



Despite the yen depreciation and the fall in Japanese outbound travel, Narita Airport's luxury boutique operators report strong double-digit sales growth.

Narita International Airport Corporation (NAA) told TRBusiness exclusively that this has really helped to offset the impact of the recent slowdown in tobacco sales caused by the reduced number of outbound Japanese travellers this year, along with the impact of more thorough Customs inspections of arriving passengers in some Asian countries.

“Our duty free business is good. Our brand boutiques have performed very well. Due to the depreciation of the yen many people are coming from overseas and the increase in travellers has a good effect for us,” said Koichi Sugano, Senior Manager, Retail Operations II in NAA's Business Division Retail Management Department.

He continued: “When they leave Japan they buy a lot of gifts and souvenirs. Also, they buy in the brand boutiques. Hong Kong and Taiwanese visitors are spending a lot in the boutiques compared to other nationalities.”



FISCAL YEAR SALES UP BY 13%

Total landside and airside duty free, tax free, F&B and other retail sales at Narita Airport reached ¥68bn (\$684.9m) in the financial year ending March 31, 2013 (FY2012) registering a 13% increase compared with the previous year.

The double-digit increase reflected Japan's tourism industry recovery from the March 2011 Tohoku earthquake and tsunami disaster, which seriously affected the nation's travel industry and airport duty free retail sales in FY2011.

Sales in Narita's duty free shops and luxury brand boutiques are estimated at about ¥34bn (\$342.4m) in FY2012, equivalent to 50% of total landside and airside duty free, tax free, F&B and other retail sales at the airport.

Duty free and luxury boutique revenues grew about 13% in FY 2013, compared with an estimated ¥30bn (\$302m) in FY2011 when combined duty free and branded boutique revenue was estimated at 50% of Narita Airport's total landside and airside duty free, tax free, F&B and other retail sales worth ¥60bn (\$604m) that year.



Tokyo Narita International Airport.

“...ALMOST THE CHEAPEST IN ASIA...”

“The effect was very quick as Japanese duty free shops now are almost the cheapest in Asia,” Sugano said. “We have seen a double-digit increase in international passenger numbers from February onwards. Many Southeast Asians, including from Thailand and Malaysia, are coming to Japan.

“Also, from July 1, 2013, the government relaxed the previous visa requirement for Thai and Malaysian visitors, so travellers from Southeast Asia have increased. The biggest increase has been in visitors from Thailand, Hong Kong and Taiwan.”

According to NAA figures, some 14.6m arriving and departing international passengers used Narita Airport from January to June 2013 (HY1/2013) representing a 1% increase in passenger numbers with HY1/2012.

Foreign arriving and departing international passenger numbers rose by 14% during the six-month period to reach 4.14m passengers and offset the fall in the number of Japanese arriving and departing international passengers which decreased by -4% to 7.59m during HY1/2013.