

The ABC of travel retail - Africa, Bitcoin and the Chinese traveler

By **Claire Malcolm** in **Beirut, Lebanon** on November, 20 2018 | Associations



MEADFA President Haitham Al-Majali shared that the 2018 MEADFA conference was a 'great success'

Day two of the 2018 MEADFA Conference opened with delegates still buzzing from the previous evening's Beirut Duty Free-sponsored gala festivities following a spectacular live entertainment showcase (and impromptu dancing in the aisles) at the city's popular MusicHall cabaret.

Coffees in hand, attendees took their seats for a series of sessions that explored the current regional business landscape, dipped into the convoluted world of blockchain and bitcoin, and examined the travel trends shaping future industry strategy.



Saifedean Ammous, Professor of Economics explains blockchain technology and associated Bitcoin cryptocurrency

Saifedean Ammous, Professor of Economics at the Lebanese American University and Columbia University, spelled out the positives and negatives of blockchain technology and associated Bitcoin cryptocurrency.

He commented that travel retailers could consider looking into Bitcoin as an alternative global

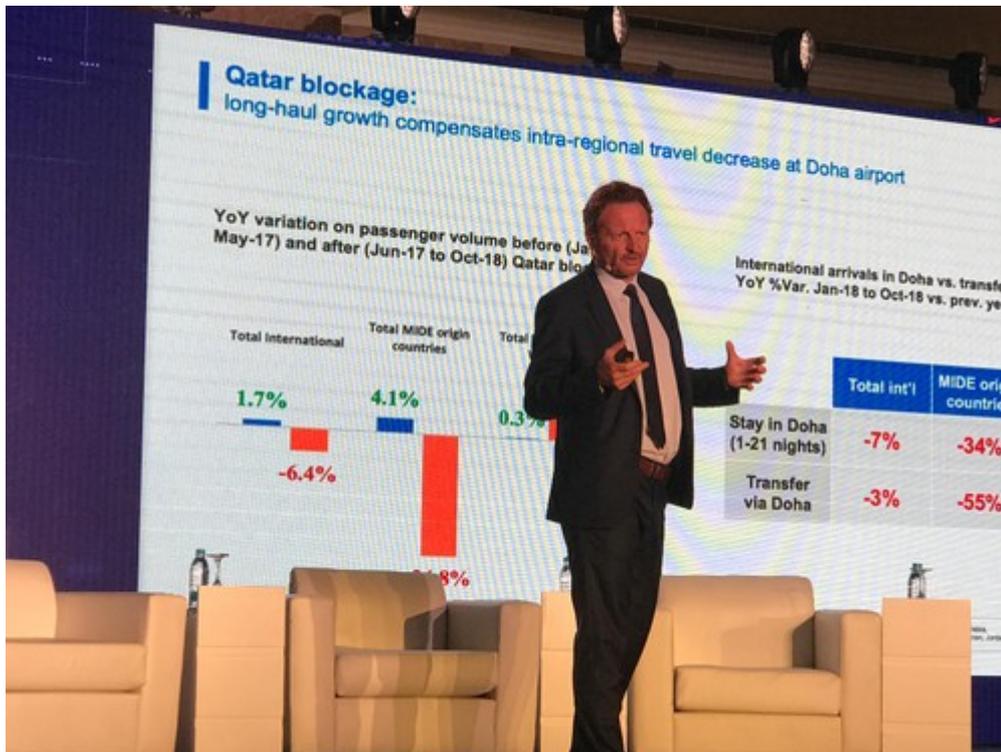
payment settlement network free from interference in the form of political sanctions, but cautioned against jumping on the blockchain bandwagon, highlighting the fact that the technology falls outside of the scope of normal regulation.





Exhibitor stands took the opportunity during mid-morning networking sessions to underscore their presence

This provided plenty of food for thought at the mid-morning networking session, which gave delegates a final opportunity to stop by the exhibitor stands of Al Fakher, Beverly Hills Polo Club, Imperial Tobacco, JTI, Mazaya, Ouzo Plomari and PurEssentiel.



ForwardKeys' CEO Olivier Jager educates delegates with current research about airline seat bookings

ForwardKeys' CEO Olivier Jager made a welcome return to the MEADFA stage to share the travel intelligence firm's latest research. Focusing on airline seat bookings, data revealed that international arrivals into the Middle East for the period January-October 2018 were up just 1% in 2018, attributed to a decline in inbound African and Middle East travelers.

The outlook for the period November 2018-January 2019 isn't looking any rosier with forward (international) bookings currently showing a -2.4% contraction, dramatically skewed by the cessation of operations of domestic Pakistani carrier Shaheen Air (-11.1% ASPAC), and despite a 4.3% pick-up in Middle East and Africa originated bookings.

Qatar was also a talking point with Jager noting that the Gulf state "has managed to reinvent itself through long-haul and maintained its hub business, as well as increasing the number of people actually staying," following revisions to its visa rules.

Africa's fortunes are also on the ascendant according to Jager, with a +7.5% increase in international arrivals for the same 10-month period and East African countries Ethiopia, Kenya and Tanzania showing good growth. Forward bookings for November 2018-January 2019 are also strong at +6.4%.

"Lots of Chinese travelers are now showing interest in that part of the world," he remarked.

The Chinese traveler was also the focus of a new MEADFA commissioned study from Counter Intelligence Retail, with the firm's Research Director, Stephen Hillam, providing an update on travel patterns and preferences.

"When we look at the Chinese traveler, we have seen growth of 71% in the last five years (to 75.2mn passengers)," he commented. This is exerting significant influence on a number of key destinations with the UAE and Qatar seeing a respective uptick in arrivals of 12% and 16%.

Certain African countries also recorded significant growth, including Ethiopia (+11%) and Egypt (+19%), benefiting from a combination of Chinese commercial investment and a swell in inbound

tourism.

Counter Intelligence Retail delved deeper into the purchasing habits of the Chinese traveler with Hillam noting that when ranked against other global traveling nationalities, they “are far more likely to visit and purchase in one of our duty-free stores.”

Statistically compared to the British traveler, 60% of Chinese passengers will visit a duty-free store with 60% going on to purchase, versus 40% and 30% for British airport visitors.

The Chinese passenger is also evolving with three in every five travelers now under 35 years old, likely to buy an average of 2.2 items per visit and predominantly interested in self purchases, with an average spend of US\$98.

“We are seeing an uplift in key categories such as P&C and fashion accessories, [which is a] trend driven by a younger female audience,” he said.

A different purchasing dynamic is also emerging, with 23% of Chinese travelers falling into the ‘experimenters’ bracket and 19% defined as value conscious, while a surprising 10% simply don’t enjoy duty free shopping.

“What we see is that there is a theme [of] convenience. In terms of conversion barriers, they are not being given the correct level of product they want to see with seven out of 10 Chinese passengers considering making a purchase before leaving the store empty-handed - and that in itself is a huge missed opportunity.”

Calling time on the 2018 conference and bidding farewell to “this great, historic city”, MEADFA President Haitham Al-Majali thanked Lebanese President Saad Hariri, guest speaker Elie Saab, attending ministers, the moderators, event speakers and panel members, along with a distinguished list of event sponsors, and 442 confirmed delegates for their active participation.

“Your presence has been invaluable and has made the event a great success,” he concluded, and while he declined to confirm the 2019 conference host city, he promised that MEADFA will announce the event date early next year.