful. Especially when they manage to connect with customers on an emotional level. They have the power to attract and retain loyal customers.

## **Our value proposition**

This is the strategy Dufry is pursuing. We want to make our customers feel special through an entertaining and world class shopping environment, proudly representing brands and offering new experiences. This is Dufry's customer vision, which is starting to crystallize in a number of initiatives across the company.

We are building our value proposition on exclusivity, on being able to deliver things that are not accessible in the local markets. Creating excitement amongst travelers about getting to the airport and going to our stores for that special product they've heard about.

The plan to achieve this objective is a complex one. It starts by ensuring we have the right content: exclusive products, new launches, unusual or different varieties of a product, or even special packaging. All help with the objective of creating and building expectation.

## **Digital Communication**

Then it is about communicating, and this is where our RED by Dufry program plays a key role in our digital strategy. We want it to be the vehicle by which we communicate with our customers and through which we can tell them we have those products that are so hard to find. That's probably information they'll share with their relatives and friends, and the items will hopefully end up on a shopping list for their next trip.

## **Enticing stores**

As the passenger gets into the airport, it is time to get him or her on board the boat of 'Dufry believers' by creating an environment capable of engaging the customer's interest for as long as possible. With the latest visual technology in our New Generation Store we can get the store to talk to the customer. Literally. As the customer enters the store, he or she has the feeling that this is different. That it is a cool space where he or she wants to spend some time browsing, discovering, tasting, investigating... and finally shopping.

## **Delighting customers**

Welcomed by World Class sales staff – also equipped with the latest technology that allows simple but efficient communication – the customer then discovers more things to take home with them than just those that were on the list. From a treatment that they'd never considered before but tried in store, to a special bottle of whisky that is exclusive to that particular airport. And, guess what? The customer needn't worry about checking if it's cheaper in the store back home. Because that customer is buying something more than just a product. They are buying a brand (our Brand) and all that comes with it. An experience that can be taken away and that, hopefully, will be shared and repeated if we have done our job well!

## **Our vision for the future**

This, in a nutshell, is Dufry's vision of the digital future. There are of course many things behind this on an operational level. But we are determined to make this vision a reality. The New Generation Stores opened in Cancun, Madrid and Melbourne – and those that are to follow – will be showing what Dufry is capable of doing and new ways of engaging with the end customer.

But these stores are just that. Flagship stores representing a strategy that all of us, from our different roles, are putting into practice. ■

**RED**  
By DUTRY



DESCÁRGATE  
NUESTRA  
APLICACIÓN



APLICACIÓN **RED**







## Wall of Fame



**Skydive Team**  
Bedfont Lakes (UK)

On 23<sup>rd</sup> of September our colleagues from the UK operation, Vicki Young, Charles Handbridge, Joe Baker, Spencer Kirkwood, Andrew Hazel and Charlotte Townsend received their skydiving baptism when they jumped from an airplane at 17,000 feet (5,000 m). This massive personal challenge was for a good reason: to create awareness for the charity our UK colleagues collaborate with – Alzheimer Research UK – and to raise funds for their information hotline. As well as buckets of adrenaline, these six brave individuals managed to raise almost £3,000 – twice the amount they had hoped to achieve. This is not the first initiative of this kind, as our UK colleagues are quite enthusiastic about putting themselves forward for a variety of different challenges!. However, there is no doubt that this team went further (and higher!) than anyone else before!



**David de Miguel**  
Global Category Head  
of Liquor, Madrid (Spain)

After nearly 24 years in the same company, you can safely say someone has done almost everything you can do. That is certainly the case with our Global Category Head of Liquor. David is probably the quintessential example of career progression. He started working on the shop floor in the old Aldeasa – the state-owned company that was privatized and later acquired by World Duty Free – working in the first Tie Rack duty free shop in Spain. After two years working for the Ermenegildo Zegna concession and opening the first Sunglasses shop concept in Madrid, he left the front line to take a managerial position in the local and duty free Tie Rack licensed stores that Aldeasa had at that time. In 1998 he found himself heading up the liquor category – a position he combined with the food and tobacco categories. In this role, he brought a new sense of dynamism to the sector, which has continued to grow and evolve from the old style liquor store formats, to award winning concepts like World of Whiskies.



**Hakan Döker**  
Marketing & Business  
Development Manager  
Antalya (Turkey)

Next time you visit our Turkish operation, make sure Hakan is around. Passionate about history, he specializes in the Roman and Byzantium eras and is on the verge of finishing a book on Istanbul during medieval times. You won't find a better guide in the country, and not just for his deep knowledge of Turkish history. Hakan is also very well known for being probably the best karaoke singer we have at Dufry! His covers of Elvis Presley amongst others, are amazing... fuelling the rumor that "The King" is still alive... and actually lives in Turkey!

### **Antalya's Victor & Rolf team**

First row (left) Angelina Ahmed Seddiqued, (right) Karine Yilmaz; second row (left) Olesya Öz, (right) Alina Zemlyanukhina  
Antalya (Turkey)



We all are glad to see that our Turkish operation in Antalya is bouncing back and showing impressive figures that are more than double that of last year's performance. Having gone through tough times with unforeseen drops in passenger figures, it's now time to celebrate. The Victor & Rolf (fragrances) team in this airport have come to represent the resilience and determination of our Turkish colleagues who, with a tailwind blowing behind them again, have managed to maximize the potential of this airport. In the month of July, the team was selected as Victor&Rolf's best performing team in their Travel Retail Europe & Middle East region, with an outstanding 225% sales increase vs. the 143% increase of the whole store, putting the Antalya store top of the table. Hats off to our team including Angelina Ahmed Seddiqued, Serkan Yavuz, Karine Yilmaz, Olesya Öz, Victoria Uçal, Belgin Yavuz and Alina Zemlyanukhina!

## Wall of Fame



**Gabriel Román (left) and the legendary Muay Thai fighter Buakaw Banchamek**  
Marketing Coordinator  
Palma de Mallorca  
Airport (Spain)

We would be very justified in featuring Gabriel in our Wall of Fame based on his 25 years in the company. This half Peruvian, half Spaniard, started his career in our company working as warehouse operator on the island of Mallorca and is now the marketing coordinator for Spain's third largest airport by passenger volume. However, what makes Gabriel more unique and deserving of a place in our Wall of Fame are his skills for Muay

Thai, the traditional martial art that he embraced in 1992. In this 100 year old fighting technique, which also happens to be Thailand's National sport, competitors fight in a standing position, as in Western Boxing, but elbows, knees and kick strikes are allowed, with the only protection being a pair of gloves. Led by his passion for this sport which requires outstanding levels of mental and physical preparation, he opened a small boxing gym. Here, he had the opportunity to train a colleague who eventually became runner-up World Champion of Muay Thai in the female category – and World Champion the following year! Gabriel's international reputation also led to him becoming the international Muay Thai referee for the World Championship hosted in Bangkok in 2004.

## D3 New Concession Won in Genting Highland Resort Complex in Malaysia

Dufry has signed an agreement to develop a downtown travel retail operation in Genting Highlands, an Integrated Resort located in the Titiwangsa Mountains, north-east of Kuala Lumpur, the capital of Malaysia. Significant visitor affluence is driven by the mixture of leisure, entertainment and shopping in the resort, including the 20<sup>th</sup> Century Fox Theme Park and four casinos.

The 1,146 m<sup>2</sup> store is scheduled to open at the beginning of 2018 and will be situated in the New Sky Avenue shopping mall, which consists of four floors of dining and shopping outlets that are being created to cater for 26 million visitors expected each year as of 2018. New Sky Avenue is conveniently connected to the many hotels and attractions in the resort. The Dufry store benefits from maximum visibility as it's located right by the entrance to the Genting Skyway cable car, which transports visitors to the highest point of the extensive hilltop resort.



A colorful entertainment world – Genting Highlands, a mixture of leisure and shopping, including the 20<sup>th</sup> Century Fox Theme Park and four casinos.

The duty free store will offer customers a comprehensive assortment of world-famous brands in core categories such as perfumes and cosmetics, confectionery, watches & jewelry, health and wellbeing, as well as consumer electronics and a selection of Malaysian products and brands to convey a strong sense of place for Kuala Lumpur and Malaysia. ■



# Chocolate Heaven

First lucky winners of the Lindt and Dufrey competition.

By Jorge Muñiz

With the joint Lindt–Dufrey in-store sales incentive scheme for 2017 coming to an end, Lindt's 'Chocolate Heaven' – the world's highest Lindt chocolate shop – welcomed the first winners of the quarterly competitions.

After meeting Lindt's incredibly special brand ambassador, the Swiss tennis champion Roger Federer, who was on hand to welcome Shermila Bombuwala (Colombo, Sri Lanka) and Sasi Venukopan (Newark, USA), our special guests headed up to "Chocolate Heaven", Lindt's highest chocolate store in the world, which is located at the top the Jungfrauoch in Switzerland at 3,454 m. above the sea level.



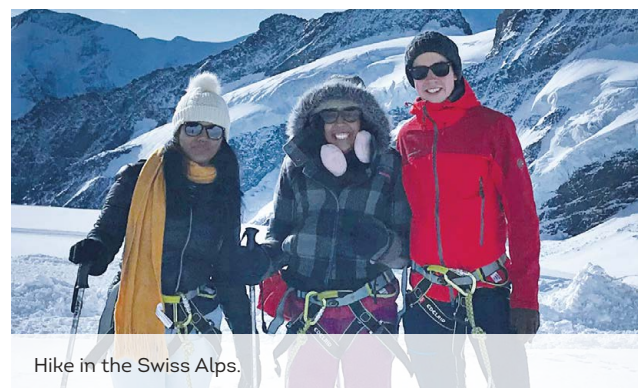
The Lindt winners Sasikala Venukopan (left) and Shermila Bombuwala (right) traveled to Switzerland for an exclusive meet-and-greet with tennis legend Roger Federer (middle).



Sasikala Venukopan (left) and Shermila Bombuwala (right) are learning the art of creating chocolate.

As well as the breathtaking views of the alpine glacier that the lucky winners had the opportunity to enjoy, they also had the chance to explore this themed chocolate shop with its Maître Chocolatier parlor, where they were given a fascinating insight into how chocolate is made.

Both Shermila and Sasi were the quarterly champions of the Lindt and Dufrey competition. Selected from the monthly best performers in each Division, they won the quarterly raffles to get these special tickets. A magnificent finale for an extraordinary promotion. ■



Hike in the Swiss Alps.

# Fundraising campaign to support colleagues

**A global initiative to raise funds to provide relief against the effects of natural disasters in the Caribbean, Mexico and the US has been launched by the HR teams in Headquarters, Division 4 and 5, with the commitment of Dufry to double the amount donated by employees.**

**By Jorge Muñiz**

From the comfort of our homes we have all seen with real fear and concern the devastating effects that hurricanes and earthquakes had over the Caribbean, Mexico and the United States. The images we are shown are very impactful and the disasters are a common topic in the coffee conversations the day after in the office, with our families and friends – and everywhere we go. For a time, our thoughts are firmly focused on those affected and how we would have reacted if we were in their situations. Affected by what we see and hear, we are moved to make a donation and somehow try to help those impacted by the event. And we do this because we think it is the right thing to do.

However, in the world in which we live, things come and go at the speed of light. Another story or event takes over and occupies space in the news programs on TV and radio, in newspapers and online and this new “news” becomes the focus of our coffee conversations. That is – and has always been – the cycle.



But the reality is a very different one. The recovery from the consequences of a major catastrophe takes a lot of time, effort and resources. Lost homes, wells that can no longer provide safe drinking water, no electricity, families that have lost everything they have, schools that have simply disappeared from one day to the next. We all know this is the reality. But if it is not reflected in the ongoing media coverage, then it can easily slip from our minds.



These recent catastrophes however were much closer to home than others might have been. Colleagues that we have talked to or emailed from time to time, or that we have simply seen closing a sale with a customer while we were on our way to get our bags from the luggage carousel, have been directly or indirectly affected. We all felt enormous relief when we heard we “only” had to cope with material losses and that everyone in the Dufry family was safe. But now is most definitely the time to lend a hand, to make a small contribution to help those that have suffered serious material losses.

With this in mind our HR colleagues from Headquarters and those in Division 4 and 5 have put together a number of initiatives to help our colleagues affected, including a fundraising initiative, accessible to everyone with an internet connection. A total of 23,000 US dollars has been collected as contributions from colleagues around the world have flooded in. Dufry has committed to double the contributions that each of us make via the link, as a way of encouraging our participation and donations. Thank you all for your contribution to this collection. ■

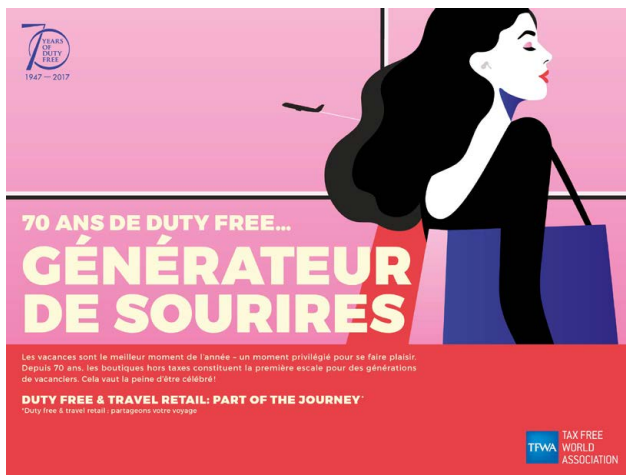
# And for More Years to Come

**Dufry joins Tax Free World Association in the promotion and celebration of the 70<sup>th</sup> anniversary of Duty Free.**

**By Jorge Muñiz**

For those of us like me who were born in the 70s, duty free stores have always been there in the airports. It's part of its ecosystem. And, to be honest, I never asked myself where duty free shopping came from until I started working in this industry.

You may be aware that duty free was an Irish invention in the mid-20<sup>th</sup> century and it came about thanks to a man named Brendan O'Regan who saw the opportunity to take advantage of the surge in civil air trans-oceanic travel that came about after the end of World War II. The Irish airport of Shannon was the perfect stop-over for those people travelling on lengthy international flights.



At this time, O'Regan worked as Catering Controller, managing the finances for the airport catering. He noticed that, while on stopover at his airport, people liked to shop. In the aftermath of WW II, many countries were in need of a significant revenue source, so O'Regan got an idea: why not incentivize airport-specific shopping by making the goods on offer totally tax free? No sooner said than done! O'Regan proposed the idea and managed to get authorization from the Irish government to declare Shannon airport as being outside of Ireland, thereby creating in 1947 the era of duty free shopping.

In the next 70 years the travel retail industry saw phenomenal evolution and development, facing multiple

challenges and evolving and adapting to the changing reality. Today's travel retail experience is dramatically different. Duty free airport stores in particular and travel retail in general, has come a long way since its humble beginnings and is now an important part of the retail sector offering electronics, luxury goods, sundries and souvenirs in international airports, cruise ships and border shops. International airports are now considered retail destinations and retail design has evolved too – luxury experiences dominate, as opposed to the modest duty free experiences of the past.

However, as much as it has changed, there is still a common element between that primitive duty free shopping experience and that of today and it's that duty free shopping is still a highlight of any journey.

The 70<sup>th</sup> anniversary of the appearance of duty free shopping has offered a great opportunity for the Tax Free World Association (TFWA) to tell the world why duty free and travel retail matters and about the excitement and pleasure – as well as the important revenues – that our industry creates.

With that rationale, TFWA has launched a campaign, featuring the caption 'Duty free & travel retail: part of the journey', that consists of a series of 'evocative and distinctive adverts', each highlighting an aspect of the contribution made by duty free and travel retail to the world of travel. And, together with these visuals, an open invitation to main players in the industry to jointly remind travellers of the positive contribution our industry makes to the world of travel.

Dufry, in its leading role in the travel retail industry, has committed to create awareness of this significant milestone by giving support and visibility to the campaign. We are using advertising spaces on screens, at points of sale and on tills in our airport stores across the five divisions. Maximizing the breadth of our operations – encompassing over 64 countries – we will be supporting TFWA in their communication campaign which highlights the contribution that our industry makes to society, not just by adding an additional memory and element of excitement to our journeys, but also contributing to the creation of wealth, employment and development. ■



**70 AÑOS DE DUTY FREE...  
CREANDO EMPLEO EN LAS COMUNIDADES LOCALES**

Las tiendas de los aeropuertos ayudan a generar miles de empleos, estos representan una cantidad significativa del total de empleos relacionados con la aviación creados en aeropuertos e sus cercanías. Por lo tanto, cuando usted compra en la tienda duty free, está ayudando a desarrollar un negocio vital en el corazón de la comunidad local.

**DUTY FREE & TRAVEL RETAIL: PART OF THE JOURNEY**

Tax Free & Travel Retail Association



**70 عاماً من السوق الحرة...  
جعل الترحال أكثر سهولة**

بفضل المتاجر التي تزخر بمئات البضائع بأفضل الأسعار، أصبحت المطارات في جميع أنحاء العالم من المفضلة من رسوم الجواز التي تؤمنها أولى فترات الطيران، وتساعد هذا الأمر مسودة فترات الطيران على تقديم أسعار أفضل، وهذا يساعدكم على توفير المزيد من المال على المدى الطويل.

**DUTY FREE & TRAVEL RETAIL: PART OF THE JOURNEY**

Tax Free & Travel Retail Association



**면세 역사 70년...  
행복한 귀국**

면세점 구매로 인해 해외에서 구매할 때보다 20% 이상 저렴하게 구매할 수 있는 기회를 제공합니다. 이는 해외에서 구매할 때보다 20% 이상 저렴하게 구매할 수 있는 기회를 제공합니다.

**DUTY FREE & TRAVEL RETAIL: PART OF THE JOURNEY**

Tax Free & Travel Retail Association




**免税行业70年，  
为您提供优质品牌  
和优势价格**

70年来，免税行业与全球制造商合作提供品牌，销售价格比国内市场更具优势，当您充分享受免税店的价格时，您也在帮助机场发展他们的下一个70年。

**DUTY FREE & TRAVEL RETAIL: PART OF THE JOURNEY**

Tax Free & Travel Retail Association

**70 AÑOS DE DUTY FREE...  
REPARTIENDO SONRISAS**

Las vacaciones son el mejor momento del año... sin olvidar que son un momento para la auto complacencia. Durante setenta años, las tiendas de duty free han sido la primera escala para generaciones de viajeros. Es el momento de celebración.

**DUTY FREE & TRAVEL RETAIL: PART OF THE JOURNEY**

Tax Free & Travel Retail Association



**70 عاماً من السوق الحرة...  
جعل الترحال أكثر سهولة**

بفضل المتاجر التي تزخر بمئات البضائع بأفضل الأسعار، أصبحت المطارات في جميع أنحاء العالم من المفضلة من رسوم الجواز التي تؤمنها أولى فترات الطيران، وتساعد هذا الأمر مسودة فترات الطيران على تقديم أسعار أفضل، وهذا يساعدكم على توفير المزيد من المال على المدى الطويل.

**DUTY FREE & TRAVEL RETAIL: PART OF THE JOURNEY**

Tax Free & Travel Retail Association



**デューティーフリー開始から70年...  
空港施設の改善を  
可能に**

空港は常にグレートアップが求められます。免税店の貴重な収益がなければ、必要とされる新しい設備に投資できません。免税ショッピングの収益は空港がより快適で機能的な空港を提供することを支えます。

**DUTY FREE & TRAVEL RETAIL: PART OF THE JOURNEY**

Tax Free & Travel Retail Association



**免税行业70年，  
为您提供优质品牌  
和优势价格**

70年来，免税行业与全球制造商合作提供品牌，销售价格比国内市场更具优势，当您充分享受免税店的价格时，您也在帮助机场发展他们的下一个70年。

**DUTY FREE & TRAVEL RETAIL: PART OF THE JOURNEY**

Tax Free & Travel Retail Association



**면세 역사 70년...  
행복한 귀국**

면세점 구매로 인해 해외에서 구매할 때보다 20% 이상 저렴하게 구매할 수 있는 기회를 제공합니다. 이는 해외에서 구매할 때보다 20% 이상 저렴하게 구매할 수 있는 기회를 제공합니다.

**DUTY FREE & TRAVEL RETAIL: PART OF THE JOURNEY**

Tax Free & Travel Retail Association



**70 ANS DE DUTY FREE...  
GÉNÉRATEUR DE SOURIRES**

Les vacances sont le meilleur moment de l'année... sans oublier que c'est un moment agréable pour se faire plaisir. Depuis 70 ans, les boutiques hors taxes contribuent la première étape pour des générations de voyageurs. C'est le moment de célébration.

**DUTY FREE & TRAVEL RETAIL: PART OF THE JOURNEY**

Tax Free & Travel Retail Association



**70 YEARS OF DUTY FREE...  
BRINGING JOBS TO LOCAL COMMUNITIES**

In Europe alone, retail stores at airports help generate over 100,000 jobs, some of the total direct aviation related jobs created at or near airports. So when you buy in the duty free shop, you're helping a local retailer in the heart of his local community.

**DUTY FREE & TRAVEL RETAIL: PART OF THE JOURNEY**

Tax Free & Travel Retail Association



## Dufry Opens New-Look Sharjah Store

Dufry has revitalized the retail landscape scene at Sharjah International Airport after closing its doors for an intensive period of refurbishment with the opening of a fresh new store concept. The remodeled space includes a first for the region with a 110 m<sup>2</sup> airside Hudson shop.

Passengers traveling through the Emirate's busy airport can enjoy the new-look store with its perfumes and cosmetics, fashion and watches, jewelry and accessories and the introduction of Dufry's Hudson store is set to be the icing on the cake.

Phase 1 of the project saw the relocation of the entire P&C section from the left-hand side of the original store

layout to the right-hand side. The expanded brand line-up now welcomes Cartier and Benefit and the existing Bobbi Brown bar has been given a complete makeover. Omega, Rado, Longines and Tissot watches will boost the existing watches inventory and regional brands such as Bateel and Patchi will feature in the food category. Phase 2 of the project was dedicated to the tobacco and food retail area which had been expanded. The main highlight of the shop is a section in the center which showcases the best of Arabic products. The flooring, ceiling and shop fixtures are all bespoke and reflect traditional Arabic calligraphy patterns to give the all important 'sense of place'. ■