


DUFRY WORLD


WorldClass.WorldWide.

**CORPORATE
MAGAZINE**
ISSUE 28
September 2018



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to Transformation **22**

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Record Free Cash Flow in the First Semester 2018

By Julián Díaz

In the first half of 2018, Dufry has delivered a solid performance supported by a good growth in most of our regions. Turnover grew by 7.2% to CHF 4,097.1 million from CHF 3,821.3 million in the same period in 2017 and I am very pleased about the outstanding and record free cash flow generation, which reached CHF 330.2 million – a new all-time high in a first semester. Organic growth continued to be healthy and reached 5.5%. Highlights went to Eastern Europe, Middle East, Asia and Australia as well as our North American divisions, which grew by 22.1% and 7.7% respectively. With the exception of Brazil and Argentina exposed to the appreciation of the US dollar, also operations in Latin and Central America performed well. UK and Central Europe delivered an overall positive performance, while Southern Europe and Africa's growth was positive as well.

Recognizing our employees

It is always a great pleasure for me to read about the Dufry One Awards and to get to know the teams and colleagues who have been awarded for their extraordinary achievements. The winners of Dufry One Awards have all gone the famous extra mile to best serve our customers and contribute to the success of our company. The examples of their actions taken, impressively show how individual initiatives at any level of our organization can help to make the difference and improve our overall operating excellence. Thus,

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I would like to send my personal congratulations and gratitude to all the 2018 award winners.

Dufry's transformation is becoming reality

In this issue of Dufry World it becomes evident in several articles to what extent Dufry is proceeding with its transformation. Besides the progress on the implementation of the Business Operating Model (BOM) to align our ways of working, we also learn about the amplified introduction of Dufry Connect, which provides a highly professional platform for our employees to manage all related HR topics and have a full set of individual services. These range from training opportunities to personal performance and development plans, a full overview of organizational charts and internal job offers.

In the context of transformation, I would also like to highlight the several news on shop openings, contract wins and improvements we do to increase our footprint and enlarge our offer to customers. This ongoing expansion also contributes to improve opportunities for our employees to further develop their careers within the Dufry family both from a skill as well as from a geographic perspective if they see and are willing to accept new challenges in other geographic areas and thus make new personal experiences.

Thank you for your ongoing support and motivation

As I mentioned above, Dufry is moving forward in many ways – and for this, dear colleagues, I would like to thank you all for your ongoing support and dedication to the company. I appreciate the motivation and the willingness I see to make the next steps of development and reach a further level of excellence. I am looking forward to a successful second semester and to working with you to achieve our goals. ■

D5 World's Largest Hudson Store

The world's largest Hudson store branded ATL Shops by Hudson was opened on June 15, 2018, at the world's busiest airport, the Hartsfield-Jackson Atlanta International Airport. The retail space, totaling over 465 m², will be dedicated to modern visuals, new products and shop-in-shop experiences with proprietary brands Ink by Hudson and Sweet Indulgences.



ATL Shops by Hudson at Hartsfield-Jackson Atlanta International Airport is the world's largest Hudson store.

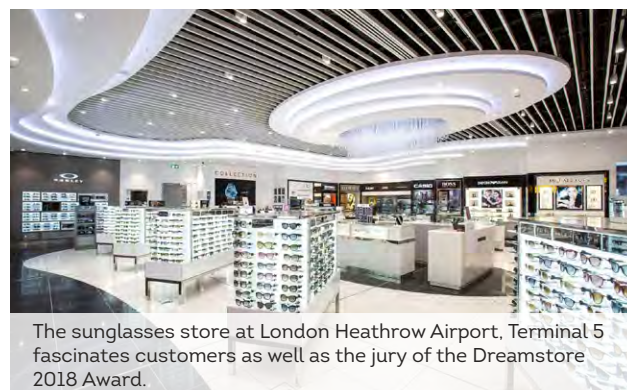
The store design of ATL Shops by Hudson is part of the overall growth strategy to convert and modernize its travel essentials and convenience locations to Hudson stores. ■

D2 Dreamstore Award for Collection Store at London Heathrow Airport T5

The Collection store in Heathrow's Terminal 5 has won the 2018 Moodie Davitt Report's Dreamstore Award.

In this annual competition, the world's brand owners rate the world's travel retailers, drawing opinions from across categories and regions and from companies large and small. These awards represent recognition from our brand partners of the best practices in retail for each of the main product categories.

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



The sunglasses store at London Heathrow Airport, Terminal 5 fascinates customers as well as the jury of the Dreamstore 2018 Award.

To choose the best of the best, brands are asked which retail partners understand and reach out to their consumers, add value to the travel retail proposition, promote transparency and data sharing and stand for innovation and partnership.

This Dreamstore Award recognizes the joint effort of several different teams across Dufry. From the commercial team to shop development, space planning, marketing, etc., it's the combination of all these elements that has helped secure this exciting win. For the second year running, our Collection store in Heathrow Terminal 5 has been judged as the best store in the world for the category!

Clear category segmentation, the wide product assortment, range of prices and attractive store design, along with the excellent product knowledge of our staff were the main aspects highlighted by the brands. They also noted the effective on-shelf communication of brand messages, the engaging in-store marketing and promotional campaigns and the exceptional service offered to customers by our expert store team. ■

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Investors Touch and Experience our Digital Strategy

Dufry invited investors and financial analysts to the Dufry Day 2018 in Zurich, Switzerland, to present achievements of the digital strategy and provide a deep dive on the cruise channel and Asia expansion, as well as an update on the BOM. Last but not least, the financial community was also presented with upcoming changes in our financial reporting triggered by new regulations.

By Renzo Radice

Close to 100 external guests attended Dufry Day 2018 – the annual event organized by Dufry to give investors and financial analysts insights into the company's development which goes beyond the pure financial reporting. The main goal of this event is to provide the financial community with in-depth information on current projects and developments in order to improve their understanding of the company's strategy, goals and achievements.

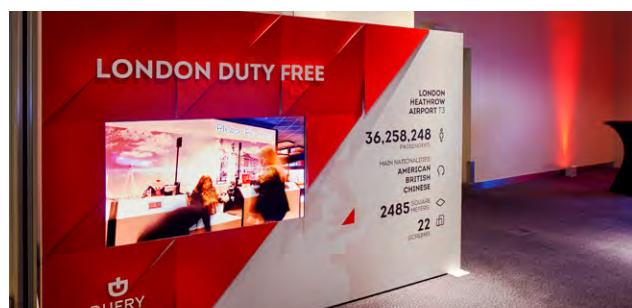
Besides an overview of Dufry's capital allocation strategy given by our Chairman Juan Carlos Torres and the overall strategy update presented by CEO Julián Díaz the focus of this year's event was put on the BOM status, the growth in the cruise ship channel and in Asia, as well as on the achievements made within the digital strategy.

What I see and touch is what I believe

Dufry has been describing and talking about the digital strategy to investors for several quarters, but so far has not presented the different applications, tools and services in an extensive and interconnected way. To help the financial community see, touch, feel and experience the New Generation Store, the Reserve and Collect service and the RED by Dufry application with their own hands and eyes was one of the priorities of the event. Following a presentation by Javier Gonzalez, Global Marketing and Digital Innovation Director, in which he explained the individual elements of the digital strategy and gave a view on the future direction of our digital journey, a visit to Zurich Airport to see our operations there provided investors with the opportunity to experience firsthand the interconnection of all these elements.



Javier González, Global Marketing and Digital Innovation Director, explains in his presentation the new digital era in Dufry.



In the lounge big banners including TV screens gave further information about the other New Generation Stores already open in London Heathrow, Melbourne, Madrid and Cancún.

The team representing our Swiss operation guided the several groups of guests through the shops and invited them to experience how the New Generation Store talks and interacts with the customers, showed where preordered products can be collected and how one can apply for RED by Dufry to collect points and benefit from additional services at the airport. Their know-how and dedication greatly supported our intent and played a major part in generating the positive feedback and responses we received.

recent expansion in the cruise channel by presenting the potential of the global cruise line market and the opportunities for Dufry. The cruise line market is one of the fastest-growing niches in travel retail, and shipyards building cruise ships are fully booked for the next decade. With its even more extended global footprint, Dufry is now, more than ever, ready to serve the cruise industry with own harbors in Asia, the Mediterranean, the Nordics and the Caribbean through our network of operations and distribution centers. This is a valuable asset as during the year, the individual vessels tend to cruise different parts of the world and thus need a global network to serve them wherever they drop anchor.



Eugenio Andrades, CEO Operations and Strategy, gave in his presentation an update about Asia expansion and Dufry Cruise Services.

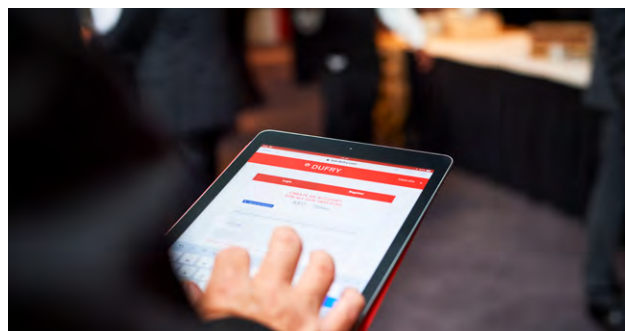


Dufry CEO Julián Díaz (left) is talking with Ryan Skaria (middle) and Sharif el Khazen, both from Metronome Capital.

Moreover, Eugenio explained the strategic importance of the most recent contract wins in Asia, such as the Genting Highlands resort in Malaysia and the railway station concession in Hong Kong. It is important

Business diversification: Multichannel expansion at sea and in Asia

Eugenio Andrades, Chief Executive Officer Operations and Strategy, gave the participants an update of Dufry's



Participants of the Dufry Day could experience on tablets the digital tools Dufry provides for its customers.

for investors to understand Dufry's approach towards downtown operations, where we focus on locations which provide the same kind of captive travelers that we have at airports, such as leisure resorts, casinos, railway stations, etc.



Dufry people among themselves. From left to right: Jorge Born, BoD Dufry; Luis Marin, Chief Corporate Officer; Javier Gonzalez, Global Marketing and Digital Innovation Director; Pascal Duclos, General Counsel.

Where do the BOM efficiencies come from?

The BOM has raised clear expectations within the financial community, as it will improve the company's efficiency and profitability. However, when talking to investors, management and the investor relations team, it has been repeatedly asked how these efficiencies would be generated and why the BOM was not a traditional cost-cutting program as such. José Antonio Gea, Deputy Group Chief Executive Officer, clarified exactly this question in his speech and presentation. He underlined the importance of having aligned organizational structures at division and country levels, of using the same processes within all group operations and the benefits of working with the same tools and systems, these steps being the prerequisites to generate the expected 50 million Swiss francs of efficiencies.



Rafael Duarte, Global Investor Relations Head (left) with Felix Remmers from zCapital.

New financial reporting KPIs as of 2019

The most technical presentation of the day was given by CFO Andreas Schneider, in which he explained to the financial community the impact that the introduction of the new IFRS 16 regulation will have on Dufry's reporting as of the business year 2019. As this regulation includes a new accounting treatment of our concession contracts, some of our traditionally used KPIs to assess the operational profitability of

the company, such as EBITDA, will no longer have the same significance – not to say completely lose their informative value – and thus will have to be replaced with new KPIs. It is not only an internal challenge to adapt to this new reality, but also requires financial analysts and investors to do in-depth work to adapt their financial assessment and the valuation models of our company. In this context, the early basic indications given by Dufry on how we intend to tackle the new regulatory framework and which KPIs we intend to use going forward – even if not yet in all details – were very much welcomed and appreciated.

Income statement	EBITDA	12	13	13
	Depreciation	(2)	(2)	(2)
	Amortization	-	-	-
	EBIT	10	11	11
Financial results	EBT	10	11	11
	Taxes	-	(2)	(3)
	Net earnings	-	-	9
Cash Flow	EBITDA	-	-	13
	Working capital	-	-	(0)
	Taxes	-	-	(3)
	Capex	-	-	-

CFO Andreas Schneider reports in his presentation the implications of the new International Financial Reporting Standard 16 on Dufry.

Overall positive feedback

The overall feedback received from analysts and investors received after the event showed that we achieved our goal. The importance of these events, in which current operational projects and developments are discussed separately from the pure results presentations, are a highly valuable investment made by Dufry to ensure that the whole financial community understands where we want to go with our strategy and which milestones are necessary to ultimately achieve our goals. ■

D2 New Contract at Norwich Airport

Dufry signed a new contract to manage the tax and duty-free store at Norwich Airport. This is a new



World Duty Free store at Norwich Airport.

airport win for Dufry and the agreement runs for twelve years.

The new walk-through store covering in excess of 200 m² will offer an extensive product mix across all categories and take the airport shopping experience to another level for the 500,000 passengers who use the airport annually. ■

D3 Further Expansion of Footprint in Australia

Dufry increased its presence in the Eastern Europe, Asia, Middle East and Australia divisions by signing a new contract with Perth Airport to operate a total of 2,300 m² with two duty-free stores located in the departures and arrivals areas, in the Terminal 1 International. The long-term contract will run for seven years.



Two new Dufry duty-free stores at Perth Airport will bring WorldClass experience to the airport.

Dufry will bring a WorldClass experience to Perth Airport and its customers offering a total retail space of approximately 2,300 m² of which 1,200 m² in the departure and 1,100 m² in the arrival stores. The duty-free shops will offer a dynamic and engaging retail concept by bringing a tailor-made design for core categories and a specific format which will delight customers with a great selection of Australian and local Western Australian produce, liquor, wine and gifts. The offer will include the latest trends and a wide range of products from the most renowned brands in the world across several categories, such as perfumes and cosmetics, wine and spirits, tobacco, confectionery, electronics, watches and fashion accessories, among others. With a strong emphasis on digital development, Dufry will partner with Perth Airport to enhance the digital channel experience for passengers through the rollout of RED by Dufry, Reserve and Collect and in-store digital tools. ■

D1 New Duty-Free Shops at Rhodes International Airport

The inauguration of the new duty-free shops occupying 1,466 m² in the intra- and extra-Schengen areas at Rhodes International Airport Diagoras took place on June 7, 2018.



From left to right: Pedro Castro, CEO Division 1; George Vilos, Executive Director of Commercial & Business Development Fraport Greece; Juan Carlos Torres Carretero, Chairman Board of Directors Dufry; Alberto Iglesias, Deputy General Manager Greece; George Velentzas, CEO Hellenic Duty Free Shops; Dimitris Kopelouzos, Chairman Copelouzos Group; Christos Kopelouzos, Vice President Fraport Greece.

The main walk-through store has a total commercial area of 1,074 m², offering perfumes and cosmetics from various renowned international brands, as well as a selection of natural Greek cosmetic products. In addition, customers can discover a wide range of spirits, confectionery, traditional Greek products, tobacco and electronics, travel accessories and souvenirs. Centrally located in the walk-through shop is Hellenic Gourmet, which gives travelers the opportunity to experience and take home a final taste of Greece. Luxury with 146 m² retail space, offers the latest trends in branded fashion items such as watches, accessories and sunglasses. Finally Last Minute, which covers a retail area of 246 m², offers a selection of travel essentials including souvenirs. ■

Ready for the Next Part of the Story

From some of the biggest and more respected airport shopping environments of Heathrow and Gatwick to railway stations, stores for diplomats, cruise lines and even tunnels that run under the sea, Fred Creighton – DCEO for Division 2 of Dufry – takes us through this fascinating market, and the numerous growth opportunities for the company in this territory.

By Jorge Muñiz

Growing the business is a priority for the company. However, this is not an easy task to do in a more mature market, as it is the Division 2 ... but the division keeps growing! How is this done?

Great stores, great products, great people – sounds simple, doesn't it? Whilst the business is quite diverse, our core strength is tax- and duty-free stores and this drives our main business. As a company we have been able to create fantastic shopping experiences, delivering and meeting the needs of our customers and growing our staff skills and knowledge. In recent months we have invested in the retail environments of, for example, Heathrow Terminal 3 New Generation Store, Gatwick North, Zurich, Basel and Helsinki, and we are now looking at updating all our stores in Sweden.

We are excellent at delivering world-renowned brands to our customers at great prices. Our people produce extraordinary results every day and ONEDUFRY is a great example of how important customer service is – in helping our people support each other to drive customer conversion and sales.

Division 2 is a great example of business diversification. Only in the UK we have fashion, sports, accessories and toy stores in Center Parcs – a popular holiday destination in the UK – operate stores on four cruise ships, have stores both sides of the Eurotunnel – a tunnel that goes under the English Channel – and this year we have started operating a convenience store at St. Pancras International train station, serving passengers traveling on the London–Paris high-speed rail connection. With such a breadth of opportunity and working closely with our airport and business partners, we endeavor to maximize their visions of the retail offer and locations.

What are the complexities of managing such a diverse portfolio of operations?

Believe me, they are quite a few! The St. Pancras and cruise ship business for example are both very different from what we normally do! We had to learn very quickly about the convenience and cruise businesses (and our colleagues in both Hudson and the Miami



Fred Creighton, CEO Division UK and Western Europe, is pursuing a new and very exciting project which is called "The Circle".

Center of Excellence were instrumental here). Logistics, product offering, customer profile, high passenger turnover, daily product replenishment ... all very different to an airport operation! And this is a Dufry strength – the vast amount of knowledge and expertise around the world that we can call on for help.

In the cruise business, Cunard, operator of the Queen Elizabeth II Ocean Liner, awarded Dufry the oppor-

tunity of operating on-board stores. This vessel travels across the world for eight months. This means we have to replenish while the boat is en route in the other side of the world ... but with no data as to what products and amounts are needed.

Our CenterParcs business is relatively unknown but mature, and has been operating for over ten years. This was a business that was run by Nuance UK for many years, with a small but very talented team of professionals.

These different businesses and their delivery can only happen with the strong global, divisional and country teams we have, working together, calling on expertise, supporting each other, finding solutions to issues at a fast pace!

Switzerland in Division 2 was one of the first operations to implement BOM. How's the rollout looking like in the division? Any pressure points?

The roll out is on track. The BOM is building the foundations for future growth and realizing future ambitions.

We've just managed to obtain the second BOM certification for our business in Switzerland – one of the first businesses at group level being run with Dufry's new way of doing business.

In the Nordics we are currently in the middle of the process and have just successfully implemented SAP in Helsinki. We have kicked off BOM implementation in the UK – a big challenge for the company due to the size of the UK business.

As you would expect, we are finding difficulties along the way, however the teams are working together to come up with solutions.

Last year, Division 2 reinforced it's already strong portfolio of concessions with a number of renewals, including the multiyear contract extension to operate the eight main airports in Sweden. What is next in the division?

We continue to focus on renewing all of our contracts and it's a continual cycle and vital for our future profitability. These renewals are normally based on a capital investment and as part of that, in Sweden we have already started the refurbishment process for all our stores. By the end of March 2019, we will feature new and exciting stores and concepts in all the eight Swedish airports.

We are progressing with the refurbishment of our stores in Zurich and following the opening of our New Generation Store in this airport, the specialty stores are next on the list. However, we have a new and very exciting project on the table, which is called "The Circle". This consists of a new complex of buildings within walking distance of the Zurich Airport terminals which will

feature shops, offices and a hotel. Plans are currently being worked through for this exciting undertaking.

Finally, new space is high on the agenda and working with our airport partners, focusing on generating new incremental premium spaces.

The London airports, especially Heathrow, are probably the most wanted launchpads of our brand partners. Have you noticed new opportunities after the opening of the New Generation Stores in Zurich and Heathrow?

The New Generation Store and its evolved thinking has opened up new avenues for us to drive future growth. The Reserve and Collect strategy and digitalization of brand offers direct to our customers through RED by Dufry, are both unique selling points. Traditionally, we have created great shopping environments, as demonstrated quite recently for example by the Dreamstore Awards, where brands recognize the best of the best in the travel industry, Dufry stores have always been in the top positions in the last few years. Brands however get more sophisticated every day and they are intensifying their presence in the digital market because it offers more communication opportunities with customers. We are creatively taking on this challenge and surprising the industry with our ambitions in this area, resulting in a very strong competitive advantage.

All this can only be good for our airport partners who are always ready for something different. We can no longer trust and rely on the dwell time effect.

As long as we continuously look for new ways of developing compelling propositions and unique shopping environments and experiences for our customers, we have a bigger and brighter future. ■

IN A MINUTE:

- A meal: Italian food – however lately I'm loving salads, I'm trying to eat healthy and lose some weight!
- A book: I've loved reading J.K. Rowling's Harry Potter with my kids
- A city: More than a city, the island of Mallorca in Spain
- A film: Gone with the wind – a blockbuster that brings me a lot of memories of my childhood
- A hobby: Gardening, something that I do when I can escape to Mallorca
- A leader: Winston Churchill

Wall of Fame



Chantelle Chung
Country Commercial
Analyst
(Switzerland)

Like every video game hero she interacts with in her free time, Chantelle has been through a wonderful adventure with Dufry! Her journey started in May 2015 with The Nuance Group UK where she played her role as Sales and Pricing Administrator. With the help of her 'sidekicks', she developed her strengths and acquired key knowledge which helped her earn, in July 2016 a ticket to a new realm called Switzerland! This move was a huge confidence booster for Chantelle! With the help of Dufry and her new team, the transition to the country of chocolate and cheese was very smooth! Since then, Chantelle has been collecting experience (and coins) as a Country Commercial Analyst, which has allowed her to assist in one of the local team's quests – BOM! Her hobbies are, of course, video games, badminton, exploring and spending time with friends.

ciation for communication professionals based in Brussels which is committed to driving excellence in communications.

Proud of her Palestinian heritage she considers herself a cosmopolitan, speaking several languages fluently including German, English and Arabic. Traveling the world and learning about different cultures is one of Lubna's hobbies. Her other leisure activity reflects the dynamic woman she is: Tae Kwon Do, the Korean martial arts. Lubna has been practicing this for 37 years and has a black belt. She admires the physical and mental benefits this martial arts bring such as health and resilience. Her credo is not only to make things happen but to move mountains.



Heriberto Chavez
Shift Supervisor and
Dufry Certified Trainer
Mexico City (Mexico)

Mexico, together with Switzerland, have led the way for the rest of the business, by being the first two operations to fully implement the BOM. But driving change is not necessarily the only task to fulfill. Heriberto went above and beyond his duties when he decided to create, in his spare time, a series of home-made training videos around the new tasks lists and used them as part of the BOM training.



Spencer Kirkwood
Learning and
Development Advisor
Division 2 (UK)

How long can you walk for? 100 km in less than a day (actually 21 hours and 34 minutes nonstop) seems like a challenge! And that's exactly what Spencer managed to do on July 14, as part of a spectacular 100 km ultramarathon that covers The Ridgeway – recognized as the oldest footpath in the UK. And he ran for a reason: raising funds and awareness for Alzheimer's Research UK. "As my mother has been diagnosed with Alzheimer's disease, it was only natural that I would take up the 100 km ultramarathon challenge in support of this charity," he commented. With the support of various UK Dufry colleagues, Spencer managed to raise twice the amount he expected to. A fantastic effort and a big "well done" to Spencer!

Lubna Haj Issa
Global Corporate
Publications Head
Basel (Switzerland)



Since 2006 Lubna has been working for Dufry in the Corporate Communications department and over the years she has witnessed the spectacular growth of Dufry. As part of her role, she is responsible for the production of Dufry World.

Lubna was elected recently for a second term as a Member of Board of the EACD, an international asso-

Noel Garcia
Sales Supervisor
O'Hare International
Airport Chicago (USA)



Noel is an employee at our Dufry O'Hare store and last June Noel and his wife lost everything in a fire. Amongst the outpouring of support received, one of our ACDBE partners*, Ralph Moore, made a generous donation of \$1,000 to Noel and his family. During a visit to the store where Noel works, Noel shared with Ralph his gratitude and thanks for the support he received from his Hudson family and also gave

Wall of Fame

Ralph this note which reminds us all, if just for a moment, that the support and love shown by friends, family and colleagues is truly priceless.

"Both I and my wife have truly been blessed with outpouring of help and support from my company. Words cannot express our gratitude to my Dufry family. Our hearts are full of love, respect and thankfulness to all of you. May God bless you more."

*ACDBE (Airport Concessions Disadvantaged Business Enterprise) is an US Department of Transportation (DOT) program designed to level the playing field for small businesses who wish to participate in contracting opportunities at airports. In the US market, retailers such as Hudson and Dufry need to partner with ACDBE companies to operate concessions in airports.

Martin Pitts
Customer Service Leader
London Stansted
Airport (UK)



The story of Martin is one of reunion. As a youngster, Martin won many country championships and attended a local athletics club. Under the direction of his coach, Roy Deer, he progressed and developed the necessary skills to be ranked in the UK's top 5 for the 400-meter race for under 17s. Ten years later, both of them have teamed up again, but on this occasion it's on the shop floor of Stansted Airport as Customer Service Leaders!

Divisions 

D4 New Contracts with Holland America Line, Carnival Cruise Line and Norwegian Cruise Line

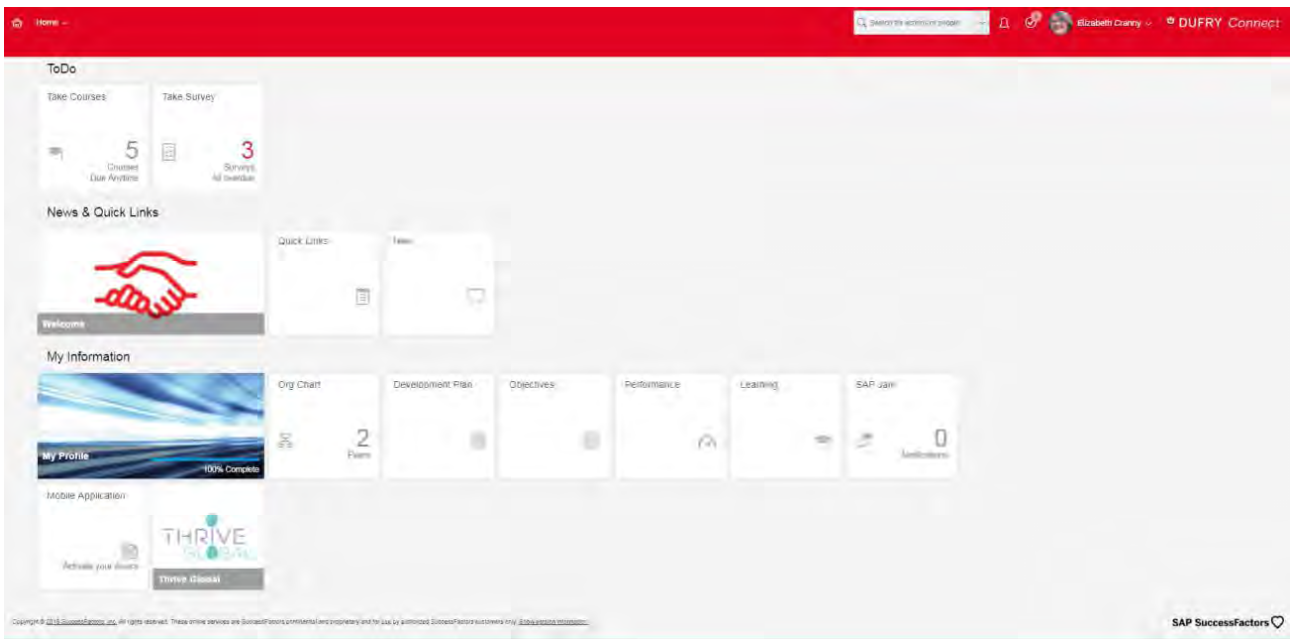
Dufry has signed a new contract with Holland America Line to operate shops onboard eight ships, added another important contract with Norwegian Cruise Line to operate shops on the BLISS and signed an additional agreement with Carnival Cruise Line to operate shops on Carnival Inspiration. With these new contracts Dufry will add close to 2,800 m² of retail space and considerably increase its presence in the cruise line channel, going from 17 to a total of 27 ships which cover routes in the main markets across the Caribbean, Europe, Alaska and Asia.

The agreement with Holland America Line, a subsidiary of Carnival Corporation, covers a total of 1,744 m² of retail space distributed across eight ships for a period of five years. The shops will offer a wide range of products including all core categories. Building on its long-term partnership with Norwegian Cruise Line

Dufry added another important vessel to its existing portfolio by signing a contract to operate on the BLISS for four years. The retail space will cover 750 m² and will offer all product categories, including fine jewelry. In addition, Dufry and Holland America will develop a new souvenirs and logo program that will elevate the onboard retail experience and reflect the premium cruise line brand. Dufry has also recently started operations onboard the Carnival Inspiration. The retail space is almost 250 m² and includes all core categories such as fine watches, fashion and custom jewelry. ■



Dufry further expands its footprint in the cruise channel.



Dufry Connect - Digitalizing the Employee Experience

As we gain momentum and implement the BOM in new territories, tools which help realise the potential of our people become critical. The latest to arrive is Dufry Connect. This is so much more than an HR tool – it’s a one-stop shop that will digitalize the employee experience from boosting your career and managing your development, through to enabling a comprehensive view of the organization, and providing analytics. Dufry Connect is progressively being rolled out across the whole organisation so stay tuned! We have over 19,000 colleagues across 20 different locations already on the system, which is giving visibility of our employees across the group.

By Catherine West

The global scale of Dufry demands a consistent set of internal management tools, with the capability of boosting the development of knowledge and skills within the group. Dufry Connect, our new global people management system, has been introduced to serve exactly this function.

Dufry Connect has the triple purpose of assisting managers in guiding their teams, helping employees to better control their development and professional careers and enabling HR to manage employee data.

From a practical standpoint, this new tool will provide a more consistent approach to processes such as recruiting or performance reviews, replacing the use of excel or paper documents for a more robust online system that can be updated and progressed, as and when needed.

Dufry Connect is accessible through your web browser, regardless of where you are located. Additionally, certain functions of the tool can also be operated on the move from tablets and smartphones by simply downloading an app.

Key features

Main features of Dufry Connect available today include:

- **Organization Charts:** The full organization with name search or navigation of structures. From Group CEO to a Sales Professional in any location.
- **My Profile:** A simple profile where you can add your professional background, skills, aspirations, professional interest and contact details and make your basic information (name, job title, location) accessible to the whole Dufry Group.
- **My Team:** Quick access to a team member's professional development and performance in one place
- **My Learning:** A central point for managing all learning materials and keeping track of your personal development. A library of self-e-learning modules categorized by specific roles, or per function, as well as instructor-led courses are available.
- **My Performance and Development Plans:** A feature that enables you to track your personal targets as agreed with your line manager and provide the status in readiness for your face-to-face reviews. Your growth competencies are also measured during the review and any development needs can be recorded and even linked to course modules in the learning system.

Other features that will be made available in the future include:

- **My Career:** The place where everyone will have visibility of open positions shown on the Dufry Careers web

page, with the ability to immediately apply online.

- **Succession Planning:** A tool that will help identify professionals who are ready to fill key positions in the company, thereby facilitating internal secondment, job opportunities and promotion.
- **Compensation and Variable Pay:** A space to support annual processes such as pay review and bonus calculations.
- **Workforce Analytics and Statistical Reporting** that will enable the group to maximize efficiency and productivity and apply learning resources where they are most needed. Supporting key KPIs across the business.

Rollout plan to coincide with BOM implementation

Dufry Connect has now been launched for all global function employees no matter where they work, as well as in Brazil, Ecuador, Australia, Peru, Chile, Uruguay, the UK, Swiss Retail Operations, Colombia, for nonunionized staff in Division 5, in Africa, and all of our division offices.

We work closely with the BOM implementation team and Dufry Connect is being activated as part of the overall BOM process. So if BOM is coming to a country near you, we look forward to welcoming you to the Dufry Connect experience! ■

Divisions 

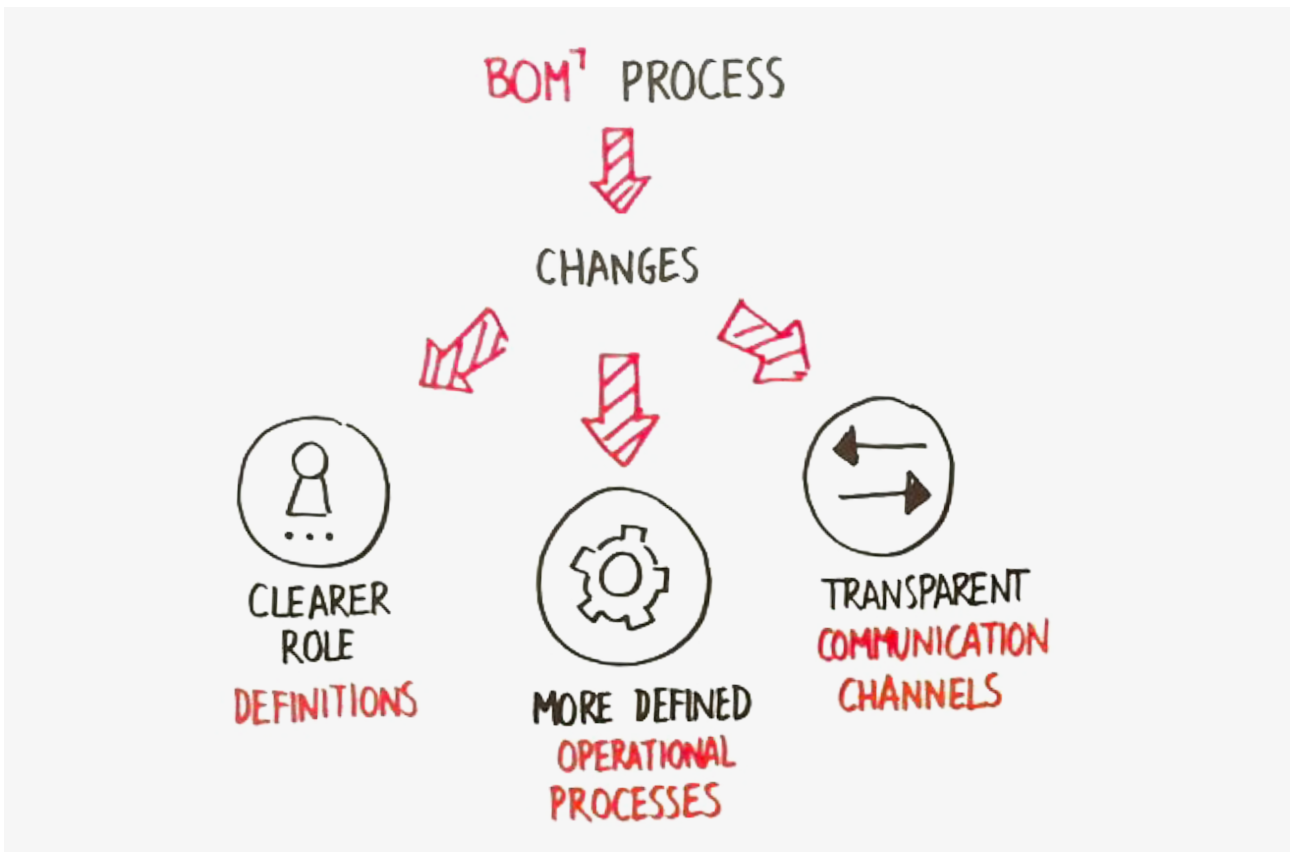
D5 Extension of Concessions Contract at Burlington International Airport

Hudson Group has secured a ten-year concessions contract extension at Burlington International Airport. The joint-venture agreement includes 295 m² of retail space. Retail concepts represented in the extension include three Vermont travel essentials and convenience stores: Discover Vermont/Hudson, Lake Champlain News, and Mount Mansfield News.

Discover Vermont/Hudson, located pre-security, is a combination store offering passengers an excellent assortment of traditional travel essentials and convenience items, as well as a unique selection of locally made Vermont gifts and souvenirs.

Lake Champlain News, located post-security, provides passengers with a local sense of place. Catering to the traditional travel needs, it offers a variety of snacks and beverages, portable electronics, travel accessories, and Vermont-specific souvenirs.

Mount Mansfield News, a travel essentials and convenience store also located post-security, centers on customer convenience and features a well-curated product assortment ranging from reading materials and healthy grab-and-go meals and snacks, to travel necessities, electronics, and tasteful souvenirs. ■



BOM on Track

With the BOM process already underway in over 39 operations – which together account for almost 80% of Dufry’s 2017 revenue – the rollout process is at cruise speed and showing the first results in terms of improved efficiency. Today, we will take a look at what comes after a whole operation migrates to the Dufry way of running operations: the certification process.

By Jorge Muñiz

As we enter in the final stretch of the year, projects start to crystallize and deliver results. The implementation of the Business Operating Model is a massive project which impacts on Dufry’s operations in the four corners of the world, and much has been done at individual country level so far.

As of today, BOM implementation projects are ongoing in the majority of Dufry operations, representing approximately 80% of our net sales. The process is advancing at a very good pace, thanks to the extraordinary cooperation and work carried out by global, division and local teams. In general terms there is a positive feeling that the objective of implementing BOM across

all Dufry operations before the year-end is an achievable one.

At this point of time, we all more or less have some sense of what BOM is about and understand that it covers 15 areas, to ensure total process alignment and standardization. But what does success look like and how do we know if an operation is BOM-compliant or not?

Understanding the certification process

As part of the BOM implementation process, Dufry has established two certification processes. The certification is carried out by PricewaterhouseCoopers and aims at the verification that the operation complies with the

BOM principles and, if needed, identifies the areas that need special attention and improvement. To some extent it's a kind of quality certification process that reviews the 15 BOM areas and ensures an operation is ready to be run in the Dufry way of doing business ... on an ongoing basis.

The first certification process happens right after the completion of the country BOM implementation and is a kind of checklist that all the necessary changes and adaptations have been made. Typically, at this stage some issues related to the implementation process arise and remediation and follow-up plans are put together.

About six months after that first certification – or after all the open issues are confirmed to be closed – the second certification process is carried out. This second certification is a vital one because it allows us to see if an operation is able to run in the Dufry way of doing business for an extended period of time.

Gathering results: feedback from the front line

We acknowledge that to some, the migration process may sometimes seem (and actually be) as challenging as changing an airplane's engines ... at 30,000 feet altitude! But based on the feedback received by the 14 countries that have already obtained the second certification, it pays off.

From a leaner and simplified organizational structure with well-defined roles, to enhanced visibility for pro-

motions with the Advertising and Promotion (A&P) tool, the post-BOM migration has more ups than downs.

Using a common ERP system – like SAP or Gamma – is already driving significant operational and financial efficiencies in the countries where they are running on these platforms. Likewise, the ambition of having one vision of the business – achieved by consolidating the commercial information from all operations, irrespective of which IT systems are operated at local level – is starting to become a reality with the DCIS (Dufry Commercial Information System).

We all recognize that there are certain areas where further development and improvement are perhaps required. But as we look in the rearview mirror, we can't deny the comforting feeling that the present is far better than the past. ■

BOM PROCESS AS OF NOW

Number of operations to implement:	65
Number of operations where BOM has been started:	39
Number of operations that have obtained the final certification:	14



Dufry One Awards 2018 – Recognizing Excellence



Introduced in 2011, the Dufry One Awards aim to reward employees and teams who have gone the extra mile and distinguished themselves with their dedication and motivation. Winners for the business year 2017 were announced recently. The employees or entire teams were recognized for their extraordinary achievements in the global award categories of “Performance Award”, “Customer Service Award” and “Best Initiative Award”.

By Lubna Haj Issa

The global award winners were selected by a jury of five members, Salvatore Aricò and Marc Baumgartner, Human Resources, Renzo Radice, Corporate Communications, Yves Gerster, Finance and Fernando Nadal, Retail Operations. Salvatore Aricò, Global Organization and HR Director and the patron of the jury commented: “By rewarding best practices across the organization we want to show our appreciation for the contribution of both individuals and teams to the growth of our company. Global Human Resources encouraged participation in this award program and facilitated the nominations of the winners.”

The Performance Awards

This award is given to teams that have increased sales and efficiency compared to the previous year and have demonstrated outstanding performance in order to achieve this.

The Performance Award winners are:

Division 1 – Southern Europe and Africa

The award goes to Morocco. The Marrakech team increased sales by 139% compared to the previous year. When the new store was opened, a clear focus on internal and external customer service and team engagement was set and effective communication between the shop floor and management was established. With a strong awareness to achieve the objectives, the team worked hard to create a positive atmosphere.

These efforts had the outstanding effect of increasing the passenger spend per head by +118% to more than €1,000.



From left to right standing: Younes Zerradi; Ghalia Ad; Chaymaa Rahmani; Majdouline Saaf; Abdellatif Bakkal; Tarik Gaddar; Salim Bazid; Zineb Majbar; Hasna Haji; Raja Mazine; Othmane Lamzouken; Fatima Benserraj. First row sitting: Hayat Rabeh (left); Sanaa Hanine (right).

Division 2 – UK and Central Europe

(Kazakhstan belonged previously to **Division 2 – UK, Central and Eastern Europe**) The award goes to Kazakhstan. The sense-of-place shop “Spirit of Kazakhstan” at Astana International Airport represents local heritage and offers an impressive assortment of local



From left to right: Sieghard Raschdorf, General Manager Kazakhstan; Aigerim Kupeshova, Commercial Manager; and the Astana team.

products and souvenirs from the Republic of Kazakhstan. The store concept was driven by Aigerim Kupeshova, Commercial Manager. Even the Vice Prime Minister of the Republic of Kazakhstan has recognized this new store and the excellent efforts of the local team.

Division 3 – Eastern Europe, Asia, Middle East and Australia

The award goes to Indonesia. In 2017 a volcano erupted on the island of Bali, causing a -31% decrease in departing passengers from October to December. In spite of this, the Bali team delivered a great operational performance through a difficult time. Despite the dramatic sales loss caused by the natural disaster, 2017 sales increased significantly by +22% compared to 2016. The team deployed different measures to support sales and minimize costs throughout the year. When the airport reopened, the team offered to work extra time in order to boost sales and achieve their annual sales target. The year's efforts not only had the effect of driving sales, but also increased margin by +3%.



From left to right: Fadjar Sulaksono, Assistant Shop Manager; Thomas Galet, General Manager South Asia; Daniel Bai Amalo, Operations Manager; Adinda Lenggo Genny, Country Finance Manager; Mohammad Ramadhani, Commercial Manager.

Division 4 – Latin America

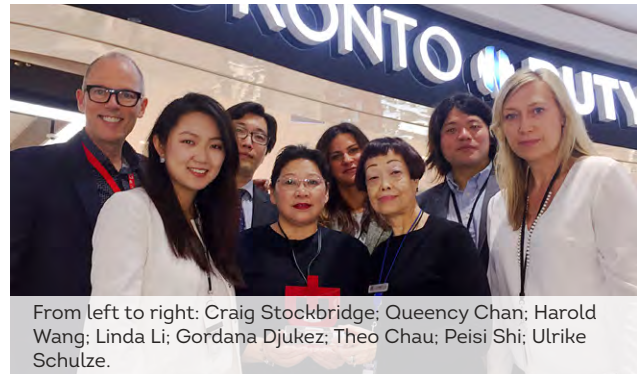
The award goes to Brazil. The RIOgaleão team was awarded for its world-class partnership with Galeão Airport, delivering accelerated growth in sales, and an increase of +24% year-on-year in spend per passenger.



From left to right: Jose Rego, Operations Director Brazil; Ronaldo Dantas, Operations General Manager Galeão; Humberto Mota, Advisory President Division Latin America; Wagner Rezende, Human Resources Director Brazil; Jorge Munir, Product Manager; Camila Crespo, Product Manager; Alex Abreu, Terminal Manager; Ana Paula Baptista, Terminal Manager; Gustavo Fagundes, General Manager Brazil; Fernando Nobrega, Terminal Manager; Marcelo Cavalcante, Product Manager.

Division 5 – North America

The award goes to Canada, to the operation at Toronto Pearson International Airport. The team created an initiative to receive outbound tourist groups of different sizes to the store as a pit stop on their trip. As a result the experience for the passengers flying from this airport was much more experiential and fun and ultimately increased sales figures, store penetration and average transaction value in that operation.



From left to right: Craig Stockbridge; Queency Chan; Harold Wang; Linda Li; Gordana Djukez; Theo Chau; Peisi Shi; Ulrike Schulze.

The Best Initiatives Awards

For this award category there is an individual or small team winner per division and the recognition is given for initiatives having demonstrated proactivity and determination to overcome a challenge. Further selection criteria are the successful implementation of company values, notably improved customer service and increased sales as a result of the initiative.

The Best Initiative Award winners are:

Division 1 – Southern Europe and Africa

The award goes to Turkey. Gamze Öztürk, Selda Peker Kocataş, Tülin Oktav, Emel Aslan, Nurettin Aslan, Burak Faruk Özer and Ayla Balkan coordinated the creation of an off-line application to support the induction of the many seasonal staff members. The application provides the team in Antalya with the necessary information to carry out their job in shorter time, improving communication and helping to develop truly engaged workforce. The initiative also reduces the cost of booklets and goes towards supporting the team in their efforts to achieve the Green Office certificate by reducing its use of paper.



From left to right: Gamze Öztürk; Selda Peker Kocataş; Tülin Oktav; Emel Aslan; Nurettin Aslan.

Division 2 – UK and Central Europe

The award goes to Sweden. Driven by Michael Gaffney as the Project Manager and supported by Liv Hiller, Country Retail Operations Manager, and Tomi Tägtström, Shop Manager at Arlanda Airport. The “Green Time” project’s main objective was to get the back-office team out onto the shop floor for an hour every week. Undoubtedly, this initiative improved bilateral communication and engagement throughout the entire team, as well as creating a better understanding of roles and enhanced collaboration.



Tomi Tägtström (left); Michael Gaffney (in picture that Tomi holds); Liv Hiller.

Division 3 – Eastern Europe, Asia, Middle East and Australia

The award goes to Kuwait. This initiative was driven by Hassan Shishani, General Manager, Wael Abdellah, HR Manager, Janeth Andres, Operations Manager, and Queenie Roque, Learning and Development Advisor. In order to improve communication throughout the 24-hour operating period at Kuwait Duty Free operation, the Viber app – an application which allows free and secure messaging and calls – was installed for staff to update and motivate the teams, whilst ensuring that key information is received in a timely manner.



From left to right: Amira Hashem; Hassan Shishani; Ahmed Rezk; Janeth Andres; Queenie Roque; Sheryl Esguerra; Doris Lotayo.

Division 4 – Latin America

One award goes to Brazil (in the category Division 4) and the other award to the Beauty Americas team in Miami (in the extra category Global Functions). Beatriz Macedo, Carolina Granda, Vivianne Nunes, Neli Gandra, Samara Carvalho, Mathews Cunha, Thais Oliveira, Fernanda Oliveira, Thiago Fernandes, Sara Lizi, José Rego, Leandro

Sequeira, Alvaro Zabala and Joana Larica overcame many hurdles and succeeded in bringing the Dior pop-up store to Guarulhos Airport as a unique addition to the main store. The Beauty Americas team in Miami showcased a perfect collaboration with the team in Brazil, to deliver an innovative concept which was launched in a very strong and successful way.



From left to right: Rene Riedi, CEO Division Latin America; Belen Ruiz, Travel Retail Americas Area Manager Dior; Beatriz Macedo, Head of Beauty; Leonardo Ferracina, Travel Retail Americas Director Dior; Carolina Granda, Regional Beauty Category Manager; Tatiana Amaral, Trade Marketing Manager Dior; Virginie Thomas, Marketing Director Dior; Juliane Vieira, Regional Beauty Promotions Manager; Mariana Silva, Regional Beauty Promotions Manager.



From left to right: Wagner Rezende, Human Resources Director Brazil; Humberto Mota, Advisory President Division Latin America; Neli Gandra, Commercial Category Head Brazil; Vivianne Nunes, Commercial Director; and Gustavo Fagundes, General Manager Brazil.

Division 5 – North America

The award goes to Canada. Amily Ng shared her know-how by creating a training module specifically for the location called Liquor 101. As a result, the team at Vancouver Airport optimised their customer service skills. The module effectively supports the induction process to ensure enhanced service in the liquor space, directly resulting in increased sales in that category.



From left to right: Joy Kim; Xin Liu; Amily Ng; Emily Kwan; Nick Riches; Marilyn Bolomey.

3. The main store at Edinburgh Airport, Scotland



From left to right: Jessica Trujillo, Customer Insight; David Orchison, Regional Manager; Natalie Joy-Smith, Team Manager; Claire Branagan, Team Manager; Gary Peal, Shop Manager.

The Customer Service Awards

Five teams were presented with this award across the world, regardless of their division, based on the mystery shopping scores carried out throughout 2017.

The Customer Service Award winners are:

1. The operation at Antalya Airport, Turkey



From left to right: Nazım Nizam; Songül Akyüz; Mert Osman; Cafer Nizam; Zührem Üstün; Leyla Abbas; Evgeniya Yakubova; Mustafa Yılmaz; Tülin Oktav; Fulya Şimşek; Gıyasettin Beyter; Aksana Cherbakova; Alina Zemlyanukhina; İryna Melekhova; Erdi Olguner; İbrahim Yıldız.

2. The operation of South Tenerife, Spain



From left to right: Humberto Hernandez Jacinto; Juan Gregorio Torres Mendoza; Carmen Sainz Inchauspe; Alicia Rosa Ortiz Garcia; David Vazquez Sanchez.

4. The arrival store at Ezeiza International Airport in Buenos Aires, Argentina



From right to left: Ariel Moscardi, Rita Rotta and Claudia Maciel on behalf of the entire team at the Ezeiza International Airport arrivals shop, and Guillermo Rimoldi.

5. The operation at Sea-Tac Airport, Seattle, USA



From left to right: Mike Beckley; Stan Benson; Jacob Carlson; Anna Kovalyk; Emily Juangco; Lila Pettit; Alma Caoagdan; Sue Field; Emelia Carpio; Sue Ja Koh; Takako Riley; Rahima Vahora; Jasmine Yang; Meihua Chen; Sherry Fu; Bolun Ma and Heen Zheng.

As a recognition and lifelong memory, the winners of the Dufry One Awards received a global certificate and a trophy. ■

Transforming IT to a Business Technology Service Provider

IT traditionally plays a key role in every company, as from a pure technological point of view it provides the backbone of systems and applications, which allow businesses to operate and communicate with their external stakeholders. But beyond providing hardware and software, IT is growing more and more into an enabler role, creating the base for the implementation of the Business Operating Model (BOM) and driving the change through innovation within Dufry in general. Going forward the focus of IT will therefore be to evolve towards a “Business Technology Service Provider” in Dufry’s business departments.

By Pablo de Ayala

The standardization and alignment of processes throughout the whole Dufry Group which we are currently implementing is only possible with the support of a strong IT platform and organization providing the right applications as needed by the different business departments. To this purpose, IT has become a more streamlined organization with a high motivation and a strong focus on performance, which builds on a lean structure to fulfill the requests and achieve the targets defined with its internal customers and stakeholders. Going forward, IT will be considerably more integrated into business departments to provide services and drive innovation as individually agreed and planned with the respective functions. This will allow an agile development and delivery of services and applications which can be followed up on a monthly basis.

Five main pillars

To achieve the goals described above, to allow complex projects to be executed and to develop new areas of activity, IT has been structured along five main pillars with specific tasks, which jointly provide the requested services and performance:

- ERP & Corporate Applications
- Data Management
- Infrastructure Management
- Digital, E-Commerce and Innovation
- Security

ERP & Corporate Applications

ERP systems (enterprise resource planning) and Corporate Applications make sure that a company is able to operate and provide the requested services to its customers and to this purpose it interconnects all single operational steps such as for example procurement, supply chain and logistics, sales, merchandising,

payment at the tills, as well as corporate finance and reporting. For Dufry this basically means: buy products from the suppliers, ship the right product quantity to the correct shop at the right time, pay the suppliers and produce the financial reports for management and as required by law.

In this context data quality and real time access of information are key success factors, which we aim to provide with a centralized database to ultimately improve speed of access and accuracy. While from a system’s perspective we have historically been working with many different ERPs, due to our fast pace of acquisitions, going forward we want to reduce their number to only two (SAP and Gamma) – depending on the size of the operation. The plan is to review and to reduce the existing ERPs currently in operation to SAP and GAMMA within the next two years. And additionally, we are currently developing a plan 2020–2022 for a SAP technology upgrade. To this purpose our internal team will be backed by only one external partner (IBM), who will support us in the rollout and the overall control of the implementation plan.

Data Management

The business-related data Dufry has been collecting in the past years, as well as new personal data being gathered nowadays, e.g., with our customer relationship management system and loyalty program RED by Dufry, is a highly valuable source of information to increase sales. Knowing how nationalities – and more and more, also individuals – react to marketing promotions, which products they prefer, etc. allows us to optimize our offer depending on the passenger profiles we have in a certain location and thus drive sales. In order to allow our dedicated data analyst teams to

read and interpret correctly the information and to give suggestions to operations, we are working on making the data available in the different databases in a clean and consistent format – a milestone we want to complete by end 2018. Going forward, we will then analyze how to also cooperate with external databases to add further value and intelligence to our information.

Infrastructure

The main target of the infrastructure team is to build the roads and provide the vehicles that allow us as a company to manage all the digital traffic which we generate with our different ways of communicating: pure data streams, e-mail, telephony, videos, etc. This includes not only building the data highways, but also making available to employees a unified set of tools. By using the same tools and applications, we are today in a position to leverage our size and global span with external technology providers in order to optimize the costs of this infrastructure. Moreover, the infrastructure team is taking care of identifying new collaborative tools and cloud-based applications to further improve the way of how our employees – spread over the globe – can better work together. Last but not least, the infrastructure team supports and enables the deployment of our New Generation Stores, which are both using and at the same time providing huge data and information streams.

Digital, E-Commerce and Innovation

Our digital strategy and the scope of the digital team focus on providing customers with a great and innovative shopping experience, both in-store and through online services and sales channels such as RED by Dufry and Reserve and Collect with the ultimate goal to grow sales. This requires us to continuously keep up with technology and new solutions. One of these you might have come across in our New Generation Stores are the tablets used by our employees to better serve our customers. The tablets contain product descriptions, price comparisons, custom allowances and much more information in the most commonly used languages in our shops, so that our shop associates can support customers in making their buying decisions. A next step will also be to gain new RED members with Internet of Things (IoT) devices, and to offer them VIP scan-and-go solutions to avoid queuing at tills. For non-RED customers this would translate into contactless payment systems, which at least speed up the payment process at the till. And finally, we are looking at the opportunities to equip stores with dynamic pricing and digital product information by using electronic shelf labels. In general, the current target is to equip our 15 most relevant operations with these technology features and to keep them constantly updated with the latest state-of-the-art applications.

Security

Engaging more and more with digital technology and benefiting from its enormous opportunities, also

means we need to considerably increase IT security. This is not just a question of security systems, firewalls and the like, but very much a question of attitude and company culture. Security is very much a task for every one of us, starting from how we pay attention to our digital devices (e.g. when travelling) or when we use digital technology, databases and online services. To embed this mentality of security is one of the key challenges and goals of our security team. What we as an IT team can do from our end to improve cybersecurity, is to enhance our technical and operational capabilities to automatically detect and prevent incidents putting at risk our data and systems. To this purpose we are currently setting up a Security Operations Center.

You have recently all come across another form of IT or data security in form of numerous e-mails asking you to confirm that you want to continue to receive newsletters and that you allow a certain company to use your personal information for their marketing activities. This shows how important it is for us to extend our security efforts also to our customer data in the context of the General Data Protection Regulation (GDPR) and the Payment Card Industry Data Security Standard (PCI), and to stay permanently updated with the respective certifications and security standards to fulfill legal requirements.

An ambitious, but realistic plan!

I strongly believe that with the new organization the Business Technology (IT) teams are ready to achieve the ambitious but realistic plan to deliver solid and tested tools to work with. However, this cannot be accomplished by IT alone, it needs everybody's contribution – and from you too. The key milestone of utmost importance is data quality, as good data quality automatically improves performance in supply chain, data management, distribution centers, commercial analysis, etc. I am looking forward to jointly working together with all internal colleagues to make this plan happen successfully. ■



Whisky Festival – the Power of Global Activations

Whisky Festival – a global category promotion – goes from strength to strength each year as it is the preferred in-store event for spirit suppliers to showcase the best of their offerings in key locations.

By Ema Murphy

You may have already heard of Whisky Festival but if you haven't, you're definitely missing out! Typically launching in Q2 in Europe, Caribbean, Mexico and US – with South America coming in Q3 - Whisky Festival is an in-store campaign designed to not only promote key lines and launch exclusive partnerships with key brands, but to grow the whisky category during that period.

Born in the UK market as a promotion to incentivize sales, Whisky Festival is a real launchpad for brands to introduce new and exclusive whiskies in-store. In

the UK alone, over 25 different brands participated in this year's edition, however the event has soon expanded to other locations and is now cemented as a must-do in all the whisky suppliers' agendas.

In various locations, household brands such as Macal-lan, Copper Dog, Johnnie Walker, Beam Suntory and Jura have all taken part in high-profile product activations to entice customers to purchase and to drive sales further. The majority of these brands have offered in-store tastings on bars and have also



Whisky Festival in Las Vegas.

produced exclusives for Dufry stores only. Not only does this give brands the opportunity to showcase new products in a well-known event, this is also a fantastic opportunity for Dufry as it offers a strong positioning against competitors and builds up a partnership with well-known brands that have loyal customers.



Whisky Festival in Zurich.

The striking point of sale features layouts that are mirrored across other in-store campaigns such as Summer Drinks, to create a universal feel throughout. The point of sale introduces customers to existing and new brands, promotes our key travel exclusives and also clearly highlights deals and promotions available. By uniting the festival across various locations to not only drive brand awareness, the deals featured encourage customers to engage with the brands and make a purchase, therefore it is key that the elements above are strong and eye-catching. In the UK, the Whisky Festival campaign has enabled the liquor category to grow year on year for the

last five years, therefore along with strong point of sale, brand support is essential in delivering this as we continue to strive to position Dufry as an expert place for Whisky shopping.



Whisky Festival in Toronto.

Not just about the money

Whisky Festival is not the only in-store campaign of its kind across the Dufry universe. Several other global, tactical and category promotions and campaigns span across different locations – such as Valentine's Day, Chinese New Year or Summer Fragrances to name just a few.

These are events that deliver more than just value for money to the customer. We foster brand interaction from the beginning and provide our customers with the opportunity to learn from real experts in the field. Overall, this permits us to deliver a shopping experience that exceeds the customers' expectations. Excellent service, together with special launches and exclusive products offered during these events are what makes the difference versus other retail and e-commerce outlets, positioning duty-free shopping in Dufry stores at a unique, different and higher level. ■



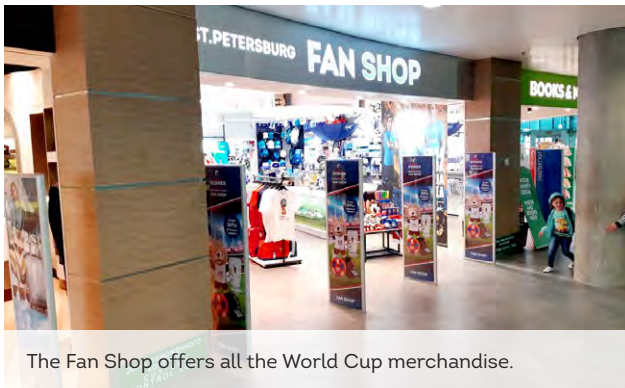
Whisky Festival in Vancouver.

Dufry's World Cup Fever 2018 – Everyone's a WINNER

The 21st FIFA World Cup, which was held in Russia from June 14 until July 15 2018, with France crowned as the champion, was a mega-event and thus a big retail opportunity. To maximize the commercial benefits, Dufry prepared a retail offer consisting of special World Cup promotions and merchandise featuring the World Cup logo and the mascot.

By Lubna Haj Issa

The overall festive environment of the World Cup which took place in the eleven Russian host cities of Moscow, Saint Petersburg, Nizhny Novgorod, Kazan, Kaliningrad, Samara, Saransk, Yekaterinburg, Volgograd, Rostov-on-Don, and Sochi generated a positive shopping mood amongst visitors, as well as Russian citizens.



The Fan Shop offers all the World Cup merchandise.

During the World Cup, Russia saw an unprecedented inflow of tourists as more than one million foreigners visited the country in about a month and the airports served 15 million passengers over this period.

Dufry operates in the three host cities of Moscow, Saint Petersburg and Sochi and in April the FIFA campaign and product range were launched in our stores. The main campaign message was "Everyone's a WINNER". The marketing motto was displayed in as many locations as possible: on security gates, columns, banners, light boxes, gondolas, floor stickers, cash desks and hanging pins. Additionally, the official FIFA World Championship 2018 ball and trophy were displayed.

The special World Cup product assortment included licensed FIFA souvenirs such as the wolf mascot as both a soft toy and a plastic toy, FIFA footballs with several designs displaying the mascot, the logo and

the flags of participating countries, the FIFA trophy, T-shirts, hats and baseball caps and a wide selection of smaller souvenir items ranging from ceramics, badges, playing cards, stickers and the famous Russian Matreshka.

At Domodedovo Airport in Moscow the World Cup campaign included a promotion on spirits with a 25% save offer. At St. Petersburg Airport a special Fan Shop displayed all the FIFA merchandise. At Sochi Airport the specialized store Timebox and the brand boutique Boss (as well as the Boss store at St. Petersburg Airport) also featured in-store displays and products related to the World Cup event.

David Grady, General Manager Russia and Eastern Europe, commented: "The World Cup is possibly the biggest retail opportunity posed by a sporting event since, well, the last World Cup and it's had a very positive effect on sales. We have operations located in all the host cities and sales generally were 20% above trend in those locations during the games. As excitement reached a fever pitch, we as travel retailers kept a cool head and managed changing customer demands during the event. The only way to create winning content that scores with customers is to deliver campaigns that harmonize with their personal experiences of the games." ■



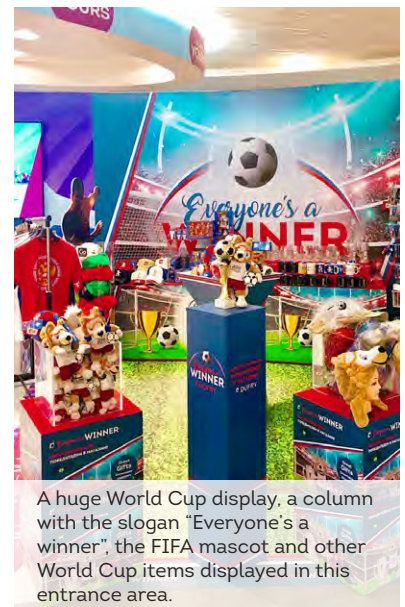
Footballs decorate the gangway of the Sochi store.



The Spirit of St. Petersburg shop has its security gates decorated with the World Cup banner.



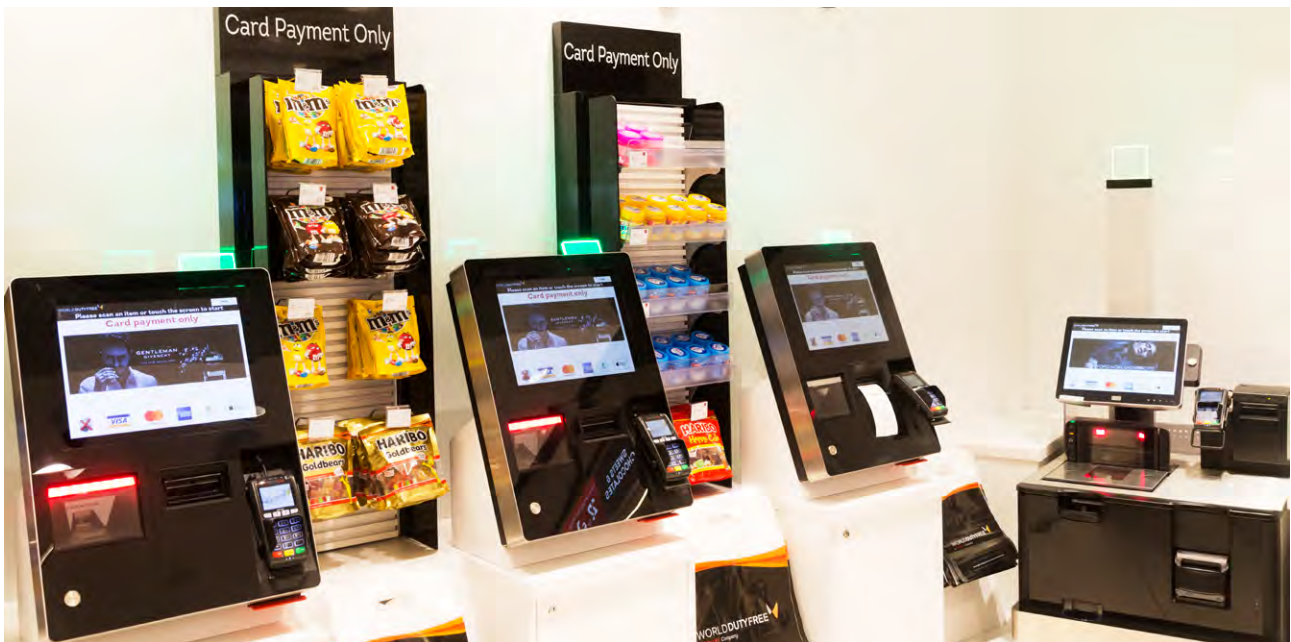
The main Duftry duty-free store at Domodedovo Airport with the World Cup banner at the entrance.



A huge World Cup display, a column with the slogan "Everyone's a winner", the FIFA mascot and other World Cup items displayed in this entrance area.



Hudson shop with the World Cup decoration.



From Consolidation to Transformation

We have come a long way to become the best and largest travel retailer in the industry. However, we are not at the end of the road now, but instead, at a new beginning. Today we are laying the foundations upon which we want to build even further growth for Dufry. And we all have a part to play ...

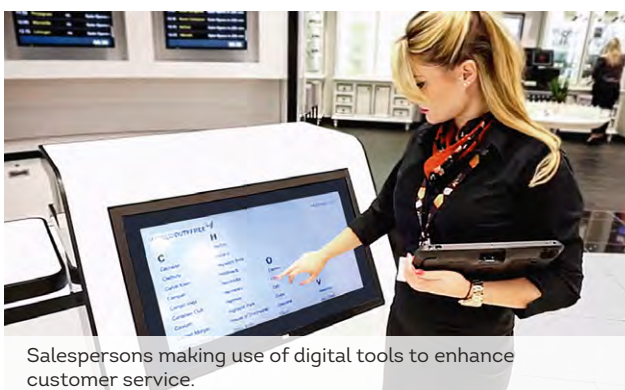
By Jorge Muñiz

The celebration of the annual Leadership Conference last May served to highlight the exciting times Dufry is experiencing these days, with many major projects in the pipeline that are set to change the shape of our business (see Dufry World issue 27 for more

information). With so much happening, now we are more than halfway through the year, it's probably a good time to take stock and see the bigger picture and wider context of all that we are doing.

Understanding where we are now, however, requires a bit of historic perspective of our company and we need to turn the calendar back to 2004, when Dufry designed the road map to consolidate the sector with the objective of becoming the largest travel retail company.

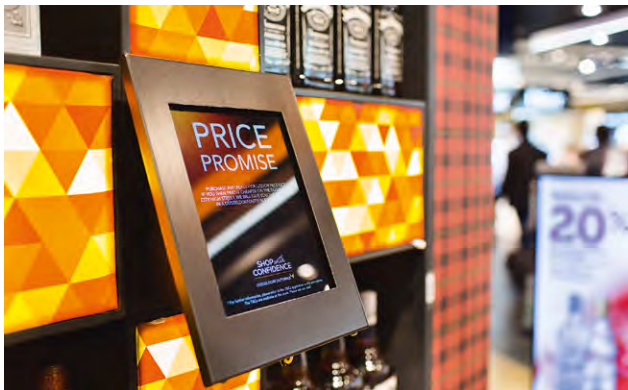
The acquisitions of Nuance in 2014 and World Duty Free in 2015 were the culmination point of this strategy that positioned Dufry as the largest travel retailer with an estimated market share in airport retail of over 20%. But beyond market shares, the result of that successful consolidation journey was the creation of a unique asset which combined the best network of people, brands, landlords and partners with an unrivalled global footprint.



Salespersons making use of digital tools to enhance customer service.

Where we are today – the strategic focus

If “consolidation” was the word that defined the 2004-2015 period, “transformation” is the term that better encapsulates the years that followed – and where we are today. Our strategic focus is on getting the company in the best possible shape to adapt to a new reality. But what’s the plan to achieve this goal?



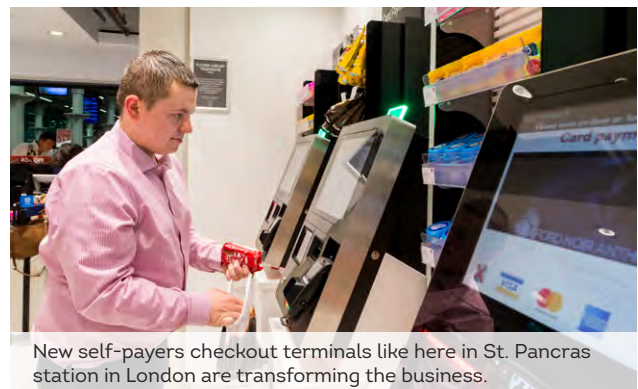
Dufry has defined the four levers that we need to pull to achieve this goal. All four must be linked and aligned, consistent, and working together to maximize the organization’s efficiency and profitability. In detail these are:

1. **Business Operating Model (BOM)** – In simple terms, BOM is about the standardization of structures and processes across all of our operations. The clear objective is to facilitate the operation of our business in any location in a unique way, whilst removing inefficiencies. BOM is nothing more than a new way of managing the business that includes the best-of-the-best practices and know-how brought to Dufry throughout the acquisitions.
2. **One Order** – One Order is about giving more significance and value to the scale of the business that Dufry has. With One Order, the company aims to centralize our global procurement under one single identity. This will give Dufry enhanced negotiation power with suppliers, but at the same time, it will enable us to achieve improved levels of efficiency in the supply chain and procurement processes.
3. **Service Excellence** – As explained by Javier Gonzalez in Dufry World issue 27, the traditional value-for-money proposition that the duty-free industry delivered is no longer valid in the online world and our focus needs to go beyond value, to the delivery of extraordinary customer experiences. Service excellence however is not something that just relies on our sales teams’ shoulders. Delivering an extraordinary shopping experience is also about the combination of great shops, good product selection, bold ways of communicating with the customers before, during and after they are in our stores and taking advantage of the opportunities offered by digital technologies.
4. **Growth** – First and foremost, the expansion of our business needs to come from making more with

what we have (often described as organic growth). The strategic plan for the company approved last year, however, envisioned additional revenue streams that will push our business forward. Some of them are already a reality, like the diversification of our revenue streams by accelerating the importance of other channels such as cruise ships or railway stations. And more will follow shortly.

What does this mean to me?

Heraclitus, the great Greek philosopher, once said: “No man ever steps into the same river twice.” A very wise reflection because, if you think about it, an ever flowing river is always there and even has a name. However, the water in it keeps changing so that from one second to the next it is really a different river. Something similar applies to our industry. And despite the fact, that customers will continue traveling and transiting through our stores, what worked last year may not work again the next time and we have to be ready and able to respond to such changes.



New self-pay checkout terminals like here in St. Pancras station in London are transforming the business.

The good thing about this is that we can feel proud of being part of that change. Each and every one of us has a role to play in driving change and paving the way for the future success of Dufry. ■





Thinking São Paulo – New Destination Space at GRU Airport

“Thinking São Paulo” is the new destination space located in the Terminal 3 departure area at São Paulo International Airport (known as GRU). The 500 m² store delivers a strong sense of place with a wide selection of premium local brands from different categories including perfumes and cosmetics, confectionery, spirits and fashion.

Unique concepts were created to reflect the atmosphere of the city of São Paulo and an environment that represents its way of life, which is closely linked to tourism

and the most popular visitor attractions in the city. Thus, each brand has its own dedicated space and is represented by recognized city neighborhoods. In the “Ibirapuera” space, travelers can find products for pets and sports brands like “Zee.Dog” and Penalty. In the area “Avenida Paulista”, souvenirs and merchandise from the Natura brand. The “Vila Madalena” space features confectionery goods such as Garoto chocolates and local spirits including Leblon, Mata Velha and Sagatiba cachaças. ■