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Airports Council International
European Region,
6 Square de Meeûs,
B-1000 Brussels, Belgium

Director General
OLIVIER JANKOVEC
Tel: +32 (0)2 552 09 72
olivier.jankovec@aci-europe.org

Director: Media & Communications
ROBERT O'MEARA
Tel: +32 (0)2 552 09 82
Fax: +32 (0)2 502 56 37
robert.omeara@aci-europe.org

Director: Membership Services & Events
DANIELLE MICHEL
Tel: +32 (0)2 552 09 78
Fax: +32 (0)2 502 56 37
danielle.michel@aci-europe.org

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PPS Publications Ltd
3a Gatwick Metro Centre,
Balcombe Road, Horley,
Surrey RH6 9GA, UK

Tel: +44 1293 783851 Fax: +44 1293 782959
email: post@pps-publications.com

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Magazine staff

Editor AMY HANNA

Managing Editor ROSS FALCONER

Sales Director JENNY RAYNER

Head Designer RICHARD JENDE

General Manager - Association Business
PAUL SWEENEY

Managing Director PAUL J. HOGAN



The remarkable story of Gebr. Heinemann

Since its foundation 135 years ago, Gebr. Heinemann has remained a family-run business, whose colossal successes in the travel retail industry would not have been possible without its deep-rooted values, culture and identity. Today fourth generation owners, cousins Claus and Gunnar, continue to pursue the Hanseatic principles instilled in the company by their great grandfather, and together are developing their beloved business into a truly global player. Report by Amy Hanna.



The story of Gebr. Heinemann is an enduring account of ingenuity, tenacity and family. It begins in maritime Hamburg in 1879, when Carl Friedrich Heinemann suggested to his elder brother Heinrich that they establish an enterprise to supply tax and duty free commodities to ship chandlers. The venture marked the start of a long and prosperous journey, which over four generations would see the small family business flourish, overcoming floods and fires that threatened its survival, staying afloat after the Second World War by selling hot drinks and bicycle pumps, supplying goods to the first duty free counter in Germany, and partnering with Europe's foremost airports and airlines to become an instrumental force in the development of the travel retail industry.

135 years on, Gebr. Heinemann is a major distributor and retailer for the global duty free market, and delivers an ever-expanding range of goods to international airports, airlines, cruise liners and border shops in more than 100 countries. As a distributor it supplies in categories including perfumes and cosmetics, wines and spirits, confectionery, delicacies and more, while its retail operation now serves more than 30 million customers annually. Despite its growing international profile, however, one thing has not changed – the Gebr. Heinemann family spirit remains integral to the way that it conducts its business, and its devoted team continues to uphold those values to this day.

Today the family business is owned and managed by the great-grandchildren of its founders, cousins Claus and Gunnar Heinemann, who joined their fathers in the running of the company in 1979, and set about expanding its activities on the international travel retail market. Of the major players in the global duty free sector, Gebr. Heinemann is the only company that continues to be family-run. In 2013 it managed a worldwide retail turnover of €2.4 billion and wholesale revenue of €800 million – making it Europe's number one in buying power – and now has some 5,500 employees whose welfare is the personal concern of the company's owners.

A passion for trading

Just minutes spent in the company of Claus and Gunnar Heinemann is enough to be sure of the pair's unwavering enthusiasm for the industry. A passion for trading is in their genes, and punctuates their every word as we discuss the dynamic development of contemporary travel retail – their still-childlike excitement for the market unequivocal. The world of duty free has always been a part of the Heinemanns' lives, and influences all that they do, down even to their consistently immaculate dress – the bespoke Heinemann logo ties and pocket squares they sport have been designed exclusively for the Board of Directors by Parisian fashion house and travel retail institution Hermès.

Claus and Gunnar were brought up on the industry, and it was, they explained, never questioned that they would go into the family business. "It was always known," said Claus, the son of the third-generation owner of the company, Helmut. "We were born into a family where, for generations, the duty free business has dominated not only our professional but sometimes also our private lives, so for me it was clear that it would be a great privilege and a great challenge to work in this field of business."

"We were basically raised with the company," Gunnar went on. "At weekends and during our holidays we went and worked in the logistics centre and the warehouse, and got nearer and nearer to the daily work and the company issues. We were interested in the company even as boys, so there was no doubt – not a single doubt – of whether we would be interested in doing it or not."

Just half a year apart in age, the cousins entered into the company at almost the same time, and that they would work in harmony together as partners was clear. "It was in our blood you might say. Every generation of owners were partners themselves," Gunnar commented. "There was always two Heinemanns, and historically they have always worked together and complemented each other." The Heinemann cousins trade in charm, and together are a comic double act, bouncing off each other in a show of their famous sense of

humour. Behind this jocular sharpness of wit though is shrewd commercial acumen, and bravura knowledge of business that has seen the pair achieve landmark successes in their three and a half decades in the company.

"We have worked together for 35 years, and one of the strengths of the company is that we still have a good understanding," Claus asserted. "It's very important that all the family members have a good understanding – we want to be a good example for our people. You have to enjoy your business, and this is what we like to show through our partnership. And we don't take each other too seriously."

The human touch

The distinctive Heinemann way has been honed over generations, and its family values are at the crux of its operations. The human touch has always been inherent to its performance, and still today the organisation strives to bring Hanseatic gallantry to the fast paced travel retail industry. "This was also very important to our fathers, and I think they would be pleased to see that, even while our company is growing on a large scale, we could keep this family atmosphere, and keep the values that are such a big part of our success," Claus added.

The buzz of Gebr. Heinemann's palatial harbourside headquarters is evidence that the prevailing familial spirit of the firm extends not just to its owners and Board, but through the entire company. As Claus and Gunnar pass through the building, they give friendly hellos and shake the hands of everyone they pass, and even on occasion receive an embrace. "We don't work with numbers, we work with people" is a crucial pillar of the Heinemann ideology, and it is clear that the Heinemanns have a very close relationship with their employees. "Our people are in a way all our partners, and we have a very good relationship with them," Claus enthused. "We go with them into the canteen and we sit together. If someone has a problem, the doors to the owners' offices are always open. And this is something that actually happens, it's not just theoretically that we say this."



As a company, Gebr. Heinemann serves as many different things to many different organisations, but its business hinges on maintaining mutually beneficial relationships with its customers and suppliers, and as such the company applies the same feeling of family to its external partners. It develops long-term relationships based on trust, and works with firms with which it can exchange knowledge for better practices. “I believe so far the success of Heinemann has been in finding the right partners, in understanding our partners and building up relationships,” Claus furthered. “And in most of our international business we work with these partners because we do not believe that from Germany alone you can judge the different mentalities and cultures of a country. This is why we believe finding the right partners is of basic importance to be successful.”

Much more than just a retailer, wholesaler and distributor, Gebr. Heinemann prides itself on supporting its partners and understanding their needs, and, for its owners, dependability is a matter of pivotal significance. “A promise is a promise, a handshake is a handshake, and what has been promised will be kept,” Gunnar stressed.

Global growth

An understanding of the regional idiosyncrasies that influence business across the globe is the foundation of the Heinemann strategy for growth, and as a central player in both the distribution and retail arms of the industry, Gebr. Heinemann is immersed in the industry in a unique way. In Europe it is a confident leader, registering a market share of 16% in European duty free, with its top three markets in Norway, where it records €575 million in revenue,

Turkey – €545 million, and Germany – €400 million. As its international expansion continues Heinemann is distinguishing itself not only as an industry leading, but also a truly global player.

The Heinemann name is now well established in the Asia Pacific region following the foundation of Heinemann Asia Pacific in 2010, and in the latter part of last year the Heinemann Americas subsidiary was opened in Miami in response to the calls of existing customers who wanted to enjoy the unmatched Heinemann service in the US. The independent branches were the vital next steps in Claus and Gunnar’s commitment to the Heinemann philosophy of “doing business locally”. “I think, when you go into a new market, you have to show the market that you take it seriously,” Gunnar stated. “And it simply isn’t possible to cover a market with a distribution



BEHIND CLAU AND GUNNAR’S
seemingly comic partnership is shrewd commercial acumen, and bravura knowledge of business that has seen the pair achieve landmark successes in their three and a half decades in the company.



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centre in Germany like we have – it's not enough. You have to be there. You cannot travel to a market again and again and believe you know it. You have to live there to know it and to experience it. When we sent our, then small, team to the Far East we said to them, the first thing that you have to do is learn, learn, learn."

Gebr. Heinemann's reputation in the European market is undisputed – its name widely considered a byword for dependable, honest and ethical trade. In these new territories though, the German company had to make a first impression that was crucial to its ongoing international success.

"At the end of the day, nobody is waiting for us. You have to start from scratch again," Gunnar asserted. "But this is something that we like. We like to go into markets where we believe we can learn and we can develop ourselves. And then the time comes where we participate in tenders. And you lose tenders, you win tenders, you are right with your perception and you are wrong with your perception, but you have to be prepared to invest."

The nature of its business means that Heinemann did not have to go into Asia Pacific or the American market with the need for an immediate yield, but instead could steadily finance the foundation of a solid and well grounded company image. "You have to understand that in the first years you will not make money. It's a period of investment and you have to keep this investment under control. And that's another thing that we have learnt when it comes to the really big tender processes – you need time to prepare. We have been in Asia now for three and a half years, and here and there we have tendered – there have been windows of opportunity

and openings in Australia, Hong Kong, Beijing, but all that we did we did with the idea to learn. Now comes the time when we want to grow further, because the period for learning is over. Now we will participate," Gunnar said.

Gebr. Heinemann's clearly defined strategy for growth has been the backbone of its many industry triumphs. Its expansion has been a holistic one dependent on the skills of keen selection, the organic development of its relationships and, crucially, an eye for opportunity.

"Looking also at the potential of the market, wherever we like to go we like to improve the existing retailing – we want to bring new ideas and

THE MANAGEMENT: Gebr. Heinemann is overseen by the company's owners Claus Heinemann and Gunnar Heinemann, who represent the fourth generation of the Heinemann family. Its management is in the hands of four Executive Directors: Stephan Ernst (Finance, IT), Raoul Spanger (Retail, HR), Kay Spanger (Purchasing, Logistics), and Peter Irion (Distribution).



new concepts,” Claus commented. “This is why we believe so strongly in countries like Malaysia. There is a lot of traffic in Kuala Lumpur and for us it is a really interesting market place.”

The Heinemanns’ minds are always running, constantly considering the company’s next move further into the market. They explain that at present their focus is on pursuing growth in particular in Turkey, where combined strengths have already been fortuitous for Gebr. Heinemann. “The Turkish are very emotional and the Germans love to plan long-term,” Claus explained. “When those two very different mentalities come together it makes for a beautiful challenge for us.” The firm has been active in the Turkish market for 13 years as a retailer, and with

long-term development a priority, the Heinemann cousins of course cannot ignore the impending development of the world’s most significant new airport in Istanbul. “The Turkish market is a strong pillar for us. Istanbul is a wonderful hub between west and east, and Turkish Airlines is a very strong airline,” Gunnar commented.

Creating something new

After 35 years in the business, Claus and Gunnar have been spectators to innumerable amounts of change in the travel retail industry. The abolition of duty free in the EU, the proliferation of the categories and heightened concentration of brands, and the market’s ever-increasing focus on

consumer orientation have all shaped the Heinemanns’ journey, but they have risen loftily to every challenge with resolve and gravitas. “First of all I think the market has grown into something much more professional. Retailing at airports has become much more professional over the years, with bigger and more elegant shops, better design, more customer orientation and a better retail offer,” Gunnar established. “For some time we asked for more space, now we have more space and we have to do our best with it.”

“In the beginning you might have said that duty free was a bit lacking, because the offer was so dramatically favourable that people didn’t care so much about the quality of its presentation,” he said. “Today we have to fight for the consumer. Today there is the domestic market, there is e-commerce, there are many other opportunities where the customer can shop downtown or at the other airport at the destination. So I think the market because of these challenges and the growth in competition, has developed wonderfully, and when you see duty free shops today they have good operations, eye-catching design. We must not be afraid of the domestic market – we can and will follow trends.”



IN EUROPE GEBR. HEINEMANN IS A CONFIDENT LEADER,

registering a market share of 16% in European duty free. “I think the market has grown into something much more professional. Retailing at airports has become much more professional over the years, with bigger and more elegant shops, better design, more customer orientation and a better retail offer,” Gunnar said.



Thankfully, Claus explained, flexibility is Heinemann's strong suit. In the family-managed company decisions are quickly made and final, while the company's proximity to the market means that it always has its ear to the ground. The firm's formidable distribution sector means its knowledge of the changing markets is second to none, and across the world its people are in situ, not just getting to know its customers, but learning of new openings, new tenders, and new developments industry-wide. "This is the biggest advantage of Heinemann," he said.

Gebr. Heinemann supplies to more than 150 airports in 43 countries, and as a distributor strives to support

airport's location and give customers an unforgettable experience.

"For us it's very important that the shops of the airports are different, because people who depart like to bring home souvenirs, they want to experience the culture," Claus stated. "Our shop in Istanbul with a bazaar full of local goods is of course a very different concept to our woodland-inspired Frankfurt store. Local architects design the regional part of the shop, which we then fill with regional products, to give a true feeling of the country and highlight the different specialties of the area."

"People often come to airports from far away, and have little understanding of the country they have visited. It's

retail brand Heinemann Duty Free – as merely a chain of shops. It's dull, it's not interesting. People don't want to go into the same old shops because it bores them. And people who are bored often have money ready to spend, so we do not want to miss them. This is why we take our regional concept so seriously. Because we want to catch these people and let them know that it's worth going into our stores," Gunnar said.

A prosperous future for duty free

Today, the cornucopia of channels offering conveniently delivered, economically priced goods means that competition within, and outside, of the travel retail industry is rife. The consumer meanwhile is more value conscious than ever, with technology enabling much more transparency in the pricing of goods.

"Customers are much better informed than in the old days," Claus commented, "and there are so many possibilities to buy – be it downtown, by preordering, departing from airport or arriving. Customers can even scan a QR code on a bottle with their mobile to compare prices – they are well informed as to what is going on."

He explained though that this changing environment does not present threats for Gebr. Heinemann, but opportunities. Unsurprisingly, the forward-thinking brand's finger is firmly on the pulse of the fast-moving industry, with significant investment being made in the areas of e- and m-commerce, digital customer relationship management and state-of-the-art in-store technologies in the interest of improving service for the modern duty free customer.

"Duty free has to be an offer that is beneficial and better than what is on the domestic market – and that's not easy always to convey," Gunnar said. "Retailers in airports should be disciplined, because if the model of duty free loses its value then it becomes just another store. That is why, amid ever-growing competition everybody including the airports must take the responsibility for making sure that our offer still keeps the image of what duty free always was – well known brands at a cheaper price."



SHARING THE COMPANY OF CLAUS AND GUNNAR HEINEMANN at the company's Hamburg headquarters, Amy Hanna discovered the pair's unwavering enthusiasm for the industry. A passion for trading is in their genes, and punctuates their every word.

its customers in performing to the best of their capability, delivering bespoke assistance in the creation of exceptional offers and operations.

In its capacity as a retailer, the company's is a notably unique approach. Since the establishment of its first airport shops at Cologne and later Frankfurt, the company has been intent on surprising the consumer, and the creation of its retail brand Heinemann Duty Free in 2008 firmly marked a new era of invention for the business. Continually in pursuit of something never before seen in the market, its strength lies in creating individual, regional identities for its shops that embody the spirit of an

a great chance, we believe, to make them understand what this country stands for," Gunnar explained further. "Go to Italy and taste all this fantastic food; go to France and try great wine, perfume and cosmetics; go to England and have gin and whisky and tobacco – that's what they are famous for." The inherently regional focus of Heinemann Duty Free's offering was devised to surprise the frequent customer and entice the non-consumer with items they would never expect to see in the duty free realm, and the popularity of the initiative is already being reflected in a swelling per capita spend. "We do not want to appear in the market – especially now that we have our

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MOËT & CHANDON AND GUERLAIN CELEBRATE PARIS LIFESTYLE
FIRST EVER LUXURY BRANDS PARTNERSHIP AT GEBR. HEINEMANN





History of Gebr. Heinemann

1879



The history of the company starts in Hamburg on 1 November 1879, when Carl Friedrich Eduard Heinemann and his elder brother Heinrich Christian Carl Heinemann register a company to supply tax and duty free commodities to ships' chandlers as a business enterprise.

1882



Carl Friedrich Eduard Heinemann relocates the leather goods department to London while Heinrich Christian Carl Heinemann stays behind to run the tobacco and spirits division.

1903



Heinrich's son Otto joins the company as a partner.

1911



Otto's brother Richard joins the company. The brothers make an excellent team: while Otto investigates new ideas, Richard maintains and expands business relations with suppliers and customers.

1929

The company celebrates its 50th anniversary.



1937



Following the premature death of Richard Heinemann, Otto nominates his son Helmut Heinemann as a partner in 1937.

1950



Horst Heinemann, Helmut's cousin, joins the business as the third co-partner.

1953

Icelandic Airlines becomes Gebr. Heinemann's first airline client. The following year a contract is signed with Deutsche Lufthansa, which commences flights on 1 April 1955.

1958

The first duty free counter at a German airport opens in Frankfurt; operated by the state, the goods are supplied by Gebr. Heinemann.

1967

Horst Heinemann establishes an import department for high quality tobacco products, which goes on to become the subsidiary Tabak GmbH.

1970

Gebr. Heinemann acquires its first concessions for duty free shops at Cologne Bonn Airport.

1972

The company opens its first shops at Frankfurt Airport. From the outset, Frankfurt is one of the most important retail sites behind the business success of Gebr. Heinemann.



1978

The company relocates its warehouse to Magdeburger Strasse 3 (renamed "Koreastrasse 3" in 2007). Levels 6 and 7 are added in 1986 to house administration offices.

1979

The fourth generation of the Heinemann family officially joins the company in its centennial year. Gunnar and Claus Heinemann progressively supersede their fathers Horst and Helmut in the day-to-day running of the business.



1999

When duty free sales within the EU come to an end on 30 June 1999, Gebr. Heinemann launches Travel Value as a successor model for the whole European market.

2003

As the company grows steadily, its storage capacity is exceeded. In response, a Logistics Centre in the Hamburg district of Allermöhe commences operations in 2003.

2004

The company celebrates its 125th anniversary. Gebr. Heinemann develops the Travel Free concept for border shops.

2006

Gebr. Heinemann secures the concession for the duty free shops at Copenhagen Airport, which the company takes over early in March 2007.

2008

Gebr. Heinemann unveils the new Heinemann Duty Free retail brand at Hamburg Airport.

2009

Shops adopt the new Heinemann Duty Free design in Frankfurt, the company's second major location. In the same year, company owners Claus and Gunnar Heinemann receive the "Gründerpreis" award ("Founders award") from the city of Hamburg in recognition of their life's work.



In the years that follow, Gebr. Heinemann moves into Asia, establishing a subsidiary in Singapore.

2011

To keep pace with its global expansion, Gebr. Heinemann opts to build another logistics centre in Erlensee, close to Frankfurt.

2013

Gebr. Heinemann establishes a subsidiary to serve the US market. Based in Miami, the company will initially focus on the cruise market. The company also starts to operate its first duty free outlets aboard ferries.

2014

Heinemann Duty Free is celebrating its premiere at Sicily's Aeroporto di Catania-Fontanarossa with two new shops. Furthermore the company wins the duty free tender for Sharm el-Sheikh's Terminal 2.



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Annette Rosendahl

Travel Retail Manager
LEGO System A/S

Direct
Mobile
E-mail

+45 79506490
+45 20308261
annette.rosendahl@LEGO.com



AIRPORT SHOPPING
TOP BRANDS AT
FRANKFURT AIRPORT





Gebr. Heinemann's successful organic growth strategy has seen it become Europe's number one in terms of buying power. Building on that strength, it is expanding its international presence – the November 2013 opening of its Miami office followed the opening of its Singapore office four years ago. Raoul Spanger, Executive Director (Retail and HR) and Member of the Executive Board of Gebr. Heinemann, is responsible for the group's retail activities, and outlined its progressive plans to Ross Falconer.

Retail excellence to inspire travellers

Airports are home to some of the most dynamic retail environments anywhere in the world and Gebr. Heinemann truly embraces this, continually looking at ways to reinvent itself and inspire customers. The company's goal is to remain an engine of innovation in travel retail, surprising travellers with its offers and creativity.

Gebr. Heinemann is a strong, confident, proactive leader in European duty free, with a 16% market share. In 2013, it directly managed a retail turnover of €2.4 billion, while

its wholesale turnover was €800 million, and these figures make Gebr. Heinemann Europe's number one in terms of buying power. The company's top three markets are Norway (€575 million), Turkey (€545 million) and Germany (€400 million). While 2% growth in turnover was achieved in 2013, growth of approximately 6% is expected in 2014.

The figures are certainly impressive, and Gebr. Heinemann is active at no less than 61 airports in 27 countries, where it operates about 230 Heinemann Duty Free & Travel Value shops,



RAOUL SPANGER, EXECUTIVE DIRECTOR (RETAIL AND HR) AND MEMBER OF THE EXECUTIVE BOARD, GEBR. HEINEMANN:

“Heinemann & Me is a very young programme and we will develop it to maybe include Gold and Platinum cards, and to include particular products that are only available to members of the programme, so it's an exciting and ongoing process.”



GEBR. HEINEMANN'S GOAL

is to remain an engine of innovation in travel retail, surprising travellers with its offers and creativity. It aims to surprise and delight travellers, who remain at the forefront of Heinemann's strategic thinking.



concept stores and boutiques for internationally renowned brands. The company also runs boutiques on cruise liners, and border shops. Significantly, Raoul Spanger stated that 80% of the company's entire retail turnover is secured until, or beyond, 2020 through long-term concessions. He also outlined some impressive goals for 2020, which include growing retail surface area from 70,000sqm today to 100,000sqm, and developing Gebr. Heinemann's airport concessions portfolio from the current 61 concessions to 90 concessions. The company is devoting €100 million to its expansion plans in 2014.

A key part of the retail strategy moving forward is to secure growth in Asia and the US, through Heinemann Asia Pacific and Heinemann Americas, and Raoul explained that acquisitions may come with organic growth in these regions. A sales office has also been opened in Abu Dhabi, as part of the emphasis on having a local presence in order to gain business in important markets. Meanwhile, it was recently announced that Gebr. Heinemann and its Egyptian partners have won the duty free concession at Sharm el-Sheikh International Airport's Terminal 2.

Heinemann & Me customer motivation programme

Gebr. Heinemann's efforts are firmly focused on the traveller. Whether shopping online or at the airport, collecting pre-packaged goods en-route to their destination, or taking advantage of the convenient Home Delivery service currently available at Hamburg Airport, Heinemann Duty Free aims to meet the personal wishes of each individual passenger – satisfying more than 30 million customers each year.

Indeed, customer loyalty is clearly considered a vital ingredient in the company's continued success, and an important step was the launch of the Heinemann & Me customer motivation programme. Heinemann & Me promises not just in-store privileges for Heinemann Duty Free shoppers, but also personalised offers for members based around their home airports. Raoul is passionate about customer engagement. "We believe this is very important, and we are communicating much more with our customers than ever before," he commented.

The objective is to get to know

one million passengers in five years, and so far Heinemann has reached almost 200,000 customers in the two years since the programme's launch. After starting in German airports including Hamburg, Frankfurt, Berlin Schönefeld, Dortmund and Cologne, the programme is being expanded internationally. "It is being introduced in all of the countries where Heinemann as a brand is active, which means Scandinavia, Austria, Hungary etc, so we'll collect lots more knowledge about our customers," Raoul added. The long-term target is communication throughout the world – progressing from Europe to Asia and America.

"Heinemann & Me is a very young programme and we will develop it to maybe include Gold and Platinum cards, and to include particular products that are only available to members of the programme, so it's an exciting and ongoing process," Raoul explained.

The programme is proving very successful, with passenger spend by members three times higher than the average.

Frequent flyers, and frequent



customers, are of course very important to Heineemann, which is also a partner in Lufthansa's Miles & More frequent flyer programme. Miles & More and Heineemann & Me members can earn two miles per Euro on purchases in Heineemann Duty Free shops.

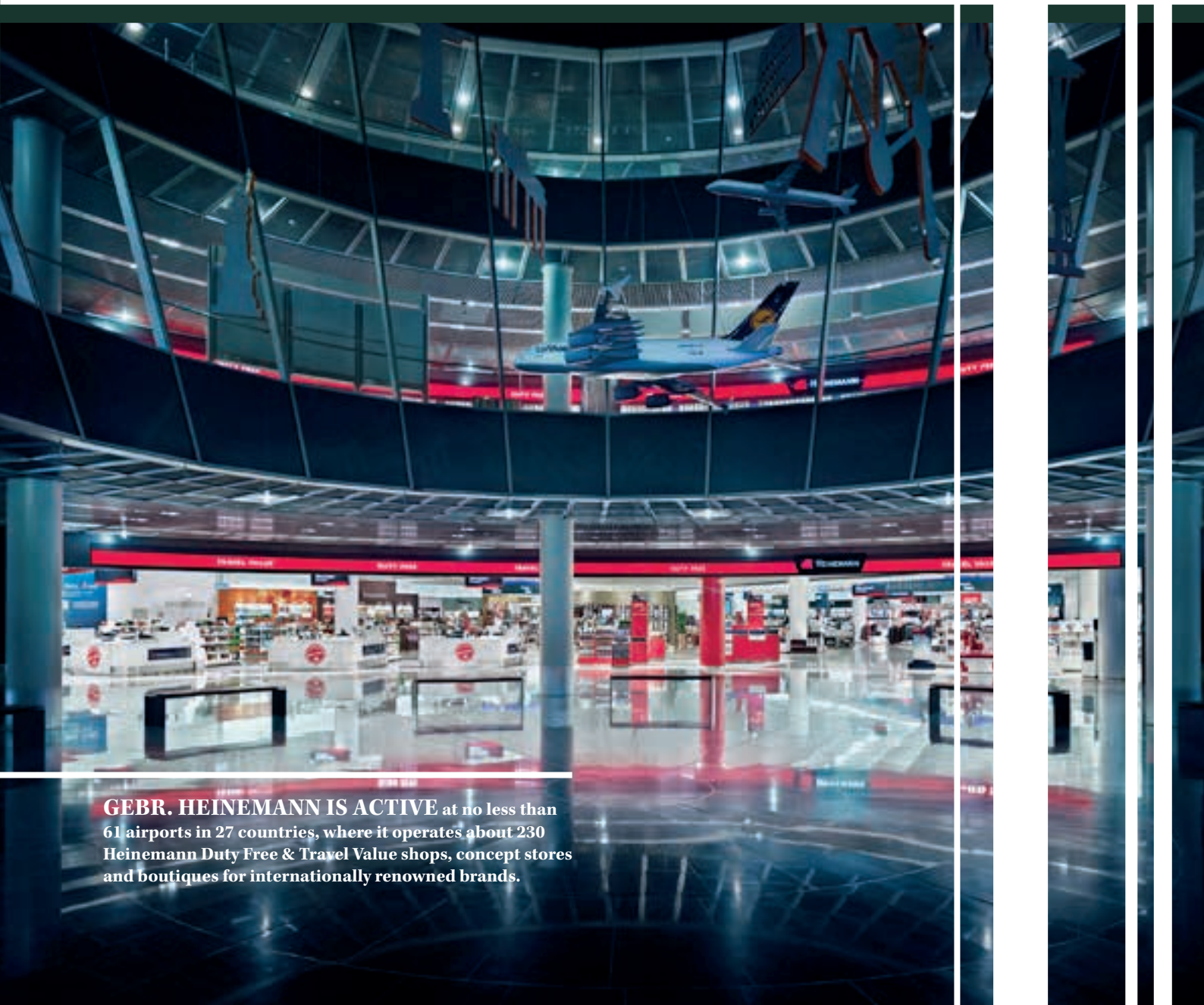
A creative powerhouse

Gebr. Heineemann has a unique approach to development as an ambitious creative powerhouse. Its Hamburg headquarters house an impressive Lab Shop, which was installed when the Heineemann Duty

Free retail brand was launched, enabling it to try out ideas and merchandising concepts. Raoul described this as "important for creativity and also important for the team in Hamburg, because we believe a retailer should have a retail shop in its headquarters".

Retail needs innovation to flourish, and Heineemann truly delivers. It has enjoyed notable success with product exclusives, including the new men's fragrance BOSS UNLIMITED, which was premiered exclusively in the Heineemann Duty Free shop at Frankfurt Airport last December –

three months before its official launch. From January, it was rolled out in all other Heineemann Duty Free outlets and the Heineemann Tax Free shop in Copenhagen, as well as Istanbul and Riga airports. Premiering the fragrance is a perfect illustration of Heineemann's commitment to offering customers something out of the ordinary. Meanwhile, during December members of the Heineemann & Me programme were able to save 20% on every purchase of BOSS UNLIMITED. "One of our focuses should be on surprising customers, and part of that is having



GEBR. HEINEMANN IS ACTIVE at no less than 61 airports in 27 countries, where it operates about 230 Heineemann Duty Free & Travel Value shops, concept stores and boutiques for internationally renowned brands.



RETAIL NEEDS INNOVATION TO FLOURISH, and Heinemann truly delivers. It has enjoyed notable success with product exclusives and engaging in-store activations.

exclusive products that are not available anywhere,” Raoul enthused. “This positioning is successful and in future we would like to have exclusives in all categories.”

In another exciting first, the latest in Pernod Ricard Travel Retail Europe’s Single Cask Editions – The Glenlivet Kymah – is an exclusive launch with Heinemann Duty Free at Frankfurt Airport. The exclusive edition is limited to 528 hand written and individually numbered bottles. For the launch this May, the striking brand spaces in the Heinemann stores at Frankfurt Airport were designed to mirror The Glenlivet’s contemporary style. The activation includes a custom-built The Glenlivet pool table, on which travellers can play, as well as eye-catching sensory pods that truly bring the product to life.

Heinemann also places a strong emphasis on injecting a local flavour into its stores and product ranges. Early last year Copenhagen Airport and Heinemann Duty Free unveiled the striking new Regionals Area – an entire area in the main duty free store dedicated to Danish products, specialties and delicatessen items.

Meanwhile, last year’s Trinity promotions at Budapest Airport, in partnership with Heinemann, resulted in sales increases exceeding 250% for each product promoted.

Investment in innovation

Heinemann Duty Free is also aiming to establish its brand in the minds of customers with some innovative services. It is bringing modern technology and e-commerce to airports. Passengers may, for example, pre-order items online at heinemann-dutyfree.com, then collect and pay for their purchases in-store at the shop service counter. Potentially, additional turnover outside the shops is advantageous to the landlords, and participation models are currently being developed. Raoul emphasised that online sales are an add-on to business done in the retail shops, and forecasts are that around 10% to 20% of business will be conducted online, the rest in the retail stores. “I see a very good future for our retail shops,” he stressed. “That means also further investment into our shops, further investment into

our employees, further investment into marketing campaigns, further investment into relationships with suppliers, and further investment into relationships with our landlords.”

The Home Delivery option offered at Hamburg Airport has generated an average spend 3.5 times the average. This success invites expansion of the service and Heinemann is doing just that, investing in the necessary IT and logistics to be able to fulfil Home Delivery throughout Europe. It will be extended to Frankfurt and Berlin this June, and then internationally in 2015. Heinemann’s intention is to grow this business alongside its landlords, and Raoul assured that “every home delivery will be paid by concession fee”.

It is clear from its impressive retail portfolio that Heinemann is second to none in Europe, and Raoul displays a fervent passion for the continued ambitious expansion of the Heinemann retail brand. This will be done in a way that surprises and delights travellers, who remain at the forefront of Heinemann’s strategic thinking.

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Of Gebr. Heinemann's 5,500 employees, Kay Spanger perhaps personifies the familial spirit of the company more than any other. Having joined as an apprentice some 35 years ago, Kay is currently Executive Director (Purchasing, Logistics) and Member of the Executive Board. He explained Gebr. Heinemann's comprehensive logistics capabilities to Ross Falconer.

Enhanced world-class logistics

Kay Spanger began his career with Gebr. Heinemann as a trainee in 1979. The progression to his current position of Executive Director (Purchasing, Logistics) has practically seen him experience all roles and divisions within the company, from sales, distribution to retail and then finally purchasing. His is, therefore, a unique set of experience, making him perfectly placed to comment on changes and developments in the sector. After just a few minutes in his company, Kay's passion for the business shines through. He speaks eloquently about

Heinemann's USP as a family company. "The most important aspect of our company is the people," he explained. "And we are all encouraged to express our personalities to help make the company successful. We promote individuality, and the respect we have for our colleagues is very important."

As Heinemann continues to grow, it of course becomes more challenging to retain that family atmosphere, and this is something the Board strives to achieve. Regular, open communication is central to this, and Kay visits the Logistics Centre in Hamburg Allermöhe regularly with co-owner



KAY SPANGER:

"We try, together with our suppliers, to develop ideas for distribution and, for our retail brand Heinemann Duty Free, to find travel retail exclusives and Heinemann exclusives to differentiate ourselves. We want to do it differently, to surprise the consumer and make them want to return to our stores."



CLAUS AND GUNNAR HEINEMANN pictured with Stefan Erb, Mayor of Erlensee, at Gebr. Heinemann's new Erlensee Logistics Centre.



Claus Heinemann to connect with the employees and keep them informed of developments within the company.

Equally important is Heinemann's ability to evolve and respond to market changes, which has been key to its success. Kay highlighted what he described as "the intelligent and logical diversification" from being a distributor to "a mix between a strong retailer and a service partner – including logistics – for our customers".

Exceeding expectations

Kay's natural ebullience is clear, as he speaks of Purchasing and Logistics as the cornerstones of the company. Heinemann wants the products it offers to inspire its customers, and achieves this through a deep knowledge of products and markets, alongside a keen instinct for the specific needs of both business and leisure travellers. The Purchasing department aims to consistently exceed expectations. The impressive range of perfumes and cosmetics includes 10,000 items by 160 brands, while customers can choose from more than 300 brands of wine and 100 whiskies. In addition to the

major product categories, such as liquor and tobacco, perfumes and cosmetics, confectionery, and fashion and accessories, Heinemann makes its offer stand out with regional specialities and travel retail exclusives. "We try, together with our suppliers, to develop ideas for distribution and,

for our retail brand Heinemann Duty Free, to find travel retail exclusives and Heinemann exclusives to differentiate ourselves," Kay enthused. "We want to do it differently, to surprise the consumer and make them want to return to our stores." A successful example of Heinemann's penchant



HEINEMANN WANTS THE PRODUCTS IT OFFERS TO INSPIRE ITS CUSTOMERS, and achieves this through a deep knowledge of products and markets, alongside a keen instinct for the specific needs of both business and leisure travellers.



Logistics Centres facts & figures

Hamburg (Allermöhe):

- Multi-channel logistics
- Full range of over 49,000 permanently available articles
- Handling area: 46,000sqm
- Storage spaces in (high) bay warehouse: 45,000
- Storage spaces in split case picking system: 42,600
- Storage spaces in box warehouse: 34,600
- 29 gates (inbound/outbound)

for innovation was last year's cross-category promotion with Guerlain and Moët & Chandon to launch the new fragrance, La Petite Robe Noire. The in-store experience included make-up stations, a champagne tasting bar and a special iPad app. Kay added that a key part of the strategy moving forward is increasing in-store digital communication with customers.

New Logistic Centre

Heinemann's Logistics Centres are the engines of its distribution operations. The performance of the Distribution division and Heinemann's

Frankfurt Erlensee:

- Multi-channel logistics
- Approximately 140 employees
- Full range of over 40,000 permanently available articles
- Handling area: 32,000sqm
- Pallet slots in high-bay warehouse: 22,900
- Automatic small parts warehouse with 130,600 spaces
- 28 gates (inbound/outbound)
- Warehouse management system: SAP Extended Warehouse Management

status as the leading European retailer are made possible by the ultra-modern Logistics division. Heinemann can supply any required quantity of goods at any time, from small quantities to large containers. Around 50,000 items are permanently in stock and delivered to international customers on a just-in-time basis every day. The Logistics Centres – the existing facility in Hamburg (Allermöhe) and the new state-of-the-art facility in Frankfurt Erlensee – expedite this smooth flow of products. This capability does not exist only to service the company's third party customers, the backbone

is also the distribution to its own Heinemann Duty Free stores.

The smooth flow of goods is fundamental to the Heinemann business, and the €70 million investment in a second Logistics Centre near Frankfurt, which opened in May 2014, significantly enhances its capabilities. Located just 35 kilometres from Frankfurt Airport, it is Heinemann's gateway to southern Europe. This enables the Allermöhe location to focus on key northern European markets. Constructed in 2003, Allermöhe is one of the most modern logistics centres in the world



HEINEMANN CAN SUPPLY ANY REQUIRED QUANTITY OF GOODS AT ANY TIME, from small quantities to large containers. Around 50,000 items are permanently in stock and delivered to international customers on a just-in-time basis every day.



thanks to its leading warehousing and handling technology. While the existing facility is state-of-the-art, the Erlensee location goes to the next level in terms of technique and will provide an estimated 30-40% better speed. Highlighting areas of efficiency, Kay commented that where Allermöhe has four picking areas, Erlensee has two consolidated areas; while the shrink wrapping capacity is 110 pallets per hour at Erlensee compared with 43 per hour at Allermöhe – with the same number of machines, but a more efficient technique.

“Another reason for opening the Erlensee Logistics Centre is to prepare ourselves for new business models,” Kay added. “For example, Erlensee is prepared to facilitate part of our Home Delivery concept, which means supplying directly to the end consumer.”

Kay also alluded to the centralisation and investment in IT services. The challenge here is to strike the right balance, making the process more streamlined, speedier and more qualitative. Erlensee will see the implementation of SAP

Extended Warehouse Management. This software is expected to further enhance efficiency; if effective, it will be introduced at Allermöhe in 2015/2016. “It’s about trying to find the right new systems for Erlensee and then centralising them, bringing both Logistics Centres up to the same level of IT systems,” Kay explained. Fundamentally, Heinemann’s exemplary logistics capabilities provide strong supply chain management. Central to this is the secured supply chain or value chain concept, which sums up all measures and concepts installed to safeguard the company’s standard processes and eliminate risk from the entire supply

chain. Kay stated that the philosophy is to obtain recognition as a “known supplier”, meaning its merchandise doesn’t need to be X-ray controlled. Heinemann’s cartons are, of course, totally sealed and secured.

As our conversation draws to a close, Kay’s energy and enthusiasm are abundantly clear. He brings a wealth of knowledge and experience, and a progressive approach to the continued development of Heinemann’s Purchasing and Logistics capabilities. The opening of the new Erlensee Logistics Centre is just the latest step in the enhancement of Heinemann’s capabilities, and points to an exciting future.

KAY SPANGER TOLD ROSS FALCONER THAT THE SMOOTH FLOW OF GOODS IS FUNDAMENTAL TO THE HEINEMANN BUSINESS, and the €70 million investment in a second Logistics Centre near Frankfurt, which opened in May 2014, significantly enhances its capabilities.

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Peter Irion assumed responsibility for Distribution at Gebr. Heinemann when he was appointed Executive Director in 2010. He has invaluable previous experience of working in family-run companies, having headed the sales and export departments of two family-run organisations as a Management Board member between 2001 and 2010. Peter's passion for customer service is clear from the very beginning of our conversation. "Gebr. Heinemann started as a wholesaler, and how we approach the market is very much driven by the relationship between customer and supplier," he commented.

As a family business the Heinemann 'personality' shines through and is an important element in the continuing growth of its Distribution business.

Distribution: Heinemann's solid backbone

Gebr. Heinemann's roots, dating back to 1879, are firmly in wholesale and distribution, and these crucial operations really form the backbone of the business. Peter Irion is Executive Director (Distribution) and Member of the Executive Board of Gebr. Heinemann, and he outlined this critical link between the consumer goods industry and the travel retail market to Ross Falconer.

GEBR. HEINEMANN CURRENTLY SUPPLIES

50 airlines and 130 catering units with a large variety of inflight boutique products, food and beverages.





**PETER IRION, EXECUTIVE
DIRECTOR (DISTRIBUTION) AND
MEMBER OF THE EXECUTIVE
BOARD, GEBR. HEINEMANN:**

“Something important that we have so far been able to manage is to give all our customers – small as well as big – the awareness that they are important to us.”



Indeed, the company maintains strong relationships with more than 1,000 customers in more than 100 countries. “Something important that we have so far been able to manage is to give all our customers – small as well as big – the awareness that they are important to us,” Peter said. “I can honestly say that in the service we provide and the way we work with our customers, we make no distinction whether it is a big business or a small business. We also try to achieve the best for our customers and give them the best possible service.”

Core to this strategy is being close to the market and understanding customer needs. There are 200 employees in the Distribution division looking after each sales channel, and those bespoke sales teams really are experts in their field. “Another important point is the partnership approach and long-term view of Heinemann,” Peter added. “Heinemann being a family business makes so much difference in the market. It enables us to build trust and long-term relationships, and our customers know what Heinemann stands for.”

Local expertise

Heinemann’s logistical power was built on the success of its Distribution business, which is based at Heinemann’s Hamburg headquarters, from where it orchestrates its operations around the globe, with two additional subsidiaries: Heinemann Asia Pacific was established in Singapore in 2010, and last year saw the launch of Heinemann Americas in Miami, and these two offices have their own Distribution teams who work regionally.

The Distribution organisation is structured into sales channels, including airports, airlines, ferries and cruises, and border shops, and these bespoke teams have unique expertise, as the needs of each channel are different. There are two exceptions: Russia/CIS and Africa. Peter explained that in these two areas “the critical success factor is not channel know-how, but regional know-how”. They are also areas in which Heinemann has identified good growth potential.

Heinemann places significant value on local expertise. “It is absolutely necessary to be close to the market, otherwise you have no chance to

be successful. Therefore our sales teams are constantly travelling in the different markets,” Peter added. “The approach we took with both the Singapore and Miami offices was to send people from Hamburg to build up a Heinemann organisation. They know how Heinemann works and are able to develop an appropriate structure. On the other hand, they work very independently, which is important, and they develop relationships with local suppliers. I think we have managed very well to establish organisations in these countries with a strong Heinemann personality – with the same values and the same market approach.”

‘Best bespoke solution’

The diverse range of Distribution and wholesale solutions offers much more than simply delivering products from A to B, combining an unrivalled depth of retail know-how with the delivery of goods. It is for this reason that more and more shop owners are opting to do business with Gebr. Heinemann. Architects, marketing experts and Category Sales managers guide clients all the way – from initial

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shop plans and store openings to supporting communications during actual business operations. Peter enthusiastically describes this as “really a full service that we provide to our customers, and each time we look for the best bespoke solution”.

Heinemann’s dynamic, highly motivated team selects carefully balanced product ranges tailored to the needs of specific distribution channels, markets and consumers. Meanwhile, its marketing services, including promotion planning and advertising campaigns, are often the keys to success for its clients. Peter’s description of Heinemann’s capabilities is comprehensive and compelling: “Our architects and designers work with our clients on identifying the right shop design and layout. We analyse passenger demographics together with our customers and advise them on the right assortment, which is absolutely vital.”

Equally important are the more than 300 training days Heinemann provides each year, educating staff with brand

knowledge, category training and sales training. A highlight are the Category Manager Seminars; Heinemann has held three so far, with the most recent being attended by over 200 managers from Heinemann partners all over the world, who spent three days sharing category insights, best practice and channel know-how. “It was an amazing event,” Peter enthused. “It was great to see people from all over the world and also from different sales channels connecting over the three days and exchanging ideas.” Indeed, this is a clear illustration of the Heinemann Distribution philosophy – to work in partnership, exchange ideas and bring people together.

Heinemann’s services even include helping customers participate in tenders by advising on the preparation of tender documents, assisting with shop designs and, should the customer win the tender, helping them build the best possible shop.

Despite this far-reaching range of solutions, Heinemann never rests on its laurels and is constantly working to improve its services even further – to have even better solutions for each sales channel, or to be more specialist in each channel or in each market. “On the other hand, we also work on maintaining our partnerships,” Peter added. “The better we work with our existing customers, and the

GEHR. HEINEMANN’S DIVERSE RANGE OF DISTRIBUTION AND WHOLESALE SOLUTIONS

offers much more than simply delivering products from A to B, combining an unrivalled depth of retail know-how with the delivery of goods.

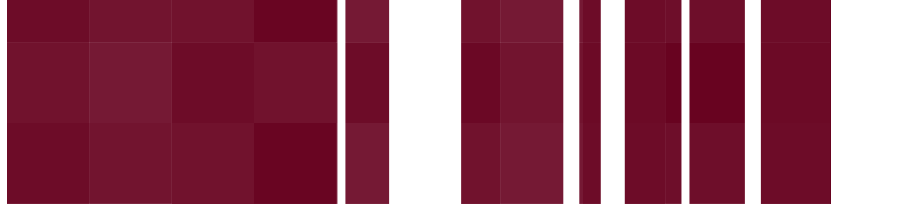


packaging, because there is a lot of emphasis on gifting in the category.”

He also extolled the potential of e-commerce and m-commerce, which “will change our industry”. Heinemann already offers its customers solutions in these areas.

It is clear that Heinemann is one of the world’s foremost experts in distribution thanks to its scope of services and tailored approach to applying them. Its teams of specialists, well versed in specific market requirements, are on hand to oversee all Distribution channels – airport shops, inflight sales, cruise liner shops, and border stores – all with the aim of maximising the sales potential of Heinemann’s customers.

“We are constantly striving to improve our service, because we believe that if our customers are successful then we are successful. Our objective is that our customers have a good business and we provide them with the tools to be successful – that is what drives us. I think Heinemann is unique within the industry and we have a service that, today, nobody else can offer,” Peter concluded.



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“Competition is everywhere,” said Markus Ettl, who is explaining that today, more than it ever has been, delivering an arresting customer experience is of pivotal importance in achieving retail success. “In the past, the duty free channel did not have competition. Nowadays it’s very different; the competition is not between DFS and Heinemann and World Duty Free, it is a competition with digital market places, the domestic market, and other airports, and therefore it is so crucial that we create a completely original experience.” It was with the creation of an unparalleled retail offering in mind that the Heinemann retail brand was created in 2008, borne out of the company’s determination to breathe new life into the more or less generic duty free market, and show customers the many benefits of buying in the channel.

According to the Heinemann maxim, in travel retail surprising

The element of surprise

When the Heinemann Duty Free retail brand was formed, it was done so with a vision – a vision to create a new formula for duty free. Gebr. Heinemann’s Director Marketing Markus Ettl described how Gebr. Heinemann’s retail brand is striving to change the face of the travel retail industry.



“AS A RETAILER YOU HAVE TO ADD VALUE TO THE RETAIL MARKET,”

Markus explained. “So we said, ok, we have to create a new formula. A new formula for duty free. This was our approach, and we developed Heinemann Duty Free.”



HEINEMANN DUTY FREE'S REGIONALS CONCEPT sees the generation of a distinct local sense of place through use of design, architecture and indigenous delicatessen produce in its stores, while at other European shops 'regional market' areas boast the best that the country has to offer.



customers is essential and the unexpected should happen every day, and it is those principles that fuelled the development of the distinct Heinemann retail brand identity. At the end of the 1990s, Travel Value & Duty Free – the umbrella brand under which Heinemann and other members of the Travel Value Association then operated in airport retail – was thriving, and when, in 1999, several of its partners began to display its branding on shop fascias and print communications, passengers' heads began to turn. Extensive market research – conducted both with its airport customers and the travelling consumer – revealed that passengers perceived the branding and that this in turn was good for business, but that it wasn't enough. The offering needed to be more refreshing, more inventive, and more orientated towards the customer. "Everything looked the same," Markus remarked. "Not only did the different Travel Value and Duty Free shops look the same as each other, but they looked the same as all the other stores in the channel. And that was, firstly boring, but also the sender of the message

– the operator of the shops – was not visible. Because Chanel had its unit, Dior had its, and all the other product brands had their personalised units and furniture, but where was the added value of the retailer? Where was the retailer's brand?" Over the years that followed, Heinemann listened closely to the market, and between the co-owners Claus and Gunnar and the Gebr. Heinemann Retail team it was decided that the German mainstay of duty free would create its own retail brand. "Because as a retailer you have to add value to the retail market," Markus added. "So we said, ok, we have to create a new formula. A new formula for duty free. This was our approach, and we developed Heinemann Duty Free."

'We need more'

It was an audacious move for Gebr. Heinemann to establish its own retail brand at this time (a time when no one else in the industry was doing so) but the owners of Gebr. Heinemann were happy to lend their name to the venture. "It was very important to us that we receive the family name," Markus said, "because its values have

been so well established for more than 125 years, and the employees of Gebr. Heinemann still have Gebr. Heinemann as their backbone, they have it in their hearts." This is very unique in the travel retail business." With the distinguished Heinemann name came the distinct Heinemann values, and the inherent innovation that sets Heinemann apart now resonates throughout the Heinemann Duty Free brand. The product of the new 'formula' for duty free that Markus describes is a consumer experience of an unprecedented calibre, generated by the coming together of three crucial components – personality, outstanding customer service and the element of surprise.

Much progress has been made in the relatively short time that the Heinemann retail brand has been alive. Over the last five years the unmistakable red sails have become synonymous with good value in travel retail, and loyalty to the brand is evident on an admirable scale. "We can say yes, we are very 'personal'," Markus commented. "We are personally identifiable – people love the company and they love the



Chloé



retail brand – and therefore of course we have been performing very well. Our people on the shop floor too are performing well. They are the brand ambassadors, so in our ‘customer service’ focus, with the addition of digital commerce and CRM, we are also delivering. But on achieving the ‘surprising’ factor we are only half way. Because it’s not always easy to convince the industry and the product brands that of course we need their activities, we need their promotions – but with a fresh approach.”

Enriching the element of surprise in its retail offers is now Heinemann Duty Free’s main objective, and while its existing offerings – which range from sublime in store experiences to sought after product exclusives – are impressive, Markus stressed that in the fierce environment that is today’s travel retail market, it must raise the standard, with promotions that passengers do not expect to see in duty free. “Internally we call it having to create the ‘wow’ factor. We need ‘wow’ activities and this is where we are permanently correcting our path,” Markus explained. Heinemann Duty Free has dedicated 25% of the space and activities in its stores to the ‘wow’ factor, governing that a quarter of their offerings must be unique and surprising and only 75% of a store can feature standardised duty free offers, in a move it hopes will reach not only the duty free customer but also the “non-consumer” – the 1 in 4 passengers who don’t yet buy in duty free.

Retail identity

While it was crucial to the prosperity of the brand that customers come to recognise the brand Heinemann Duty Free as delivering high quality at a good price, Heinemann could see what the consumer wanted, and could see that it needed to give the retailer an identity too. “We said, ok, the duty free store is boring from the passengers’ point of view, and therefore we have to solve this. But we cannot solve it with a standard approach all over the place. In order to also display a special sense of place, and a special sense of dedication at this place, we have been offering regional themes. And that is not only through branding

elements, this is also through a special feeling we want to create in the shop.” Beginning at Hamburg Airport and soon extended to Frankfurt and later to many of Heinemann Duty Free’s European airport stores, Heinemann Duty Free’s regionals concept sees the generation of a distinct local sense of place through use of design, architecture and indigenous delicatessen produce, while at other European stores ‘regional market’ areas boast the best that the country has to offer.

Though unexpected, concepts such as this in Heinemann’s adventurous approach to retail are not outlandish devices designed solely to capture

passengers. And even more, to the non-consumers. The loyal duty free customer knows where the brands are and knows what signs to look for, but the normal German or Norwegian traveller is looking for a male fragrance or a female fragrance, not for a brand. This is not the typical duty free customer,” Markus described. “We have been consistently talking internally and with suppliers and competitors, discussing whether this is the right direction, and we are seeing now that everybody is following our approach, because it is the only way to get additional turnover and additional category growth. We are sure now that this was the right way.”



THE REVOLUTIONARY ‘CATEGORY BEFORE BRAND’ APPROACH is transforming the way in which products are looked at in airport stores the world over. Heinemann Duty Free has rearranged its shops’ orientation hierarchy, showing products in a category before brand perspective.

the attention of passengers, but in Markus’ view are the only way by which to truly influence the industry for the better, and Heinemann is also intent on moulding its perspective of product brands. Its revolutionary ‘category before brand’ approach is transforming the way in which products are looked at the world over by rearranging its shops’ orientation hierarchy and showing them in a category before brand perspective. Heinemann Duty Free is striving to educate brands in this modernised approach. “In order to grow the category, we have to focus more on what we offer, not only to the loyal duty free customers but to the other

And it is through this constant discussion with its brands, airports and partners, Heinemann Duty Free will continue to seek out ways to enable the industry to grow to the very best of its potential. “We are constantly developing, constantly inventing, constantly improving,” Markus said. “Every day in fact. We as a Marketing Department are constantly working on innovation and bringing our business forward. The operations team has to deliver every day – they have to deliver in our shops, to customers, clients, on new contracts and tenders, but we have to deliver every day too. We have to deliver innovation.”

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Gebr. Heinemann's impressive portfolio includes 61 airport concessions, ranging from flagship stores, such as Frankfurt, Hamburg, Vienna, Oslo and Istanbul, to flourishing locations including Bologna, Budapest and Cologne – Heinemann's oldest airport location. Jens Degner, Director Global Business Development, is the dynamic pair of hands steering Gebr. Heinemann's continued worldwide growth.

Exploring Heinemann Duty Free's airport concessions

The Gebr. Heinemann development philosophy can be succinctly summarised – it is investing constantly. The company's strong financial position means it is able to respond quickly to new opportunities, and also to deliver enhancements to both operations and customer service. "We are able to take all necessary steps to meet the requirements of the airports," Jens Degner asserted.

Heinemann's vibrant growth means Jens has a busy remit to say the least. A few minutes in his company at Heinemann's Hamburg HQ clearly demonstrates Jens' commitment and passion for the business. He speaks eloquently about the benefits of long-term contracts at major locations, including Frankfurt, Istanbul, Copenhagen and Oslo. These, he said, enable Heinemann to make significant

investments in shop improvements and new technologies, providing security that a return on investment can be achieved within an appropriate timeframe. Indeed, he outlined three examples of this; the first is Frankfurt Airport's Pier A-Plus, which opened in 2012. A major investment on both sides, Jens described it as "the first time in the partnership between Frankfurt Airport and Heinemann that we were really able to generate revenues reflecting the potential of the airport". This is because the terminal configuration meant that, in the past, Heinemann had 24 different shop

units – both big and small. Now, it has an altogether more modern, efficient offer in Pier A-Plus, with two large walkthrough stores accommodating all product categories. "Pier A-Plus is a great opportunity for us," Jens commented. "We have enough space to develop local or regional elements, and we can also introduce new categories, which we were not able to do before because of the lack of space. Now we are really able to perform on a higher level and this is a win-win-win situation – a win for the airport, which will get more revenues; a win for Heinemann, as we can show



FOR THE IDEAL EXAMPLE OF SUCCESSFUL DEVELOPMENT AT A REGIONAL AIRPORT, look no further than Bologna Airport. Heinemann has transformed the retail environment with two walkthrough stores that have generated a sales uplift in the magnitude of 70-80%.



JENS DEGNER EXPLAINED THAT A KEY FEATURE OF EACH LOCATION IS THE REGIONALS ZONE. These zones present a particular region's highlights, specialities and delicacies, with classic items alongside more offbeat and unusual products, giving each a distinct identity.



what we are able to create when we have enough space; and also a win for the passenger, which is the most important thing.”

The second example is Oslo Airport, where Heinemann has been operating since 2004 together with a local partner. It is already achieving turnover in excess of €400 million at Oslo, and plans are being made for the retail offer in the new Terminal 2, which is scheduled to open in 2017 and will enable Heinemann to further maximise the potential of this key location.

The third example is Istanbul Atatürk, where Heinemann operates in partnership with TAV in the ATÜ joint venture. Ongoing refurbishment works will see the opening of new shops, which will improve performance at the airport even further.

Distinctive Regionals zones

Heinemann also has some very interesting developments at its smaller regional airport locations. It will be refurbishing all duty free shops at Cologne Airport, for instance.

For the ideal example of successful development at a regional airport, look no further than Bologna Airport. Heinemann has transformed the retail environment with two walkthrough stores that have generated a sales uplift in the magnitude of 70-80%. Jens explained that the concept was

developed by Portland Design, whose idea was to create two walkthrough shops – one in the Schengen zone and one in non-Schengen. “We then put in the right concept with the right assortment and a very nice regional area, so Bologna Airport is now a benchmark for us when it comes to duty free excellence at medium sized airports,” Jens explained. Indeed, Heinemann is building on that success with further business opportunities in Italy, in locations including Pisa and Catania. In May, Heinemann Duty Free celebrated its premiere at Sicily's Aeroporto di Catania-Fontanarossa with two new shops.

“Italy presents fantastic opportunities because the airports are really interested in improving the business – they are investing a lot of money in new facilities and being one of the preferred partners for duty free is a very successful story for us,” Jens explained.

To a large extent, it is the interiors of the Heinemann Duty Free shops that give them a distinctive feel, and a key feature of each location is the Regionals zone. These zones present a particular region's highlights, specialities and delicacies, with classic items alongside more offbeat and unusual products, giving each a distinct identity. Excellent examples are GRAFT in Frankfurt, Coop Himmelb(l)au in Vienna, Snøhetta in Oslo, Hadi Teherani in Hamburg,

Hope of Glory in Graz and GEON in Budapest, all of which are unmistakably representative of their locations.

While there can be challenges in terms of space, the Regionals zones are implemented in the smaller airports, as well as the larger hubs. “In smaller airports we have to adapt the idea,” Jens stated. “We use a dedicated area for regional products, but in these cases we do not work with local architects to create this tailor-made regional design, we use our in-house experience and knowledge, so we have a highly experienced team of 12-15 architects who are working on this, headed by Kai Boeckler, Head of Architecture at Gebr. Heinemann.”

Heinemann's expert category management team then defines the appropriate assortment for the regional areas in each airport. This tailor-made approach has proven very successful, providing a sales uplift in every airport.

It is clear that creating an engaging shopping experience for the traveller is at the heart of Heinemann's business development strategy. Its continual investment in world-class retail environments at each of its airport locations – from the larger hubs to the smaller regional airports – truly brings the Heinemann brand to life and ensures a unique, special retail experience.

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“IT IS A PART OF OUR STORY, and part of our understanding of what we should do in our shops or at the airport,” Bébé said, “to really create something special, because each airport is different. And each airport and each city deserves to be treated differently.”

It is the unexpected imagery and enticing retail atmosphere created in-store that draws people into a Heinemann Duty Free shop. Imaginative design and creativity is the background to some truly astounding airport retail architecture, and this is the key to the creation of a magical customer experience. Behind the design of the stores is Bébé Branss, Gebr. Heinemann’s impassioned Director Retail Design, who is driven by the creation of something original and extraordinary for both airport and passenger. “It is a part of our story, and part of our understanding of what we should do in our shops or at the airport,” she said, “to really create something special, because each airport is different. And each airport and each city deserves to be treated differently.”

Heinemann Duty Free has pioneered the concept of regional individuality in its stores, and is bent on bringing a sense of local spirit into airport retail. “It is all about creating a regional identity for each shop, so that every store is unique and different – we don’t have shops which look alike,” Bébé explained. “For me it is very important that the customer can feel where he is – and I think that the stronger globalisation grows, the more necessary it is to have an own identity, and a feel of where you are.”

The Gebr. Heinemann ardour for duty free is demonstrated through

At the heart of the Gebr. Heinemann retail personality is the exciting, unprecedented in-store experiences that it creates for its consumers: a coming together of surprising product selections, arresting atmospheres, and, of course, the eye-opening store designs – the likes of which are unmatched anywhere else in the industry. Their pioneering creator, Gebr. Heinemann’s Director Retail Design Bébé Branss, talked Amy Hanna through her vision.

The grand design

the passionate way in which its shops are designed. In its retail architecture, Bébé and her team deliver real design with integrity, and enduring creations that grow with an airport and echo the product offering of regional specialities. “When you travel somewhere, this is something you want to buy and bring to your family and friends – it is interesting to bring something from the country you visit. So this is why these regionals areas are important for us,” Bébé said.

The creation of these surprising and delighting regional concepts is truly Bébé’s passion, and in each shop design she must tap into the idiosyncratic features at the heart of a city. She meticulously selects the best and most creative architects in each

region to work with, and together, with their local inside knowledge, they create a design that really tells the emotional story of the city. “My task to the architects is not just to create a new or a nice design, but to find the essence of the city, and to implement this essence within the design so each has a story behind it,” Bébé explained. “This makes it very special.”

“In former times, when we looked at pictures of our shops they were very beautiful pictures of very beautiful stores, but you really had to ask, ‘Where is it?’ Now it is my reward that if I look at a picture I can tell – and everybody can tell – right away where it is, because the design is completely unique to that airport,” Bébé added.



AN EXTRAORDINARY PASSENGER EXPERIENCE

Bébé Branss: "For me it is when many great components come together. It needs to be something you remember, something remarkable. And this is not just the atmosphere, but also the staff – that they smile at you and give a great service; then a beautiful design and good orientation and, of course, the right products – I want to feel comfortable and feel where I am, I want to experience it with all of my senses."

From vision to reality

HAMBURG'S UNITY WITH ITS HARBOUR

Heinemann Duty Free's first creative and inherently regional store design was implemented at Hamburg Airport. It was the vision of Bébé and Hadi Teherani – perhaps the most widely known contemporary architect in the city, and the ingenious mind behind the oblique office building that distinguishes the Hamburg docklands skyline. "For Hadi, the harbour told the story of the city," Bébé said. "Hamburg and its harbour are a unity for him, and he chose to convey this through the lifesaving belts." Immense, floating lifesaving belts – made from white lacquer and polished aluminium like the yachts that drift through the nearby port – hover throughout the store, cradling local produce. "It's always a part of the game, not only choosing the materials, but identifying the details and the meanings behind those materials as well," Bébé said.



AN ICON OF DANISH DESIGN

Built on a foundation of Denmark's rich design heritage, the Copenhagen Airport store is a cornucopia of Scandinavian creativity, featuring typical wooden lamellae, famous layered Poulsen lamps and wall-to-floor Danish beech trees. To design the store's 'regionals area' concept, Bébé selected the Bjarke Ingels Group, headed by Bjarke Ingels, Denmark's hottest architect. "It was very inspiring to work with them," Bébé said. "It is so great to work with passionate architects. Their passion and love for design and creativity goes into every shop, and that means there is so much positive spirit." BIG was charged with the task of finding an icon for Denmark, "something very unique, that everybody knows." The BIG Mermaid – an awe-inspiring 5.5m high ash interpretation of Hans Christian Andersen's The Little Mermaid – presides over Copenhagen's regionals zone, an unmistakable centrepiece to the airport's trademark Nordic ambience. "There you really feel the essence of the city throughout the whole shop."



A VIENNESE WHIRL

At Vienna International Airport, Gebr. Heinemann worked with world-famous architect Coop Himmelb(l)au, "and right away they said they wanted to create a 3-dimensional Viennese waltz," Bébé explained. The movement of the whirling dancers inspired the structure of Vienna's regionals area, while the golden tone was also fundamental to its design, drawing from the golden wrapping-papers of the nation's favourite Mozart chocolates and the city's deeply art deco lineage.

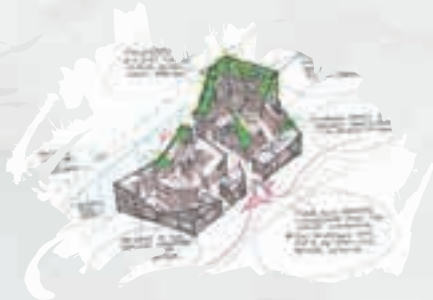
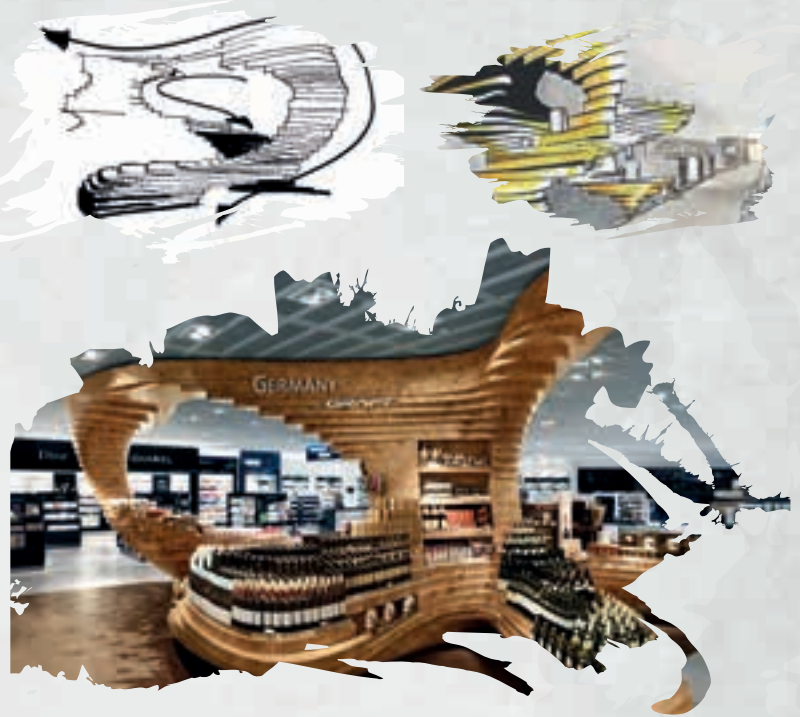


INTERNATIONAL INFLUENCE ON FRANKFURT



AN OFFICIAL REPORT ON GEBR. HEINEMANN FOR THE AVIATION COMMUNITY

At Frankfurt Airport, Bébé chose to work with globally renowned architects GRAFT, because she determined that a world influence was important to the international hub's design. "The terminal where we did the first regional design is the one from which flights go from Frankfurt to China and Los Angeles, and this is where GRAFT has its offices – in Berlin, Beijing, and Los Angeles," Bébé explained. GRAFT brainstormed, over the three continents, how Germany should be represented, "and together, they said it has to be the German woods". "The woods are very deeply integrated in German history and thinking, so we are very connected – be it the fairy tales; the romanticism; the symbol of the German oak; or famous places to tourists like Schloss Neuschwanstein." Central to the shop's design is an unforgettable wooden tree sculpture. "It's a very emotional, and vivid element within the shop, and when you walk around it, it always changes because it doesn't look the same from any side." Now, Heinemann is creating a design 'forest' within the airport, and in August of this year will create its third, authentically unique tree in Frankfurt Terminal 2.



OSLO'S DESIGN FOR LIFE

For Gebr. Heinemann, national identity is a living, growing thing, and its evolution was a key focus in the design of Oslo Airport's commercial area. Norway's most internationally renowned architects Snøhetta – famous for the Oslo Opera House and Ground Zero Memorial Museum Pavilion – created a natural retail haven. "Norway is the park of Europe, and nature was very important to the shop," Bébé said. "It is full of wooden structures, and it's the first shop into which we put living plants – our 'vertical gardens'. It brings a real piece of nature into the shop – I was there just last week and the plants have really grown. It is constantly changing and getting wilder, provides an area of calmness for passengers, and at the same time it refreshes the air."



A DEEP CONNECTION WITH BUDAPEST

When GEON, the young architectural office behind the Budapest International Airport Regionals Area, was asked what was most important to Hungary it responded with: "the water". "Hungary is the country with the most sources of mineral water," Bébé said. "For thousands of years water has been very deeply connected with the population – almost every town has its own spring so it's very important to Hungarians, and also tourists." In its design for the store, GEON captured the moment when water bubbles from the



stones of a spring. "We have the wonderful installation in the store with the suspended glass bulbs, and that is something very unique – it really makes people stop and go into the shop," Bébé added.

TRONDHEIM: THE MOST LOCAL THING WE EVER DID

"Trondheim Airport is very special. We worked with two young architects, TYIN Architects, and it was the most local thing we ever did. They don't work like many other architects – they go to a place, get a feel for a place, and then use materials from a place," Bébé explained. TYIN purchased a 200-year-old traditional wooden hut from a Trondheim farmer, and transported it into the airport. "They took it apart, cleaned it, and then – because of course we needed shelves – created a new structure for the retail environment." TYIN only worked with local people in the hut's creation, who were part of the process throughout. "And now, when people come into the shop they can feel it has not been built anew, but can feel how real it is. And the airport is very proud to have something like this there, so it's a win-win situation for everybody."



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Four years ago Gebr. Heinemann took the bold step of moving for the first time into the emerging Asia Pacific market, and now, after establishing business relations in 13 different nations, Heinemann Asia Pacific has become known in the region for creativity and originality backed by shrewd duty free know-how. Recently appointed CEO Max Heinemann explained his strategy to overthrow the status quo in the swiftly developing market.

Bringing Hanseatic know-how to the Asia Pacific market

For Gebr. Heinemann, understanding the world's unique and diverse duty free markets is paramount to good business. Even as the company grows on a truly global scale, trading locally is a fundamental principle in an organisation that prides itself on operating at a personal level. It was for this reason that in 2010 Heinemann Asia Pacific was born in the very heart of the Eastern market in Singapore,

and became the first autonomous body in the newly decentralised Heinemann structure. An independent but integral arm of Gebr. Heinemann, the division is rooted in its Hamburg heritage, and enables the German bulwark of duty free to apply its long-honed Hanseatic mastery of the trade to the Asia Pacific region.

Established under the direction of Steffen Brandt and his team, Heinemann Asia Pacific thrived in

the previously uncharted region, and from entrepreneurial beginnings came the freedom to develop, and organic growth that sees the company now active in 13 nations, from Australia and Hong Kong to Indonesia and Vietnam. Steffen has since gone on to set up the next international Heinemann appendage, Heinemann Americas, and into his place at the helm of its flourishing Asia Pacific counterpart stepped Max Heinemann,



THE TEAM THAT PROPELLED HEINEMANN ASIA PACIFIC TO SUCCESS: Sebastian Wiegandt, Business Development Director; Julia Baumann, Chief Process Officer; Max Heinemann, then Chief Procurement Officer, ahead of his ascension to CEO; Audrey Tay, Finance Director; Olivier Louis, Operations Director; and Steffen Brandt, then Chief Executive Officer before his move to lead the Heinemann Americas branch.



Co-founder of Heinemann Asia Pacific and son of Gebr. Heinemann's co-owner Gunnar. Max becomes the fifth generation of Heinemann men to head a division of the company, and in his blood are the traits possessed by the company's leaders since it was founded by his great great grandfather – integrity, persistence and drive. Moulded under the tutelage of Steffen, and impelled by the challenges of working in every corner of the business – from finance and logistics to operations and purchasing – Max is now continuing to shape and strengthen the Asia Pacific division, and striving to encourage the development of new business in the discerning and organic manner that is the signature of Heinemann's strategy.

As well as the establishment of its own Purchasing and Logistics Departments and the formation of fruitful strategic partnerships in Singapore and beyond, the last

four years have seen Heinemann Asia Pacific engage in a number of challenging tenders, creative shop openings and stimulating windows of opportunity, all in the interest of unravelling the complex Asia Pacific market. And now, after years of learning, the time has come for Heinemann Asia Pacific to make its mark on the exhilarating region.

Making waves

“In growing organically we have not only the luxury, but also the responsibility of sticking to the core values of what makes us successful as a family business – the things that we believe in, and we said that we would try to see how that is translated into a multi-cultural setting,” Max explained. The Gebr. Heinemann company values are at the crux of the firm and have been integral to its success, and, like its mother company, it is the distinct brand philosophy of Heinemann Asia

Pacific that sets it apart from other market players.

Unrivalled originality and enterprise has historically defined the Heinemann DNA, and in the Asia Pacific realm Max is bent on forging a distinct personality, on being disruptive, and on creating duty free concepts that have never before been seen by the market. “We are known in this region for being very open-minded, for being very creative, and for challenging the status quo – which is always my motivation, because the status quo today is extremely boring. In order to change that we need to keep moving, and that means that we need to be very assertive in what we do, but we also need to be very respectful,” he explained. “In this fragmented region we cannot take a one-fits-all approach to the market, but we really need to take our time to learn what are the underlying core values to each market as well. This is one of the things that leads our growth in this part of the world.”

Heinemann Asia Pacific's canny ability to interpret its markets enables it to develop innovative and individualised store concepts



A LITTLE SOMETHING, ONE OF TWO RECENT OPENINGS AT SYDNEY AIRPORT, is a prominent example of how Heinemann Asia Pacific is creating new and original experiences for consumers. The gourmet fine food gifting concept prompts consumers to disconnect from media and put down their telephones to stop and browse the unexpected wealth of locally sourced produce within.

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CEO MAX HEINEMANN IMMORTALISES Heinemann Asia Pacific's first foray into the Asian cruise line market alongside Singapore Cruise Centre CEO Christina Siaw. The opening of two new Ocean Duty Free stores at the Tanah Merah Ferry Terminal took place in April.



for its customers, tailored to their specific demands. In doing this, Max explained, it aims to spur on progression across the entire duty free industry in the region, to create more enriching retail experiences for consumers, and show airports that they can become much more exciting environments. "It leads back to who we are and who we were as a team when we started here years ago," Max enthused, "we only wanted to enter the region if we could really create an impact and do something new."

A Little Something, one of two recent openings at Sydney Airport, is a prominent example of how Heinemann Asia Pacific creates matchless consumer experiences. Designed to remove passengers from the barrage of social media and touch screens so synonymous with travel, the gourmet fine food gifting concept prompts consumers to put down their telephones, and stop and browse the unexpected wealth of locally sourced produce within. "Operators have told me that people are calmed down by a concept that is really inviting, and people have said that they would even choose to live in the store. We're very excited about and proud of the store, and it gives us the motivation to go always a step further to create a world within the world of airports. Because that is what we believe is expected

today, and will be in the future even more," Max said. "Some people love to travel. Some people don't. Hence the motivation and willingness to shop is different. If you want somebody to literally pay tribute to what you offer, you'd better make sure what you offer is special, unique or exclusive, and that cannot be just the product."

Immersed in the market

Developing enduring relationships with local partners has been pivotal to Heinemann's headway in Asia Pacific, with exchange of knowledge between parties – the swapping of local insight for 135 years of merchants' ingenuity – serving as an indispensable advantage in the acquisition of new business. And, just like its parent in Germany, Heinemann Asia Pacific invests in long-term projects and partnerships – "we're never in any market for a quick buck," stressed Max. "We need a partner who believes in his business, but also understands that a certain cooperation is needed to bring it to the next level. We don't have a problem with making a partner stronger, we don't see that as a competition – it is very important to do that in this part of the world and that is what partnership is about, isn't it?"

The Heinemann name is a familiar one in the Asia Pacific region, but while the reputation of Gebr. Heinemann's four generations of

trading expertise goes some way to garnering interest from potential partners and clients in the region, the independent, dedicated Asia Pacific division commandeered by the fifth must prove its own worth. "People often ask what the pressure is like in terms of me being the follow-up generation of the family business – 'How heavy is the weight on your shoulders?' is something I get a lot, but I never really see it as a weight," Max admitted. "I think that it is the beginning of our personality at Heinemann Asia Pacific – it's extremely challenging, and I need to be challenged on a daily basis. I need to challenge other people and a family business has a whole set of unique challenges."

The family spirit that is so intrinsic to the Heinemann way of thinking is evident in the management of the Heinemann Asia Pacific team, and even extends beyond, to the company's partners and customers. "If we make them – as we try to do – literally part of our family, especially with local players in markets that look into the face of a lot of change in terms of keeping up with international growth or competition, then all of a sudden becoming part of the bigger family can unlock a whole new set of potentials and motivation to be even more successful." As well as its long-standing duty free alliances in



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Macau – with fashion brand Canudilo in the Esscents fragrance store – and Laos with Haven Duty Free – the company is developing important unions all across the region, with new relationships steadily emerging in testament to the rapidity of its growth. Shrewdly, ahead of upcoming multiple tenders in Sydney, Heinemann Asia Pacific opened the National Geographic and A Little Something stores in the latter part of last year to establish a presence in Australia, while the recent awarding of the duty free contract in Surabaya will see the opening of almost 700sqm of airside retail space at Juanda International Airport's Terminal 2 in June. "Our partnership on this project with Angkasa Pura, Indonesia's state-owned airports company, is very promising," Max said. "You see a lot of willingness to change and put effort in to create a real experience – Indonesia is much more forward looking and futuristic than many people think. For us it is a really important market – clearly its incredible spending power and double-digit growth rates you can only dream of in other parts of the world. This is something that we always wanted, and we are extremely happy that we got the contract and earned the trust from our landlord, which is ultimately the same with our contract and landlord in Malaysia."

Storming ahead

And if it seems that in just four years the fledgling division has made impressive strides in the region, there are certainly more admirable feats to come. In recent months Heinemann Asia Pacific has also made its first foray into the Asian cruise line market with the opening of two new Ocean Duty Free stores at the Tanah Merah Ferry Terminal in Singapore, in partnership with Singapore Cruise Centre (SCC), and now awaits with anticipation the opening of Kuala Lumpur International Airport's new terminal klia2, where it will introduce on a grand scale its 'be Duty Free' concept. This bespoke 1,240sqm multi-category concession is inspired by the brand values of klia2 and attuned to the needs of the uniquely high-spend LCC fliers that will populate it, and for the first

time will see the close coordination of Heinemann Asia Pacific, MAHB (Malaysia Airports Holdings Berhad), and airline partners such as AirAsia.

"Heinemann Asia Pacific's model for growth is always a mix – it's about being very proactive, while on the other hand very opportunistic because that's how the business model works," Max said. "We screened, of course, our entire region four years ago, but now after four years of experience we are kind of rescreening, and looking at the changes – political and policy, retailer and management – of certain countries and regions." Sustaining its thus-far prolific growth in the evolving environment is

is open to the possibilities that China holds for Heinemann Asia Pacific, Max is staunchly realistic about the potential growth awaiting the company in other countries with robust spending power, with regions such as Indonesia, Laos, Vietnam and Myanmar, all important dots on his radar, as well as Australia, where he hopes the two new five-year contracts in Sydney will be just the beginning of a much longer residency. And Max certainly is not short of ideas – "after all, there is also Korea and Japan to consider" – but in his approach to growing his business he advances one step at a time. "We are four years old in this part of the



DEVELOPING ENDURING RELATIONSHIPS WITH LOCAL PARTNERS HAS BEEN PIVOTAL TO HEINEMANN'S HEADWAY IN ASIA PACIFIC, with exchange of knowledge between parties – the swapping of local insight for 135 years of merchants' ingenuity – serving as an indispensable advantage in the acquisition of new business.

Heinemann Asia Pacific's priority, but to where will the company's next move be? "I think at this point everybody expects the answer China," he said. "It's clear that China is an incredible region in itself and personally I have a great interest in the culture and language. Let's just say if ever there are changes to come in China, or if we can influence them from our side, we will – and we will be ready for the moment when it happens. Family business is an embedded part of Chinese culture. You need to treat this with respect, and we know how to do that."

South East Asia has, from day one been a place of great focus for Heinemann Asia Pacific, and while he

world – 135 years old on the other side of it – and to an extent we want to repeat history, we want to be equally successful and embed our history into that of the group.

"But one thing we have learned is that you need to be very smart and you need to have patience as well. Which is not to say you should just wait and see what happens, but you cannot put your head through the wall. You have to find the door or a window to start that process, and, as we always have, we will keep our manners. We will ring the bell on the door instead of kicking it in. And if one day this strategy ceases to work, I will let you know."



The foundation of the pivotal third pillar in the Gebr. Heinemann structure was an historic milestone in the company's development. Established at the end of last year in Miami, Florida, the Heinemann Americas office is the German institution's gateway to the American continent, and underlines its position in the industry as a truly global player.

Breaking America

Patience and fortitude are cornerstones of the Heinemann way. Its strength lies in years of experience in recognising the right opportunities and making decisions at the most propitious moments – traits that have been fundamental to its worldwide success. The establishment of a third independent Heinemann offshoot in America had been considered by the company for a number of years, but when its primarily cruise liner customers in the region called for Heinemann to play a larger part in their operations, the opportune moment arose to make the move across the Atlantic.

The international cruise market

is dominated by American shipping companies, and for Heinemann's cruise liner business to grow, an office of its own in the US was an inevitable development. It was for that reason that in November 2013, Heinemann Americas opened its doors in Miami. From this base, it will act as a retail and distribution partner to cruise companies such as MSC Cruises, supplying its fleet in Miami, the Caribbean and South America and offering support in matters of shop design, trade marketing and product selection.

Establishing Heinemann Americas was a strategic landmark for Heinemann's profile in the US – a

profile it intends to raise in the years to come. Though still in its relative infancy, it is clear that Heinemann Americas possesses the same entrepreneurial spirit and drive that the first Heinemann subsidiary in Asia Pacific did four years before it. The team is headed by CEO Steffen Brandt, the man who pioneered the implementation of the Asia Pacific arm in Singapore alongside its now CEO Max Heinemann.

Steffen's suitability for his new role is indisputable. During his time as a pilot, and later, working as Category Consultant for Mars he acquired a wealth of knowledge of divergent international practices



THE INTERNATIONAL CRUISE MARKET is dominated by American shipping companies, and the setting up of its Americas office has enabled Heinemann to expand its cruise liner business in the region. From this base, the company acts as a retail and distribution partner to organisations such as MSC Cruises, supplying its fleet in Miami, the Caribbean and South America.



and, having laid the groundwork for the ongoing growth in Singapore, he is now prepared to emulate its success in the new market. “I think it’s very important to have that sort of experience – an understanding of different cultures and the many diverse ways of doing business,” he explained. “We started as just three people in Singapore, and four years later we are close to 300. Having started from scratch I think we did a good job in that time creating a functional independent company, and now we can buy and store and sell, we can do distribution and we have our own retail operations. Obviously it’s never easy in that part of the world, but I don’t know many parts of the world where it is easy. The goal now is to replicate that.”

Heinemann Americas is the momentous third regional pillar of Heinemann’s international presence, and has solidly positioned the firm, as

co-owner Gunnar Heinemann put it, “active in all three main worlds, and not just saying that we are a global player”. The move into Miami, Steffen explained, was crucial to the evolution of the Gebr. Heinemann business. “I used to joke,” Steffen said, “that we don’t want to be more German than necessary. Of course I don’t mean that it’s a bad thing to be German, but we know at Heinemann that it will never be enough to be active in a market and believe that you can understand everything if your base is a couple of thousand kilometres away. And while local knowledge is obviously key, it is also important that we act as a group.” The opening of Heinemann Asia Pacific in Singapore brought about an important and dramatic change to the 130 years of tradition housed within Heinemann’s HQ in Hamburg, and has proffered some important teachings as to how the overarching business can grow. Heinemann America’s roots

remain firmly ensconced in Hanseatic tradition, and the company’s values remain at the crux of its operations, “but there is only one way to make business in the Americas and that is to be in America. And there is only one way to make business in Asia and that is to be in Asia,” Steffen commented.

Still in its early days, the eight member-strong Heinemann Americas team is already covering purchasing and sales, and while there is still much learning to be done in this unfamiliar region, Steffen is confident that Heinemann will once again successfully step up to the challenge. “I definitely do not believe it will be easier – in fact my feeling tells me it will be at least as difficult as Asia,” Steffen added. “But, as Gunnar Heinemann says, we should never go if we can’t make the difference, and what little I do know, I know there are plenty of opportunities to make the difference.”



THE HEINEMANN AMERICAS TEAM IS HEADED BY CEO Steffen Brandt (left), the man who pioneered the implementation of the Asia Pacific arm in Singapore alongside its now CEO Max Heinemann (right). “There is only one way to make business in the Americas and that is to be in America. And there is only one way to make business in Asia and that is to be in Asia,” Steffen commented.



Great deals for those who fly

Heinemann Duty Free's striking "Great Deals For Those Who Fly" campaign is a part of an exhaustive crusade to educate its customers in the benefits of buying in duty free. The pioneering firm's continued investment in CRM, meanwhile, is forming the backbone of its future retail development.

The creation of exemplary experiences for its consumers is a fundamental component of the 'Heinemann DNA', and something that, in its 135 years of business, it has become well versed in delivering. But for the passengers that don't buy in duty free, Heinemann faces a different challenge – to reach and educate travellers, both domestic and international, to whom travel retail is still a relatively foreign concept.

Heinemann has developed further the notion of the customer journey approach – communicating with passengers through the entirety of the travel experience. "The customer journey in the old and present duty free era is that you have posters in front of the shops, you have activities inside the shops, and you have the checkouts. Sometimes you send a newsletter to the people if you know them. Today though we

think differently," explained Markus Ettl, Gebr. Heinemann's Director Marketing. The advanced strategy involves contact with passengers from the instant they book their flight to when they have arrived home from their trip – and beyond, to educate them on the benefits of shopping in the duty free channel. "The tools are of course 360-degree communication – we use digital, mobile, newsletters – and our corporation partners, such as our airport partners and airlines, have millions of tools," Markus said.

Better serving the customer

Heinemann's genial Great Deals For Those Who Fly long-term advertising campaign reaches consumers



MARKUS ETTLIN, GEBR. HEINEMANN'S DIRECTOR MARKETING: "It couldn't be further from a generic offer, that which we have on the shop floor. We define first of all what our customers need and then we are customising our touch points and adapting our approach. We are growing day by day, and every day learn more about our customers."



through all media, both at home, on airport grounds and on their journey, and is designed to aid passengers' understanding of the duty free environment. One of the campaign's key aims, over five years, is to permanently enlighten the significant proportion of Schengen passengers who still do not buy because they are under the impression that duty free is no longer available on intra-EU flights. "We have to invest heavily because they are not all convinced yet," Markus established. "They do not know that they can buy – and this is the largest amount of passengers who come to our outlets in Europe. Then when it comes to passengers from elsewhere – Norway for example, we take a different approach. There we are not focused on the 360-degree communication, but instead perform the communication on the shop floor. Norwegians know that they can save money if they buy in duty free, so we therefore have to focus on the quota. A different customer, a different approach."

This continuous contact with

the consumer enables Heinemann to learn about its market, and the acquisition of information about the travelling shopper is rapidly fortifying the backbone of its retail business. The company is investing heavily in Customer Relationship Management and is getting to know its customers so it can serve them better. It now communicates with more than 200,000 customers through its Heinemann & Me customer loyalty scheme, and, with its international implementation continuing, the firm is well on the way to its ambition to reach one million passengers by 2016. "Because now this is the core of our business – it's no longer product brands. Of course we need them – the fundament of our business is international product brands and top brands at affordable prices. But what will be the future core of the industry is the present core for Heinemann, and that is the customer knowledge," Markus added.

The personal approach

In every aspect of the business, the Gebr. Heinemann approach is a

very personal one – the backbone of the family company – and the forward-thinking firm is applying the same familial values to its consumer interactions in-store. "We said ok, we could place LCD screens and tablets at the shelves and customers can work on these technologies for themselves, but we think technology must be used by our people, and therefore we support our people with technology," Markus said. A recent pilot of the approach at Frankfurt Airport saw Chinese passengers engage personally with store staff assistants armed with a specially designed Mandarin-language app on tablets around the airport store. "All the information we received out of this pilot is now brought to life in our 'Digital In-store Assistant' technology, which we will bring to market and to our main stores in the future," Markus said.

When it is implemented across the Heinemann portfolio, the Digital In-





store Assistant (or DIA) programme will also be tailored to suit the demands of different markets, featuring applications in a variety of tongues that not only offer product information, but shopping inspiration and informational tools. "Sometimes a customer who is approached by a Digital In-Store Assistant only wants to talk about prices, so we have also product and price comparison features on our DIA so we can do it on the shop floor." On the other hand, a Russian consumer for example may require information on product brands, which they receive immediately from the DIA after scanning a product – with the option even available to then purchase the product as part of Heinemann's new Home Delivery service, which enables consumers to shop whenever and wherever they want with their boarding pass, without having to carry their purchases.

"It couldn't be further from a generic offer, that which we have on the shop floor," Markus said. "We define first of all what our customers need and then we are customising our touch points and adapting our approach. We are growing day by day, and every day learn more about our customers."



THE SPIRITED GREAT DEALS FOR THOSE WHO FLY

advertising campaign aims to reach consumers through all media, both at home, on airport grounds and on their journey, and is designed to aid their understanding of the duty free environment over a five-year period.



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Looking to the future

Gebr. Heinemann experienced a 2% rise in its turnover last year, and expects revenues to grow by a further 6% in 2014. This ambitious growth is certainly realistic, with 80% of Gebr. Heinemann's entire retail turnover secured until 2020 or beyond with long-term concessions. Never standing still, Gebr. Heinemann is constantly developing its business, including exciting developments in new markets.

Gebr. Heinemann's development plans include increasing its retail surface area from the current 70,000sqm to 100,000sqm by 2020, and its concessions portfolio from 61 to 90. These headline figures are based on the tenders in which Heinemann is participating, and reflect its ambitions for global growth.

This year, Heinemann will devote more than €100 million

to the expansion of the company. This will see the completion of the new logistics centre in Erlensee, Frankfurt, the upgrade of its existing warehouse, and, of course, widespread retail investment.

Major development is to take place not only in new areas for the company, but in many of the existing concessions where it has been active for several years. "We have a lot of

plans to expand in new space and new shops, even in existing outlets where we can invest heavily," commented co-owner Claus Heinemann. "Whatever is good for the consumer, we have to experiment and be ready to try."

Last year saw the refurbishment of the 2,800sqm space at Copenhagen Airport, while the Istanbul refurbishment is ongoing, as is the Oslo project, where the new Terminal



NEVER STANDING STILL,
GEBR. HEINEMANN is constantly developing its business. Last year saw the refurbishment of the 2,800sqm space at Copenhagen Airport.



2 will open in 2017.

The €100 million being invested in expansion this year will mainly be focused on e-commerce, m-commerce and logistics. Depending on the outcome of current tenders, there will also be investments in new concessions. Indeed, it was recently announced that Gebr. Heinemann and its Egyptian partners have won the duty free concession at Sharm el-Sheikh International Airport's Terminal 2. "Egypt is on our map as a very important country, and we believe that it will remain a very strong tourist destination," said Jens Degner, Director Global Business Development, Gebr. Heinemann.

Commitment to global growth

Heinemann is focused on global business development, and believes that future growth will increasingly come from outside Europe. The current concessions portfolio shows a clear hotspot in Europe. "We have business in South Africa – through the Big Five Duty Free joint venture – and we have business in Asia Pacific, but we have no footprint as an airport retailer in the US or in South

America," explained Jens.

Heinemann Asia Pacific is participating in the major duty free tender at Sydney Airport, which would be a big asset to the portfolio and potentially the springboard to further expansion in this dynamic region.

A significant development was the recent opening of an office in Abu Dhabi – a clear signal of the Heinemann Board's commitment to global growth. This is the first time in the company's history that it has opened a sales office in advance of an upcoming duty free tender. "This is such a great opportunity and you really need to have a presence there to understand the market," Jens commented. "This was based on a very strong commitment from the owners and the Board. We now have two people in our Abu Dhabi office and will increase the team during this year. We see Abu Dhabi, together with Sydney Airport, as the most important projects for Heinemann in the following months. In 2014, we have a lot of opportunities, but Abu Dhabi and Sydney are among the most important."

While this is a new market entry strategy for Heinemann, it may form

the blueprint for future activities, as being on the ground in a new market as early as possible is key to building an understanding and also building contacts.

Alongside these exciting global plans, Heinemann is also alert to business opportunities in Europe, where it is, for example, the market leader in Russia/CIS. "We will evaluate every opportunity and then decide if we are to invest our energy, our money, and our time," Jens explained. "Heinemann is not only looking at the blue chip large hub airports, we are also very interested in increasing our footprint in medium-sized airports. We have successful operations in Bologna, in Salzburg, in Bratislava, so for us there's no limit."

Significantly, Heinemann is able to apply any possible model, including concession model, joint venture partner, or supplier, and this versatility provides it with a huge competitive advantage. The dynamic leadership driving Heinemann's global business development clearly has a well-defined strategy designed to capitalise on the company's unique expertise, and its commitment to developing in new markets points to a bright future.

HEINEMANN ASIA PACIFIC is participating in the major duty free tender at Sydney Airport, which would be a big asset to the portfolio and potentially the springboard to further expansion in this dynamic region. Heinemann is already present at the airport with **A Little Something** – an innovative gourmet fine food offering – and the National Geographic store.





Gebr. Heinemann
Gegründet 1879



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We are proud to be part of the Gebr. Heinemann success story and thankful to build on more than 90 years of trustful collaboration.

Diverse portfolio.
Strong brands.
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Storytelling and product excellence

Gebr. Heinemann's partnership approach is one of the key elements of its successful business relationships. It is an approach that builds trust and confidence, and has created many world-class retail environments and brand experiences. One leading example is Puig, which shares the familial spirit of Gebr. Heinemann. The two organisations have a longstanding working relationship and share a long-term vision for their mutual business.

Puig is a third-generation family-owned fashion and fragrance business based in Barcelona and currently headed by Chairman and CEO Marc Puig. Puig, like Heinemann, has developed into an international company while retaining the values and characteristics of a family company. It celebrates its centenary this year, and has a long history of travel retail excellence.

The strength of the company lies in its ability to build brands, to shape the image of brands through fashion, and to translate that same image into the world of fragrance through storytelling and product excellence.

There are similarities in the values and culture of Puig and Gebr. Heinemann. They share the same kind of vision and responsibility for their companies

and their employees, all of which is linked to the 'DNA' of a family-owned company.

While both companies are growing, the flexibility remains, and Puig tries to respond quickly to Heinemann's needs and expectations.

"Gebr. Heinemann is one of our biggest clients and we have a dedicated multi-functional team working with them in order to best respond to their needs," explained Patrick Bouchard, General Manager Europe and Global Travel Retail Managing Director, Puig. "Because Heinemann works in different countries, different regions and in different channels within the travel retail business, this multi-functional team has certainly a good understanding of what is required by the client."

Retailtainment

Puig's retailtainment approach injects entertainment into the retail environment, enabling it to get closer to the consumer and create an engaging brand experience.

"You will see that when we launch new products, there is a real story behind them," commented Patrick. "On a regular basis, for each of our launches, we have some retailtainment activities."

An iconic collaboration between Puig and Heinemann was the highly successful 'Million universe' retailtainment concept at Frankfurt Airport, complete with Paco Rabanne golden safe box competition, to celebrate the launch of Lady Million – counterpart to the phenomenally successful men's fragrance One Million, which has now been the top-selling fragrance at Frankfurt Airport for several years. The promotional area recreated the 'Million universe' with distinct gold and black cladding, golden merchandising towers and striking brand visuals. Patrick explained that travellers purchasing either Lady Million or One Million had the opportunity to open the golden safe box, which contained various prizes. Meanwhile, in a cross-category promotion, customers were also able to sample a bottle of gold-clad Bottega prosecco. Customers were also entered into the main prize draw, with the chance to win a Paco Rabanne golden octagonal rhodoid dress worth over €1,000. "This was definitely an important milestone in our retailtainment strategy and we were very pleased to achieve this with Heinemann," Patrick added.



**PATRICK BOUCHARD,
GENERAL MANAGER
EUROPE AND GLOBAL
TRAVEL RETAIL
MANAGING DIRECTOR,
PUIG:**

"You will see that when we launch new products, there is a real story behind them. On a regular basis, for each of our launches, we have some retailtainment activities."



AN ICONIC COLLABORATION BETWEEN PUIG AND HEINEMANN WAS THE HIGHLY SUCCESSFUL 'MILLION UNIVERSE' retailtainment concept at Frankfurt Airport to celebrate the launch of Lady Million.

Puig is the brand owner of Paco Rabanne, Carolina Herrera, Nina Ricci and Jean-Paul Gaultier and has the perfume licence of Prada and Valentino.

Another area in which Puig excels is supply chain logistics. It

understands how important this is to a retailer and distributor, and takes great care with this aspect of its service. "There are many initiatives that we have defined and implemented together with Heinemann – one of them from

a logistics point of view is the collaborative planning programme," Patrick explained.

On a more personal level, the top management of Heinemann and Puig occasionally share quality time that allows them to better understand each other. For example, Puig invited Heinemann's top management to attend the annual Puig Vela Classica Regatta, which takes place in Barcelona.

Travel retail is clearly a very strategic global business unit for Puig, with different regional initiatives taking place in Europe, the Americas, Asia Pacific and the Middle East.

Looking forward, two key activations will take place this year, with which Heinemann will be associated, including the recently unveiled new Lady Million Eau My Gold! – the latest fragrance in Paco Rabanne's highly successful Million range.

Innovative retail solutions

Success in airport retailing comes from continuously introducing customer-centric innovations to the basic duty free business model along all segments and functions within the value chain.

To achieve efficient and effective use of its marketing and communication tools, ATU DUTY FREE focuses on a fresh yet fundamental marketing message that lies at the core of the duty free experience. Its 'Everybody Loves Duty Free' campaign aims to remind customers why duty free stands out as one of the most positive and personal shopping experiences. The goal is to tap into the sentimental bond with customers in a deeper and more direct manner. This approach aims to improve brand awareness, solidify brand image and, with help of key marketing and communication tools, increase the company's customer base and its average basket size. ATU DUTY FREE has access to approximately 35,000 different, deliverable articles from about 1,000 international brands

ATU DUTY FREE, founded in 1999 as a joint venture between TAV Airports Holding and Unifree Duty Free / Gebr. Heinemann, has grown into one of the world's leading airport retailers in terms of strong purchasing power, logistics technologies that support a responsive and flexible supply chain, commercial expertise, innovative culture and customer-centric approach.

available in Gebr. Heinemann's logistics facilities. Computer Assisted Ordering via SAP integrated to Gebr. Heinemann's logistics network gives ATU DUTY FREE a significant competitive advantage with regards to 100% product availability, stability and competitive price.

ATU DUTY FREE also has an in-house team made up of four architects working closely and cooperatively with Gebr. Heinemann at the project design stage. Together with Gebr. Heinemann, it has developed many innovative store concepts that draw customers' attention, such as local and regional concepts, high street (walkthrough) store concepts and single brand luxury boutiques.



TOGETHER with Gebr. Heinemann, ATU DUTY FREE has developed many innovative store concepts that draw the attention of the customer.

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JOHNNIE WALKER
EXPLORERS' CLUB
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SHARING HAMBURG AS A COMMON HOME supports the close business collaboration between Imperial Tobacco and Gebr. Heinemann. “On the other hand, we enjoy and appreciate that it enables a casual cigar in the evening at the Hamburg Business Club, football matches at our sport facilities, or the close cooperation in the German Travel Retail Association where Gunnar Heinemann and myself are both board members,” commented Andreas Lemke, General Manager Global Duty Free, Imperial Tobacco.

The business relationship between Gebr. Heinemann and Imperial’s subsidiary Reemtsma goes back to the early 1920s and continued with Imperial Tobacco after Reemtsma became part of Imperial Tobacco in 2002. Besides looking back on over 90 years of trustful partnership, Gebr. Heinemann and Reemtsma both have their roots in Hamburg, and the two businesses have fruitfully developed a joint historical Hanseatic rapport, as Andreas Lemke, General Manager Global Duty Free, Imperial Tobacco, explained.

Strong brand activations

Travel retail is a very important part of Imperial Tobacco’s business. It is a crucial channel for showcasing and building brands, and Imperial Tobacco operates truly internationally with a portfolio of products across every tobacco category: cigarettes, cigars, roll-your-own, paper and smokeless (snus), with both international brand leaders and regional specialties.

“Whilst maintaining this breadth of offer, our new strategy is more focused on organic top-line growth,” said Andreas Lemke, General Manager Global Duty Free, Imperial Tobacco.

Moving forward, the company strongly believes that category management is the way to go for the tobacco sector and is crucial as part of the retail experience. “Good category management is based on in-depth research and analysis which helps in understanding the different needs of travellers, the roles the different categories play, the importance of

shop layout and shopper navigation, how to create an optimal portfolio based on individual outlets and how to best merchandise the category,” Andreas added.

Imperial Tobacco supports its category management approach with strong brand activations to ensure the shopper can differentiate between the brands.

Sharing Hamburg as a common home supports the close business collaboration between Imperial Tobacco and Gebr. Heinemann.

It is also worth mentioning that the base of Imperial Tobacco’s Asian duty free operations used to be in same Singapore building as Heinemann Asia Pacific, before it moved its Asian base to Hong Kong.

“For the common goal to increase penetration rates, but also to give smokers a great shopping experience of our brands in Gebr. Heinemann outlets, we develop exciting stage promotions like the Gauloises ‘Café

Liberté’ in 2012 or the Davidoff ID Promotion last year – both promotions were exclusively tailored for Gebr. Heinemann and took place at Frankfurt Airport,” explained Andreas.

Imperial Tobacco not only supplies Gebr. Heinemann with its strong cigarette brands, but also a total tobacco approach with a strong position in all the main tobacco categories. Generating more excitement in the non-cigarette tobacco categories in Heinemann stores, Imperial Tobacco develops special duty free exclusive editions of its Cuban Mini Cigarillos, while last year it launched the Norwegian snus brand Nord66 at Oslo Gardermoen one month prior to the Norwegian domestic market. “We are very much looking forward to our joint future collaboration with Gebr. Heinemann, which builds on more than 90 years of fruitful partnership,” concluded Andreas.



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**IN PARTNERSHIP WITH
GEBR. HEINEMANN
MONDELEZ WTR** created the
outstanding 'Out of the Blue' campaign for
the launch of Toblerone Crunchy Almond,
so popular at Frankfurt Airport that it was
extended to other Heinemann Duty Free
locations: Copenhagen and Oslo.

Mouth-watering potential

20 years since Mondelez established its World Travel Retail arm, Managing Director Andreas Fehr reflects upon the milestone successes and long-term partnerships that have proved vital to its progress, and the ongoing challenges that the "under-represented" confectionery category faces in travel retail.

“Our leadership position is not a given, but something we need to fight for every day,” Andreas Fehr said. The head of one of the industry’s leading companies, which counts globally renowned brands like Toblerone, Cadbury, Oreo and Milka among its diverse portfolio, is reflecting not just on the intense competition that faces brands within the confectionery sector, but also on the crusade it is leading to raise the category’s profile in travel retail. “Traditionally confectionery wasn’t associated with exceptional retail experiences – certainly not to the same degree as categories like liquor and perfume and cosmetics. We’ve invested significantly to drive a step-change in the quality of retail experiences in confectionery, with award-winning campaigns like ‘Out of the Blue’ for the launch of Toblerone Crunchy Almond really upping the ante in terms of visibility, digital integration and customer interaction.”

The ‘Out of the Blue’ campaign,

created in partnership with Gebr. Heinemann, featured a state-of-the-art gold conveyor belt product display laden with Toblerone tablets, and a digital game that attracted significant additional footfall and generated a sales uplift well above expectations. It is through innovative approaches such as this that Mondelez WTR aims to boost the confectionery market by \$3 billion over the next three years, by encouraging retailers to adopt new store concepts and practices.

“The name of our category vision – ‘Delighting Travelers’ – encapsulates our approach to travel retail,” Andreas said. “We believe that by creating enjoyable and memorable experiences in stores we can grow sales significantly. By delivering something eye-catching, interactive and memorable we can get more shoppers in store, increase basket sizes and build brand loyalty to drive repeat business.”

Mondelez GTR always works closely with Gebr. Heinemann to understand where expertise and investments are

best applied, not only to grow sales of its products, but to stimulate growth at a category level. Importantly, in 2011 Mondelez GTR and Heinemann exclusively launched Oreo, the world’s number one biscuit brand, into travel retail, while in 2013 the two firms used cutting-edge Augmented Reality technology to promote chewing gum brand Stimorol in the confectioner’s first campaign to promote purchasing gum in the duty free environment.

“Gebr. Heinemann has – without a doubt – been one of our key strategic partners over the last 20 years,” Andreas continued. “Both companies have a clear commitment to travel retail – for Gebr. Heinemann it’s their core business, while Mondelez made its intentions clear when it took the ground-breaking step of creating a dedicated travel retail business. Furthermore, over the years, both Mondelez WTR and Gebr. Heinemann have built reputations for retail innovation, and this shared philosophy has been at the heart of our partnership.”



A family affair

A family distiller since 1892, Waldemar Behn delivers the values that the Behn family is known for with every product it offers and customer experience it creates. Its close partnership with Gebr. Heinemann has spanned decades, and Managing Director Rüdiger Behn explained that their long history of operating together has fostered a special way of doing business, based on mutual beliefs and values.

“It’s a handshake. A yes is a yes and a no is a no,” said Rüdiger Behn of Waldemar Behn’s stalwart relationship with its longstanding retail partner Gebr. Heinemann. “This is how we, as family businesses, have a long tradition of working. We don’t need each others’ signatures. Their word is enough for me.” His words closely echo those of Gunnar Heinemann, who shares Rüdiger’s familial spirit. The two companies have a lot in common – both now run by the fourth generation, Gebr. Heinemann and Waldemar Behn have persistence, dependability and family values at their heart.

Waldemar Behn was established by Rüdiger’s great grandfather and, now run by he and his brother Waldemar, theirs is a brand whose heritage is deeply rooted in northern German tradition. “We provide consistency,

premium quality and passion for spirits, furthermore uniqueness, creativity, reliability and competence since generations,” he said. “The travel retail stage and especially our partner Gebr. Heinemann is the perfect surrounding for our ‘World of Unique Brands’. To support our partners and the uniqueness of our brands with innovative and one-of-a-kind promotion concepts is our pleasure and challenge, and above all a very valuable investment.”

The brand’s partnership with Heinemann spans decades. Though Rüdiger officially joined the company in 1984, he remembers even as a child his father working with the Heinemanns. Their contact is close and daily, and is based on sympathy and confidence starting at the very top level. “For instance it has been a matter of course to inform both Gunnar Heinemann and Claus

Heinemann personally about the purchase of DANZKA Vodka before this fact was disclosed in the press,” he commented. The two firms work together both regionally and internationally, and together create extraordinary promotions devised through, as Rüdiger explained, “not a negotiation but a brainstorming”, so that ideas fulfill the needs of all parties.

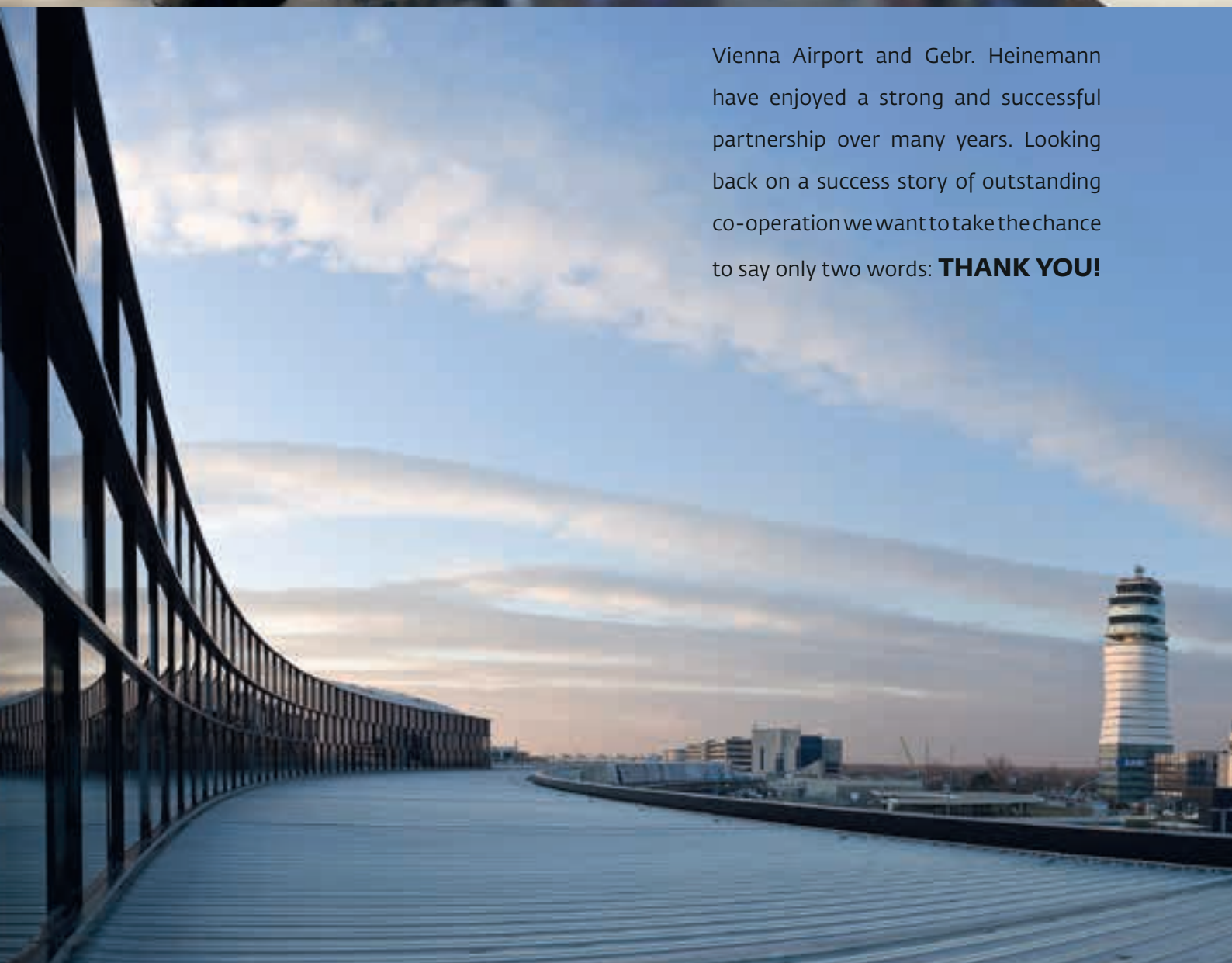
The travel retail channel is a very valuable and important segment for the Waldemar Behn Company, and together with its retail partners it creates the perfect concepts to showcase its brand essence. “We are strongly working together with our partners, especially Gebr. Heinemann, sharing customer insights and working on a continuous process of improvement. Our partners are the most valuable ears we have in the different markets,” Rüdiger said.



IN SPRING DURING THE SKIING SEASON, DANZKA Vodka and Dooley’s Original Toffee Cream Liqueur came together for the first time on stage at Copenhagen Airport, where a ski trainer introduced DANZKA Vodka and Dooley’s as perfect après-ski drinks.



Vienna Airport and Gebr. Heinemann have enjoyed a strong and successful partnership over many years. Looking back on a success story of outstanding co-operation we want to take the chance to say only two words: **THANK YOU!**



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Consumer insights driving retail innovation

Innovation is the cornerstone of British American Tobacco International's approach to travel retail, enabling it to meet the needs of adult tobacco consumers and its customers. A key element of this is its partnerships with retailers, and BATI's solid relationship with Gebr. Heinemann, built over many years, is based on trust and the values of entrepreneurship, reliability and sustainability.

British American Tobacco International (BATI) pays special attention to gathering comprehensive insights into adult smokers' preferences and buying behaviour. This information helps it offer innovations relevant to adult tobacco consumers' tastes, attitudes, pockets and purchasing patterns.

"In terms of retail innovation, we have developed the 'Active Retail Concept'," explained Christian Löwe, General Manager, British American Tobacco International. "The concept is based on the translation of consumer insights into the right combination of display and dialogue that forms the total retail package for a specific location."

A recurring insight captured from adult consumers is that tobacco often lacks the engaging and premium qualities of other categories in the

travel retail channel. BATI addressed this through a strong partnership with Gebr. Heinemann in its latest execution at Istanbul Atatürk Airport. Christian commented that the retail concept opens up a new dimension in consumer engagement and the premium qualities of the tobacco category. "In designing the concept, we took on board the needs of the retailer and built a solution that incorporates our latest consumer insights and reflects the brand essence," he added. "Furthermore, the retailer was involved in the main stages of this innovative project, from design concept to production and installation."

Travel is an exciting event in people's lives and travellers want to be exposed to new experiences and inspirations, which is why passengers

expect something special from the travel retail environment. BATI offers exclusive and innovative products to adult tobacco consumers in various exciting ways such as Lucky Strike Additive Free or KENT HDi. Among its latest product developments is State Express 555 Platinum – the newest addition to the 555 portfolio. A top class cigarette produced from the finest quality Brazilian Virginia tobacco, State Express 555 Platinum will be launched in Gebr. Heinemann outlets in Frankfurt and Copenhagen. Meanwhile, BATI recently launched Lucky Strike's new 'Patterson' packaging redesign. "The refreshed 'Patterson' design will be available in the 'jumbo' carton which is exclusive to travel retail and has positively driven sales in the past," Christian said. "In the last few years, Lucky Strike has had excellent growth, especially in the Gebr. Heinemann outlets across Germany."

When Frankfurt Airport's new Pier A-Plus facility opened in 2012, Gebr. Heinemann chose Lucky Strike as the category hero in its outlet. "In 2013 and in 2014, there were and will be occasions to showcase the fruitful results of this strong partnership through the executions in Turkish airports," Christian expanded.

BATI continuously works closely with its partners. Indeed, Gebr. Heinemann and BATI are currently working on a new retail execution for Izmir Airport. "The design has been signed-off by both parties and we are all excited to see the concept realised once the outlet refurbishment project is kicked off," Christian concluded.



BRITISH AMERICAN TOBACCO INTERNATIONAL'S strong partnership with Gebr. Heinemann in the latest execution at Istanbul Atatürk Airport opens up a new dimension in engagement and premiumness of the tobacco category in travel retail.



A DRAMATIC FOOTFALL DRIVER NOT ONLY WITHIN THE LIQUOR CATEGORY BUT ALSO THROUGHOUT THE STORE, the MARTINI racing team-branded Porsche GTR Cup is creating exceptional interest among travellers at Frankfurt Airport, including many passengers who might not ordinarily have entered the stores.



The power of collaboration

In the travel retail market and beyond, the most momentous and unprecedented ideas spring from collaborations – the coming together of two companies in the creation of something truly extraordinary. The long-standing collaboration between Heinemann and Bacardi Global Travel Retail has seen the delivery of exceptional experiences for consumers that are driving growth for its brands and the entire category.

Bacardi Global Travel Retail's business is sharply focused on creating differentiation, not just for its brands but for the entire channel, through innovation, premiumisation and exclusivity. A powerful stream of products from across its remarkable brand portfolio is the key to delivering this uniqueness, augmented by the outstanding in-store spectacles that set its products apart in the eyes of the consumer. Its brands have truly global appeal, and include a wealth of category leaders such as BOMBAY SAPPHIRE gin, BACARDÍ rum and GREY GOOSE vodka, and it is also the world's fourth-largest whisky producer – with its quality malts and blends such as DEWAR'S and ABERFELDY, Bacardi Global Travel Retail is ambitious to achieve the same success for its brown spirits as it has achieved with its white.

The development of 'best in class' collaborations with world class retailers like Heinemann Duty Free,

are a component essential for Bacardi Global Travel Retail to deliver on its strategy and drive the category's growth. "Working together, we know we must inspire travellers to stop in their tracks when they see something new and out of the ordinary, to feel compelled to explore," Aude Rocourt, Regional Director Europe, Bacardi Global Travel Retail, enthused. In Bacardi Global Travel Retail's work with Heinemann, ideas originate and are shared and welcomed from both sides, reflecting an acknowledgement that by sharing skills and inputs, the in-store activations and promotions will be more effective, and performance will be optimised for all parties. "And, most importantly, the consumer receives added value and a real sense of differentiation when they shop with us."

Bacardi Global Travel Retail shares a long history of collaboration with Heinemann, spanning more than 30

years, and together they have co-delivered unforgettable promotions. Among recent shared successes is the MARTINI racing activation at Frankfurt Airport – created to celebrate the 150-year anniversary of MARTINI – in which the pair delivered a world exclusive with a stunning in-store centrepiece – the MARTINI racing team-branded Porsche GTR Cup car itself.

"Our relationship with Heinemann is founded on genuine trust and respect with shared business planning, and this creates the environment for those ideas to be refined and developed into exceptional activations," added Aude. "We need to be confident that the products we present in travel retail will be presented in a way that optimises the brand," she continued. "The trust we develop with leading retailers such as Heinemann gives us the confidence to push the boundaries and develop extraordinary new presentations for travel retail."



The travel retail sector, of course, has customers from all over the world. It is a diverse target group, including families, single and business travellers, as well as people from many different cultures and religions. A target group oriented approach is extremely important, and HARIBO has immense knowhow in this particular field. With its global presence and experience, it is quickly able to develop a suitable concept for each target group.

HARIBO constantly collects international experiences, matches trends with innovations, and sets new trends with its products. It has had an open and strong cooperation with Heinemann for two decades, and such established business relationships are the key to success. There is a constant exchange in order to regularly optimise existing concepts for addressing the target groups. For HARIBO, the cooperation with Heinemann has been highly promising and successful.

To continue the HARIBO success story in the long-term and achieve lasting consumer awareness, HARIBO has many promotions as well as accompanying communication support. Since March 2014, HARIBO GOLDBEARS fans have for the first

Matching trends with innovations

HARIBO is a family-run company, which for more than 90 years has been defined by tradition, high quality, trends and, above all, a contemporary and dynamic image. Today, its colourful international product presence extends to more than 100 countries worldwide. HARIBO has had a good partnership with Gebr. Heinemann for 20 years.

time been able to choose their six favourite flavours from a choice of 12 new varieties for a special FAN edition. The HARIBO GOLDBEARS FAN edition 2014 has now been decided: cherry, grapefruit, watermelon, sweet woodruff, apricot and blueberry. From July 2014, these six new flavours will be available in the retail trade as a limited FAN edition alongside the classic GOLDBEARS.

HARIBO works closely together with Heinemann on the development of effective promotions and product concepts, and similar to Heinemann it is strongly expanding its global business.

HARIBO is experiencing clear double-digit growth in the travel

retail sector. The company has been able to significantly expand its global distribution and it has, therefore, been possible to develop the travel retail range and launch many very successful new products. Considerable investments in promotions and visibility for the HARIBO brand have also contributed to this success, which is why the company expects above-average growth in 2014 and 2015. Distribution development also continues to be a high priority, while numerous interesting new product developments are planned and promotional activities will be intensified.



HARIBO constantly collects international experiences, matches trends with innovations, and sets new trends with its products.



THE TOMMASI FAMILY. Pierangelo Tommasi commented on the day Gebr. Heinemann first contacted the company: “I felt very proud, not only because I could finally do business with Heinemann, but also because I thought that the hard work of the past few years had led us to achieve our goals.”



Prestigious Italian wines

Tommasi Family Estates is a 100% family-owned operation, which, having started in 1902 in the Valpolicella area of Veneto, has since expanded with new wine projects in Tuscany and Puglia. Tommasi has successfully built its brand name and distribution in domestic markets around the world, and is now further enhancing the visibility of its brands through the travel retail channel. It has enjoyed a strong collaboration with Gebr. Heinemann since 2008.

Tommasi Family Estates has successfully built its brand to the point where it currently exports 85% of the total company production to 70 countries on five continents. When deciding which wines to list in the travel retail channel, the choices have initially been based on the image they represent for the brand – for example, its flagship wines are Tommasi Amarone and Tommasi Ripasso, which are internationally renowned as prestigious Italian wine denominations – and also how well known they already are in domestic markets.

“Our presence in the duty free and travel retail sector is mainly to reinforce the visibility of our brand and our most important wines,” explained Pierangelo Tommasi, Owner, Export & Marketing Manager, Tommasi Family Estates. “Travellers who buy Tommasi wines have to feel confidence in the brand. This

is possible if they already know the brand from their domestic country or if they purchased it before in the duty free/travel retail sector; if they recognise the denomination of the wines we produce; and if they are attracted by the packaging of our products. I think these three points perfectly sum up the essence of our company, and are the reasons behind our current success with Heinemann and more generally within the travel retail channel.”

Pierangelo described the day he was contacted by Gebr. Heinemann to discuss a possible business cooperation as “like a dream come true”. Indeed, it was recognition of Tommasi’s achievements in building the strength, image and reputation of its brands, and also the quality of its wines.

The Gebr. Heinemann and Tommasi teams have developed a strong understanding, providing

each other with a great service and clear, transparent and constructive communication. “I think that the secret of such cooperation is the fact that, while we are both structured for worldwide opportunities, we are still family-owned operations and so we have direct control in the company,” Pierangelo added.

Tommasi is fully committed to the travel retail sector and aims to further develop its presence, not only to increase its sales, but more importantly to augment the visibility of its brands. Indeed, Pierangelo expects travel retail to become an increasingly important channel for Tommasi – one that it can continue to explore and succeed in.

“Whatever new Heinemann projects fit with our company style, structure and needs, we will give them our maximum support,” Pierangelo concluded.



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There are opportunities in the travel retail market to astound and entice the consumer in ways unseen in any other channel. Pernod Ricard has famously delivered exceptional experiences for its customers, but now, explained Pernod Ricard Travel Retail Europe's Managing Director Ian Williams, it is working to make them even more extraordinary.

An unmissable opportunity

“People walking through airports are explorers. They want to travel the world and try something new,” described Ian Williams, Managing Director at Pernod Ricard Travel Retail Europe. “They have the mindset to want to see and learn new things, they want to be engaged and entertained.”

For Pernod Ricard, travel retail provides a unique and unmissable opportunity to showcase new ideas, to educate travellers, to drive trial amongst its consumers and offer something exclusive and premium to a captive audience who wants to be involved.

Innovation and premiumisation

will always be two of Pernod Ricard's core growth drivers, and the spirits producer has historically delivered high quality products and activations based on strong consumer insight across all of its global markets, but, Ian explained, in travel retail it has a unique opportunity to engage with consumers on a much deeper level than in the domestic channel. “Although the same consumer, they now have a few minutes more to learn about a particular brand, to have a more engaging experience with a brand.” Pernod Ricard has shown repeatedly that it can deliver these exceptional experiences, “but now,” Ian

said, “we need to make them even more memorable – following the principle of fewer, bigger, better.” In the past few months alone, Pernod Ricard's travel retail exclusives have included Absolut Carnival, with a fun, vibrant carnival theme; Chivas' 'World's First Luxury Whisky' campaign, focusing on Chivas Regal's authentic, glamorous origins in New York; and The Glenlivet Nàdurra Oloroso – a new contemporary taste from a classic brand, to name but a few.

A great example of product innovation is the recent The Glenlivet Kymah, a Single Cask Edition developed exclusively for Heinemann Duty Free and Frankfurt Airport. “In January 2014 we had the pleasure of welcoming Gebr. Heinemann's Claus Heinemann, Kay Spanger, Anna Petersen and Nils Schirmer to Scotland for a tour of our The Glenlivet distillery and a fabulous Scottish dinner,” Ian described. “Our Heinemann guests became the first ever customers we've invited to Scotland to taste and choose their own cask. We shared design options for the bottle, the gift carton and the labelling before coming to a mutual decision.”

Pernod Ricard worked tirelessly with the Heinemann team to pull together a stunning 360-degree campaign across multiple sites in Frankfurt. “For us, involving our key partners early on in the design and development process is a sure way to success,” Ian added. “Pernod Ricard and Gebr. Heinemann have a solid relationship that has been built up over many years and spans all levels of the business. It helps that we share many of the same core values which means that there's always been strong collaboration between our two companies.”



LIKE THE GLENLIVET PROMOTION, THE BALLANTINE 'LEAVE AN IMPRESSION' CAMPAIGN AT THE HEINEMANN DUTY FREE STORE IN B-TRANSIT EAST TURNED HEADS AT FRANKFURT AIRPORT.

Renowned street artist Julian Beever was brought airside, where he created a bespoke piece of 3D art supported by in-store sampling and photos with the artist – a great example of airport, retailer and brand working closely together to spark excitement.

HARIBO

World Travel Retail



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KIDS AND GROWN-UPS LOVE IT SO, THE HAPPY WORLD OF HARIBO



An enduring bond

The travel retail channel provides Davidoff with a unique platform from which to engage with consumers, and an unrivalled window to a global audience. Enticing limited editions and exclusives are fundamental to its strategy, and its time-hallowed partnership with Gebr. Heinemann has given life to some of the most important in the company's history, including its first-ever cigar promotion at Frankfurt Airport.

Travel retail is a core pillar in Davidoff's business – and a strategic priority, providing exceptional opportunities for Davidoff to engage with global consumers. The forward-thinking brand is well honed in meeting the needs of its sophisticated travelling customers, and responds to personal convenience and gifting needs through alluring limited editions and travel retail exclusive products in both cigars and accessories, which are of critical importance to the brand's appeal, particularly to the Chinese traveller.

In the creation of the unique retail offering that is so significant to its success with travel retail consumers, Davidoff's industry relationships are vital. "The importance of the partnerships between Davidoff and travel retail operators cannot be overstated," asserted Hans-Kristian Hoejsgaard, President and Chief Executive Officer, Oettinger Davidoff. Gebr. Heinemann is Davidoff's longest standing partner of more than four

decades, and the major consumer events that have sprung from the firms' close alliance are stellar examples of the category innovation that they have developed together, including the development of a Heinemann-exclusive Davidoff Cigar, and the breakthrough first-ever cigar consumer promotion at Frankfurt Airport. "As we are both family companies spanning generations, there is a unique bond between us, and to this day Gebr. Heinemann remains one of our biggest business partners," Hans-Kristian added. "We work constantly on improving the customer experience in retail, and this year we have developed together a unique retail theatre for cigars in Istanbul Airport." Davidoff presents its global concepts to Gebr. Heinemann and, assisted by the Hanseatic trader's deep knowledge of its customers, tailor makes a global idea unique to its store concepts and customer profiles. "Travel retail is one of our three global priorities and we

are intent on living up to our vision of being an indispensable business partner to Heinemann and other key retailers in the cigar and accessories space," Hans-Kristian said.

Davidoff is constantly expanding its retail and shop-in-shop footprint in travel retail, as well as the number of innovative travel retail exclusive and limited edition initiatives it offers to its customers, and the authority on fine smoking materials is bent on continuing to up the ante in its offering, making extensive investments in its stores and walk-in humidors, to provide the discerning traveller with the full Davidoff brand experience.



**HANS-KRISTIAN HOEJSGAARD, PRESIDENT
AND CHIEF EXECUTIVE OFFICER,
OETTINGER DAVIDOFF:**

"The importance of the partnerships between Davidoff and travel retail operators cannot be overstated."



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WE MAKE EVERY
TRAVELER'S JOURNEY
DELICIOUS





The spirit of partnership

With continued growth in passenger numbers and the increasing affluence of its consumers, global travel is a highly attractive market for Diageo. The spirits specialist is leading the transformation



IN JUNE the partners will launch Diageo's latest innovation, Smirnoff White, and are also jointly working on one of the most exciting new whisky brand launches in travel retail.

of the liquor category through bold and engaging activations, and is increasing the innovation it is famous for to premiumise and differentiate its much-loved brands in the channel. It is also working to reach new shoppers by working closely with customers and airports to deliver groundbreaking activations in the fastest-growing airports globally. "There is still a mostly untapped opportunity in the airport retail space to truly and effectively immerse our travellers in our brand stories," explained Michael Metzner, Diageo Global Travel Europe's Customer Team Director.

Diageo and Gebr. Heinemann have enjoyed a long-term relationship, "and I think we can say both our companies

have changed travel retail quite significantly over the last decades," Michael said. "We have partnered in retail transformation and executions, new innovative and travel retail exclusive launches, many tests of new products, and new retail concepts." As part of its increased focus on innovation, Diageo has undertaken very successful launches for Gebr. Heinemann, such as Johnnie Walker Explorers' Club Collection, Johnnie Walker Blue Label The Casks Edition, Talisker Dark Storm and The Singleton Reserve Collection. "This was only possible because of the excellent cross-functional collaboration between the Gebr. Heinemann teams, the agencies and us."

Creating something new

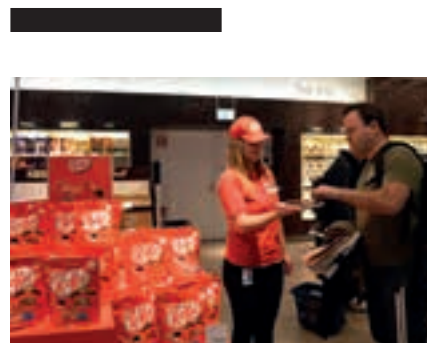
In the global travel retail channel, the key to success is creating unique and surprising products and activations that are unavailable in the domestic market. Alan Brennan, Global Head of Sales, explained how Nestlé International Travel Retail takes the needs of the consumer as its inspiration, and works in partnership with retailers to deliver its exemplary travel retail offering.

“The source of Nestlé International Travel Retail product innovation is the shopper,” Alan established. “It’s at the heart of our decision making and associated insight drives our innovation pipeline in global travel retail.” According to Alan, in the global travel retail market the primary need of the confectionery shopper is gifting, and snacking and sharing. Consumers are continually looking for new products and activations from their favourite confectionery brands, enticing exclusives that are special, unique and, crucially, differentiated from that which is available in the local market. “This provides the right platform for Nestlé International Travel Retail to create more compelling product

propositions that resonate with the shopper in global travel retail,” he said.

The opportunities provided by the market are exciting and abundant, and in achieving the ingenuity of offering that turns passengers’ heads, Nestlé International Travel Retail’s industry partnerships are paramount to its success.

The relationship between Gebr. Heinemann and Nestlé International Travel Retail centres on the core values of trust, honesty and transparency that have been built up over a number of years. The two industry powers have worked closely on a number of inventive initiatives, most recently on the new product launch of Kit Kat Mix sharing bags in Frankfurt, which was a major success.



TOGETHER, Nestlé International Travel Retail and Gebr. Heinemann have worked closely on a number of inventive initiatives, most recently on the new product launch of Kit Kat Mix sharing bags in Frankfurt, which was a major success.

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