



Lotte Duty Free will become only the second ‘foreign’ duty free operator to open a shop in Japan tomorrow at Kansai International Airport.

DFS has long operated a downtown duty free store on Okinawa Island, while it also runs several joint venture duty free shops and boutiques with Japan Airlines (JAL) at Narita and Haneda airports in Tokyo.

The first Lotte Duty Free shop selling mainly Korean products in Japan is opening in a new agreement with Osaka airport’s owner, the New Kansai International Airport Co Ltd (NKIAC). It is busily making final preparations for tomorrow’s opening (September 4) in a central location on the airport’s departure hall shopping concourse.



A view of the concourse at Kansai International Airport last week.

Also scheduled for opening tomorrow are three new luxury boutiques marking the 20th anniversary of Kansai Airport's opening on September 4, 1994. Each store will be located on previously unused space along the airside departure hall shopping concourse.

Jatco will open a Chloe boutique, while Asahi Airport Service Co Ltd (AAS) is preparing to unveil its new Ermenegildo Zegna boutique. Both brands are newcomers to Kansai Airport. [*Jatco plans to open another new boutique in November in Kansai Airport when Victoria's Secret will appear at the airport for the first time*].



TUMI, LONGCHAMP AND BURBERRY

Meanwhile, ANA Duty Free (ADF) is relocating its existing Burberry boutique from its present North Wing location in the airside departure shopping concourse, to a new purpose-built boutique in the South Wing.

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ADF will then renovate and transform the former Burberry boutique space into two neighbouring shops selling Tumi and Longchamp products. An opening date in October is being decided upon.

The new Lotte Duty Free Shop will be operated by Kansai Airport Agency Co Ltd (KAA), NKIAC's retail subsidiary company which operates duty free and tax free shops in Kansai Airport's Terminals 1 and 2.

"The main reason to open Lotte Duty Free is to attract customers from Southeast Asia and China," explained Kumiko Kushida, Manager of Duty Free Business Sales, Retail Management & Commercial Marketing Department, New Kansai International Airport Co Ltd (NKIAC).

Speaking exclusively to *TRBusiness* in Kansai last week, she said: "Lotte is successful in South Korea; and they have a downtown store and airport shops in Jakarta, and shops and boutiques in Guam Airport."

Lotte Duty Free's store will be located in the central area of Kansai Airport's international departure concourse, facing the central departure restaurant area. Covering 330sq m, the shop location was previously used as a passenger waiting lounge.



Kumiko Kushida, Manager of Duty Free Business Sales, Retail Management & Commercial Marketing Department, New Kansai International Airport Co Ltd (NKIAC).

MAINLY KOREAN BRANDS...

"We are changing the space's use to Lotte Duty Free by KAA. The name of the store is Lotte Duty Free, but it is directly operated by our subsidiary," said Kushida. "The shop will sell mainly South Korean brands like

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cosmetics such as Sulwhasoo, Laneige and The History of Whoo; also, red ginseng products and South Korean tobacco brands.”

“The shop also will sell some South Korean fashion brands such as Jestina; and international brands like Le Sportsac and Samsonite, plus fashion watches and sunglasses. The Lotte Duty Free shop looks like a department store, with bright lighting and light colour flooring.”

The imminent opening of all these new stores is a reflection of strong duty free sales growth and rising international passenger numbers at Kansai Airport. Kushida said that total duty free and tax free sales rose by 27% in the financial year ending March 31, 2014 (FY 2013).

“Last year and the first quarter this financial year were very good for all categories including liquor and tobacco, perfume and cosmetics, food and confectionery, souvenirs, fashion items and electrical and electronic appliances, because Chinese passenger numbers have increased,” Kushida said.

“In July and August this year, sales to Chinese passengers doubled compared to last year. Chinese customers are becoming our largest customers, bigger than Japanese customers. Our brand boutiques had strong growth last year with a growth rate of 65% compared with FY2012. Sales in our tax free shop Yorozu grew by 53% thanks to the increasing number of inbound passengers.

“Tax free products made in Japan such as rice cookers and cameras are preferred by Chinese customers.”



Celebrities - particularly K-pop stars - are very popular with young Koreans and are used extensively to advertise Korean companies like Lotte.

TWO MORE NEW DUTY FREE SHOPS

Meanwhile, work has started constructing two new duty free shops on the 4th floor of Kansai Airport's departure concourse that will be accessed by using escalators and stairways planned for construction in KAA's north and south wing mixed category duty free shops.

The new duty free shops form part of KIAC's plans to increase total retail space in Kansai Airport by 40%.

Covering 550sq m in each area, the two new outlets will be based in a vacant area previously used for passport control. Details of brands and goods that will be sold in the new shops have not been disclosed.

To avoid a loss of revenue due to disruption to sales as escalators are installed in KAA's North and South wing mixed category shops, NKIAC has opened two temporary mixed category shops for KAA that are located either side of the immigration control exit, through which passengers enter the airside departure area.

“The temporary KAA shops cover 180sq m each. They opened at the end of March 2014 when planning started for the shop renovations,” said Kushida. “These temporary shops will be open for 13 months. They are closing at the end of March 2015.

“They sell mainly liquor and tobacco; also, confectionery, rice cookers and other electrical and electronic appliances – also some bags and sunglasses.”

[This story was exclusively reported by TRBusiness last May in an exclusive interview with Lotte. For more information, click here:

[http://www.trbusiness.com/administrator/index.php?option=com_content§ionid=-1&task=edit&cid\[\]=15521](http://www.trbusiness.com/administrator/index.php?option=com_content§ionid=-1&task=edit&cid[]=15521)

TOP IMAGE: The big opening takes place tomorrow: Thursday September 4, 2014.[All photo credits: David Hayes TRB ©].