



THE NUANCE GROUP (HK) LIMITED

Lifetime Achievement in Travel Retail Innovation & Excellence

The world's largest travel retail operator braces for a brand new and exciting future.

Headquartered in Basel with operations across five continents, Dufry Group is the world's most active, travel-focused retail specialist.

Serving travelers at over 440 locations and more than 2,200 outlets across 63 countries spreading over all five major continents, Dufry manages one of the world's largest and most diversified airport retail store networks with a total market share of 24% in airport travel retail.

The Group's extensive airport retailing portfolio includes several commercial brands such as Dufry, Nuance and World Duty Free in the duty-free sector as well as Hudson or Dufry Shopping for duty-paid operations serving domestic passengers. In Asia, Dufry Group's Nuance brand is a highly respected travel retail operator present in Hong Kong, Macau and Southeast Asia for many years.

With their perfect understanding of the local customers, Nuance features a comprehensive assortment that includes perfumes & cosmetics, general merchandise, liquors & tobaccos, luxury brand boutiques, specialty souvenirs and food & beverages. In addition to its all-embracing portfolio of duty and tax-free outlets, brand boutiques and concept stores, The Nuance Group also supports the travel retail sector by providing in-flight services and operating a distribution business.

Shared DNA

Ms. Alessandra Piovesana, Nuance Asia Regional Managing Director cum Dufry Group Regional Chief Operating Officer in Asia and the Middle East, spoke about the new Group's long-term advantages and growth potential.



Dufry is the first foreign retail operator in China's Hongqiao to bring in Hermès' first boutique in China Duty Paid Terminal.

"Dufry and the Group's retail brands such as Nuance share many unifying qualities. They've been involved in travel retailing for numerous years and have built up an excellent reputation globally in the role of pioneering new retail approaches with customers, new innovations and constantly re-inventing and re-investing in our business to achieve retail excellence and success.

"In Asia, Dufry was the first international airport retail operator to enter China, when it began directly operating retail spaces in China's two main airports, namely Shanghai Hongqiao and Chengdu Shuangliu. Dufry also became the only non-national operator in South Korea when it commenced operations at Busan Gimhae Airport. The Group's impressive history of many travel retail firsts includes it becoming the premier airport retail operator in Cambodia's Phnom Penh and Siem Reap International Airports.

"While Dufry is renowned for its boldness in expanding its operational footprint across the travel retail world, Nuance is equally highly regarded for breaking new ground in bringing scores of truly international brands, pioneering many Asian and global firsts stories. Nuance's core strengths remain innovation, marketing promotions, genuinely engaging customer relations initiatives, and meaningful corporate social responsibility programmes. Everything Nuance has done has been validated by local or global awards and industry recognition,"



Dufry is the only non-Korean operator in Busan Airport.

Ms. Piovesana adds.

Over the years, Nuance has been responsible for introducing many cutting-edge retail concepts. In addition to the award-winning 'Suncatcher' (Zurich) and 'ICON' (HKIA) eyewear concepts, they include the 'Timebox' watches & jewellery concepts (Zurich) and the 'Master of Time' multi-brand luxury watch concept (HKIA). The 'Taste & Delights' multi-brand fine confectionery concept (HKIA), the award-winning Asian-first La Prairie travel retail flagship counter with exclusive beauty cabin (HKIA) and first-in-travel retail HK Airport 'Arrival Collection Service' are amongst Nuance's many other notable successes in this area.

On the marketing front, Nuance's key successes include the hosting of 'We Support' Anti-Crisis Partnership programme, the two award-winning 'Panda' and 'Toy Story' promotion campaigns, plus timely 'Beijing Olympics', 'Ferrari' and 'HK Rugby Sevens' outposts. Nuance continues to do its utmost to deliver on its corporate social responsibility commitments; it has organized a successful 'Save & Preserve' green campaign at HKIA and an 'Ubuntu' fabric bags initiative, providing stable employment for rural Karnataka women in Bangalore, India.

Ms. Piovesana adds, "In leveraging the best practices from each of the Group's commercial brands and know-how, we are creating a 'centre of retail excellence'. Our ultimate aim is to further explore this direction so as to benefit our customers, partners and stakeholders."

Best of the Best

Having created a newly enhanced roster of over 110 stores across 14 locations in Asia and the Middle East, the newly combined Dufry Group promises Alessandra Piovesana and her colleagues enormous potential synergies.

"The future of travel retail in a vast market like China is promising. As Dufry already works at several of the country's most prominent airports, we as an insider are ideally placed to keep our finger on China's pulse. This enables us to gain first-hand knowledge of Chinese business and leisure travellers' 'likes' and 'dislikes', continuously accessing the detailed and up-to-date profiling of China's fast-changing consumer markets, and ultimately be able to derive strategies to satisfy and exceed their expectations," says Ms. Piovesana.



Nuance is renowned for going extra miles to create consumer delights.

"As the pre-eminent travel retail operator at airports in Cambodia and Bali, our team remains privileged to work hand in hand with the airport authorities there. As we move forward, we will continue to do all we can to help develop and build travel retail facilities in each location from scratch. Harnessing our formative presence in both emerging airports, we have gained and accumulated valuable understanding of local and overseas passengers from day one. This enables us to capitalize on our understanding and to fuel future growth at new developments in other airports.

"Due to the unique nature of each of these two destinations, we are also building up a learning curve in terms of seamlessly integrating local culture and

working closely with local entrepreneurs with the aim to create a strong sense of place that will attract foreign visitors while also helping to promote each nation's cultural uniqueness."

Ms. Piovesana adds, "As for South Korea, we are confident that the travel retail market here offers enormous future potential as it is sure to benefit from the significant increase in the number of visitors from China. As the first non-Korean operator in Busan Airport, we believe that we have many advantages as this situation progresses. As we are all aware that South Korea's travel retail market is largely dominated by local operators, our goal must be to strengthen our position starting with our current location at Busan. In doing so, we will fully lever-

age our knowledge and experience while continuing to explore opportunities to expand our footprint across South Korea.

"To this end, we are ready to invest and cooperate with local partners in developing new locations that will contribute to and capitalize on South Korea's burgeoning travel retail industry.

"In Middle Eastern countries such as Sharjah, our intention is to see how we can not only further our coverage in the market, but also add to our experience of operating different concepts to meet customers' needs such as convenience with our own home brand 'HUDSON'.

"Dufry's operations have laid a solid foundation for building regional geographical knowledge and experience. Nuance's retail portfolio perfectly complements this and serves as a cradle to nurture new innovations, concepts, alliances and creative marketing activities, while generating contributing synergies in the areas of professional know-how, brands and range management, logistic efficiencies and supply speed to market. All of which will become enablers of our future growth in the region. Here as always our key aim remains the enriching of our regional presence via constant uplifting of shopping pleasure and customer satisfaction levels," adds Ms. Piovesana.

Despite being in a tenders' business where positive outcomes are not warranted, Nuance's stamina to add value to the airport as well as expand and grow its Asian business with perseverance and ingenuity remains strong. This year, the company has won several specialty licenses at HKIA. In addition to a 'Longchamp' luxury brand boutique and 'J.S. Trunk & Co. by American Tourister' travel concept, they include 'Kipling' bags & accessories' new landside departure store. Ms. Piovesana and her team also successfully retained the highly competitive Audio Visual Electronics Equipment Concession.

Best of all, in addition to its three existing 'Sound & Vision' stores in the airside departure hall, Nuance has now secured two new locations, one in landside arrival hall and another in the new Midfield Concourse.

Following 2014's successful re-launch of The Atrium Department Store at The Venetian Macao Resort, Nuance now plans to open two more downtown stores in Macau next year. Both new outlets will be located in prime spots at the upmarket Sands Retail's new 'Shoppes at Parisian' shopping mall.

One of the stores will be called 'Temptation' and will offer an opulent beauty range across a 2,600-sq.m. duplex store. Branded as 'Atelier', the second store will be a unique, 'premium to affordable luxury' leather accessories concept. Measuring 206 sq.m., the outlet will distinguish itself by offering genuine craftsmanship, quality material and contemporary design. Reminiscent of an artisan's workshop, its layout will take inspiration from an artist's creative studio.

"All these new initiatives are solidly grounded on our team's unique category insights and spirit of innovation. Combined with in-depth customer knowledge, long-standing operational expertise, and most importantly, proven partnerships with brands, the end results look very promising indeed. Such qualities and soft skills will continue to play a vital role as we strive to sustain long-term performance for our customers, our stakeholders and our investors."



New 'Sound & Vision' store at HKIA.

Synergy for Success

As a direct result of the tie-up, Dufry and Nuance are now also interacting in terms of regionalization by capitalizing on their shared ability to consolidate their power base across Asia.

Ms. Piovesana shares, "The new entity is also working hard to create an Asia Pacific regional platform based in Hong Kong in order to streamline procurement, supply chain, re-ordering and logistics activities. The intention here is to improve market focus and strengthen the Group's market competences to deliver better professional service to support both current operations and new business development. The desire is to attain synergy and nurture the ground for future region-wide growth.

"The new regional platform will also enhance Nuance and Dufry's capability to incorporate regional vis-à-vis country-specific initiatives in both brand and range management as well as planning and procurement activities.

Managing region-wide processes via a dedicated and qualified team ensuring between-platform and individual market transparency will also enable the Group to boost its speed to market, bargaining power with international suppliers while ensuring a more efficient delivery of quality."

The new Group expects this process will measurably improve its return on investment by increasing purchasing power and successfully integrate its supply chain and logistics platforms. Furthermore, its management also expects that the consolidation of their global and regional organizations and global support functions will create significant added value for both customers and stakeholders.

People Power

"Our mission for the foreseeable future remains to maintain our growth momentum and further strengthen our ties with stakeholders, airport partners and brands. We plan to achieve these results by remaining extremely disciplined in our operational practices while staying highly inventive in the way we go about satisfying discerning customers in airport environments.

"Excellent customer service and the ability to bounce between economical, social and geopolitical factors will be vital parts of this process. To this end, we count on our new generation of leaders within the region whose experience and knowledge are solid and diverse, and we will also continue to seek out committed talents to sustain long-term growth," shares Ms. Piovesana.

"The merging of Nuance and Dufry in the region marks a major landmark on our shared journey to continued profitable global growth and diversification. In joining forces, our two companies have also significantly strengthened their concession portfolios and measurably expanded their regional presence. My team and I remain very optimistic that in bringing together the best of both worlds, Dufry's and Nuance's know-how and committed people, will generate significant value as they measurably upgrade travel retailing worldwide." ■

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