

Dufry Brazil's Gustavo Fagundes discusses Brazil's domestic market



Sustainability is an inherent element of Dufry's business strategy Destination 2027. At RioGaleão this is not just about the 100% biodegradable shopping bags, but also about ensuring the company improves the community

Business has been “bouncing back strongly” for Dufry Brazil, according to Gustavo Fagundes, Dufry's General Manager - Brazil and President of ASUTIL, and it will come as no surprise, given the strength of the country's domestic travel, that duty paid is the best performing area of the business. “The domestic passenger flow in the country returned more rapidly than the international pax flow and has already reached the same levels as 2019,” confirms Fagundes.

That being said, Fagundes states that the duty free operation in Guarulhos Airport is performing well, as it's now the most important hub of the region. “Our arrivals business is also strong, with travelers taking advantage of our various services including Reserve & Collect, pre-payment and Home Delivery from the store,” he says.

Spend per passenger is up, and Fagundes says additional revenue has come about because of store expansions with key airport partners. “We are seeing an ongoing positive momentum for travel and travel retail with spend per passenger continuing to be higher than it has been pre-pandemic,” he says.

Mind.Body.Soul

During the pandemic, consumers showed a clear trend toward ecologically sensitive, sustainable products, and an increased perceived importance of one's own health — physical, yes, but also emotional and spiritual. “In terms of trends, the demand for healthy, relaxing, eco-sustainable and wellbeing products continues,” says Fagundes. “We have responded by launching new product ranges in the beauty and food categories, as well as new retail concepts such as Mind.Body.Soul. which we have opened now in several locations globally, including Guarulhos International Airport in São Paulo.”¹

Mind.Body.Soul. is a new shop-in-shop retail concept developed by Dufry to meet the increasing customer interest in purchasing healthier and more sustainable products. “The shops offer a range of nutritious, energy-focused foods for health-conscious customers, alongside sustainable products for a better environment, and many relaxing products that help promote a sense of wellbeing,” says Fagundes.

Sustainability – an inherent element

Dufry has committed to conducting business in an environmentally conscious manner. “Sustainability is an inherent element of our new business strategy Destination 2027,” says Fagundes. “For all regions in which we operate, we regularly assess the environmental reach of our commercial activity and work towards minimizing the impacts. Due to the special nature of the travel retail industry in which we operate, Dufry – besides reducing its own emissions and implementing other ESG initiatives – closely collaborates with third parties, in particular with landlords, brand suppliers and logistics providers – towards reducing the environmental impact of its business.” Dufry is fully aligned with the corporate policies regarding sustainability, a good example of which is that 100% of the shopping bags of its stores are biodegradable.

Sustainability is increasingly recognized as being about more than the environment as a whole, but also about the local environment and any impact on the community. Fagundes says, “Locally, for several years now, we have been running a social program to help young adults from the poorer communities close to the Riogaleão Airport to access the labor market, and we have been very successful in achieving our social targets.”

More detail about Dufry’s focus on sustainability can be accessed here:
www.dufry.com/en/sustainability



Whether at an airport, land border store or a seaport, as here at La Romana, Dominican Republic, Dufry is committed to providing the great shopping experiences that customers seek

What consumers seek

Customers have made it clear that sustainability and health are important to them, but exclusive

products, novelties, limited editions and unique promotions continue to be sought after. “We are able to work closely with our brand partners to ensure we keep offering new, exciting and exclusive products,” says Fagundes. “As a general trend, we are also seeing a strong level of interest in luxury and higher price-point products across all the core categories, showing that travelers are looking for moments of self-indulgence or special gifts for others.”

Fortunately for Dufry Brazil, the most relevant characteristic of the customer profile is the willingness of Brazilians to travel, which came back very strongly and quite quickly. The Winter/Spring Season is important, and the months of July and October enjoy a higher number of travelers than on average. “We predict that Brazilians are going to be keen to travel, to take advantage of the ski season,” he says. “The favorable exchange rates in Argentina, Chile and Uruguay make them very attractive tourist destinations as well.

And, Fagundes says, “Travelers want to experience each minute of the trip, including buying in our stores, with spend per passenger showing an increase in the large majority of our stores. The omni-channel experience is a very strong trend as well; our websites and apps are being accessed more frequently and by a larger number of passengers day after day. Reserve & Collect and our Home Delivery service from store both feature in the purchasing process of a relevant percentage of our shoppers.”



While Duty Paid has been the bread and butter of Dufry Brazil’s post-pandemic bounce back, the duty free operation in Guarulhos Airport has been performing strongly, and the airport is now the most important of the region

Business development

The border stores channel was strongly impacted during the COVID crisis, as the land borders of Brazil were closed for an extended period. Now that the land border is fully open, Dufry will be undertaking significant development of its land border stores during the coming year, according to Fagundes. “We expect to refurbish the Uruguiana operation in the near future. In the meantime, we continue to evaluate possible opportunities to expand.”

The expansion of Dufry's land border footprint echoes its expansion overall. "We have continued to develop the business and contribute to its ongoing resilience by successfully winning several attractive new concessions and expanding important contracts across all regions of the Americas in 2022," says Fagundes. "We opened a duty paid operation including Dufry Shopping and Hudson in Terminal 1 in Guarulhos Airport, enlarged our Hudson Operation in Riogaleão Airport, expanded the Dufry Shopping footprint in Salvador Bahia Airport and also started the duty free and duty paid operations there, we expanded the duty free and duty paid business in Recife International airport, and signed a contract with Vitória airport to open a duty paid store in the first half of 2023."

Dufry's expanding channels

Airport stores might form the foundation of Dufry's business, but the company has made no secret of its strategy to diversify. "We will continue to assess opportunities and further evolve our diversification strategy," says Fagundes. "This will include considering organic growth, as well as any other opportunities which can strategically enhance our footprint and shop portfolio in the region."

He states that the company offers increased value and attractiveness as a partner with its enhanced service portfolio with respect to F&B, hybrid concepts and an extended array of services to best manage the airports' commercial spaces. "Consequently, our main focus of diversification is to develop the F&B business in the country as Autogrill is not present here and we see a huge potential in this field. It is very motivating to develop a green field business with so many synergies with our actual operation," he states.

The company is committed to maximizing any relevant opportunities to deliver, be it on cruise ships, in airports or train stations, in border stores or wherever else people travel, says Fagundes, "Looking forward, when it comes to the travel experience - be it by land, sea or air - customers continue to seek great shopping experiences, as well as exclusive products and novelties and first-class customer service."

ASUTIL Conference

As the current President of ASUTIL and one who has taken part in many of the association's events from year to year, Fagundes says it is very rewarding to see the ASUTIL Conference coming back so strongly. "The confirmations are above our forecast, and the level of the keynote speakers is outstanding," he says. "I am sure the attendees are going to be very pleased with the content of the conference, the value of the social interaction with the most relevant players within the industry, and the amount of business opportunities it will generate. The decision to host it in Buenos Aires was perfect, not just because the beauty of the city itself, but because the country of Argentina is performing well."