

Lotte Duty Free looks to boost engagement and grow APAC presence



An exterior shot of the Lotte Duty Free store in Da Nang, Vietnam



An interior shot the Lotte Duty Free Da Nang Airport Store

The Korean travel retail and duty free market may yet to have recovered from the COVID-19 pandemic, but the current trading environment cannot be worse than it is was previously, according to travel retailer Lotte Duty Free.

Speaking candidly to *Global Travel Retail Magazine (GTR Magazine)*, a Lotte spokesperson indicated that things are looking quite optimistic with international flights to and from Korea increasing and China lifting COVID-19 travel restrictions.

“Lotte Duty Free will continue to strengthen its foundation as a leading travel retailer in the domestic market. In the meantime, we will improve our presence in the Asia Pacific region through continued overseas expansion.”



The Vietnamese market is full of potential, according to the Lotte Duty Free spokesperson

Overseas expansion plan

Following two new openings last year, Lotte’s overseas business is expected to generate the strongest growth in 2023. Last year, Lotte opened a new store in Sydney, Australia and another in Da Nang, Vietnam. Next month, it will open one more store at Melbourne International Airport where it secured the 10-year duty free contract in January.

“We will continue to expand our footprint to other retail sectors through new business to grow as a retailer rather than merely a duty free operator.”

The spokesperson adds, “The Vietnamese market is full of potential, while the Australian market is quickly rebounding from the pandemic. These two markets will be the growth engines for the next couple of years. We will continue to bring an array of new and market-exclusive brands and provide an enormous shopping experience to our customers in the regions.”

As reported by *GTR Magazine*, Lotte opened a three-level boutique on the corner of Pitt and Market

Street in the heart of Sydney's retail precinct in May 2022.

The store offers over 100 international and Australian beauty brands and a curated collection of luxury watch and jewelry brands such as Omega, Montblanc, Longines and Mido.

This publication also reported the opening of Lotte's new downtown store in Da Nang on November 15, 2022. Located on the second floor of the VVMall which is situated on My Khe Beach in Da Nang, the store spans about 2,000 square meters. The new opening was Lotte's fourth duty free store in Vietnam and largest in the country.

Da Nang is an emerging Southeast Asian resort destination, which welcomed about 3.6 million tourists pre-pandemic in 2019.

Over at Singapore Changi Airport, Lotte, which began its six-year contract as liquor and tobacco concessionaire in June 2020 (taking over from long-term incumbent DFS Group), is working on implementing various innovations to better engage with shoppers.

Under the terms of the contract, Lotte will eventually run 18 liquor and tobacco stores across the airport's four terminals and offer more than 3,000 tax and duty free wines and spirits.

"Customers visiting our T2 and T3 stores will be immersed in unique digital touchpoints such as our interactive media mirror and the world's first Airport Robotic Bartender experience."

In addition to the augmented reality experience, the retailer will launch its LOTTESG App this year.

"Users can enjoy the gamification and avail extensive product information such as pricing. They can also locate specific products. With advanced artificial intelligence and digitalization, Lotte aims to create meaningful and long-lasting relationships with travelers at Changi Airport."

As the travel market gradually returns to pre-pandemic levels, Lotte will be confident of improved performance across its downtown and airport businesses. Differentiating between both channels to overcome limitations as offline businesses is priority, according to the spokesperson.

"Digital transformation has been accelerated due to the pandemic. Online sales are increasing and duty free operators, suppliers and brands are now focusing on enhancing online consumer experience."

More engagement with VIPs to improve its customer experience is an initiative Lotte is undertaking at its brick-and-mortar stores.

The spokesperson explains, "Lotte Duty Free has begun hosting offline events to boost engagement with VIP customers."



Lotte Duty Free has partnered with various global beauty brands including Lancôme to arrange beauty classes for VIPs



The Korean powerhouse is planning to hold regular beauty classes for VIPs throughout 2023

The VIP experience

“We recently teamed up with global beauty brands including Estée Lauder and Lancôme to arrange beauty classes for our VIPs. We are planning to hold such events regularly this year.”

Lotte is also striving to ensure the digitalization of the VIP lounges in its downtown stores by 2025.

“Each VIP customer will receive a barcode on their mobile app account. Using the barcode, they can enter the lounges, order beverages and check VIP benefits by themselves.”

Casting an eye on the future, the spokesperson urges the industry not to rely on the re-emergence of high-spending Chinese consumers following the easing of travel restrictions in China.

“One thing luxury powerhouses, suppliers and travel retailers must keep in mind is that things will not be the same as pre-pandemic. We all cannot merely count on growing Chinese outbound travelers and must take a close look at China’s tourism trends.”

Meanwhile, Lotte Duty Free has been working on a metaverse shopping platform, which it presented two years in a row at the Consumer Electronics Show in Las Vegas. Entitled Virtual LDF (Lotte Duty Free) Tower, the spokesperson believes the new concept will be a novelty in the travel retail market.

“In this hyper-realistic futuristic store, each customer takes the form of an avatar. They can move on their own, talk to other customers, visit brand virtual stores, and try on fashion items in a virtual fitting room,” the spokesperson concludes.



Duty Free Nha Trang Airport Store



Lotte Duty Free Sydney Downtown Store