

Meadfa: Middle East DF&TR sales fell -2.6% in H1 2016

During a welcome address at this years Meadfa (Middle East & Africa Duty Free Association) conference in Dubai, the associations President, Sean Staunton revealed that DF&TR sales in the Middle East declined by -2.6% YTD up to June this year, whilst sales in Africa declined by -3.7%.



Set against a back drop of plunging oil prices, currency fluctuations, decline in Russians travelling and acts of terrorism as well as restrictions on hand baggage, Staunton pointed out that the results certainly could have been worse.

"On a positive we're seeing a real growth in airports and travel in our region," he said during the opening session of this year's Meadfa conference, which is being held in Dubai at Le Méridien Dubai Hotel & Conference Centre today and tomorrow.

Prior to this, conference moderator from the TFWA, John Rimmer *[The Moodie Davitt Report's Dermot Davitt is his partner in crime for the two-day conference]* revealed that close to 500 members of the industry are in attendance this year.

This is quite a step up from the 342 recorded in Jordan last year, but not as high as the number registered in 2014 *[570 at the Jumeirah Creekside hotel in Dubai]*.



Sean Staunton addresses close to 500 delegates.

HUGE INFRASTRUCTURE INVESTMENT IN AFRICA

Both moderators agreed that this was still a very positive result considering the various challenges facing the region, mentioned above.

"Africa has seen a surge in development of its airports with \$8.5bn being injected over the coming eight years," continued Staunton. "The new Addis Ababa Airport with an investment of \$4bn; an \$800m investment in Bugesera International Airport in Rwanda; a \$550m investment in Entebbe International Airport in Uganda are just some examples of airport investment taking place."



Yesterday evenings cocktail event, sponsored by Dufry and Pernod Ricard was very well attended and continued long into the night.

He also pointed out that aviation in the Middle East continues to show real growth, in tandem with a rise in low cost carriers as their networks and flight duration expand.

"We've seen the maturity of Chinese shoppers over the last two years," added Staunton. "Our Chinese customer is now more sophisticated in their tastes. While they are still brand conscious they are now greatly influenced by price and the actual experience itself."



REGIONAL PRICING IS A PERMANENT AND DAMAGING ISSUE

Staunton was keen to get across just how imperative it is for the industry in the region to work together, and identified the issue of regional pricing, which he said has been 'detrimental to our business in this region'.

"Over the last year I've heard the terms such as 'temporary pricing' and 'tactical promotions', which are all temporary measures introduced by some brands.

"Trying to explain to a passenger that a recommended retail price of a duty free item in this region is higher than the recommended retail price of a duty free shop in Europe is a no-win conversation. I don't think we're experiencing a downturn purely due to pricing, but I do feel that it's a significant contributor and a totally unnecessary problem.

"Regional pricing is not a temporary issue, but a permanent and damaging one for both operators and suppliers. I feel this issue needs a permanent solution of removing regional pricing."

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