

CDFG's Charles Chen discusses China recovery



South China's resort island of Hainan is the first place where the duty free business will recover on the mainland. That's according to China Duty Free Group (CDFG) President Charles Chen, who spoke to *Asia Duty Free* on April 15.

As lockdown lifts in China, and with local cases of COVID-19 infections dwindling in number, the Chinese are starting to get back to normal life, though proceeding with caution. At time of writing, the government is protecting people from imported COVID-19 cases with its so-called "fortress" policy of strict border controls. Most international airports are closed, which is expected to result in an influx of Chinese travel within their own country - with the southern province of Hainan Island as the go-to destination.

According to local press reports in mid-March, tourist spots in Sanya, located on Hainan Island, have received 74,000 tourists since the reopening to the public, and approximately 23,000 tourism workers have returned to work for now.

In an interview with *Asia Duty Free*, Chen expressed his optimism about the future, while acknowledging the huge challenges brought about by the COVID-19 crisis. “China is doing well, given the circumstances, with a gradual reopening of our stores. Honestly speaking, the whole industry will be taking a difficult path. It’s a difficult time with most stores closed, and especially international airports are closed. Our government isn’t allowing international flights coming in or going out.”

CDFG operates over 200 stores in China. On Hainan Island, the company operates one shop at Haikou Airport and three offshore downtown duty free stores: the flagship CDF Mall in Sanya, the Haikou Riyue Plaza Duty Free in Haikou, and Qionghai Bo'ao Duty Free in Bo'ao. The CDF Mall in Sanya and Haikou Riyue Plaza Duty Free are among the company’s largest travel retail outlets.

In addition, CDFG recently opened two new offshore Duty Free Experience Stores in Sanya (pictured below), which began trading on April 13. These two newly added shops are located at Sanya Bay Mangrove Resort and Nanshan Tourist Area. The former store has an area of more than 740 square meters. The stores feature e-commerce experience areas, product display areas and other functional zones, in which top international brands are on display. In the e-commerce experience areas, customers can understand the online-order process while accompanied by professional shopping guides who explain the offshore duty free policy.









CDFG decided to close all its stores on Hainan Island around Chinese New Year on January 27 and reopened them on February 20. Gradually, the customers are coming back.

“All stores in Hainan Island are now open,” confirmed Chen. “Definitely Hainan will be the forefront of recovery for our business. Optimistically we can say that in the third quarter of 2020 for Chinese people it’s very typical to travel abroad if the COVID-19 can be controlled by other countries at that time. Hainan is one place where Chinese will be traveling within the country.

“Hainan is the first place where duty free business will recover.” Chen continued: “From April and May, most people can travel within the province. Consumer confidence will return gradually and we’re preparing for this. We’re doing this by preparing our marketing activities. May is holiday time for Chinese. We are feeling confident together with the Hainan local government to do some promotions here.”

An in-depth interview with Charles Chen, President of China Duty Free Group will be released in our upcoming April/May issue.