



## Hainan – An introduction to the offshore duty free channel in China

June 3, 2021

Dermot Davitt, President, The Moodie Davitt Report



## The lighthouse of travel retail

China Duty Free Group brings revival in Hainan

DIGITAL EDITION



Travel Retail's  
Lookbook  
23 January 2020 • Issue 275

# Shadow cast over Lunar New Year

Coronavirus outbreak sparks fears of  
SARS repeat

The voice of travel retail



### Travel Retail's Lookbook

7 February 2020 • Issue 276

### Halal travel

How to tap into the growing  
Muslim travel opportunity

### Read all about it

Philadelphia Airport evokes  
and publishing heritage

# Coronavirus crisis

The latest analysis, reaction and  
commentary

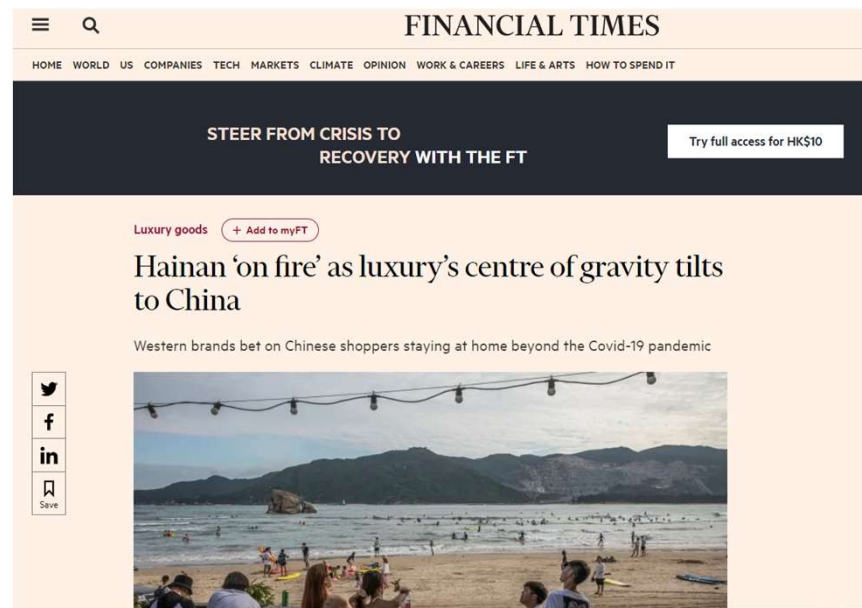


## China Focus: Tourism recovering on China's tourist island

Source: Xinhua | 2020-03-15 21:54:34 | Editor: huaxia



Tourists visit a scenic spot in Sanya City, south China's Hainan Province, on March 11, 2020. (Xinhua/Guo Cheng)



### A who's who and who's where of Hainan's offshore duty free sector

Location	Licence holder	Support partner	Comments
Haikou Global Duty Free Plaza	Hainan Development Holdings	Dufry	Phase 1 open, two more to open. Eventually it will embrace 38,920sq m across two buildings of the Mova Mall – Aquarius and Capricorn.
Haikou Mission Hills	Shenzhen Duty Free	DFS Group	Phase 1 open. The circa 30,000sq m complex, located within one of Hainan's leading upscale leisure resorts, will be completed over the next two years, eventually spanning over 30,000sq m and boasting the largest Beauty Hall in DFS' global network.
Haikou Meilan International Airport Duty Free	China Duty Free Group		A further 9,300sq m expansion of the already extensive shopping offer is due to be completed in early 2021.
Haikou Ri Yue Plaza	China Duty Free Group		This operation in the Mova Mall, a few minutes walk from the Hainan Development Holdings/Dufry store will be replaced by the extraordinary new Haikou International Duty Free City, claimed to be the world's biggest duty free store, in 2022.
Sanya International Duty Free Shopping Complex (CDF Mall), Haitang Bay	China Duty Free Group		The benchmark for Hainan's offshore duty free newcomers and the epicentre of Chinese and global travel retail in 2020.
Sanya International Tourism Duty Free City	Hainan Tourism Investment Duty Free Co	Lagardère Travel Retail	The 95,000sq m gross surface complex includes a 2,500sq m bonded warehouse, a small supermarket, and a food court. The 30,000sq m of retail space covers five floors.
Sanya International Duty Free Plaza	CNSC		The two-phase development is set for ultimate completion in three to five years. The Plaza is well located in the core business district of Dadonghai, one of Sanya's most popular seaside tourism areas.
Sanya Phoenix International Airport	China Duty Free Group		The market leader opened a new store on 30 December 2020 with further expansion set to take place in the coming year.
Bo'ao Duty Free	China Duty Free Group		A 4,200sq m store in the city most famous for its hosting of the annual Boao Forum for Asia.

Source: The Moodie Davitt Report







The voice of travel retail













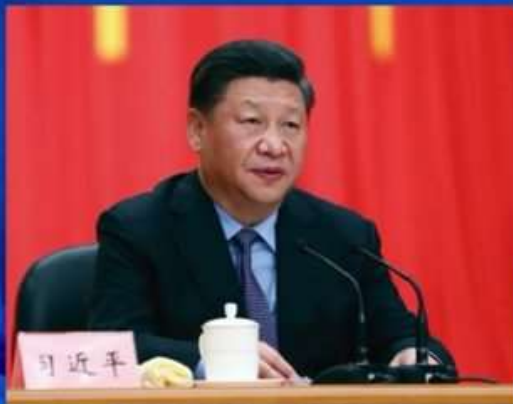








## Opening a New Chapter for the Hainan Free Trade Port



- ❖ On April 13, 2018, Chinese President Xi Jinping announced that China had decided to support Hainan in building the pilot free trade zone throughout the entire island, gradually exploring and steadily promoting the establishment of a free trade port with Chinese characteristics.
- ❖ On June 1, 2020, the Overall Plan for the Hainan Free Trade Port is officially released to the world.



## A SIGNIFICANT OFFSHORE DUTY FREE MARKET OF USD 5BN IN 2020 (+127% YOY)...

4

SALES HAVE ROCKETED SINCE THE IMPLEMENTATION OF THE NEW OFFSHORE DUTY FREE SHOPPING POLICY ON 1 JULY 2020, A FAR-SIGHTED PROGRAM DESIGNED TO STIMULATE HAINAN'S ECONOMY AND MAXIMIZE DOMESTIC SPENDING

1

### YEARLY ALLOWANCE

Increased from ¥30k (US\$ 4k) to ¥100k (US\$ 15k)

2

### EXPANSION OF DUTY FREE CATEGORIES

From 38 to 45 (e.g. liquor and gadgets)

3

### ONLINE DUTY FREE SHOPPING

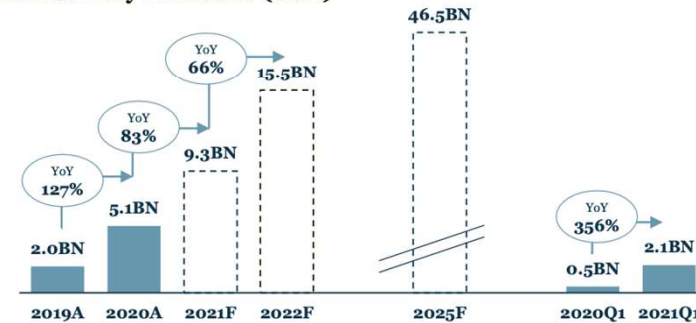
Travelers are allowed to shop the unspent allowance online within 180 days of departure from Hainan

4

### HOME DELIVERY

Options for shopper to post back their purchases to mainland

Hainan Duty Free Sales (USD)



Hainan Duty Free Sales by Category (%)





Maison  
Martell  
makes  
Hainan  
debut



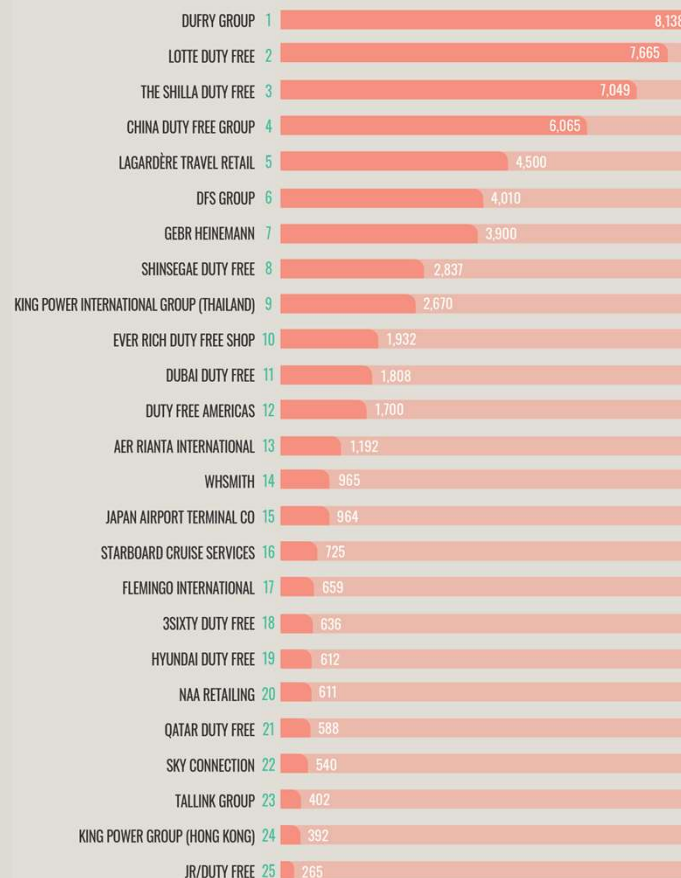




# Hennessy

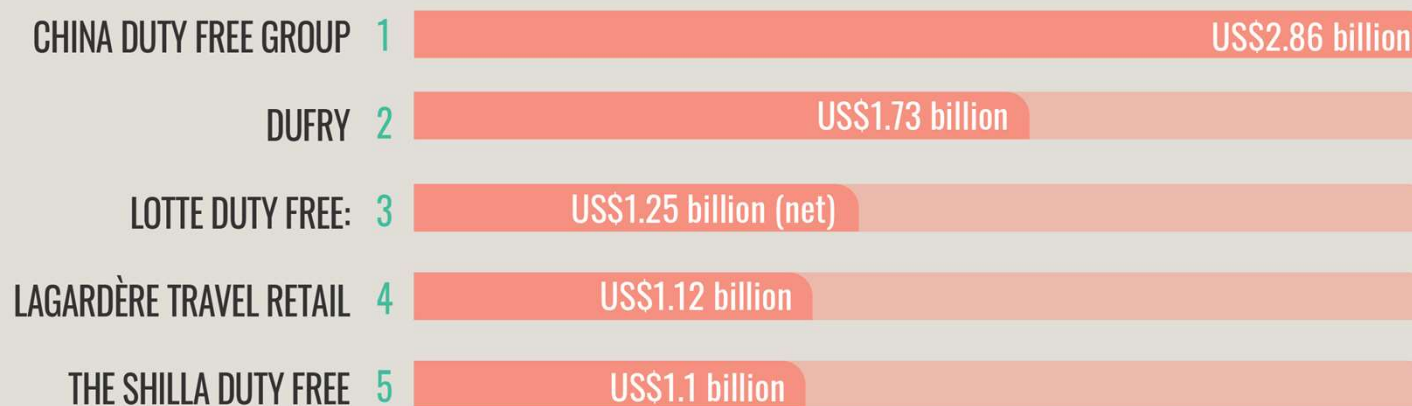


# THE MOODIE DAVITT REPORT'S TOP 25 TRAVEL RETAILER RANKINGS 2019 (BY TURNOVER, € MILLION)

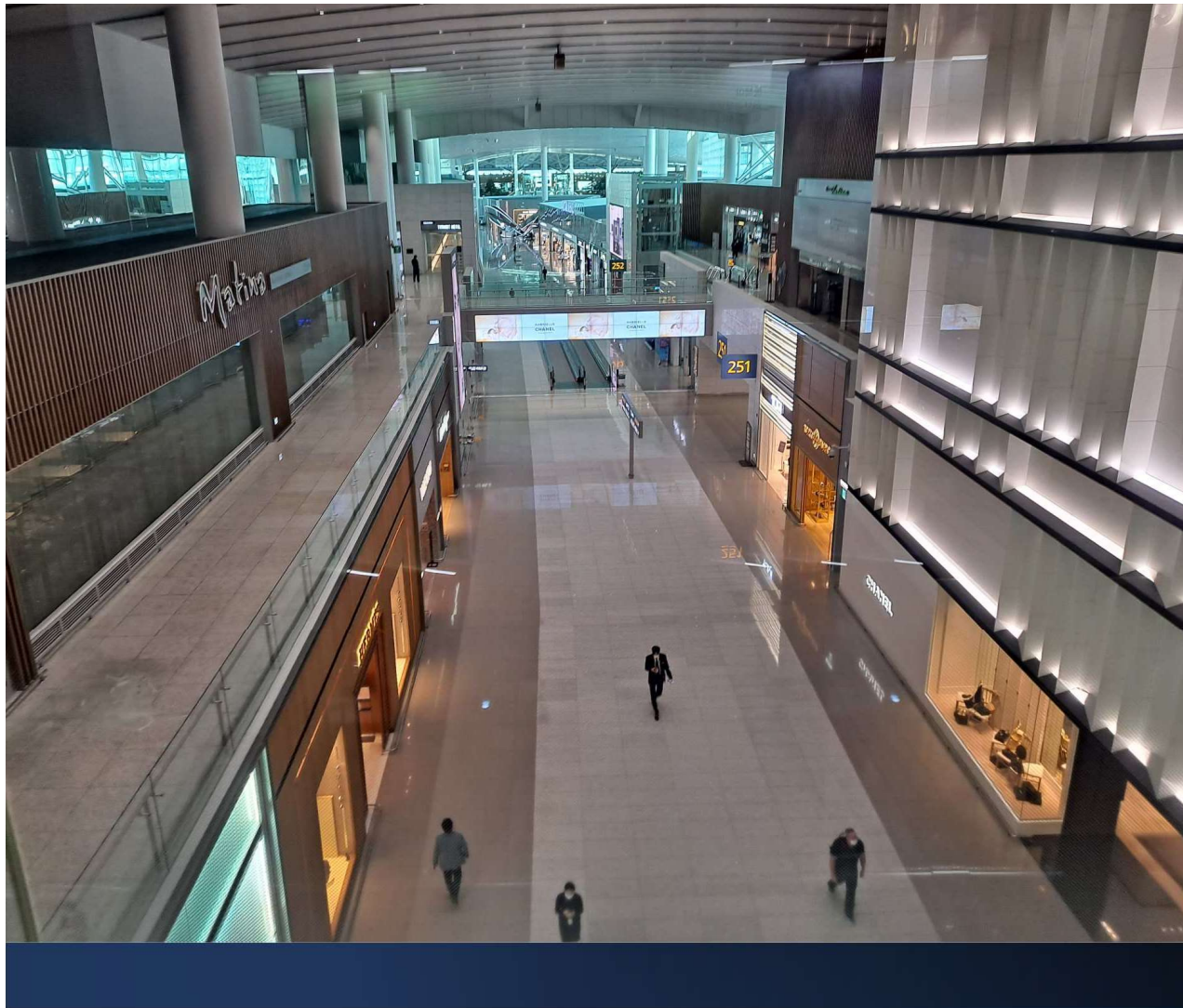


Note: Conversions are based on currency values as at 31 December 2019. Source: Moodie Davitt Business Intelligence Unit

## TOP TRAVEL RETAILERS TURNOVER H1 2020



Source: Moodie Davitt Business Intelligence Unit



## Korean duty free

- Incheon International Airport Terminal 2
- October 2020



Travel Retail's Look  
7 April 2020 - Issue 2

Incorporating The FAB



Lotte Duty Free g  
Smart

How Charles Che  
driving the 'Hair  
express'

# Out of Darkness

Hainan leads post-COVID-19 recovery





谢谢!  
**Thank you!**

3 June, 2021

Dermot Davitt, President, The Moodie Davitt Report