

Tax free at Copenhagen T2 tipped for 'record summer'

Gebr. Heinemann has hailed a new generational shift in its store iterations as the upgraded tax free shop at Copenhagen Airport (CPH) Terminal 2 revealed today (3 July) following a dramatic refurbishment.

Airport and retailer senior management gathered for a ribbon-cutting ceremony and traditional store walkthrough attended by *TRBusiness* and other trade media.

The new-look store, one of six tax free Gebr. Heinemann shops at CPH, has increased by 200sq m to total 2,600sqm and is now one of the largest in the Hamburg-based travel retailer's portfolio [scroll below for a photo gallery].



The main tax free store in T2 now offers an expanded 2,600sq m footprint.

It began trading officially in March in line with the commencement of a new **five-year contract signed last year** – the second renewal agreement between the parties.

It's the latest store and the latest generation – the local element plays an even more important role year by year, duty free merchandise is international but you still have to believe this is the one place to buy, Raoul Spanger, Executive Director, Retail & HR, Gebr. Heinemann told *TRBusiness*.

NEW CATEGORIES

Situated in a prominent position adjacent to the main entrance is a new '#looklab' beauty concept that encourages digital engagement and browsing.

Suspended digital screens encircle the space, acting as a marker and invitation for young, tech-savvy millennials to experiment with products and engage with novel technology.

Trend-setting brands such as Stila, bareminerals, Dior, Urban Decay, Iphoria and Real Techniques by Sam & Nic feature, with others such as Too Faced and BECCA set to arrive in due course.

New products couple with personal services and offers for an immersive experience.

Meanwhile, interactive screens, makeup tutorials, charging stations for mobile devices, and a popular 'selfie' booth offer further layers of discovery.

For a couple of years, we have faced a lot of young people coming from the city; we have translated this prototype and now have to prove it is a commercial success to reach a new type of customer that we may not have reached with the traditional design of the last shop, commented Spanger.

Chief among a number of new categories is a 'Natural' merchandise area that taps into consumer interest for skus advertising health benefits.

Backwall displays illuminate the likes of Biotherm, Estée Lauder and Clinique, the last of which boasts its own pop-up fixture.



Wood-effect surfaces, Danish-influenced design accents and plenty of light highlight the curved walkway, guiding travellers through an eclectic category mix in a larger 2,600sq m store.

Meanwhile, a Travel Exclusives area provides additional incentives to purchase while utilising cross-selling opportunities via the Heinemann Duty Free webshop and CPH Advantage loyalty programme.

Also on trial in the revamped tax free store is an 'alternative' snacking area, which responds to growing demand for more responsible eating choices.

Aside the fresh categories, both retailer and airport have worked hard to deliver an expanded product range.

New and exclusive perfumes & cosmetics brands Byredo, Atelier Cologne and Acqua di Parma arrive instore, while Jo Malone is a permanent addition following a successful trial at the 'Brand Box' promotion space.

Across the meandering walkways, strategically placed 'Super Deal' slogans intertwine with more premium offerings in a curated assortment that promotes a balanced approach to pricing.

In this way, the first half of the store has been fashioned to entice and encourage browsing, with a greater concentration on promotions and deals towards as the journey continues.

Elsewhere, growing demand for niche beauty brands means the category is given additional exposure instore, with a particular nod towards pharmacy and natural cosmetics.



Prototype concepts such as #looklab pose a certain element of risk on behalf of new and established brands, but Heinemann is confident in trapping the commercial rewards from a younger audience.

The tobacco category remains an important footfall and spend driver and Heinemann has confirmed it is also exploring stocking next-generation products.

Heinemann says it hopes to begin selling Philip Morris' IQOS electronic devices this month following existing points of sale at Amsterdam Airport Schiphol and Frankfurt Airport.

Aligning new product ranges and sections is a cross-category selling concept, implemented in all areas of the store.

Examples include pairing men's fragrances with whisky or fine wines with gourmet foods in a bid to spike basket sizes and spend, particularly in gifting.

Fragrances remains the store's most popular category, recording high single-digit growth year-to-date since the new fascia went live.

This is closely followed by natural skincare – again recording high single-digit growth – and fine foods, with Gebr. Heinemann Director of Sales Sören Borch confirming to *TRBusiness* that fine foods has 'exceeded' expectations in the three months since the category launched.

In the confectionery aisles, Danish cookie brand Kelsen remains a bestseller with passengers, while bottled water housed in pick-and-run-style containers are a key conversion driver.

"We are working with a category before brand approach," commented Borch.

'HYGGE' DESIGN CUES

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It's been business as usual at the airport during a phased upgrade period lasting four months, with the store absorbing some nimble additions within its ergonomics and architecture.

A curved walkway configuration emphasises a comprehensive category mix weighted towards perfumes & cosmetics and wines and spirits as passengers enter the shop from the landside security area.

The wood-effect flooring and ceiling adds an open, bright and expansive feel to the layout, which is aided by prominent category signage to assist customer navigation.



[L-R] The shop of the future: Gebr. Heinemann's Executive Directors Kay and Raoul Spanger; Lise Ryevad, Director of Airport Sales, CPH; Esben Keller, Managing Director, Gebr. Heinemann Retail Denmark; and Sören Borch Director Retail Sales, Gebr. Heinemann.

In consultation with designer Johannes Torpe, Heinemann has implemented a design that reflects the city's close relationship with nature, light and water around three zones: 'Joyful', 'Nature' and 'Re-Think'.

These touches accentuate what is colloquially known as the 'hygge' mood of Copenhagen; one of serenity, fun, happiness, comfort and togetherness that reinforces the shop's sense of place and excitement.

Travellers are welcomed to the Joyful area on arrival, denoted by light and vibrant colours.

Here, they can explore P&C and airport exclusives before joining the central walkway through to the L&T category as part of the Nature zone accented by greens and shades of brown.

From there, passengers enter the accessories category housed in the Re-think zone, which is characterised by elements such as recycled metal or untreated wood in a nod to the environment.

CPH carried out intensive workshops and a number of customer surveys to elicit feedback from passengers on how to improve the shop fit-out.

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This culminated in the introduction of more prominent, free-hanging category signage, foliage nestled in key locations, and columns designed to demarcate the product zones as part of a visual merchandising concept that fosters seasonal and impulse buys.



Travel Exclusives join a number of new merchandise categories as the travel retailer adopts a category before brand approach.

Lise Ryevad, Director of Airport Sales, CPH praised the strong collaboration with Heinemann in cementing the airport's future duty free footprint.

We are very proud to be in this store that we've worked on for several years to develop duty free in the future together with many hard and intensive discussions, she said.

In the end these make us much better and I think this is what we see today. This is a result of a co-operation that has become really strong. We challenged each other and managed to develop the store by researching what our customers and passengers have said.

The Scandinavian hub is this year eyeing a pax increase to 40m, having hit 30m in 2017.

That capacity lift is expected to be fuelled by new flights to Asia, including from Cathay Pacific and Air China.

While Chinese travellers currently account for 1% or 2% of the total passenger volume at CPH, spend per pax growth is notably loftier [*high single-digit; roughly one in two pax buy instore* Ed].

Scandinavians account for approximately 50% of the total passenger mix at CPH, with the Danes representing around 35% of that share.

Breaking it down further, 30% of total customers instore are classed as millennials.

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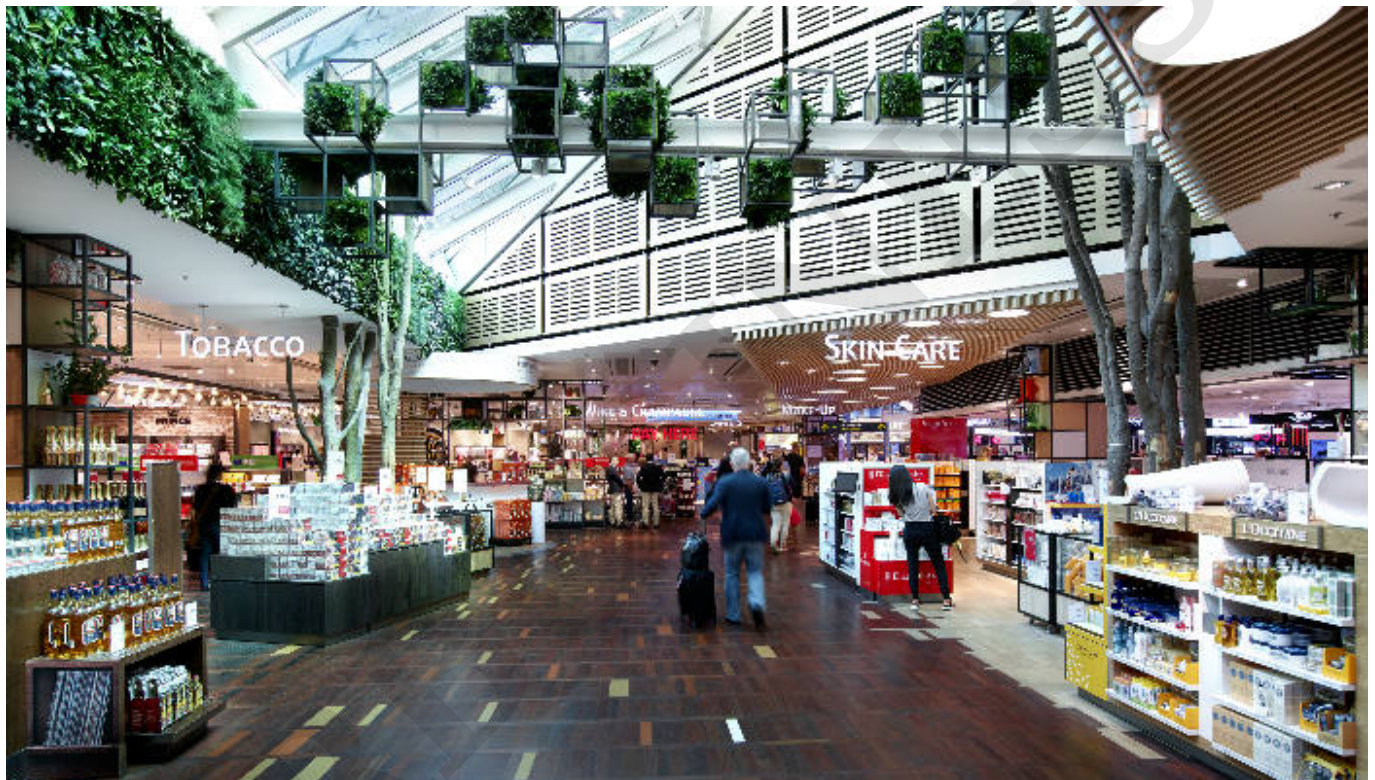
As reported, the Heinemann re-fit is a piece in the jigsaw of a much broader DKK20bn (€2.6bn) expansion of the airport, which includes **investment into the airside and landside commercial areas**.

Last year, retail revenue from Heinemanns Copenhagen Airport operations totalled €140m (\$163m), with €110m (\$128m) generated by the main T2 tax free store.

"Now that we have successfully completed the conversion phase, all signs are pointing towards increasing growth with great potential for a record summer in 2018," added Raoul Spanger.

"Together with the airport, we have implemented the shop of the future in Copenhagen."

For further comment from Heinemann and Copenhagen Airport, watch out for the August edition of TRBusiness, available soon.



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