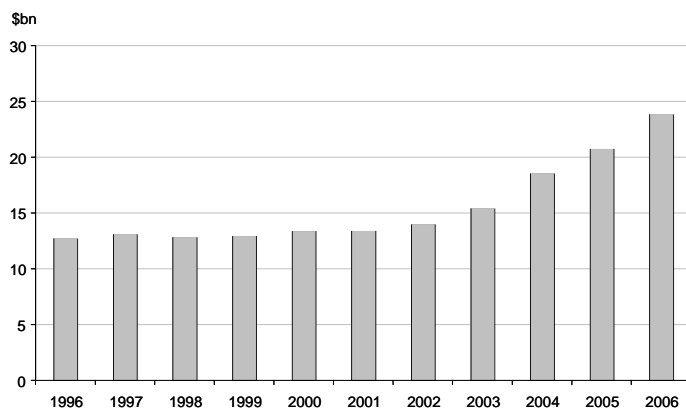


## Global Airport Retailing 2007

Passenger growth and innovation driving exceptional market performance

Location Report - Published May 2007

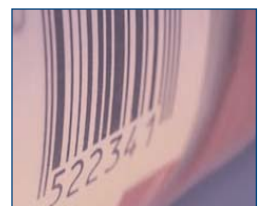
Global airport retailing market size 1996-2006e



Source: Global Airport Retailing 2007

“Global airport retailing is experiencing a renaissance. Consistently double-digit growth in this sector since 2003 has been driven by a sustained rise in the number of people flying worldwide – in part related to the increase of low cost carriers and in part because of the boom in emerging markets. Furthermore, the industry has benefited in recent years from strong global economic growth and a strong trend towards internationalisation of trade...”

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## About Verdict Research...

Verdict Research has been producing independent retail analysis and comment on the UK retail marketplace for well over 20 years and is regarded as a key source by BBC, ITV and the leading broadsheets including, the FT, Times, Independent and Daily Telegraph. Many leading trade publications also frequently refer to Verdict's opinion and research including Retail Week, DIY Week, Cabinet Maker and The Grocer.

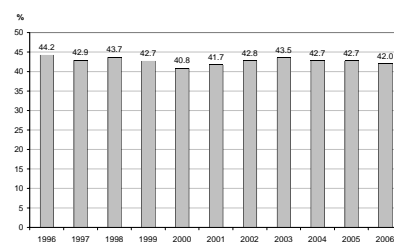
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## Some key findings from this report...

- **The global airport retailing market is one of the fastest growing niches retail sectors.** Following three years of double-digit growth, between 2003 and 2006, the market has grown to be worth an estimated \$24bn in 2006.
- **Global airport retailing has returned double digit growth achieved every year since 2003.** The global airport retailing market grew by only 5.3% between 1996 and 2001, whilst since 2001 the market swelled in value by a staggering 78%. The greatest percentage growth was returned by the relatively immature Middle East and Africa but the most significant performance in value terms was generated by Europe.
- **In global air travel terms, Europe is the hub around which the rest of the travelling world revolves.** Europe is the biggest airport retail market, with 42% of market share in 2006, worth \$10bn. And, despite being the most mature market, Verdict expects Europe to grow by over 70% over the next five years – only slightly underperforming the market at large.

European airport retailing market as a % of global market 1996-2006e



Source: Global Airport Retailing 2007

"Europe has maintained a substantial market share over the last decade, accounting for at least 40% of the global airport retail market. As both the grandfather of airport retailing and the core regional hub for international travel, the region has continued to stay ahead of fierce competition..."



## Global Airport Retailing 2007

Over the past decade the global airport retailing market has grown by a staggering 87.6%, estimated to be worth \$23.9bn in 2006. After a measured growth of just over 5% during the five years from 1996 to 2001, the market grew at a highly energetic 78% during the second half of the last decade.

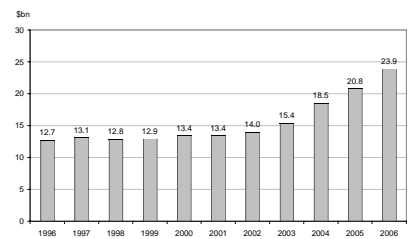
Increasing globalisation of world trade, strong economic development and the on-going proliferation of low-cost airlines have fuelled substantial growth in air travel. This has led to unprecedented growth in global airport retailing over the past five years and, with many opportunities still to exploit, strong growth is expected to continue.

**Global Airport Retailing 2007** is a new report published by Verdict that provides accurate and insightful analysis of key trends and future of this fast-growing niche market, which is forecast to grow by a substantial 74.7% by 2011. It provides in-depth analysis by geographic region focusing on Europe, America, Far-East and the Middle-East and Africa. It examines which regions have outperformed, what the drivers of their growth have been and where future potential lies.

### This new report will enable you to...

- **Understand the changing nature of airport retailing, how the market has evolved and what factors will shape its future** using this reports market size and growth rates with 10 years' history and forecast to 2011 as well as key issues affecting the market across the globe.
- **Target the fastest growing geographies in global airport retail,** with the reports overview of major operators and hubs across the world with specific coverage of major geographic regions including Europe, Americas, Far-East, Middle-East and Africa.
- **Identify market obstacles and inhibitors** through discussion of the political, social and economic outlook and detailed analysis of the major market drivers and inhibitors.
- **Develop more effective strategic responses** with this report's actionable recommendations for how retailers can cope with the changing global airport retail market.

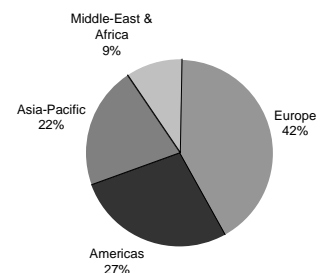
Global airport retailing market size 1996-2006e



Source: Global Airport Retailing 2007

"Global airport retailing is experiencing a renaissance. Consistently double-digit growth in this sector since 2003 has been driven by a sustained rise in the number of people flying worldwide, in part related to the increase of low cost carriers and in part because of the boom in emerging markets. Furthermore, the industry has benefited in recent years from strong global economic growth and a strong trend towards internationalisation of trade..."

Global airport retailing market split by region 2006e



Source: Global Airport Retailing 2007

"The Middle East and Africa is the indisputable regional success story, where the market has multiplied 8.5 times in value between 2001 and 2006. Though a minor market with only 9.2% of global share, this region has seen an average annual growth rate of 57.4%, rising to an impressive 70.4% in 2006 and has swiftly taken market share from other regions, more than doubling its proportion of share between 2001 and 2006..."



## Key issues examined in this report...

- Proliferation of air travel.** The growing number of destinations, stimulated by the ever growing number of low cost flights and increase in flying overall, has led to the renovation or development of airports across the world, providing opportunities for airport retailers to expand and develop their offers.
- Rising investment.** In a competitive market, retail has become an ever more important factor in the successful management of airports and an essential aspect of generating revenue streams. Non-aeronautical revenues, with retailing at the core, are bringing in an ever increasing percentage of income.
- Rise of Low Cost Carriers.** Low cost flights, an American model which has been highly successful in Europe, was previously dominated by regional travel markets but they are now connecting continents, bringing the opportunity of air travel to those who never had it. However, more flights does not always correlate to increased spend.

### Overview of economic backdrop 2007

|   |  |
|---|--|
| Strong underlying global economy...       | ...but there remains uncertainty                 |
| Internationalisation of commerce          | Historically high oil prices                     |
| Rapid economic growth of emerging markets | Economic instability in certain emerging markets |
| Increasingly aspirational global consumer | Polluter taxes                                   |

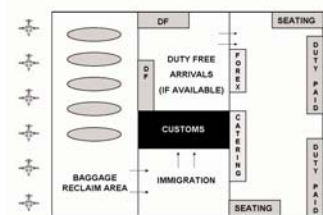
Source: Global Airport Retailing 2007

"The general economic backdrop has favoured global airport retailing. Further internationalisation of trade, in particular driven by fast growing China, India and Russia, has led to increasing numbers of business trips made by air..."

## Your questions answered...

- How large is the global airport retail market?
- Where are the fastest growing hubs in terms of global airport retailing?
- Will developments like Heathrow T5 be able to maintain growth in more mature European airport retail market?
- Is the global airport retail market's rapid pace of growth expected to slow?
- Which are the most significant international hubs to the global airport retail market?
- What impact will concerns surrounding climate change have on the global airport retail market?

### Retail opportunities in Arrivals 2007



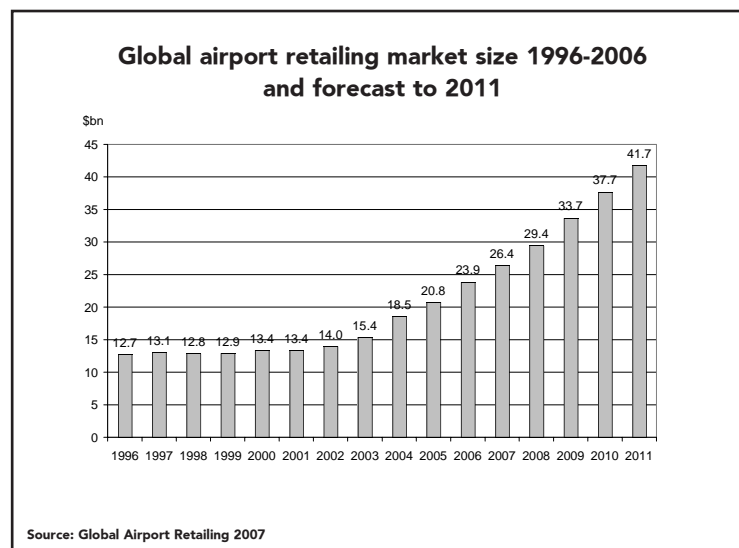
Source: Global Airport Retailing 2007

"In part a reaction to the restrictions placed on airport duty-free and in part because of increasing demand, a growing trend will be the development of duty-free stores in arrivals after security checkpoints but within trans-border limits. Providing there is approval from host governments, airport authorities and international legislation and space in terminals, this is another potential growth area for retail operators..."



## Sample information from 'Global Airport Retailing 2007'

### Chapter 4: Forecast and Outlook



- Global airport retailing stands to be one of the fastest growing and most exciting niche retail markets, delivering outstanding prospects throughout the next five years and beyond.
- Over the past decade the global airport retailing market has grown at a staggering pace. And looking ahead there is no sign of any let up. The next five years will see continued buoyancy and development in both mature and emerging markets. Verdict predicts that global airport retailing will remain a high growth sector enjoying double digit growth each year to 2011. Verdict expects the phenomenal growth rate of 78.1% from 2001 to 2006 almost to be matched during the following half decade. Verdict forecasts a lucrative growth rate of 74.7% over 2006-2011.
- During 2007 we expect the market to grow by 10.5% - a slowdown compared with 2006 - with the market still feeling the consequences of a terrorism scare in London Heathrow in Summer 2006. However Heathrow's Terminal 5 will open in 2008 with a world leading airport offer for the world's busiest airport. Also the ratification of Open Skies agreements for transatlantic flights and continued growth in numbers of low cost routes will stimulate market growth.
- Also gaining from these developments, 2009 will be a year for buoyant growth across all regional markets. Verdict estimates nearly 15.0% growth for the global market at large. 2009 will be supported further by the opening of the New Doha International Airport in the Middle East.

**Order this report today to find out more...**



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