

Dufry's Rene Riedi discusses cruise market

By **Hibah Noor** on January, 10 2018 | Retailers



It's not news that Switzerland-based company Dufry has completely changed the global reality of travel retail in recent years. The company's major presence has been in airports, with both duty free and duty paid stores. But as of 2016, Dufry is making large footprints in another channel, one it has identified as a strategic growth area: cruise lines.

"At the beginning of 2016 we operated duty free stores on-board nine Norwegian Cruise Line (NCL) cruise ships," says Rene Riedi, Dufry's CEO Latin America. "In 2016 and 2017, we opened duty free stores on board the Escape - a new vessel launched by NCL - we were awarded four ships of Pullmantur and two ships of Carnival Cruise Lines. And now we have opened duty free stores on board the Joy, NCL's first ship based year-round in Asia. Today, we have a portfolio of 17 ships in comparison to nine in 2016."

A different mix

Partly in light of the time passengers are able to spend in the store in addition to other factors, the category mix on ships is quite different from that at airports, says Riedi. "In general watches and jewelry are the key categories on ships, while perfume & cosmetics are the dominant categories at airports," he says, adding that floor space is also quite different in ships relative to airports. "There is normally not enough space available to expose the brands or carry an extensive range as we have at airports, but the newer ships are larger in size and have been designed with a larger commercial area. For example, NCL's Joy has a commercial area in excess of 2,000 square meters, which is absolutely comparable with a mid-size airport."

The newest cruise market

China is a very attractive market in the cruise ship industry, says Riedi, offering high average guest spending. "With the launch of the Joy, NCL's first ship in Asia, we were able to expand to Asia and more particularly to China," he says. "Working with NCL's Joy led us to develop a cross-regional collaboration with our colleagues in Asia. Today, the day-to-day operation of the stores on board is handled by our colleagues in Asia with strategic input from the cruise ship competence center in Miami."

Growth opportunity

Riedi says the cruise market is an attractive add-on to the company's airport travel retail business for many reasons, including the difference in the customer experience. "The dwell time on a ship is days and not minutes or hours as with airports," he says. "This offers completely new opportunities to engage with the customer. This, coupled with the new-generation ships that are being constructed, makes it an attractive prospect also for the brand owners." In 2016, the cruise ship channel accounted for 2% of Dufry's revenue. Riedi says we will see an update in that percentage on March 15th of this year. "What we can say in the meantime is that our ambition is to become an important

player in the cruise ship business," he says.