



## Travel Retail Insight: The rise and rise of Hainan's travel retail market:

Travel retail megatrends revealed as the new CDF's duty free shopping complex opens in Haikou

### ▶ Hainan's duty free retailers resume business before the Golden Week celebrations

The COVID-19 outbreak that centred in Sanya, Hainan that began in early August has been effectively controlled and all offshore duty free stores have resumed their offline operations in late September after a nearly 2-month COVID lockdown. The reopening was just in time to catch the crucial Golden Week holiday period, which has been traditionally the most popular holiday for Chinese consumers and travelers. Hainan received 1.32 million tourists and a total of US \$221.6 million income during the week-long national holiday. Thanks to this profit-bringing week of the year, Hainan's duty-free market slowly recovered from the impact of the outbreak on the island and was ready to welcome the grand opening of the China Duty Free Group (CDFG)'s Haikou International Duty Free Shopping Complex in late October 2021 as scheduled, which features the world's largest duty free store—the CDF Haikou International Duty Free City.



### ▶ The world's largest duty free store opens in Hainan amid the COVID-19 pandemic



On 28 October, the Haikou International Duty Free Shopping Complex made its debut to the public. The Complex is located on the west coast of Haikou city, which embraces a total construction area of 930,000 sqm and comprises 6 plots, covering tax-free business; premium offices and luxury hotels; entertainment and other business formats, addressing one-stop needs of business and leisure travelers. CDFG described the sprawling Complex as "a world-class leisure shopping complex and an internet celebrity check-in spot".

The CDF Haikou International Duty Free City, located on Plot 5, is fully dedicated to duty free retail. It covers a total construction area of 280,000 sqm and offers 800 well-known international and domestic brands, including 25 firsts for the island and 78 tagged as CDF exclusives. The beauty zone, which occupies 30,000 sqm on a single floor space, features the industry's most comprehensive portfolio of beauty brands and provides shoppers with a full range of exclusive beauty services and tech-empowered interactive experiences including virtual makeup, exclusive customization, fragrance and cosmetic 101 workshops, celebrity make-up tutorials and also the first spa experience ever in global travel retail.

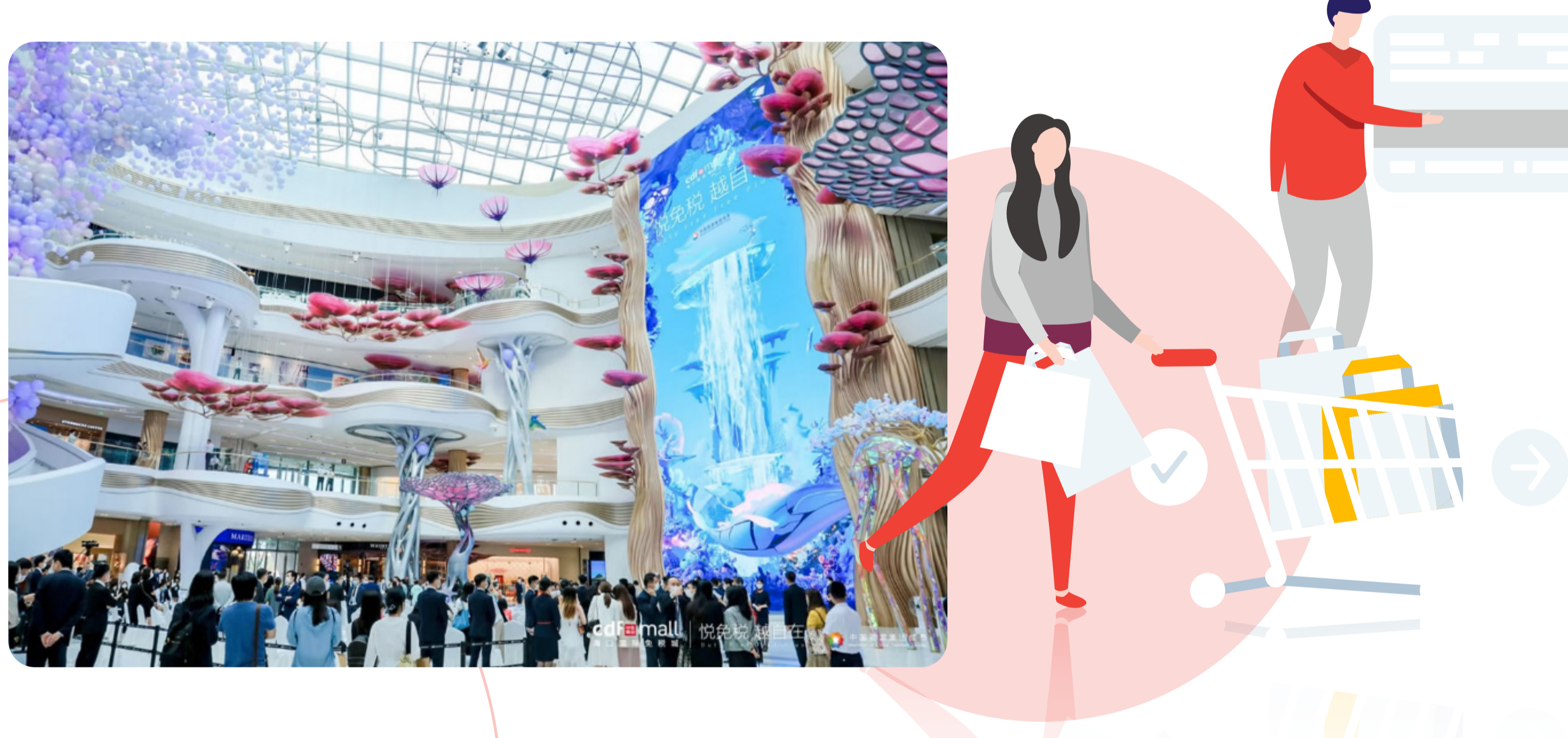
### ▶ CDFG's Complex set new benchmarks for development



It is no doubt that CDFG has created a paradise for worldwide shoppers and brands, the vast development has also given some important indicators for the industry's future development.

#### Retail excellence

Several distinctive attractions are introduced. Not only do they significantly increase foot traffic and drive duty free consumption but also fulfil consumers' various leisure needs. A signature, themed atrium designed by the award-winning Wētā Workshop from New Zealand that presents an immersive visual feast to the consumers; The world's largest Panoramic Flying Theatre features a 180-degree, 16-metre dome screen and 60-seat ride offers experiential films to bring exciting flying experience to the consumers; And the first international movie-themed IP experience hall in Hainan that is curated by a professional Hollywood team and features scenes from some of the world's highest-grossing films.



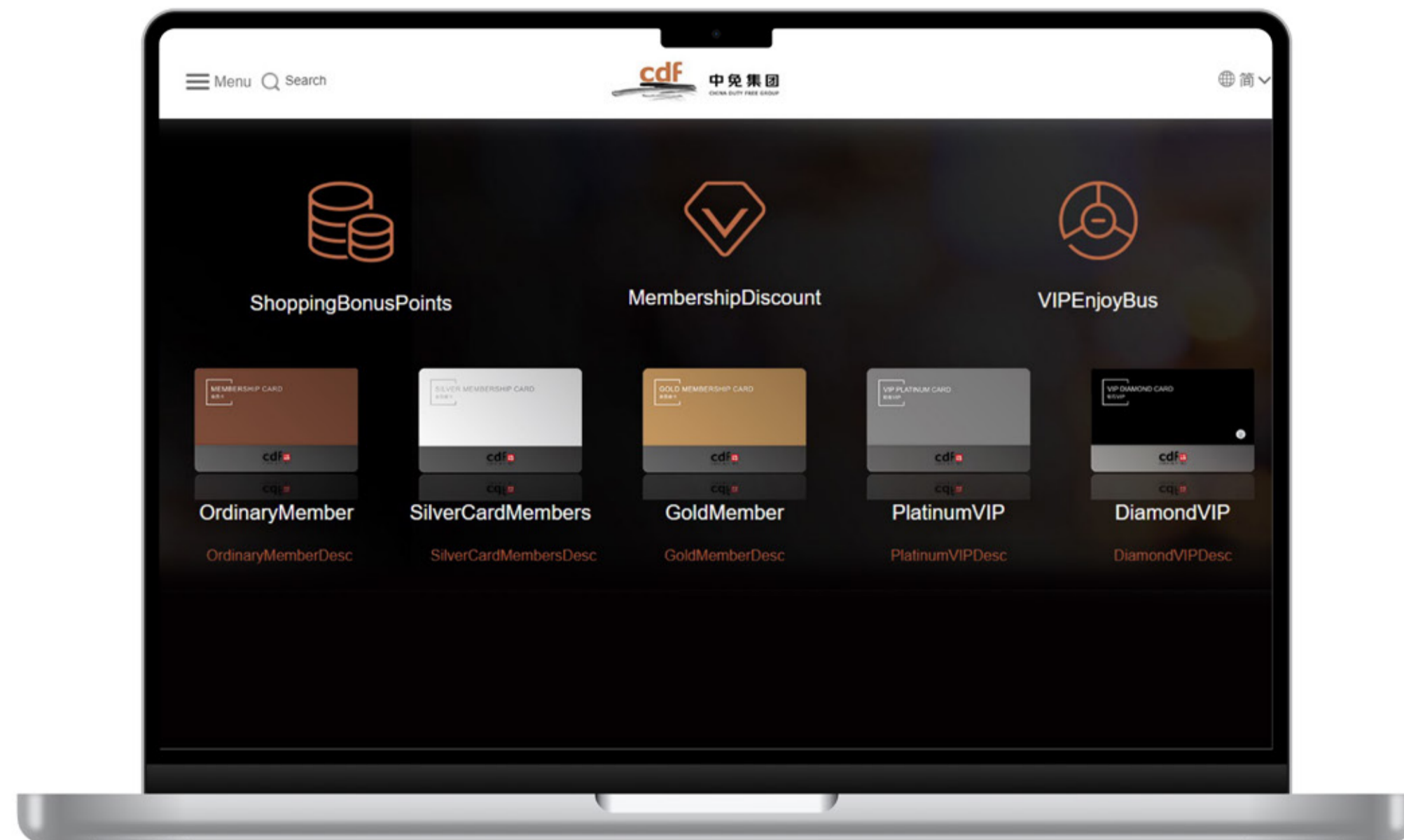
#### Cultural tourism

The Complex goes to great lengths to promote Chinese culture, from traditional to contemporary. It features the first Maotai experience store in travel retail channels, which allows shoppers to experience the traditional craftsmanship of domestic brewing and appreciate the rarest and most valuable collections; A dedicated area- "China Pavilion" that gathers an array of Chinese cosmetics brands to cater to the fast-emerging "China chic" (*Guochao* in Chinese) beauty trend and demonstrate China's beauty philosophy.



#### Loyalty innovation

Differentiated loyalty membership programs have been one of CDFG's strategies to secure its market share and the Group takes customer loyalty to a new level with the opening of the new Complex. CDFG announced that it will soon launch a 1,000 sqm VIP exclusive social platform within the Complex and digital services will be introduced to enhance the shopping experience, including a "scan code service" for perfume and cosmetic to reduce the waiting time of customers in line. A luxury VVIP lounge with various customized themes will also land to provide the finest services and experience to pamper the top-spending clients.



With China's new COVID rules that ease control on domestic cross-region travel in place and the Complex being a one-stop destination and a trendsetter for luxury duty-free shopping, it's believed that the Hainan market will remain a popular attraction during the country's peak winter travel season and also maintain its leading position in global travel retail market.

All images source: CDFG.

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