

# Jordanian Duty Free Shops inks government deal to invest in success



Haitham Al-Majali at JDFS confirms that the company's investment will focus on modernizing and expanding store infrastructure to accommodate the increasing number of travelers

Jordanian Duty Free Shops (JDFS) has secured another 10-year exclusive agreement with the government of Jordan. This agreement represents a strong vote of confidence in JDFS's capabilities and underscores its strategic importance within Jordan's travel retail landscape, says CEO Haitham Al-Majali, allowing the operator to make informed and strategic investments that pave the way for future success.

"Over the next decade and beyond, we plan to invest in several key areas across infrastructure and store expansion, product portfolio enhancement and digital transformation," he says.

Al-Majali confirms that the company's investment focus will be on modernizing and expanding store infrastructure to accommodate the increasing number of travelers, including upgrading facilities, implementing advanced technologies for smoother transactions, and creating inviting retail spaces.

"We will continuously work on curating an attractive mix of products, including exclusive offerings and local merchandise, to cater to the diverse tastes of travelers," he says. "This will involve forging new partnerships and collaborations with brands that align with our values and customer preferences."

The company will also invest further in its digital platforms, including improving its online pre-order services, enhancing its virtual shopping experience and offering more contactless payment options. "This will enable us to reach customers beyond physical store locations and create a seamless omni-channel shopping journey," states Al-Majali.



Haitham Al-Majali, CEO, Jordanian Duty Free Shops

### **Consumer expectations**

The planned enhancement of its digital environment is in part because of changed consumer behaviors and expectations. Al-Majali says while digital adoption had already been growing, the pandemic accelerated this trend, with customers more inclined to pre-order online, for example. They are also now more keen to take part in virtual shopping experiences, and also to use digital platforms to explore products and promotions before shopping in-person.

“As the digital landscape continues to evolve, there's significant growth potential in further integrating our digital platforms with our physical stores,” says Al-Majali. “This could involve enhancing online pre-order options, providing real-time promotions, and creating a seamless transition between digital and in-store experiences.”

He also sees growing interest in consumers supporting local businesses and choosing sustainable products, with a particular emphasis on finding authentic products that hold a meaningful connection to the local culture and environment. This trend is especially well suited to JDFS, says Al-Majali: “Our stores continue to emphasize the connection to Jordanian culture and heritage. We offer

curated experiences that highlight local craftsmanship and traditions, resonating with customers' desire for authentic and memorable encounters.”

The company is also focusing on products with sustainable and eco-friendly attributes, as this is increasingly important to its customer base.



Consumer trends are consistently being met with a curated and adaptable category mix in-store

### **Categories and mixes**

Other consumer trends are consistently being met with a constantly curated and changeable category mix in store, keeping in line with the preferences of the retailer’s diverse customer base.

As one example, Al-Majali says premium alcoholic beverages including high-end spirits and wines is one area experiencing notable growth, as travelers are seeking unique and high-quality selections.

“The spirits category holds significant importance for JDFS as it contributes significantly to our overall sales and customer satisfaction,” he says. “This category appeals to a wide range of customers, including both international travelers seeking unique beverages and local customers looking for premium selections. The spirits category is a strong revenue generator for us due to its popularity among travelers.”

Tobacco has also historically been an important category for JDFS, with consistent demand and popularity among travelers. In this area, however, Al-Majali sees shifting consumer behaviors along with changing regulations. “Our strategy involves adapting to market dynamics, providing a diverse range of tobacco products to cater to different preferences, and staying informed about regulatory changes to ensure compliance and provide the best possible shopping experience for our customers,” he says.

Again, customers are seeking a strong sense of authentic local culture in their purchases, and this is

reflected in the category mix. “The demand for local and culturally significant products has been growing. Travelers are increasingly interested in purchasing items that have a connection to the region's heritage and craftsmanship,” says Al-Majali.

### **Expansion opportunities**

Currently, JDFS operates 20 border stores and a downtown store in the capital Amman; Al-Majali confirms the plan to strategically expand this portfolio, taking into consideration market potential, traveler demographics, and regional trends. “We’ve identified a number of potential growth opportunities for multi-channel activities, including expanded border operations, airport store expansion, tourist hotspots and cruise terminal openings,” he says.

The company has seen great success at its border stores, and will be exploring opportunities to expand to additional border crossings. “These locations facilitate a high volume of cross-border travel and offer a unique retail environment where travelers are often looking for last-minute shopping options,” Al-Majali continues.

Indeed, border and seaport shops are the mainstay of the company, but airports are also a part of the expansion agenda. “We see potential to expand our airport presence as well,” says Al-Majali. “As air travel resumes and grows, airport duty free shops continue to be a lucrative avenue for growth, catering to international travelers seeking premium products.”

### **Less traditional avenues**

Al-Majali and his team are looking at some unique location prospects, including the possibility of establishing stores in popular tourist destinations within Jordan. “These areas attract both domestic and international tourists, providing us with a chance to capture a broader customer base,” he says. “Locations near historical sites, cultural landmarks, and resorts could prove to be fruitful.”

While seaports are already an important avenue for the company, Al-Majali says his team is looking to expand into partnerships with cruise companies, “With the potential for increased cruise ship traffic in the region, seaport shops offer an exciting avenue for growth. Collaborating with cruise lines to provide an exceptional shopping experience to passengers disembarking at Jordanian ports could be a strategic move,” he says.

### **Emerging markets**

As global travel returns, Al-Majali says the team is noting that key regions and countries that are showing increasingly dynamic passenger traffic. “We are observing trends in emerging markets in Africa, and other parts of the Middle East are showing potential for growth,” he says, adding that company marketing strategies are designed to target these regions and countries with tailored offerings and promotional efforts that resonate with their preferences.

Jordan’s historically strongest source market is from neighbour countries such as Saudi Arabia, UAE, Qatar and Kuwait. “Their proximity to Jordan and the cultural ties often lead to significant passenger traffic,” explains Al-Majali. This being said, European countries also contribute a substantial number of tourists to the country, in particular those interested in exploring historical sites and experiencing Jordan's unique culture. But travelers from other regions are showing increasing interest as well, with Al-Majali saying travelers from Asian markets like China, South Korea and India often appreciate local products and cultural experiences, while travelers from North America are also contributing to growth in passenger traffic.

### **Caution prevails**

The company has seen a steady upward trajectory in sales in the first half of 2023 vs. 2022. However, Al-Majali points out that uncertainties remain. "We continue to closely monitor developments and adjust our strategies accordingly," he says.