



中免集团
CHINA DUTY FREE GROUP

中国旅游集团成员
Member of China Tourism Group

CHANGE ADAPTION VISION

A STRONGER, SUSTAINABLE AND
MORE COLLABORATIVE FUTURE

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President of China Duty Free Group

November 2022

PART 1 CHANGE

TRADITIONS DISRUPTED BY THE PANDEMIC

PART 2 ADAPTION

FINDING THE KEYS TO RESTART THE MARKET ENGINE

PART 3 VISION

EMBRACING THE FUTURE

CHANGE

TRADITIONS DISRUPTED BY THE PANDEMIC



Changes in
Travel Mode

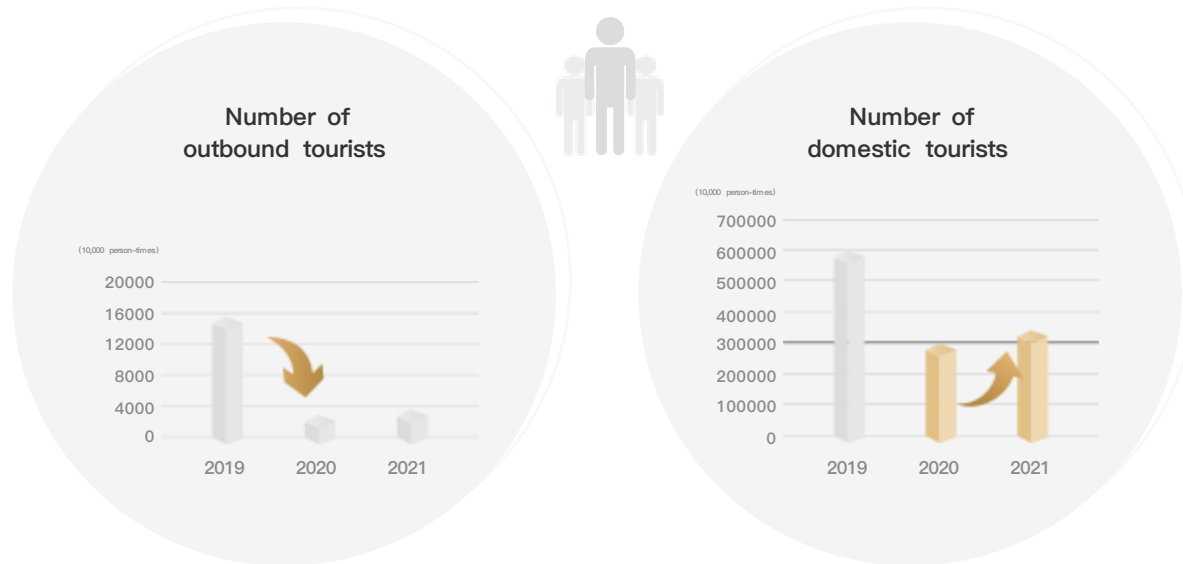


Changes in
Consumer Preferences



Changes in
Consumption Patterns

The outbound tourist flow at China's airports and border ports dropped sharply, while Chinese tourists chose to travel within the country



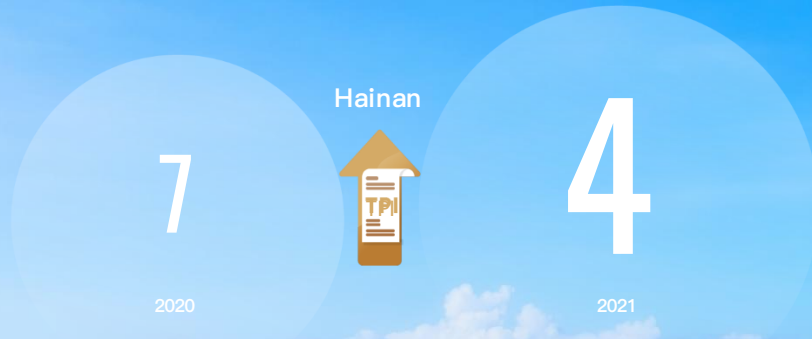
The number of domestic tourists has remained at about 3 billion from 2020 to 2022

Data source: China Tourism Academy, China Economic Information Network Forecasts



HAINAN HAS BECOME ONE OF THE PREFERRED DESTINATIONS FOR DOMESTIC TOURISTS

In 2020, Hainan's travel property index (TPI) climbed from the 7th to the 4th in China



Data source: Mafengwo

In 2020, Sanya ranked first on the "Travel Destination Wish Index" list



Data source: Ctrip 2020 Destination Tourism Recovery Index

People reduced their living cost, and cut back on buying luxury goods



The once-rising consumption of fashion products, watches and other accessories froze again, while the sales of fragrances and cosmetics, especially skin care products and alcoholic beverages soared



CDFG's year-on-year performance in the first three quarters of 2022

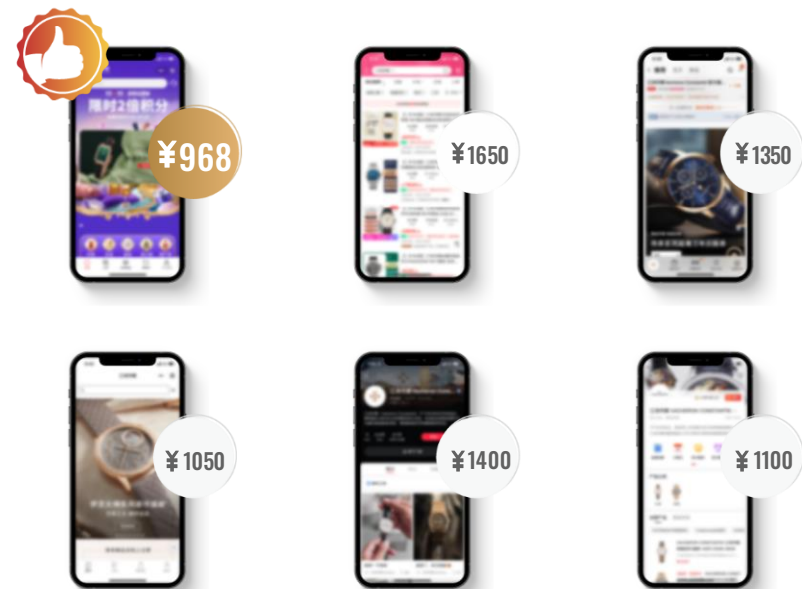
IMPACT 1

Numerous consumers are leaving offline stores, including the Gen Z , middle-aged and elderly consumers who had never shopped online in the past



IMPACT 2

Consumers tend to compare price between different platforms



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ADAPTION

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CDFG's Three Judgments at the Outbreak of COVID-19 in Early 2020

JUDGMENT 1



The duration and impact of COVID-19 may greatly exceed those of SARS in 2003, and a long-term response plan is required

JUDGMENT 2



Benefiting from China's 40 years of reform and opening-up, Chinese consumers will still be able to afford a lot of things and remain confident about the long-term future

JUDGMENT 3



Brands will definitely stand with us hand in hand to tide over the difficulties





Three Keys to restart the market engine



Unlock the insights from the big data that CDFG has

Data Mine Records of Travellers



Find travellers who departed from Hainan Island within 3 months after the outbreak of the pandemic, and encourage them to shop again



Divide Consumers into Different Groups



Based on the in-depth analysis of consumer shopping records, the online platform “CDF Member-buy” has been launched



cdf 中免集团 **会员购**
尊享全球奢品 放心购



Launch CDF Member Wechat mini program, serving more than 20 million CDF members and catering to the change of new sales model. It has become the most popular platform in China's travel retail market. In the era of online traffic, CDF established the largest platform of Chinese travel retail market



CDF Member Wechat mini program, the most popular platform in China's travel retail market, has been launched to cater to the change of sales model



THE COMPETITION FOR LICENSE HAS BEEN REPLACED BY THE COMPETITION FOR TRAFFIC IN THE DUTY FREE INDUSTRY

200⁺

Online Portal for Store Members

300,000⁺

Daily Active Users



5⁺

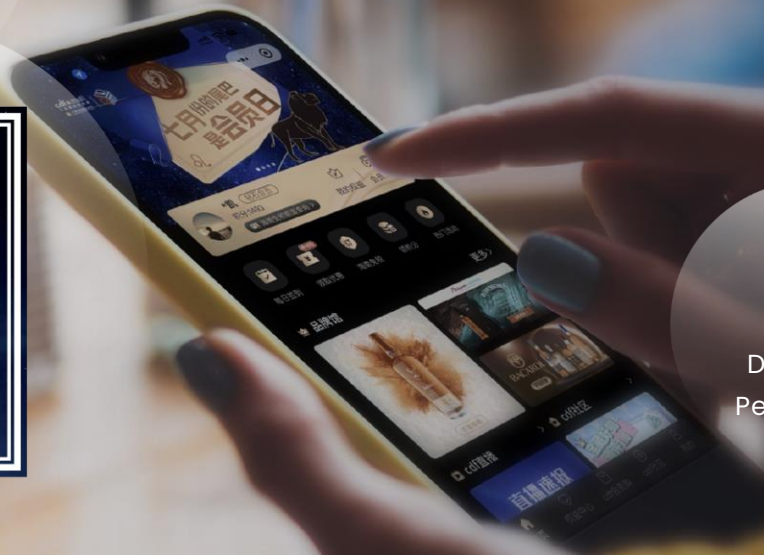
Daily visits Per member

20⁺ Million

CDFG Members Served

10⁺ Million

Cumulative Bound Members



KEY 2



INNOVATION

**A New Retail Model for
the Travel Retail Industry**

**Super VIP service for customers
with the strongest consumption
power in China**

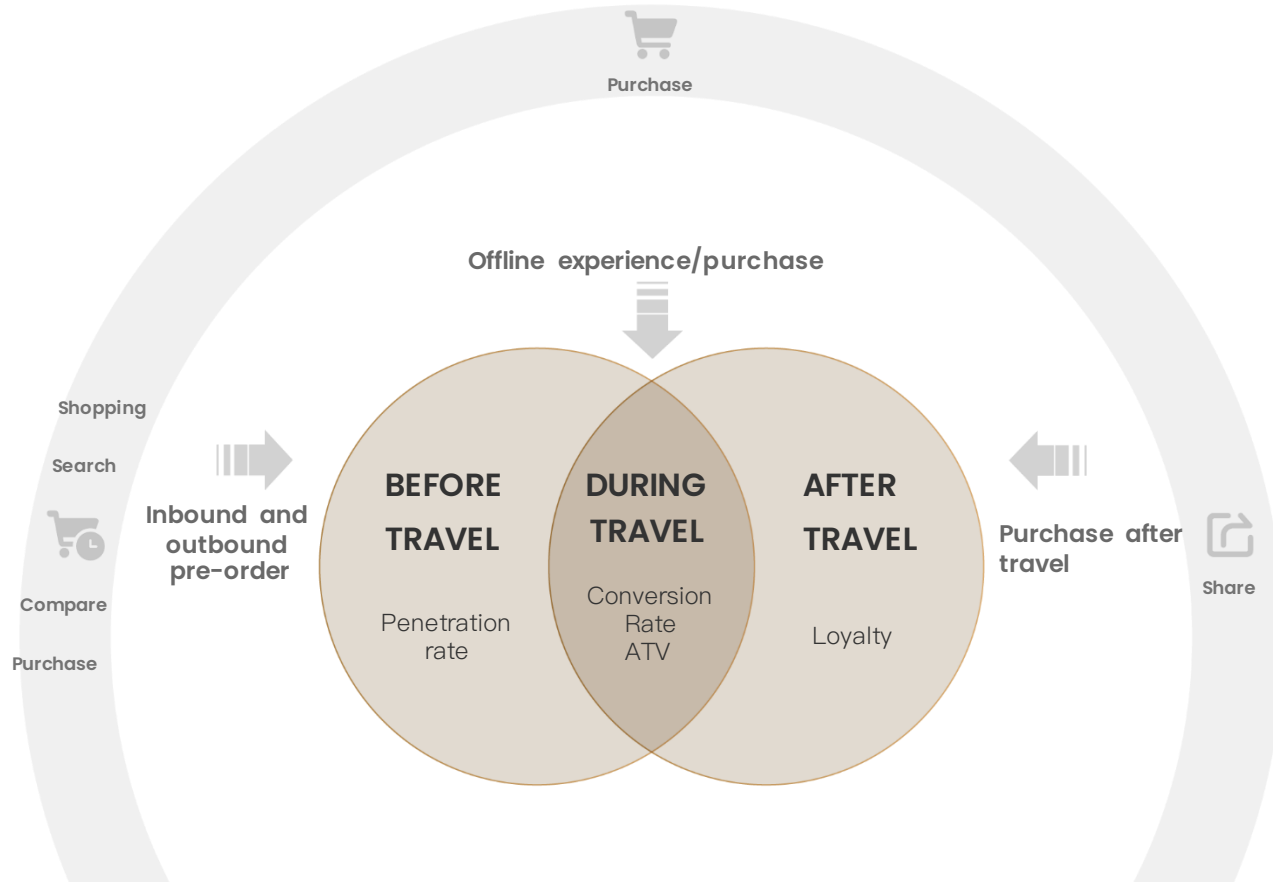
**High-tech and interactive
elements were integrated
into online and offline
scenarios**



KEY 2

At the outbreak of the pandemic, a new retail model for the travel retail industry was put forward:

BEFORE, DURING AND AFTER TRAVEL



BEFORE TRAVEL

Optimize CDF Member Wechat mini program functions

Improve the penetration rate before travel

DURING TRAVEL

Create a new environment for immersive consumption

Enrich consumer interactive experience

AFTER TRAVEL

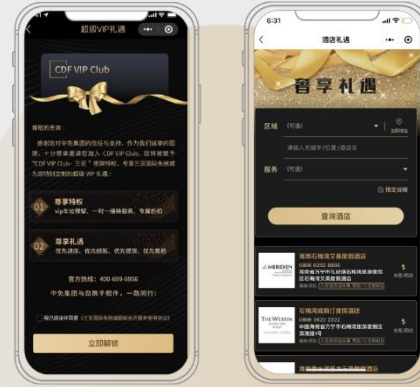
Encourage consumers to share experiences

Innovative sales model



KEY 2

Super VIP service has been launched for customers with the strongest consumption power in China, involving leading figures and KOLs of all communities





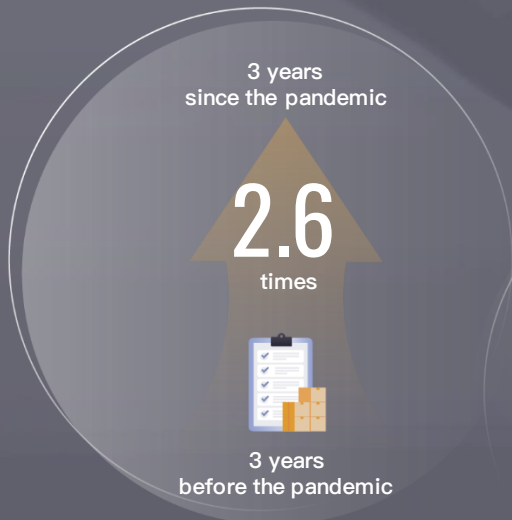
High-tech and interactive elements were integrated into online and offline scenarios





KEY 3

Strong Support from Global Brands



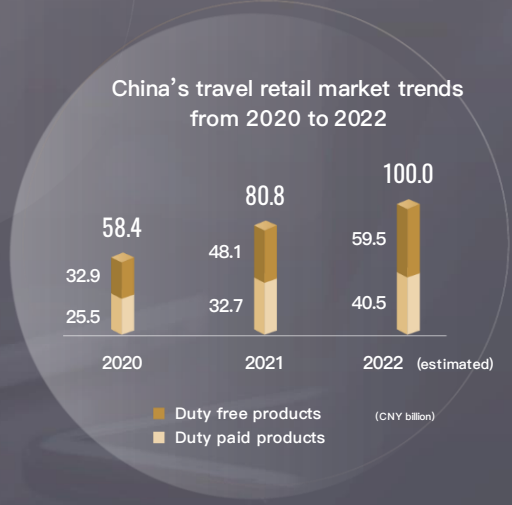
CDFG's total buying volume has reached 2.6 times



700+ brands have granted authorization for our online business



Haikou International Duty Free Shopping Complex successfully opened



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Five New Increments for CDFG's Future Development



Improve new
retail business



Build downtown
duty free stores
across China



Bid for large
hub airports at
Domestic
and abroad



Expand
overseas
business



Strengthen
capital
operation



Stick tightly with consumers and focus on their needs



Constantly perfect and enrich the sales model based on the online retail



Transform “customer service” to “customer service + operation”

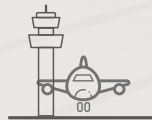


Have full confidence in
Chinese market



Provide more customized and
personalized products for the
travel retail market

Airports are no longer the only channel for consumers to purchase duty free products



Airport
duty free shop



Downtown
duty free shop



Online pre-order and
purchase after travel

Hope airports can stand with consumers and operators to make airport bidding return to the rationality

Welcome airports to cooperate with us in various ways

PROCEED WITH CONFIDENCE

JOIN HANDS TO CREATE A BETTER FUTURE
IN THE POST-PANDEMIC ERA

