



Auckland Airport CEO Adrian Littlewood has confirmed that duty free tenders are now in for the airport's tender, with a decision expected next year.

He told shareholders last week that the airport's retail team has spent considerable time preparing for the tender over the last 12 months and added that 'it is clear that the bidders have invested significant time and effort in preparing their bids and sharing their vision for the future of duty free retailing at Auckland Airport'.

The short list for those bidders certainly includes the two incumbent operators of the departure and arrivals shops at Auckland, DFS Group and JR/Duty Free (*James Richardson*).

Littlewood said: "We will continue to evaluate those bids over the next few months with a decision early next calendar year". The airport is also looking at other retail opportunities, as he explained: "You may recall me talking at the last annual meeting about how we must confront and embrace the impact of changing technology for our consumer business.



DFS Group at Auckland Airport [pictured before the retailers name/fascia logo design change].

NEW ONLINE RETAIL STORE

"As promised, we have taken the first steps with the launch of a new online retail store with a significantly expanded range of products and special deals to enable passengers to make their duty free purchases in advance of their travel.

"It ensures we can better promote the increasing number of retailers at Auckland Airport and the full range of their products – it marks the start of our ongoing expansion in online retail.

"Early results in the first few months have been encouraging with online duty free sales eight times what they were in the previous year."

Speaking at the airport's 2014 annual shareholder meeting (October 23), Littlewood also told shareholders that the airport has experienced 'another excellent year'. He said while the 2013 financial year was focused on strategic development and building the team to deliver it, 2014 has been all about implementing that strategy.

International passengers grew by 5.1% in the 2014 financial year, with broad-based growth and new markets growing strongly, including China +6%, India +14% and Malaysia +17%.



JR/Duty Free (above) and DFS Group are tough competitors, although many believe that the airport is too small to have two duty free operators, despite the regulators past decree that there must be competition.

NEW SCHEDULED SERVICES

This was helped by new scheduled services and aircraft, such as China Southern's 787 to Guangzhou, Emirates' A380 Brisbane-Dubai route, Air New Zealand to the US and Malaysia Airlines' daily flights to Kuala Lumpur.

Littlewood said: "We continued reviewing our retail mix to ensure we maintain a range of excellent New Zealand and international products, and in this year introduced new stores and brands, including popular Auckland coffee brand Shaky Isles and Beats Audio among others.

"Already, since 30 June, we have opened additional retail and food and beverage stores, including a new DB bar in the international terminal and a 3 Wise Men clothing store at domestic.



"Not content to rest on our laurels, in coming weeks you will see several more new retail outlets open for business – confirming our position as one of New Zealand's busiest and most dynamic shopping destinations".

Littlewood also pointed to new expansion plans: "We have also started on the concept design to significantly expand our international terminal's departure area.

"This project will significantly increase our emigration capacity and our ability to accommodate new passenger growth and new border processes and will result in a much-improved passenger departure experience."

Following the earlier Australian example, the New Zealand duty free arrivals tobacco allowance is being reduced from 200 cigarettes to 50 in exactly seven days from today (November 1, 2014) and this will have been taken into account by all bidders in their calculations for the new duty free contract. (Above) New Zealand Customs has been advertising the reduction as part of its information campaign for several months now.