

City Plus embarks on huge duty free retail expansion

City Plus Co Ltd, one of South Korea's fastest growing SME duty free operators, has embarked on a huge expansion programme in 2017 that involves opening a downtown duty free store in Seoul and two mixed-category shops at Incheon Airport's new T2.



As Incheon International Airport's Terminal 2 nears completion City Plus tells *TRBusiness* that it is now in the middle of an important expansion phase including the opening of new shops; both at the airport and in downtown Seoul (December).

However, as the company progresses with shop plans, the ongoing THAAD missile crisis and China's ban on group tour visits to South Korea, is likely to be of concern to City Plus.

In an attempt to counter the potential negative impact of the political dispute, City Plus is increasing its range of goods that appeal to South Korean and Japanese customers, as passenger numbers for both nationalities in South Korean airports are picking up this year.



Kim Bong Ki, City Plus Co Ltd Duty Free Director for Incheon and Gimpo Airports.

Trading as City Duty Free, City Plus is a subsidiary of Kwangju-headquartered Top Sola Co Ltd, which specialises in solar energy technology. The company has grown quickly during the past two years and now holds five SME duty free concessions following the recent award of the Incheon T2 DF6 license.

SOUTH KOREAN TRAVELLERS OF INCREASING IMPORTANCE

City Duty Free also operates duty free shops in Incheon's T1 main terminal building, in Seoul Gimpo International Airport and in Incheon's Seaport Ferry Terminal 2.

Incheon Airport, which is City Plus's largest operation, accounts for about 40% of the company's total duty free revenue generated by five shops in the main terminal west wing antler concourse, which is currently used by local carrier Asiana Airlines.

"Business has been good at Incheon Airport; we have a lot of promotions offering good prices and value," Kim Bong Ki, City Plus Co Ltd Duty Free Director for Incheon and Gimpo Airports, told *TRBusiness* in an exclusive interview.

South Korean outbound travellers account for 45% of City Plus' sales at Incheon Airport, followed by Chinese passengers with a 30% share and Japanese visitors, 15%.

CHANGES TO BRAND SELECTION

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“Asiana’s flight gates are near our shops so we have a high number of South Korean customers,” Kim said.



City Plus has five shops at Incheon Airport.

City Plus’s five Incheon Airport T1 shops consist of a mixed food and fashion shop; a liquor and tobacco store; a cosmetics shop; a Korean SME products store and a shop fitted out with mini in-store branded boutiques.

However, Kim revealed that the company is going to be making some changes to its brand selection in the boutique store. “We are thinking of some new brands as sales are not good in this store. Also, we want to change some brands in our mixed fashion and food store.”



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Merchandise planning for City Plus' T1 west wing antler concourse shops will take account of Asiana Airlines' move to the T1 east wing when Incheon Airport T2 opens; thereby replacing Korean Air which will move to T2.

The T1 east wing will be used by foreign carriers which will move from the T1 concourse terminal.

Read the full-length interview in the July issue of TRBusiness.