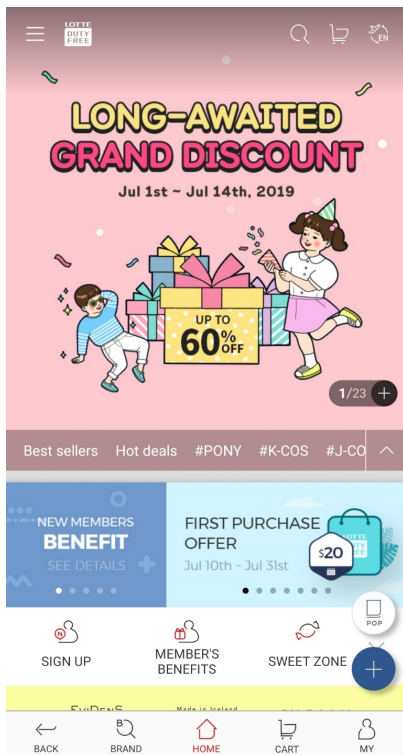


Lotte Duty Free's online store sales posts a 49% increase for the first half of 2019



Lotte Duty Free's online store is proving to be a key driver for its sales growth



To attract young consumers, Lotte Duty Free is developing partnerships with companies such as Market Kurly, one of the most popular online supermarkets among young Korean housewives

Lotte Duty Free (LDF) has today announced a 49% year-on-year increase in its online store sales which surged to KRW 1.4 trillion (US\$1.18 billion) for the first half of 2019. Last year, LDF's online store posted sales of around KRW 2 trillion (US\$1.69 billion), which was an increase of 46.3% from 2017.

In a press release, the duty-free retailer shared that it plans to achieve a sales target of KRW 2.9 trillion (US\$2.45 billion) this year.

LDF's online sales growth for the last three years was 32% on average, which was way higher than its offline sales growth at 15%. Assuming the online sales grows consistently, it will exceed a 30% share of total sales after five years.

Contributing factors to success

According to LDF, the monthly active users (MAU) from January to June this year is 5.4 million. The MAU is frequently used metric that indicates the number of visitors visiting a webpage per month.

LDF attributes its success to its continuous effort to enhance its customer service. Lotte Duty Free CEO Kap Lee said: "The world's best online duty-free operator Lotte Duty Free will continue to carry the management philosophy of prioritizing customer satisfaction."

Since September 2018, LDF's online store started supporting Traditional Chinese characters to benefit customers in countries such as Taiwan, Singapore and Hong Kong. In the past six months (Jan to June 2019), online sales from these countries also grew by 291% as compared to the previous year. LDF claims to be the only operator in the industry that supports four different languages for its online store - Korean, English, Japanese, Chinese (both simplified and traditional characters).

To further elevate the customer experience, LDF's mobile store also provides a real-time indication of the degree of congestion at the pick-up counters in Incheon Airport since 2018. There are four grades - very good, good, crowded, and very crowded. LDF said this helps customers to decide when is the best time to pick up their purchases at the airport, thus improving overall customer experience.

In March this year, LDF carried out extensive updates on its online VIP membership management. Customers' online membership status used to be based on their purchase history at online and in-store over the past 24 months. Now it has been shortened to 12 months. The minimum purchase levels for each grade have also been cut down by half.

Beyond that, LDF has also spearheaded unconventional partnerships to attract young consumers. For instance, in January and April 2019, LDF ran exclusive promotions with Market Kurly, which is one of the most popular online supermarkets among young Korean housewives. This year, LDF also partnered interior design sharing platform Today's House and online fashion retailer W Concept to offer exclusive coupons and discounts for their customers. These companies are especially popular with the younger generation.

Aside from that, LDF has been leveraging Lotte's subsidiaries. Earlier this year LDF partnered with Lotte Members (the operator of membership reward service L.POINT), Lotte.com(the e-commerce retailer), LOHBs(the drugstore), and Lotte Mart(the hypermarket) for a promotion.

LDF's online efforts since been recognised with a slew of awards. In December 2018, LDF was awarded with two prizes at I-Awards Korea hosted by Korea Internet Professional Association (KIPFA), the first place in Mobile Web Marketing Division and the KIPFA Creative Special Award in Smart App Award Division. In the same month, LDF also took the first place in Duty Free Division at App of the Year 2018 organized by Contents Management Society (CMS). In April 2019, LDF won the first place in Duty Free Division at Mobile Award Korea hosted by Chosun Ilbo, Korea's leading newspaper.

LDF's online store houses about 87,000 products from 1,099 brands. Its products include typical duty-free categories to unconventional merchandise such as pet supplies, kitchen and dining gadgets, home décor, laundry detergents and more. It also carries 324 Korean-industry-exclusive brands

including Filorga, Eve Lom, S. maria Novella, Barbour, Dr. Martens, Crocs, Joseph&Stacey, Primage, Lucky Chouette, etc.