

Lotte Duty Free opens new store at Vietnam's Nội Bài International Airport



Lotte Duty Free CEO, Lee Kap (third from right) and VIPs at the grand opening ceremony of Lotte's Nội Bài International Airport store

Lotte Duty Free has opened its latest duty-free store at Nội Bài International Airport's Terminal 2 in Hanoi on July 26. The duty-free retailer also revealed that it has plans to open its fourth branch in downtown Da Nang within the year.

This is Lotte Duty Free's third store in Vietnam after the Da Nang International Airport store which opened on May 2017 and its Cam Ranh International Airport store which opened in June 2018.

Together with their existing operations, these new stores are part of Lotte's plans to expand and become the largest duty-free operator in Vietnam.

With this opening, the company operates a total of 21 stores in eight countries, including South Korea.

Occupying a total floor space of 506 square meters, the new Nội Bài International Airport store offers up to 90 different brands of perfume, cosmetics, liquor, tobacco, and food items. These include popular Korean skincare brands such as Su:m37° and Innisfree, as well as international brands such as Yves St Laurent, Tom Ford and Bobbi Brown.

Lotte estimated that sales at Nội Bài International Airport will reach more than KW200 billion (US\$169 million) over the ten-year concession contract term, which ends in 2028.

At the grand opening ceremony held concurrently at Nội Bài International Airport and Lotte Hotel Hanoi, 50 VIPs including Lee Kap, CEO of Lotte DutyFree and Nguyen Trung Khan, head of the Vietnam Tourism Bureau were present. Lotte Duty Free ambassadors Eunhyuk, a member of popular Korean boy band Super Junior and actor Ji Chang-Wook also attended the grand opening.

Lee Kap, Lotte Duty Free's CEO is optimistic about the future of the Vietnamese market. He said: "We will jointly develop Lotte Duty Free and Vietnam's tourism industry through our various investments."¹

Hanoi is capital of Vietnam and the second largest city in Vietnam. It is a popular tourist destination, with the number of foreign visitors reaching

5.74 million last year, a 16% increase compared to 2018.

Last year, Hanoi was named one of Time Magazine's "World's top 8th tourist destinations" and ranked 15th in TripAdvisor's Travelers Choice 2019.

According to Hanoi's Tourism Development Bureau, direct and indirect revenues from tourism account for around 15% of the city's total GDP, a result of government efforts to invest in the tourism industry.



Lotte Duty Free CEO, Lee Kap visiting the new store in Nội Bài International Airport Terminal 2

Many local companies such as NIA, NASCO, and JALUX are operating duty-free shops at the Nội Bài International Airport Terminal 2, together with the new Lotte Duty Free store. This Terminal 2, which covers 140,000 square meters, can accommodate up to 15 million visitors a year.

Last year, data showed that the number of Chinese outbound travelers experienced the highest growth, rising to about 20 percent from the year before, followed by South Korea with 12 percent and France with 10 percent.

Lotte Duty Free plans to establish a business model that fits the characteristics of the Hanoi airport by analyzing the nationality and age range of outbound passengers.

Since 2012, Lotte Duty Free has been expanding aggressively into overseas markets in their bid to become the number one duty-free retailer in the world. The company is on track to achieve its target of KW1 trillion (US\$845 million) in offshore sales by the end of 2020. This is fueled by their strong sales in the overseas markets, including the Ginza store in Tokyo, Japan, which posted an average of 120% annual growth rate since its opening.