



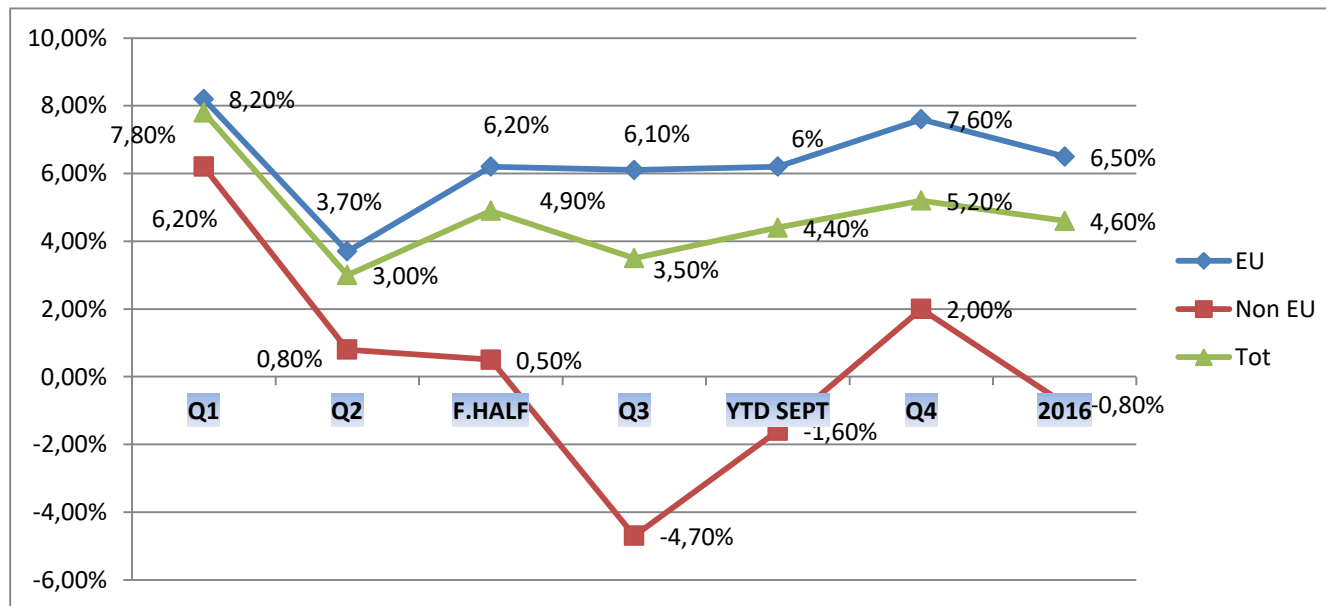
Travel Retail : Business Performance 2016 Airports: Looking Ahead..

Fulvio Fassone – Vice President Business Development

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- Context : Passenger trends
- ETRC Index : Sales trends 2016
- ETRC Index : Category trends and correlation with traffic growth
- Airports looking ahead : Rome «Avancorpo» project

European Traffic Trend 2016

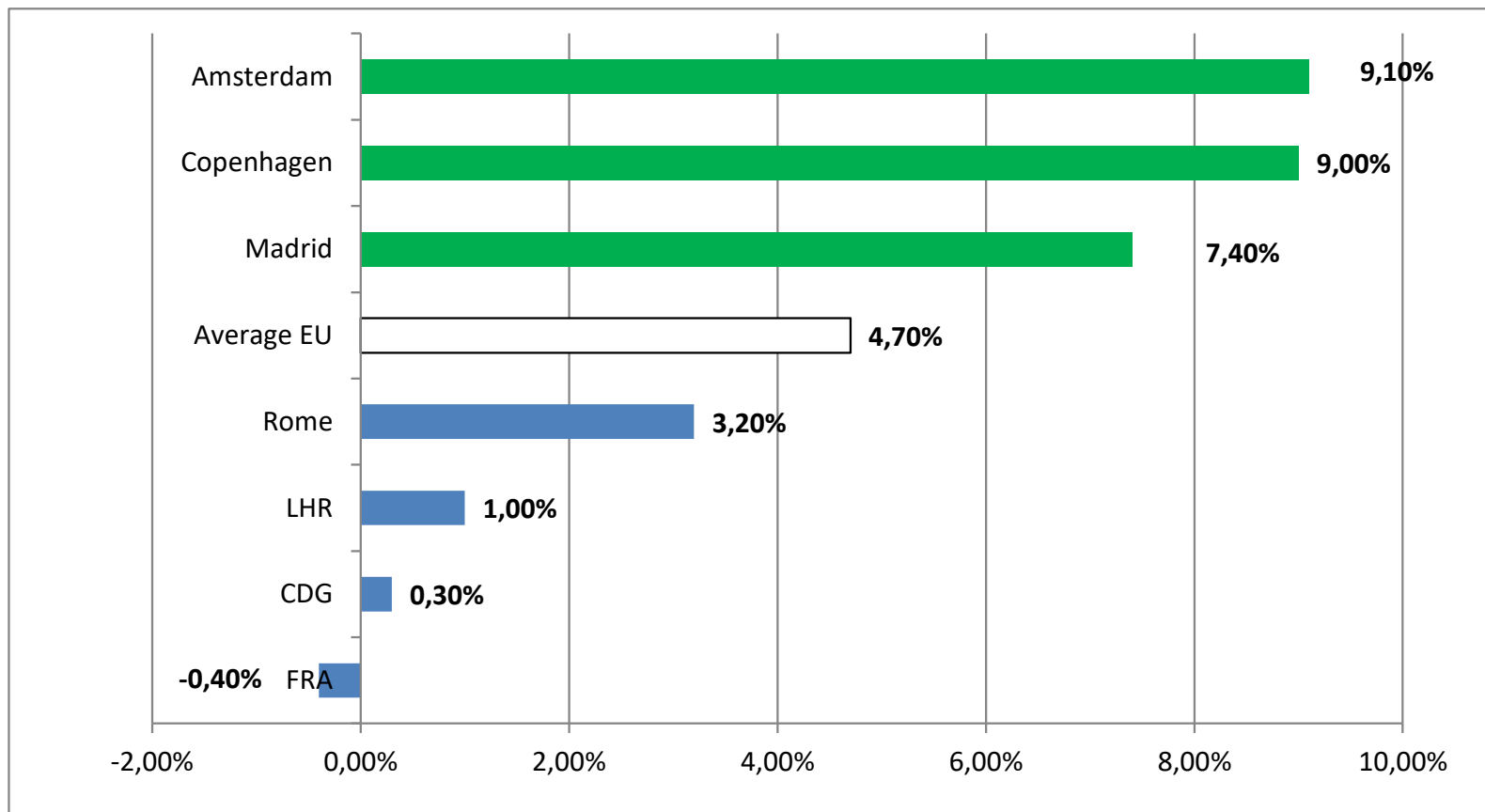


2016 YTD
4,6%

ACI Europe-ETRC est.

- LCCs growth remains primary driver of traffic in Europe
- Stronger growth in secondary hubs and regional airports mainly in Southern & Eastern Europe
- Impact of terrorist attacks
- Central & North Europe underperforming EU average, recovering last quarter
- Non EU traffic negatively driven by Turkish and Russian airports

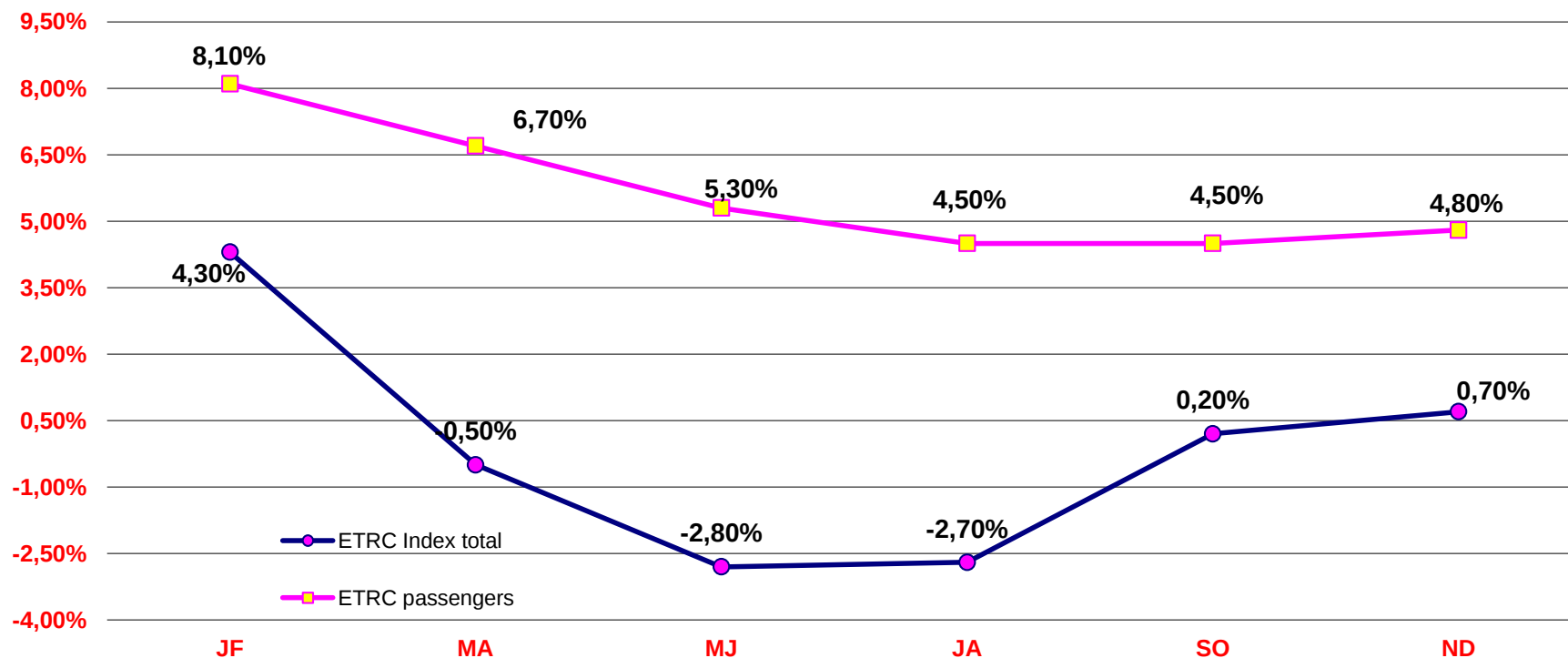
Airports Traffic trend 2016



ETRC est.

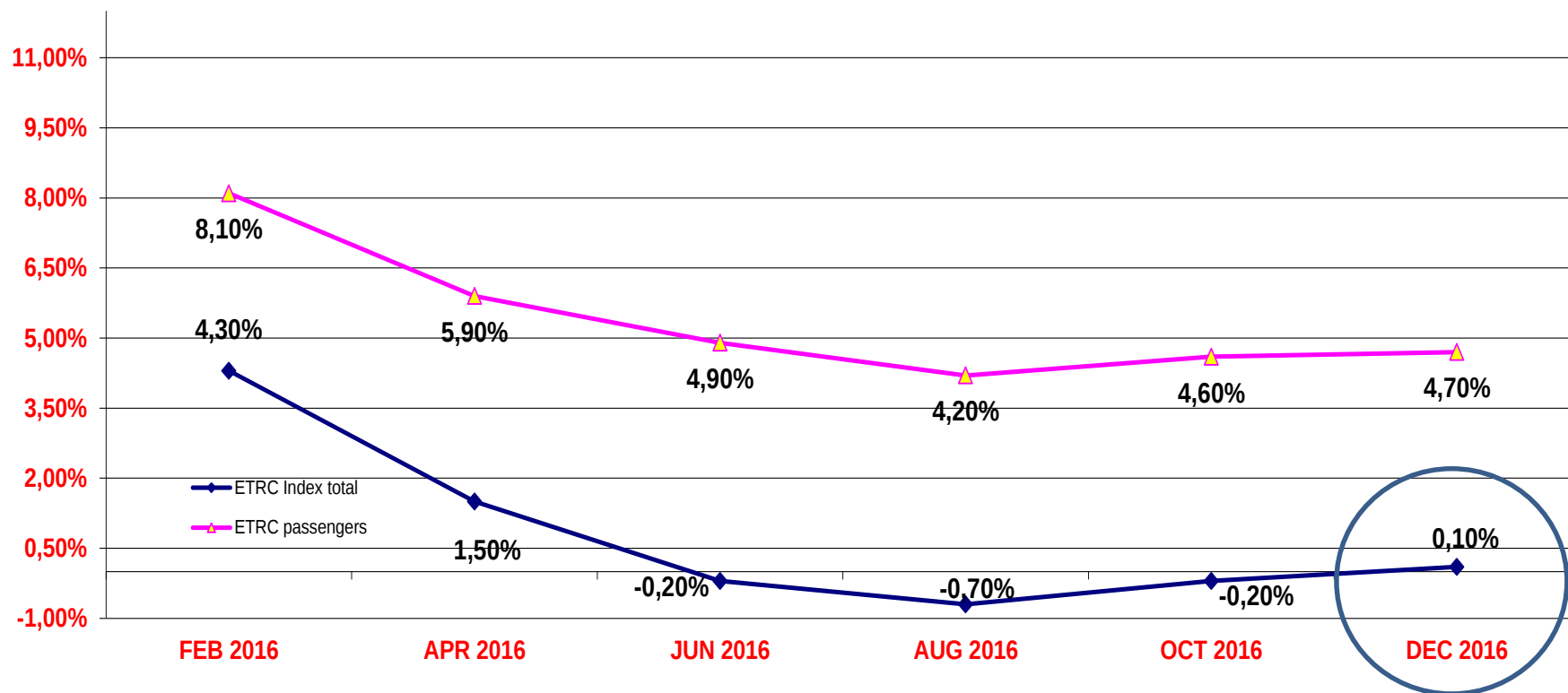
ETRC Index : Sales Trend 2016

Sales and Passengers: Two months Trend 2016

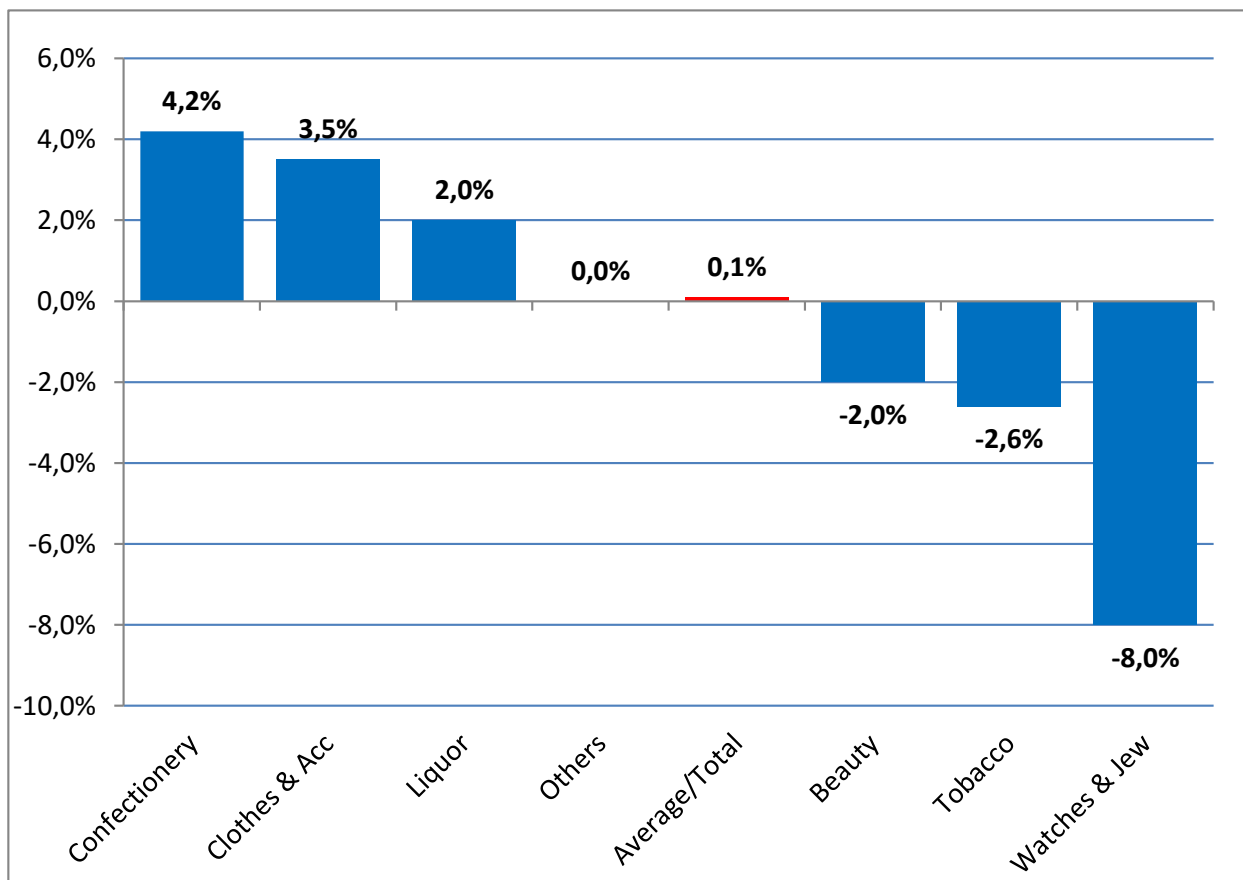


Generation / ETRC
ND estimated

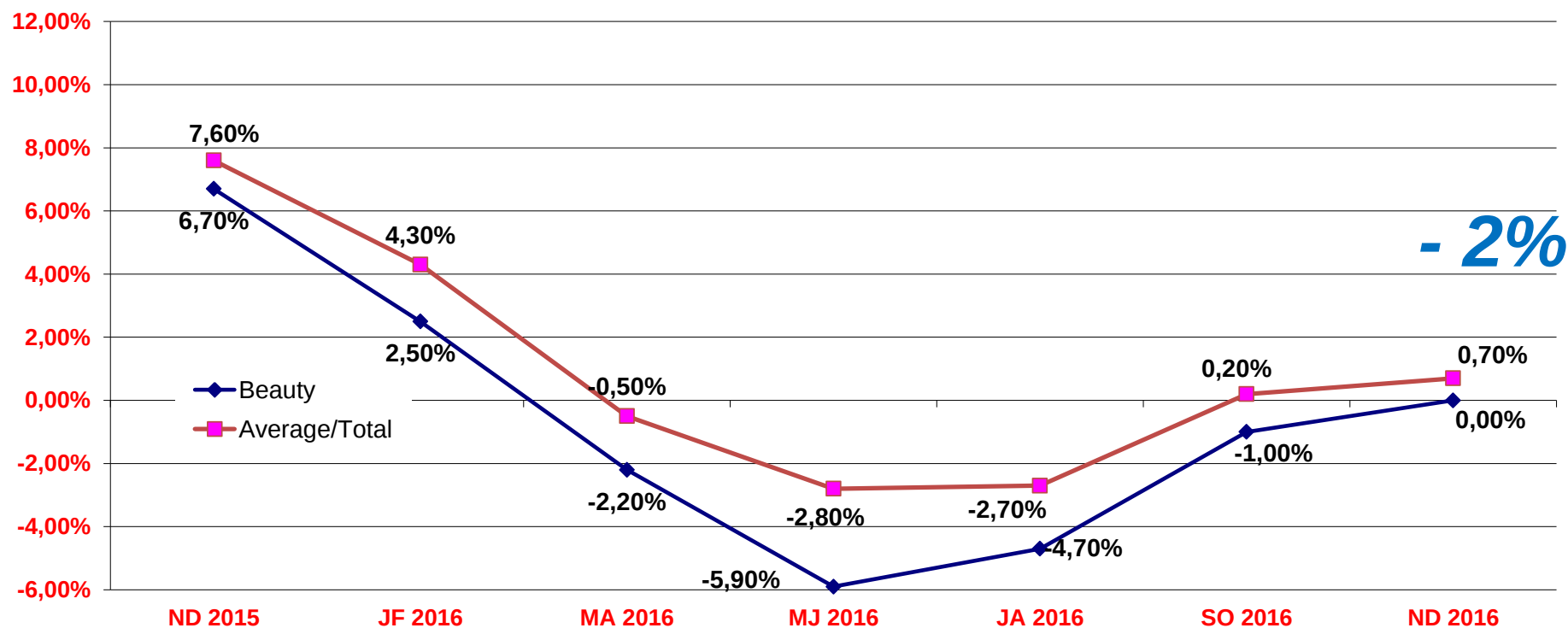
Sales and Passengers YTD 2016



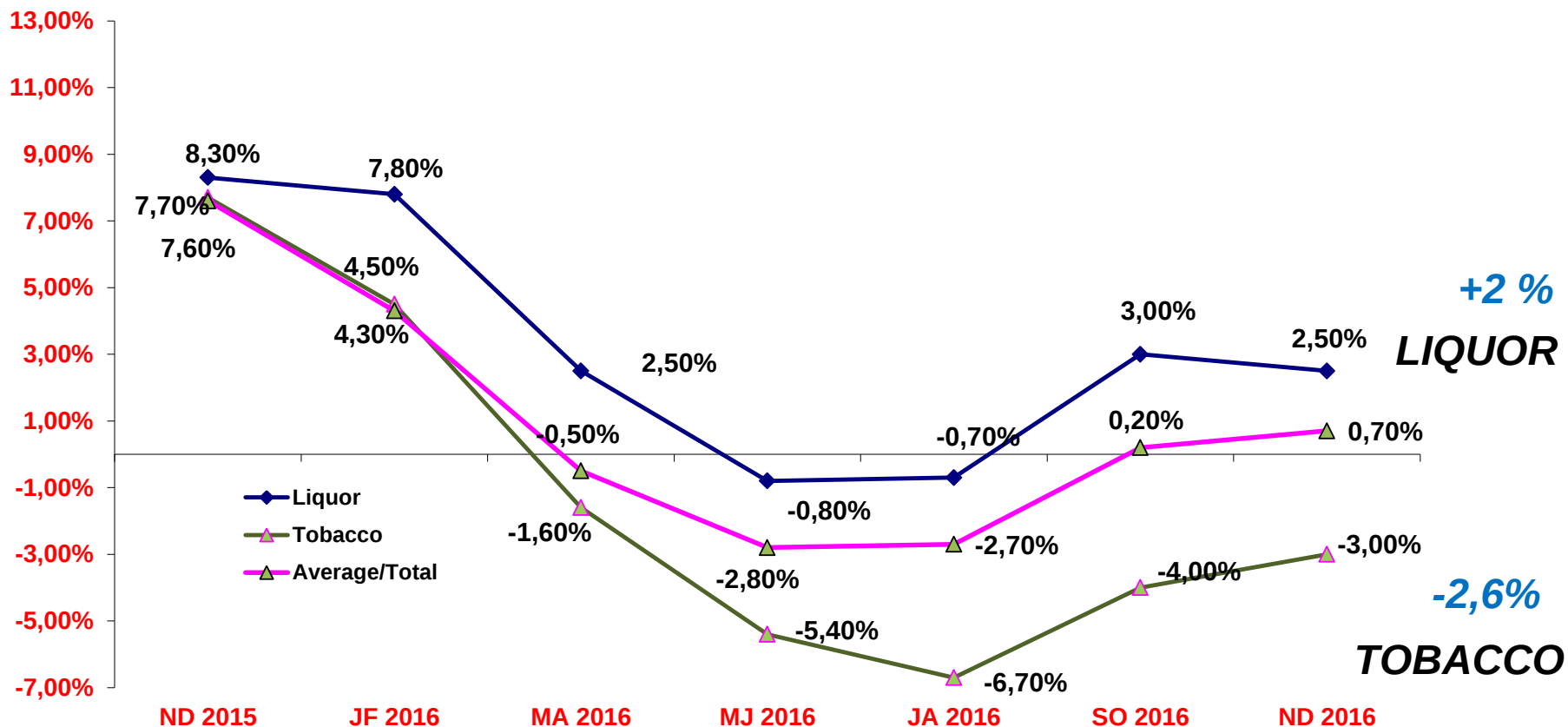
ETRC Index Categories Trend YTD 2016 vs. 2015



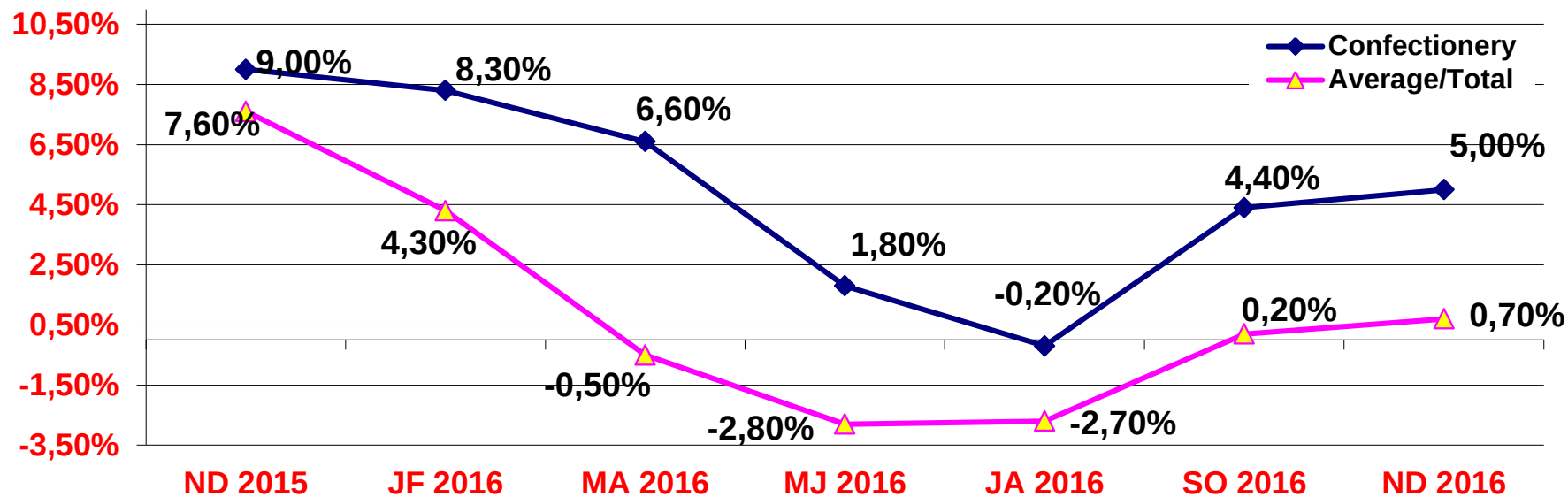
Beauty Trend 2016



Liquor-Tobacco Trends 2016

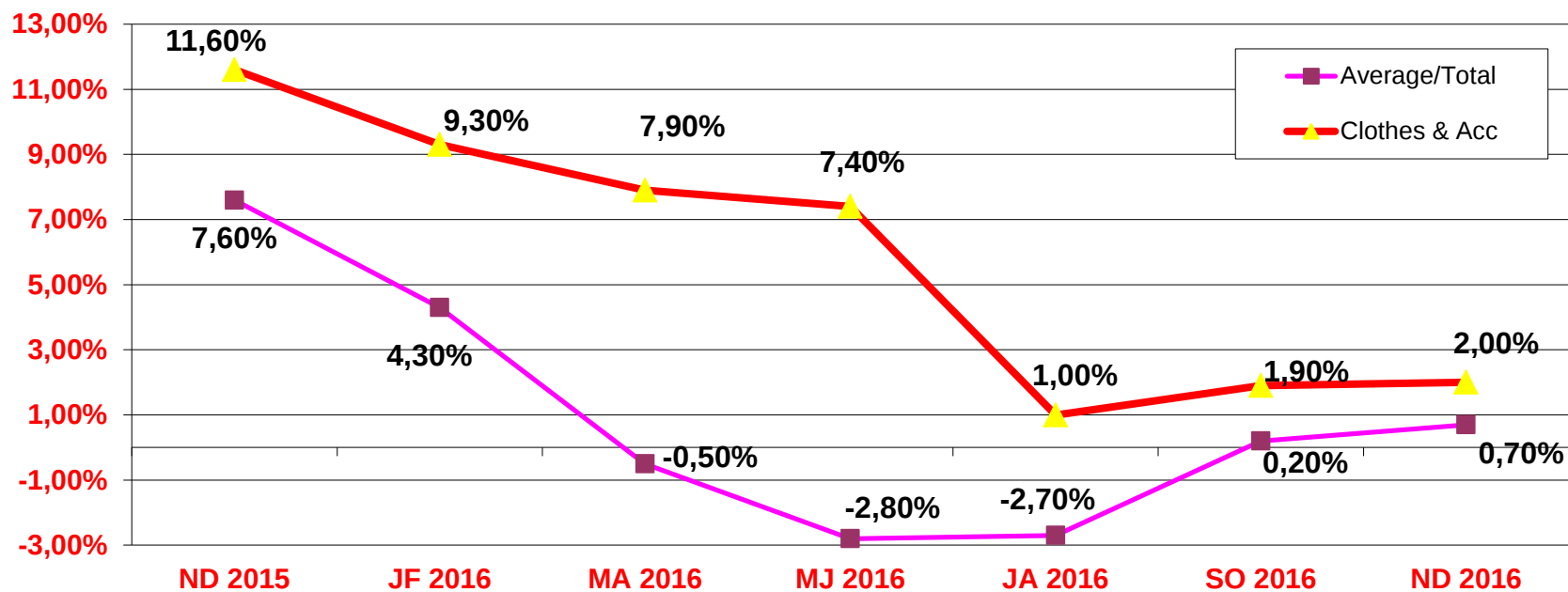


Confectionery Trend 2016



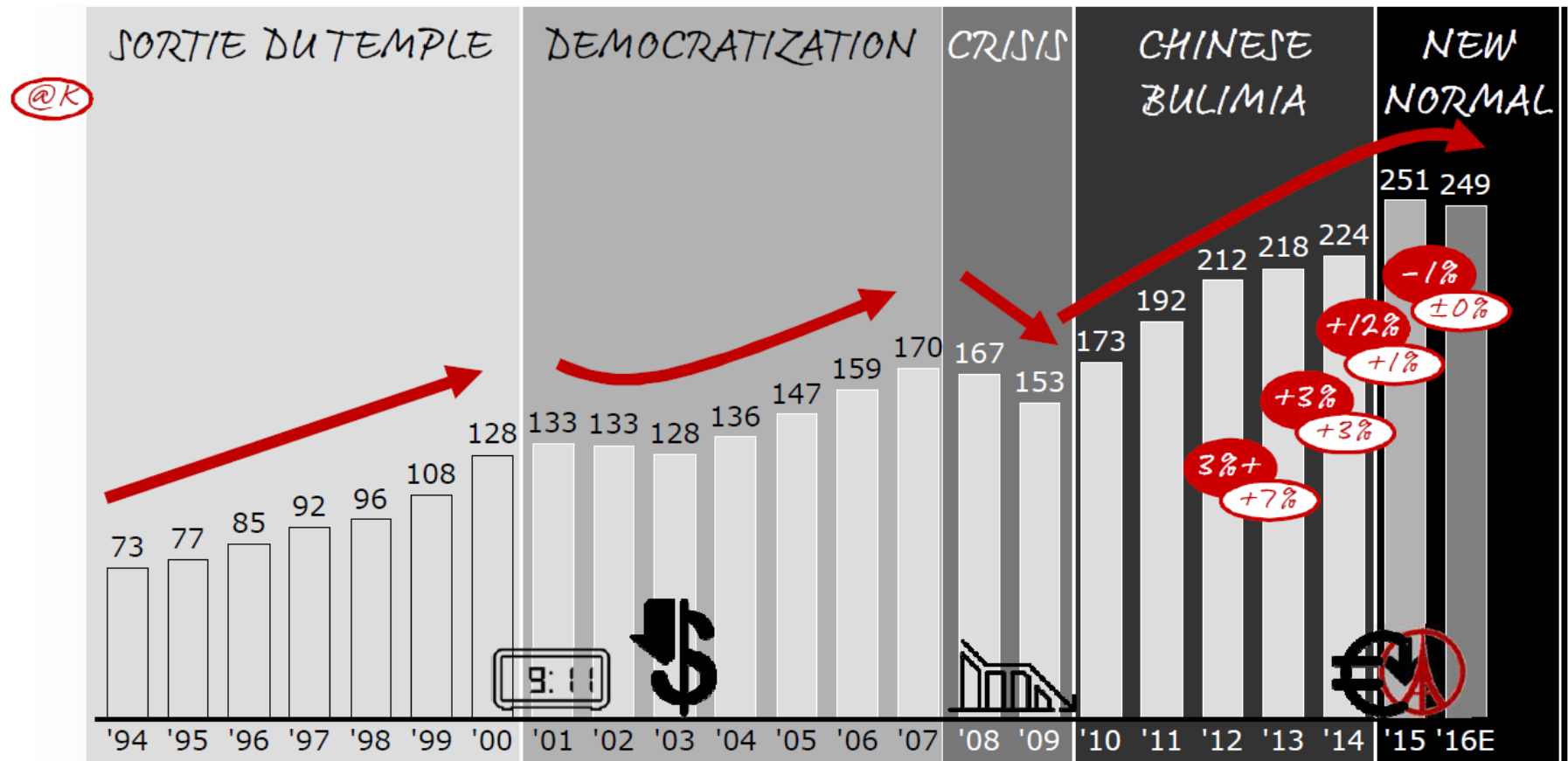
+4,2%

Fashion Trend 2016



+3,5 %

GLOBAL PERSONAL LUXURY GOODS MARKET TREND (1994-2016E|€B)

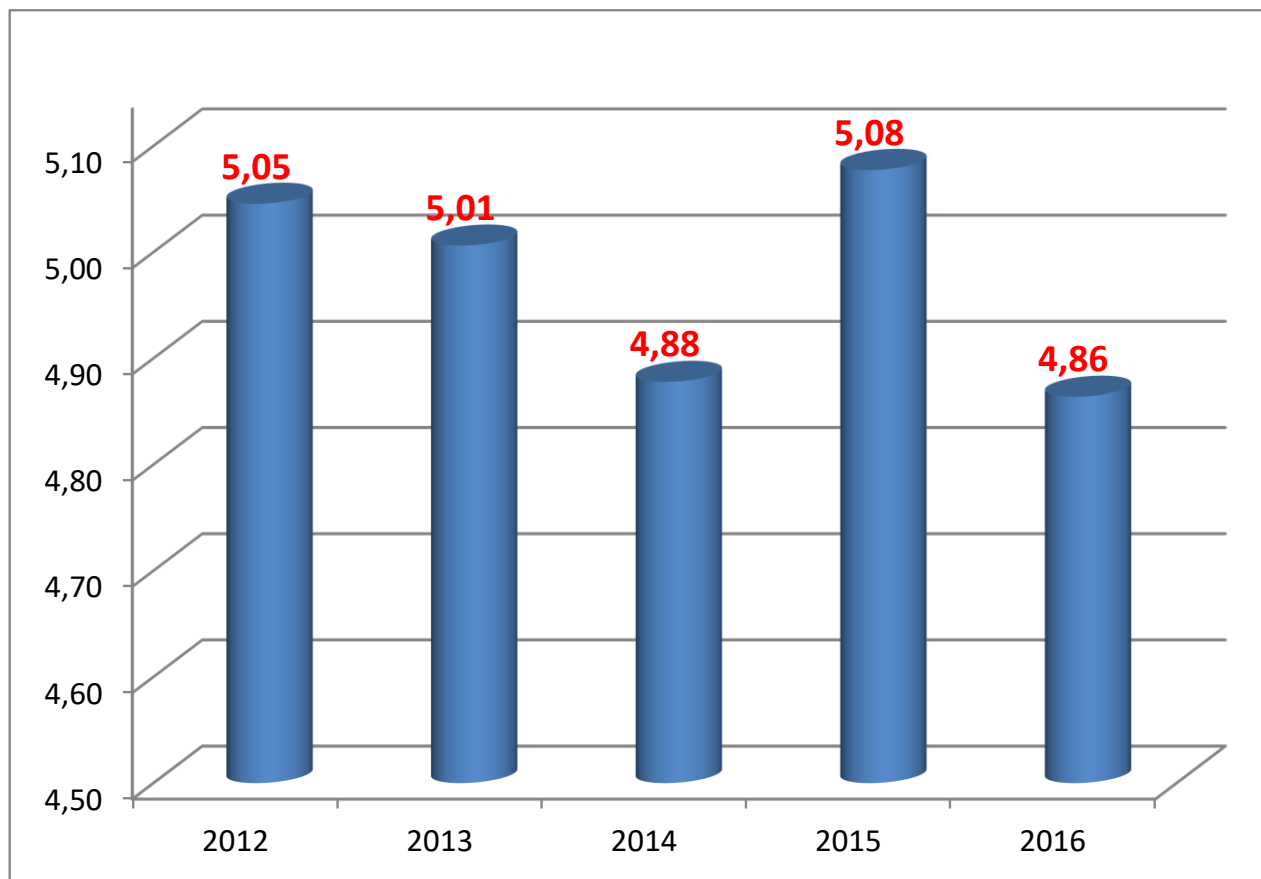


Fondazione
Altagamma

BAIN & COMPANY

12

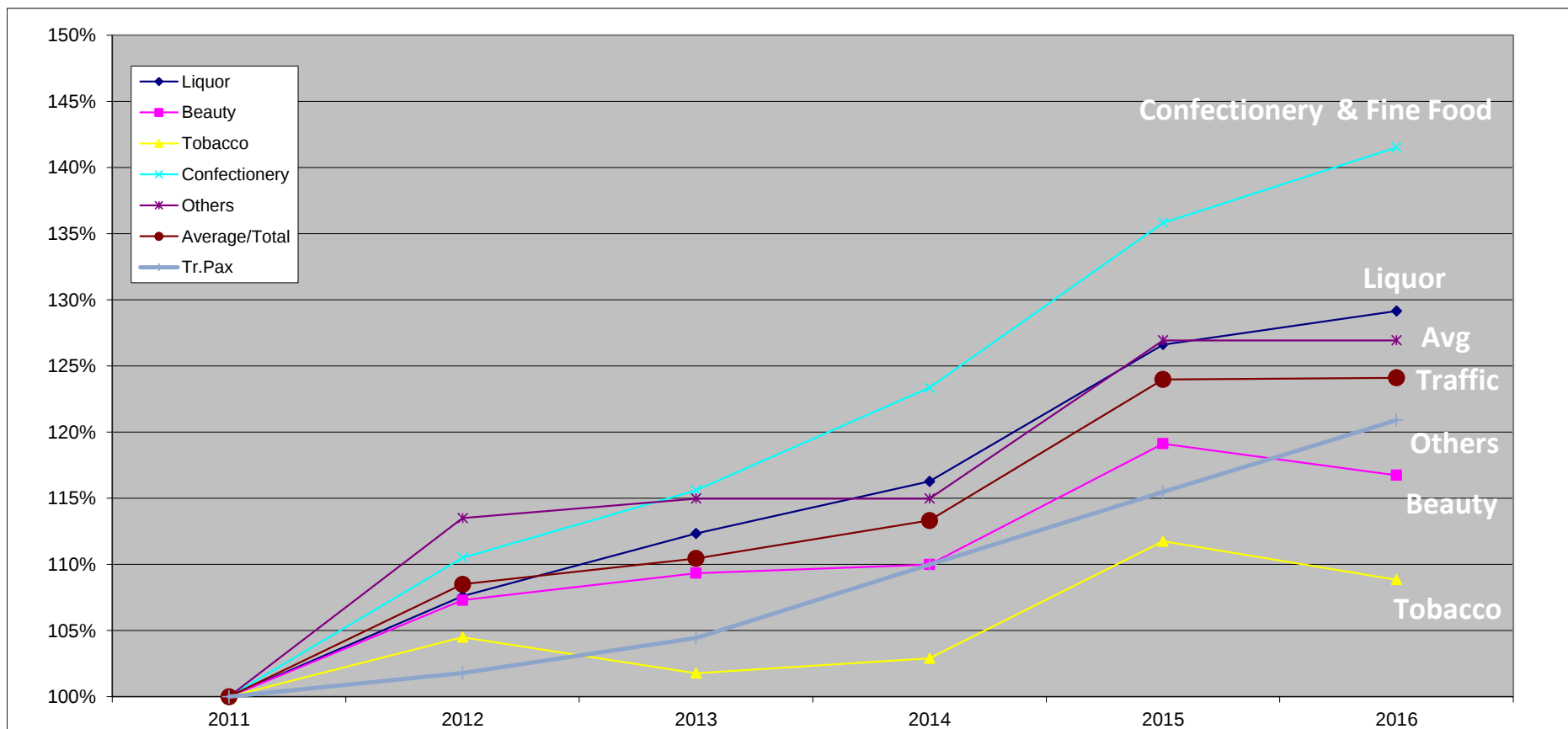
Spend per pax Trend 2016



- 4,2 %

Index €/total pax

ETRC Index: Category trends 2011 - 2016



Business Development : Rome «Avancorpo» project .. Looking Ahead

Rome Airports - Overview

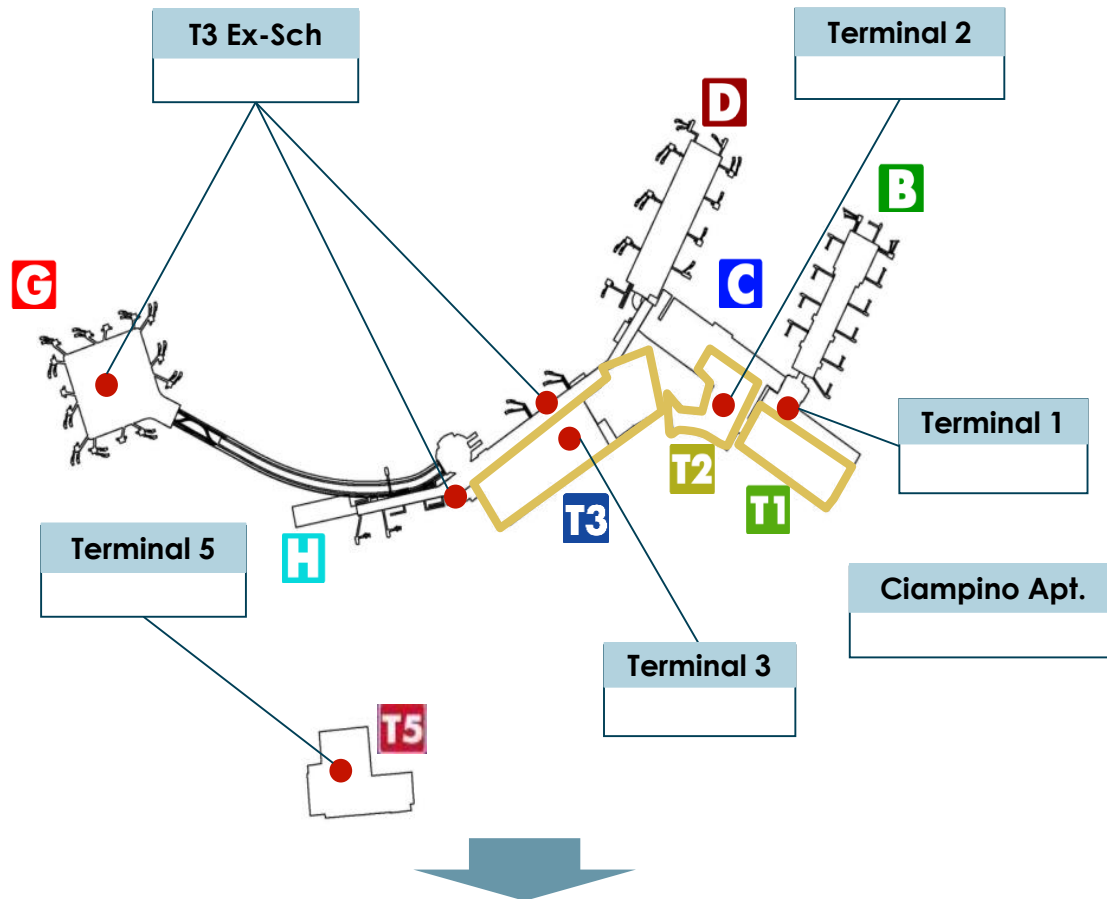
- 6th EU Airport system FCO CIA
- 46,5 mil pax
- Over 200 destinations
- 110 carriers
- 9 China destination
- ACI Quality ranking 2016 2nd in Europe after LHR

- 140 shops
- 60 F&B activities
- More than 80 brands
- More than 30 services desks (exchange, wrapping bag, tax refund)
- Main players of Luxury and Made in Italy



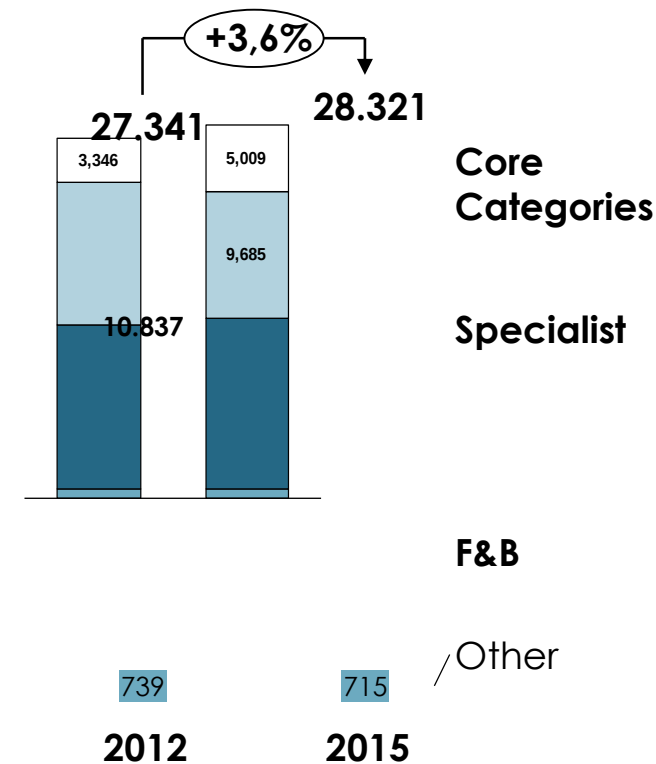
Fiumicino boarding areas and commercial offering was spread over all the airport. Retail performance suffered for undersized and fragmented areas leading to a suboptimal retail offering compared to European hubs

Terminal and boarding gate areas in FCO



Performances influenced by offering fragmentation – Extra Schengen area main source of revenues

FCO + CIA sqm evolution



Limited SQM additions mainly concentrated in Core category (+50%)

Rome Airport

Architectural concept of the new areas developed on two fundamental assumptions:

- ❖ Reference to the historical and artistic heritage of the city of rome,
- ❖ Integration with the harmonious balance of the Terminal 3 opened in 1960 on the occasion of the Olympic Games in Rome

Rome Airport

Watch video ADR Area d'imbarco E

https://www.youtube.com/watch?time_continue=100&v=Co_KA0E0N7Q

<http://www.adr.it/area-imbarco-e-extra-schengen/>



Infrastructure is key to fully exploit the retail potential



Architecture



Detail



Spirit



Retail

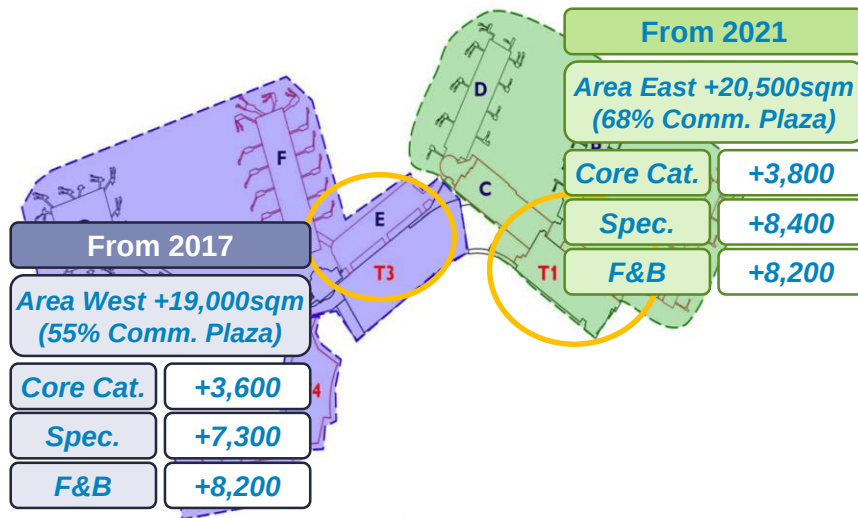
Key development issues

- Quality of the environment
- Advanced Design
- Retail space on process
- Unique passenger flows
- Visibility of retailers
- Dwell time optimization
- Spirit of Italy

FCO infrastructural plan to boost commercial development

- Full optimization of the existing and new retail areas, reducing fragmentation through a pax-centric design in three main step : 2016 West extra-schengen area , 2021 East schengen area , 2028 Fiumicino North
- In West and East Area 75% of retail offer concentrated AND dwell time increase through improvement in gate allocation policies and “call forward”

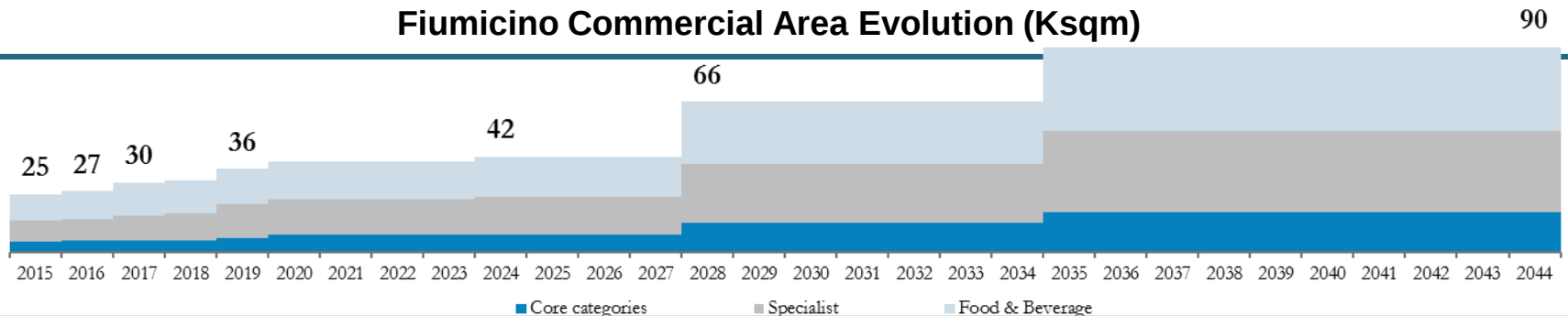
Fiumicino South



Fiumicino North



Fiumicino Commercial Area Evolution (Ksqm)



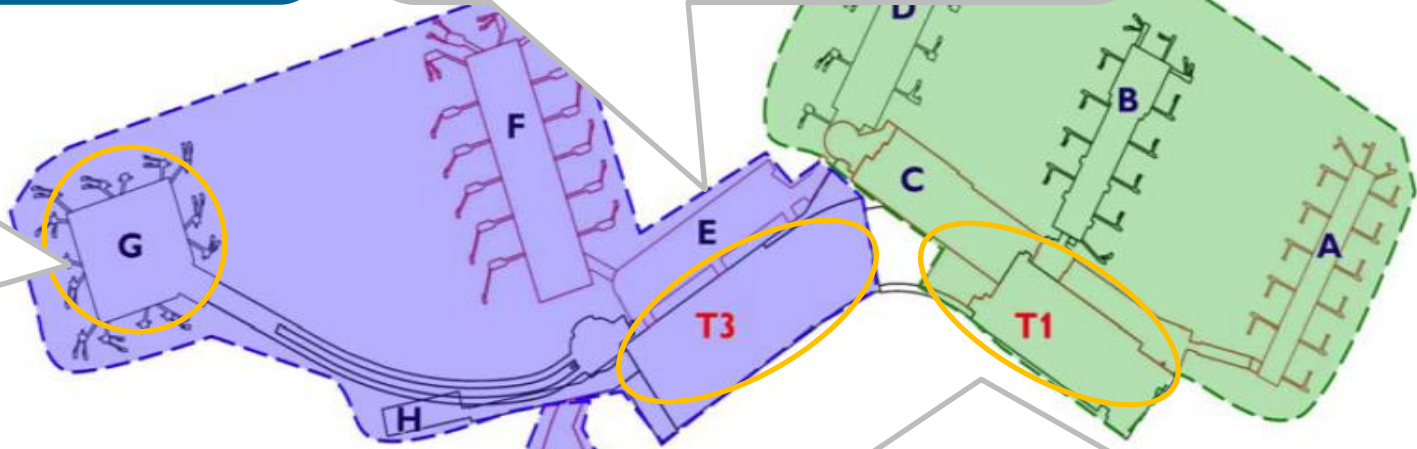
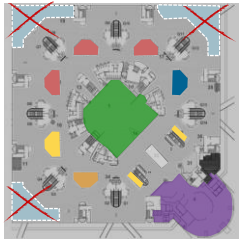
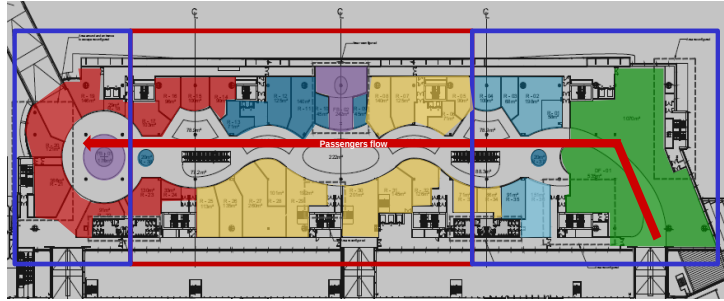
FCO South will have two main commercial areas



From 2017

1

**Commercial Area West
Extra-Schengen
10,500 sqm**



From 2021

2

**Commercial Area
East¹
Schengen**

13,900 sqm



Main commercial development drivers

Commercial development key levers

Retail plan impact (focus on FCO)

Combined effect

CUSTOMER
DRIVEN
AIRPORT

1 Retail areas expansion,
following traffic growth

2 Maximum space
visibility of retail
surface to all pax

3 Maximum retail dwell
time
in retail areas

4 Excellent commercial
operations

■ 3.4x increase (from 26k to 87.5k sqm):

- 19k sqm Area West in 2017
- 20.5k sqm Area East in 2020
- 48k sqm FCO North in 2035

■ In 2021, **concentration from 5 to 2 main plazas in FCO South**, implying from ~4 to ~12m pax per each plaza

■ Increase of visibility from about 40% to 80% of total retail offer

■ +2.0x increase of dwell time in retail areas in FCO South thanks to "Call Forward"

■ Continuous category management improvement, review of specialist stores/brands allocation

- Commercial offer adapted to passenger mix and "shopping occasion" in different airport areas

■ Marketing and logistics improvements identified, contributing to spend/pax increase

Concentrated commercial gallery, to maximize exposure and time spent in retail areas

Dimension of the retail area in line with the planned airport pax flow (volume and mix)

State of the art commercial operations

65% Retail
35% Food & Beverage

*Core
Categories*

2.200 sqm - **20%** of total surface with top location

Luxury

3.000 sqm - **28%** of total surface in the center of the Avancorpo

Other Specialist

1.900 sqm - **17%** of total surface

*Food &
Beverage*

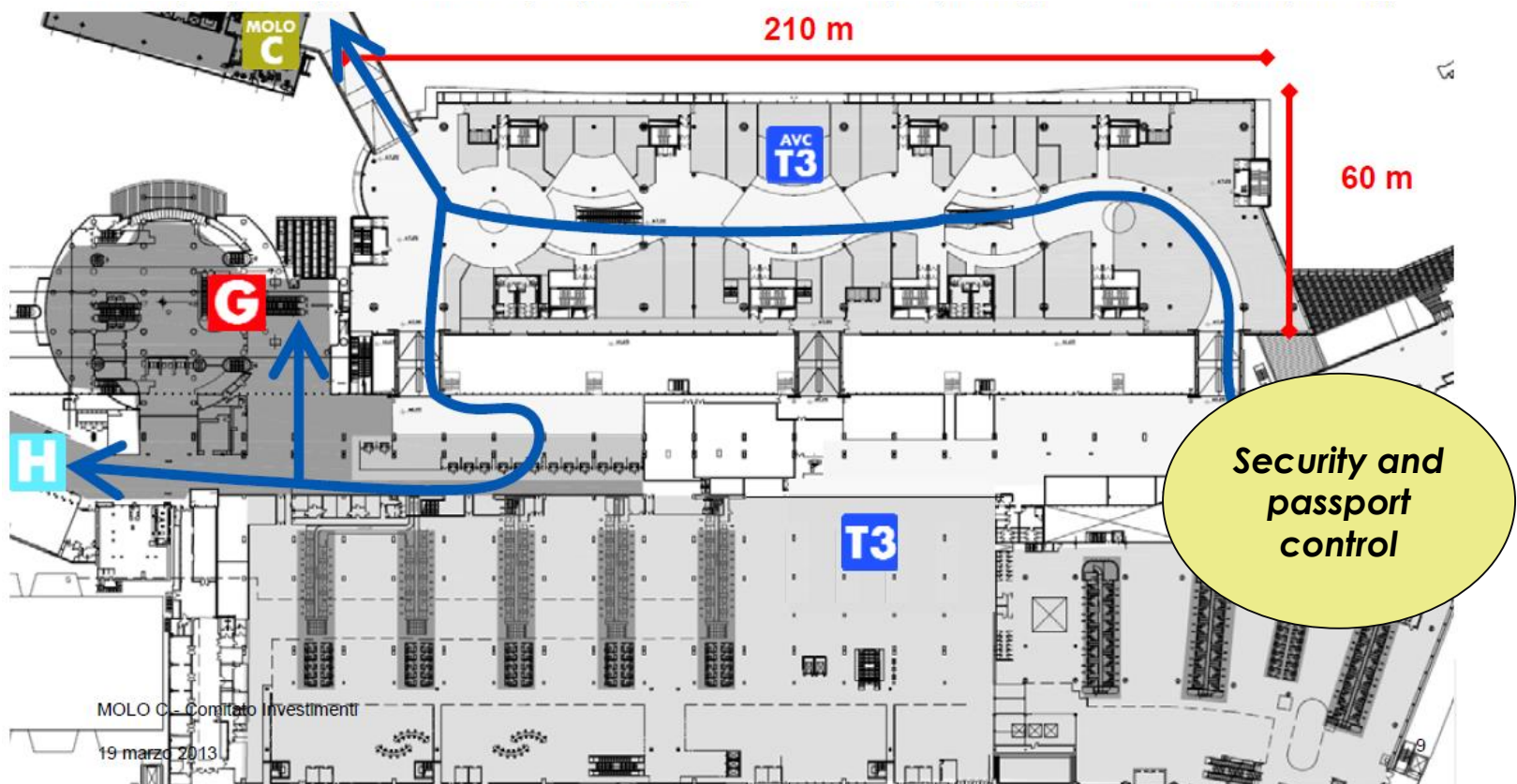
3.700 sqm - **35%** of total surface mainly at the upper floor

Passenger flow West Extra Schengen Commercial Plaza

All departing pax in West Side walk through the new commercial building

Departing pax - 2017:

about 7.0Mpax (forecast)



First infrastructure released: Avancorpo of T3 - Departure level (1/2)

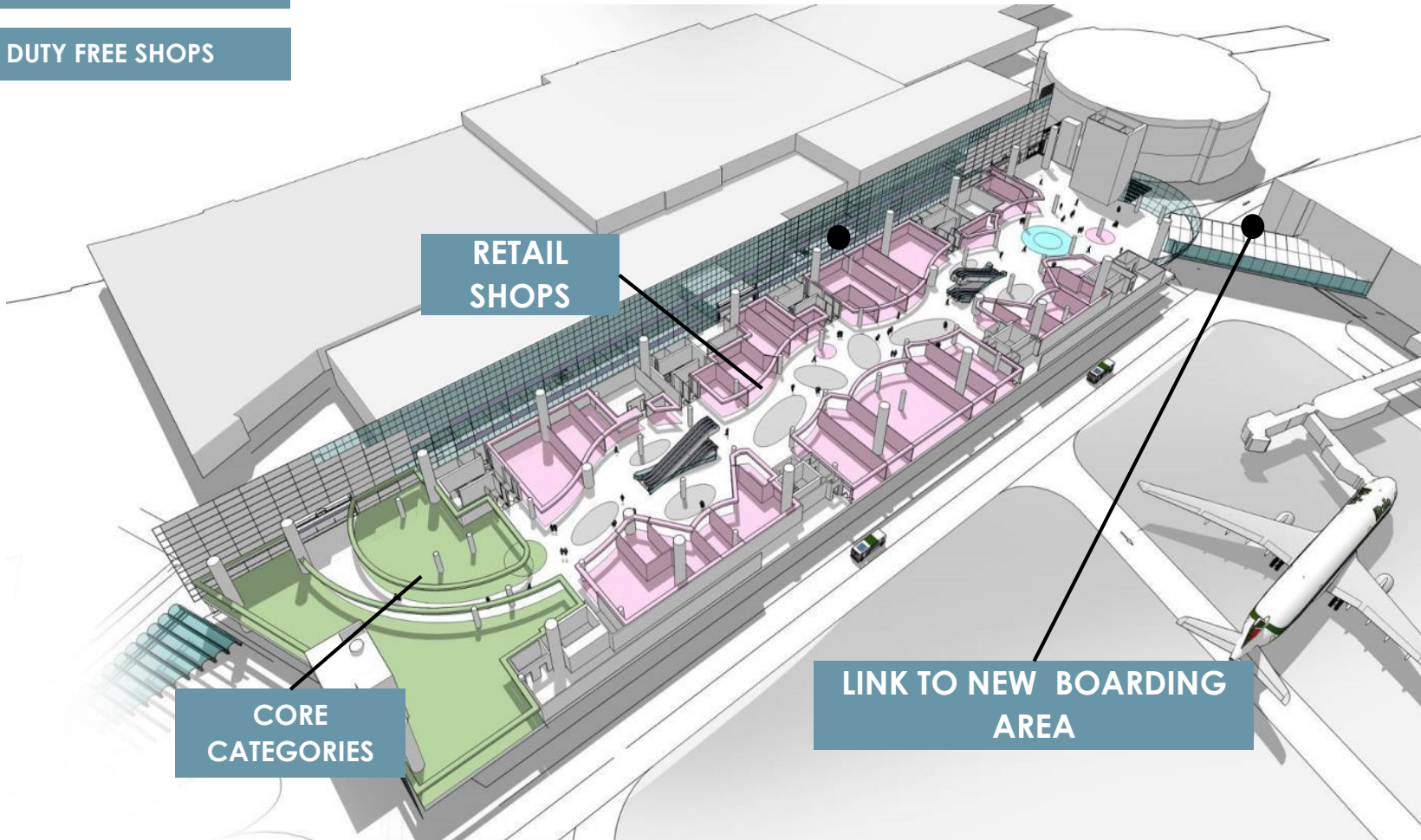
RETAIL

DUTY FREE SHOPS

RETAIL
SHOPS

CORE
CATEGORIES

LINK TO NEW BOARDING
AREA

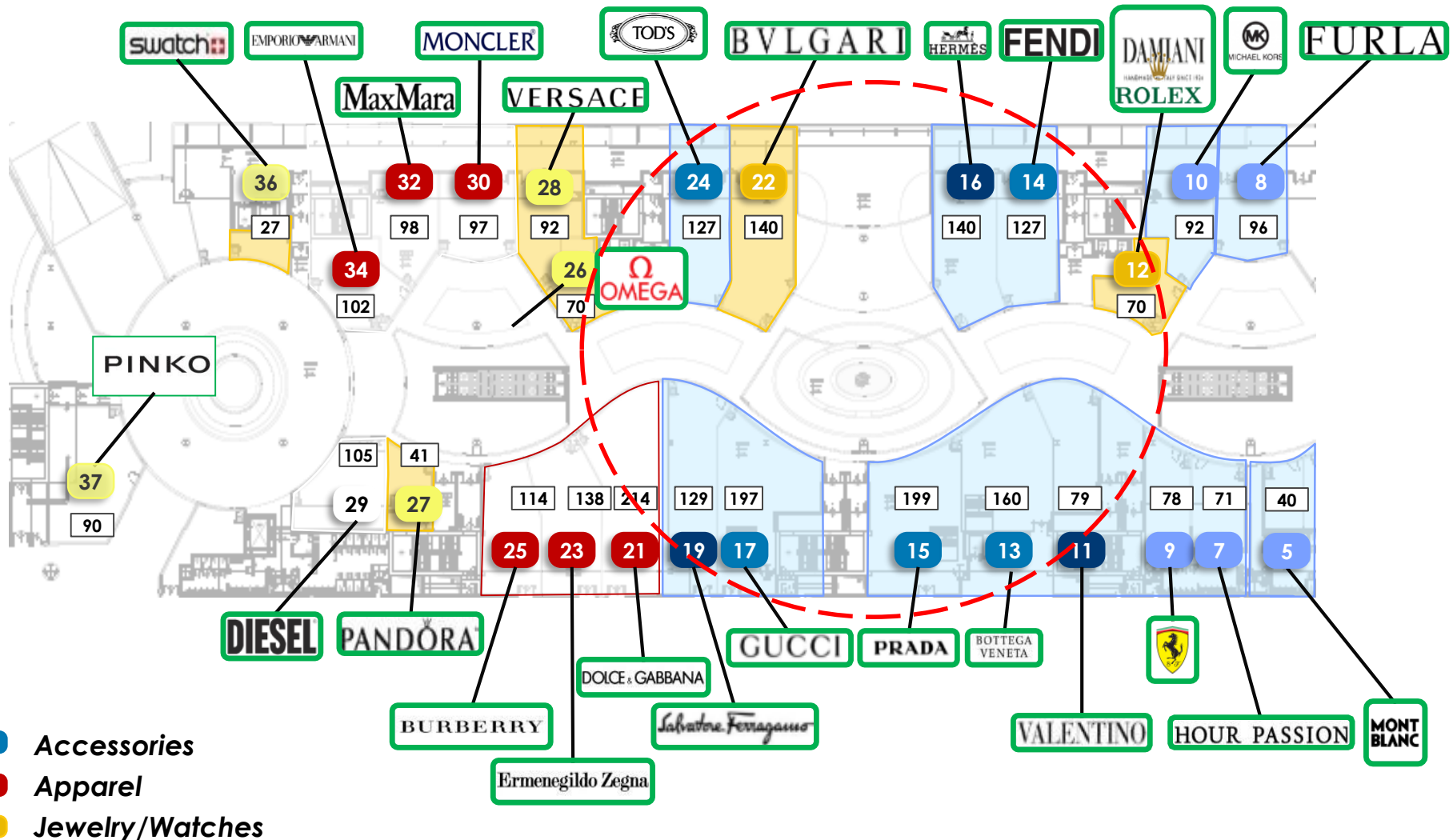


First infrastructure released: Avancorpo of T3 - Departure level (1/2)



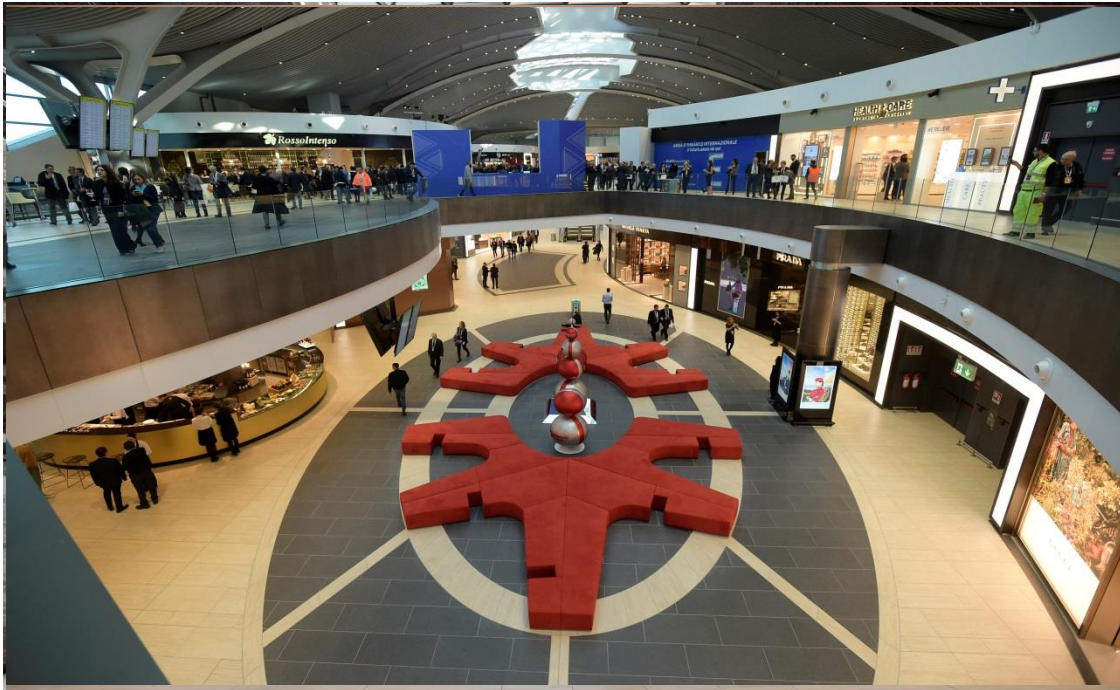
Brand mix : focus on luxury

BRAND ADJACENCIES BASED ON BRAND POSITIONING AND CATEGORY



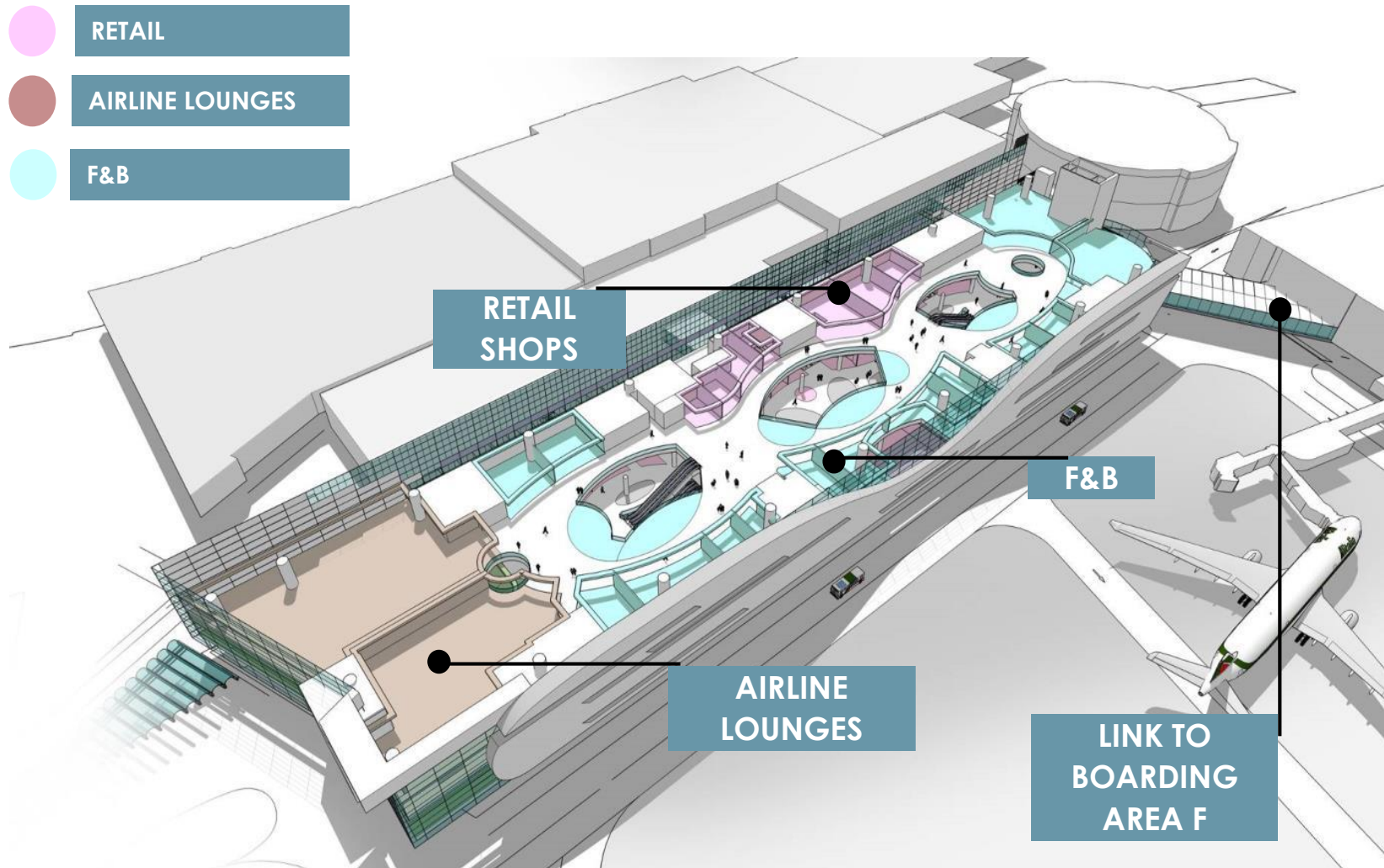
New Commercial Building

Departures level

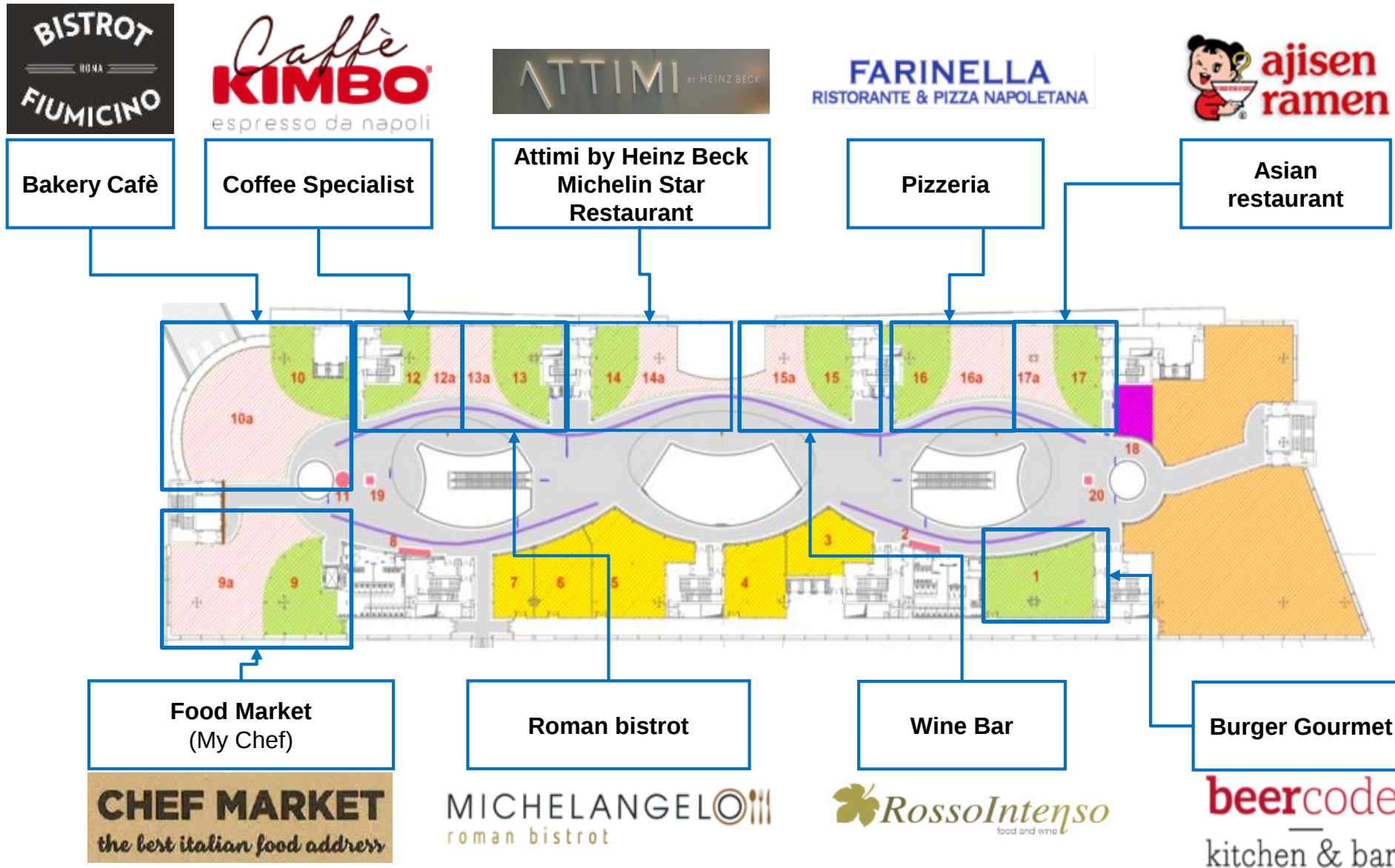


High quality environment with a strong integration between commercial facilities, services and seating areas, where passenger will spend their time...

First infrastructure released: Avancorpo of T3 – Mezzanine level (2/2)

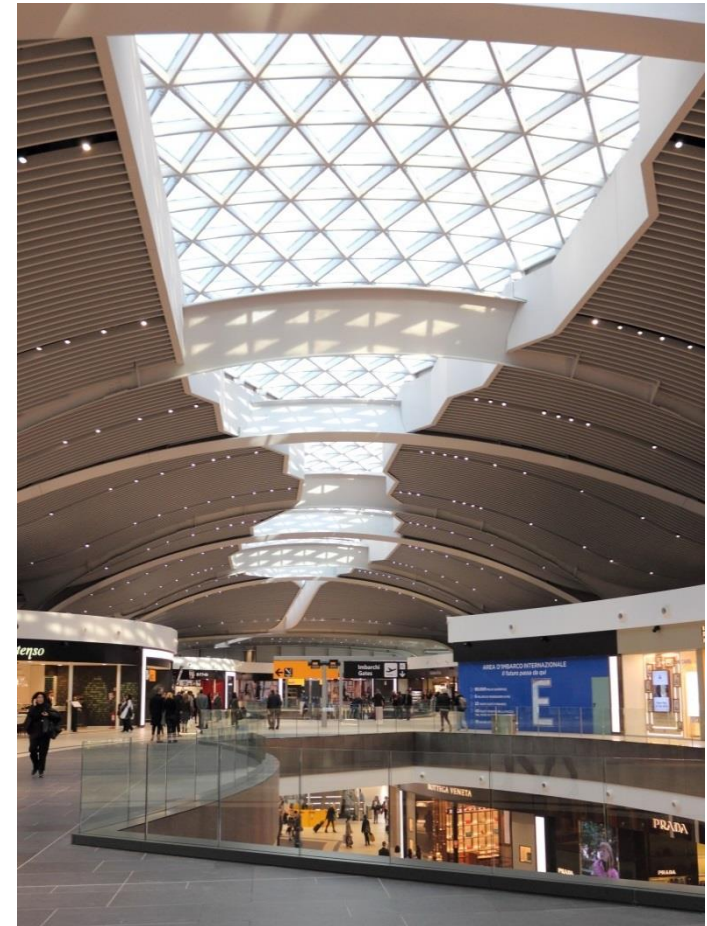


Upper Level Food Court



New Commercial Building

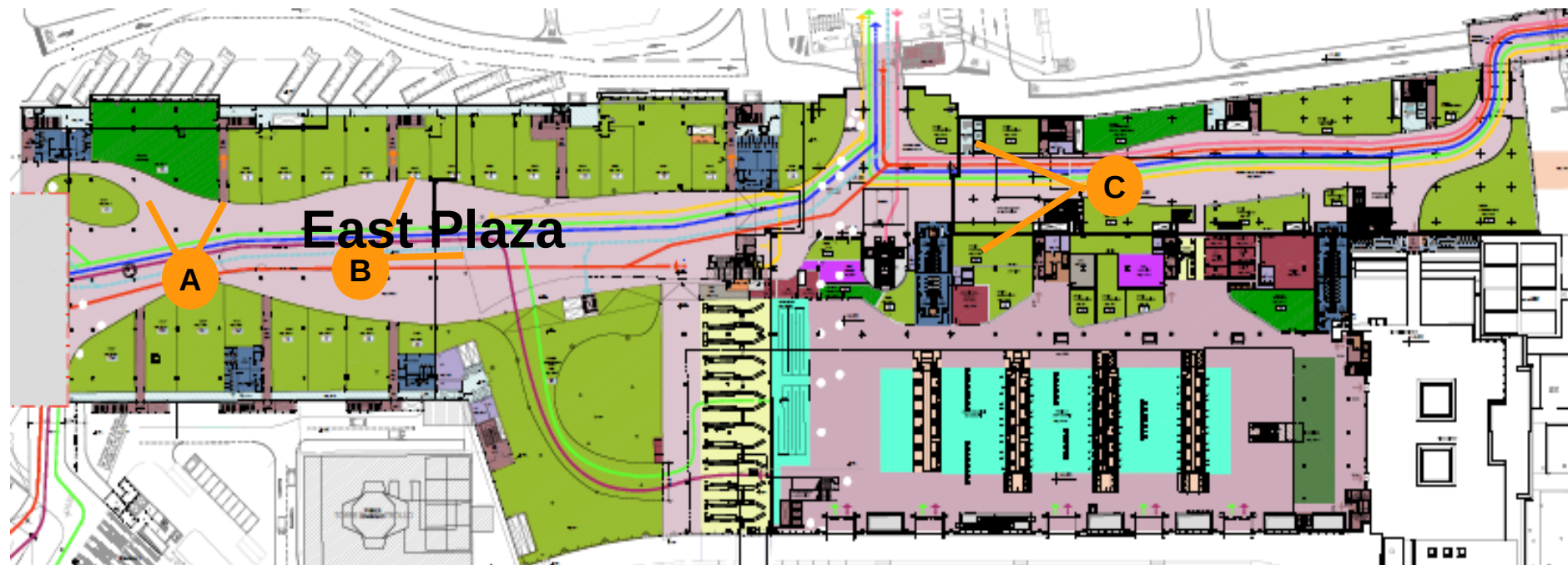
Upper floor



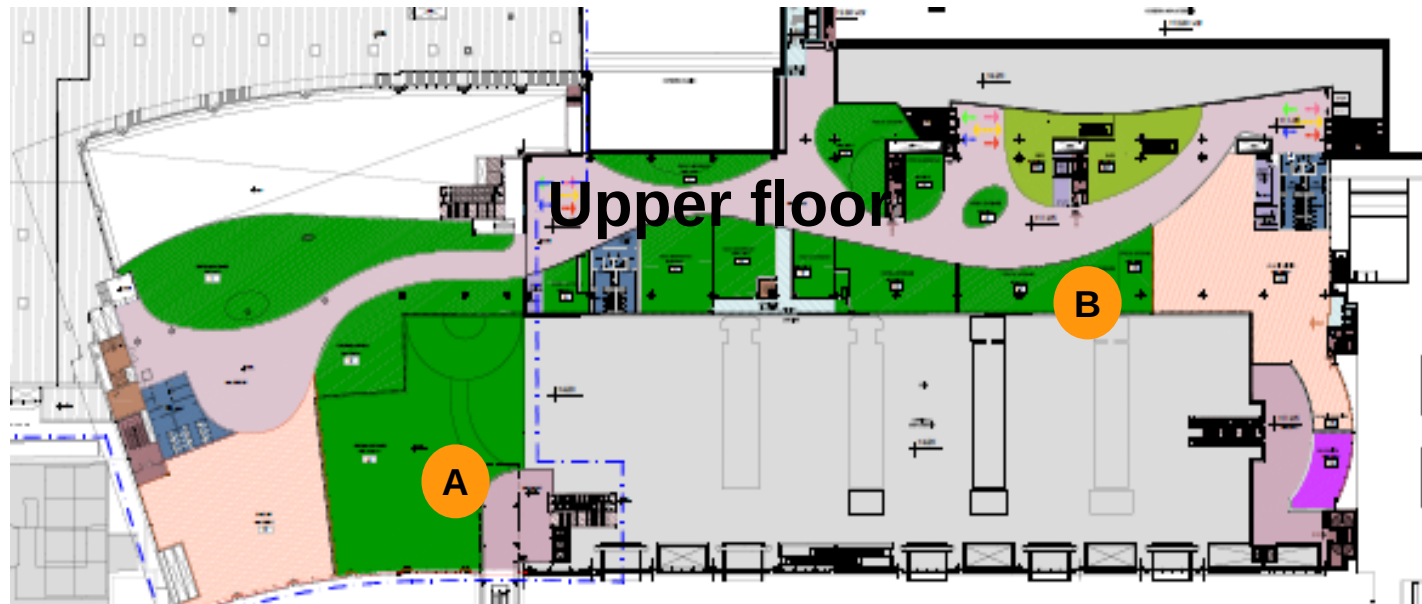
...in a very comfortable space with natural lighting and high ceilings, to deliver a great passenger experience

- *Price policy*: Full VAT FREE (-22%) price policy for all luxury and fashion brands all extra-UE passengers;
- *Sales data*: transaction and boarding card information coming from all retailers in real time and shared with ADR through an IT platform implemented by ADR;
- *Consolidation Center*: project started on Sept. 2015 focused on goods delivery for commercial activities in the airport. XPO Logistics “Cross docking platform” created to optimize logistics aspects: from suppliers to stores inside the terminal.

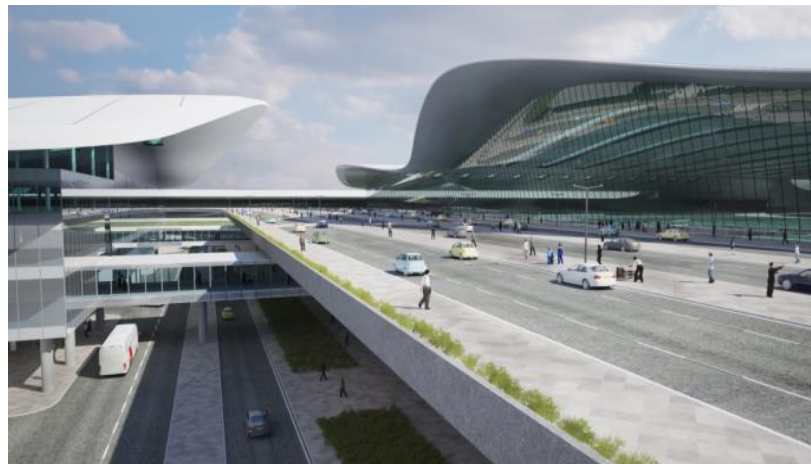
The future development : East schengen area



The upper level will be dedicated to commercial services such as F&B and VIP Lounges, with a strongly increased landside area



FCO North – New Terminal



Retail Guidelines

- 48,000 sqm of retail area, released in two steps to enhance flexibility
- Increase in sqm / departing Mpax
- Further increase in terms of concentration; retail main offer will be in the central processor with high visibility for both originating and transfer passengers
- Boarding areas will propose a “last-minute” offer, characterized by *high speed purchase process*





Thank you

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