

Eastern indulgence: key retailers on the confectionery landscape in Asia travel retail



Heinemann Asia Pacific is capitalizing on the surge in demand for local and culturally resonant products

In travel retail, where global journeys intersect with diverse consumer appetites, the confectionery category stands out as a beacon of delight and exploration. As travelers experience the diverse landscapes of the largest continent, retailers must steer through shifting consumer trends to provide the optimal indulgent experiences for discerning global travelers.

Local quality

Consumer preferences are evolving towards quality and value, as Sophie Park, Confectionery Buyer at Lotte Duty Free attests, “Consumers are increasingly willing to pay more for good quality products, even if they are more expensive.”

She notes a noticeable inclination towards premium products, with travelers favoring superior ingredients and packaging like artisanal coffee and luxury chocolates over traditional bulk gifts. Lotte is adapting to this trend by expanding its range of high-end brands, recognizing the potential for growth in the luxury segment.

Similarly, Heinemann Asia Pacific is capitalizing on the surge in demand for local and culturally resonant products, enhancing the travel retail experience by integrating local flavors and

collaborating with Indigenous brands. Ranjith Menon, Purchasing Director (Beauty and Liquor, Tobacco & Confectionery) at Heinemann Asia Pacific highlights this approach, “By integrating local flavors and collaborating with local brands, we’re not just selling confectionery; we’re offering a piece of local heritage.”

Healthier choices

With the growing interest in health and wellness, there has been an increase in demand for low-calorie foods and products with fewer additives. Park emphasizes the importance of keywords such as “zero sugar,” “natural,” “low-calorie,” and “nuts.” Lotte Duty Free is actively working to strengthen its lineup of these options, anticipating further growth in market size and sales in the coming year. Park says, “Candies, chocolates and processed foods made with healthy ingredients such as red ginseng and ginseng are becoming increasingly popular.”

Menon also sees the impact of the health and wellness trend, stating, “The growing consumer focus on health and wellness has had a notable impact on the confectionery product range.” He notes the industry’s efforts to diversify product offerings with healthier options while still catering to indulgent tastes with initiatives such as increasing the availability of organic and natural products and prioritizing transparent and informative labeling to meet the demands of health-conscious travelers.

This trend is helpful in navigating increased regulations. Menon emphasizes the importance of adaptation, “It’s about seizing the opportunity to innovate and cater to the health-conscious consumer.” This includes shifts towards transparency in ingredient sourcing, reduced sugar content and the inclusion of healthier alternatives.

Social and digital

Lotte Duty Free is harnessing the power of social media and digital technology to revolutionize the marketing and sale of confectionery products within the travel retail sector. As the global appetite for K-FOOD soars, propelled by the growing popularity of Korean culture, Lotte Duty Free is strategically positioning its confectionery offerings to meet this rising demand.

Lotte is offering personalized shopping suggestions based on customers’ purchase and product search histories in its online store. It utilizes data analytics to refine the shopping experience, presenting customers with customized product recommendations that align with their preferences, a technique that has proven successful. This commitment to digital innovation underscores the retailer’s efforts to stay on top of trends and cater to the evolving tastes of its global customer base.

Confection’s allure

At Changi Airport, the allure of confectionery remains strong, consistently ranking among the best-selling categories for its convenience as a last-minute gift option for those embarking on journeys, Gwyn Sin, Vice President of Airside Concessions at Changi Airport Group notes: “In the last quarter of 2023, passengers from India, China and Singapore were the top buyers in this category.”

Changi Airport Group is dedicated to enhancing the customer experience, working with retailers to introduce creative methods to draw in more patrons and boost retail sales through engaging, airport-wide initiatives.



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Inflation's effects

In the face of global inflation, Lotte Duty Free's approach to mitigate consumer impact is to minimize price increases through consultation with brands, aiming to reduce the burden on consumers.

Heinemann Asia Pacific adopts various strategies, including pricing adjustments and cost optimization, to meet consumer expectations. Both retailers emphasize strategic pricing and cost management to balance operational sustainability and consumer affordability amidst inflation in the duty free confectionery market.

Pet-friendly

Lotte Duty Free is noting a remarkable upswing in a niche market often overlooked in duty free retail: pet-related products, specifically within the confectionery and food category. This trend correlates with the increasing number of single-person households and the concurrent rise in pet ownership. Pet food is expected to occupy a growing share of the food category's sales at Lotte Duty Free, indicating that high-quality pet nutrition is not just a passing trend but a significant and growing sector in travel retail. "There is distinct growth in the market for pet-related products in the duty free shop's confectionery/food category," Park states.

The statistics are telling; sales of pet food and treats at Lotte Duty Free surged nearly fivefold in 2023 compared to the previous year. This spike reflects a broader market evolution, with global pet

care expanding and the industry responding with specialized offerings such as organic and special diet pet foods.



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Broadened offerings

FNA Group International is actively collaborating with suppliers to broaden its product offerings, focusing on the introduction of limited-edition gift packs and locally designed packaging tailored to seasonal occasions such as Lunar New Year, Valentine's Day, Hari Raya, Easter, Diwali and Christmas.

Pamela Loo, Director of Retail and Local Sales at FNA Group International, emphasizes the company's commitment to enhancing the shopping experience through exclusive offerings. "We developed 'The Cocoa Trees' gift boxes and bags, providing customers with the opportunity to curate their own selection of products," states Loo. "These unique offerings are available exclusively at the Terminal 2 [Changi] main store, which opened in October last year."

Space optimizing

Heinemann Asia Pacific is employing innovative strategies to optimize its confectionery spaces, focusing on creating an engaging shopping environment that resonates with the desires of modern travelers.

“Optimizing our confectionery space is about more than just efficient product placement; it’s about creating experiences that captivate our customers,” Menon says. “Through strategic zoning, engaging digital interfaces, and personalized cross-promotions, we’re elevating the shopping experience to meet the expectations of today’s discerning travelers.”