



The Decade of Dramatic Change

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CEO Dubai Airports

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An Industry in Growth



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We are in a huge, global industry



3.3bn international air travellers each year by 2014

Every person on earth
making an international
flight every 2 years

4% growth in passengers per annum between 2011
and 2031 (Boeing)

Passenger numbers to
double by 2031

And the Middle East is leading the way



Over \$200bn invested in more than 1000 aircraft since 2005

Over \$110bn currently allocated for investment in airports

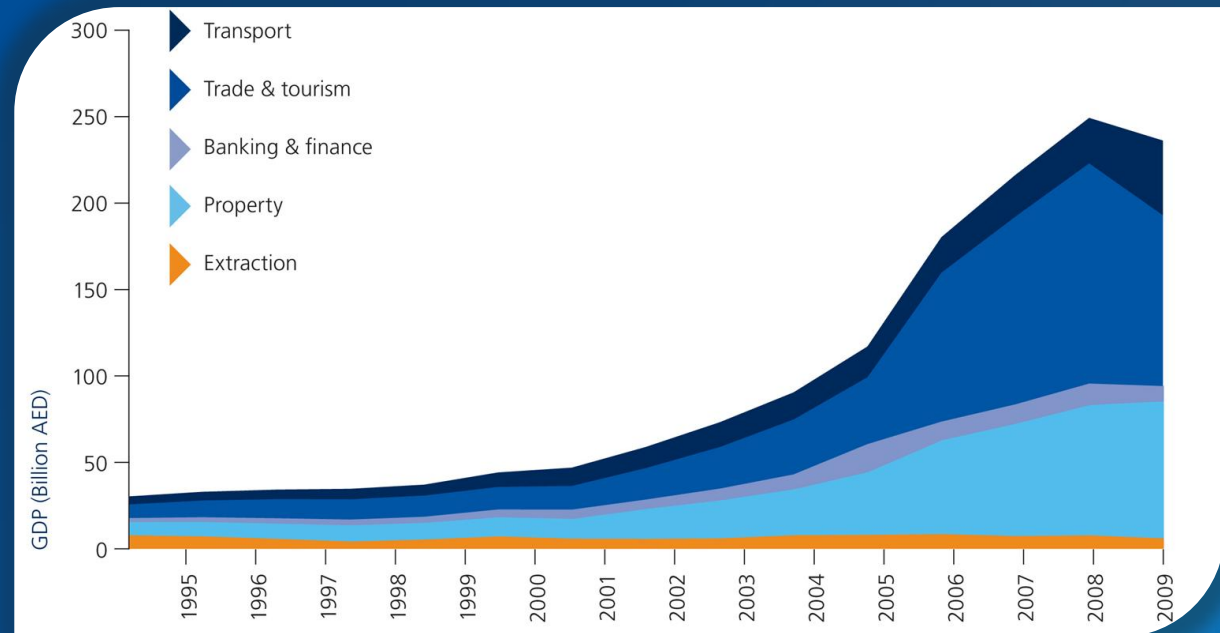
Dubai Aviation Model – Economic Contribution



Aviation supports over **250,000 jobs** and contributes over **US\$22billion** which represents around **19%** of total employment in Dubai, and **28% of Dubai's GDP**

US\$22bn
annual contribution

28%
of Dubai's GDP

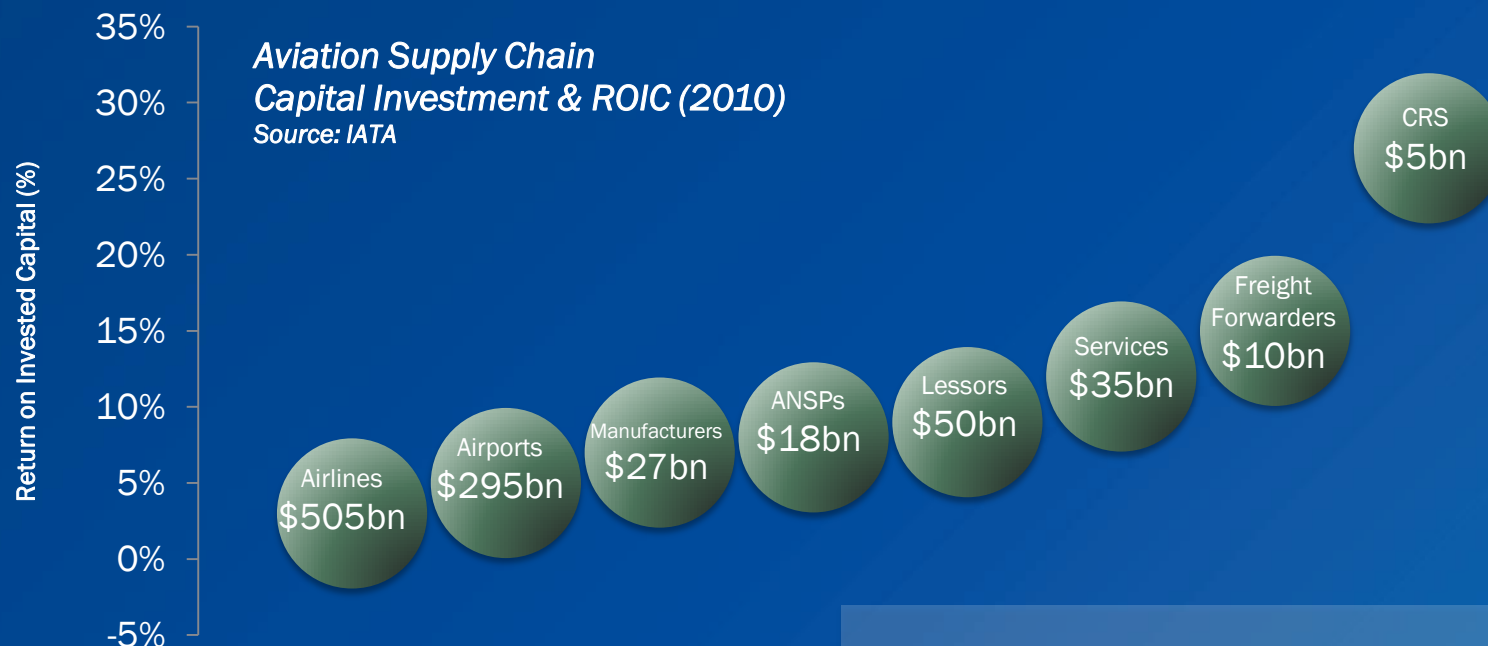


The contribution to GDP is set to grow. Aviation will play an increasingly important role in the prosperity of Dubai

But the supply chain is unbalanced



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Airline net profits of \$4.1bn on a total revenue of \$630bn
(IATA 2012est.)

Airline Net Profit Margin 0.6%

Changing the revenue model



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46.5% of global airport revenues generate by commercial sources

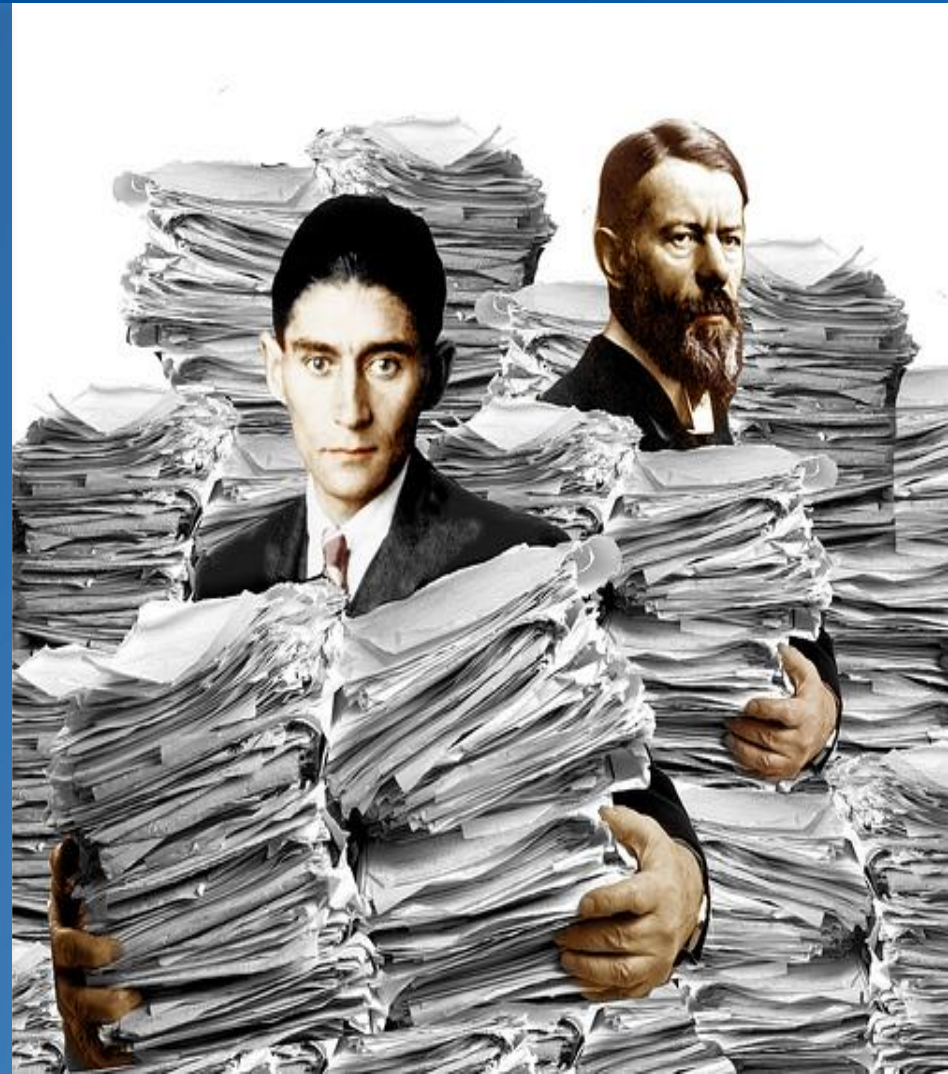
We are relying on growth of retail and commercial revenue for future aviation development

Airports have been poor business partners



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- A history of infrastructure managers
- Mostly government owned
- Not operated on a commercial basis
- Poor customer service reputation



Airports have been poor business partners



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- Stop getting in the way of the ideal customer experience
- Redefine relationships with the airport as facilitator



Thinking Differently Today



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Maximise the strengths of the supply chain



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Forecast global advertising spend in 2012 = US\$501bn

Maximise the strengths of the supply chain



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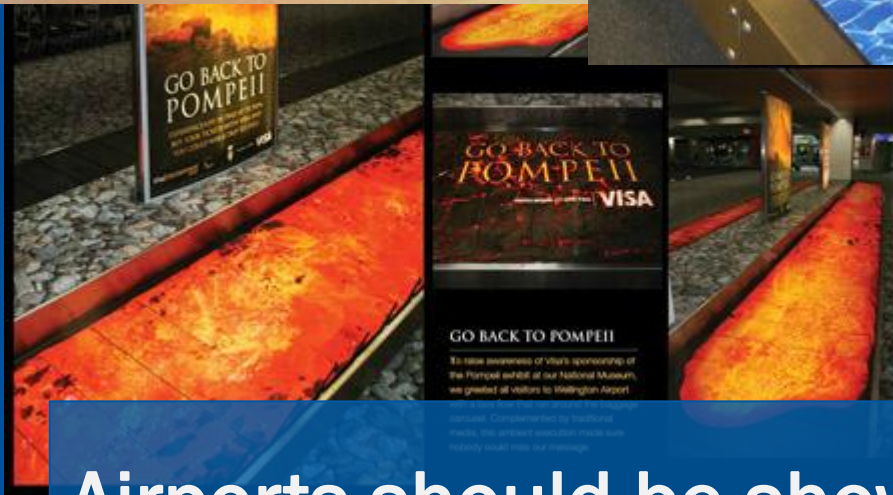


Clear the path to allow brands to take centre stage

Changing the shape of Airport Retailing



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Airports should be showcases for innovation

Changing the shape of Airport Retailing



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Innovative Branding

Heineken Lounge, Concourse B

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Innovation & Digital Strategy

Using technology to influence consumer decisions

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Integration

JTI Smoking Lounge & Starbucks, Concourse B

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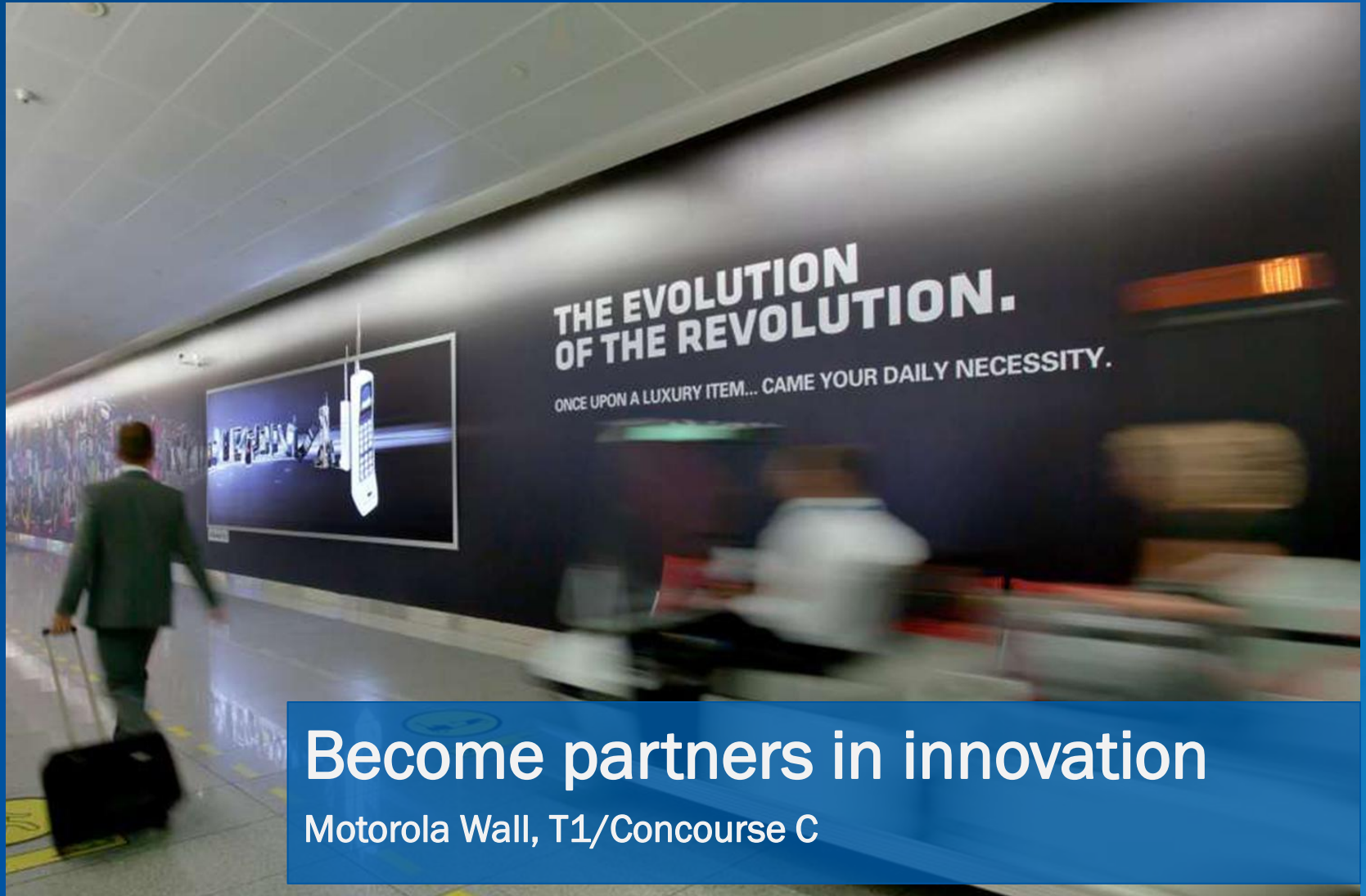


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Become partners in innovation

Moët & Chandon Lounge, Concourse A



Become partners in innovation

Motorola Wall, T1/Concourse C

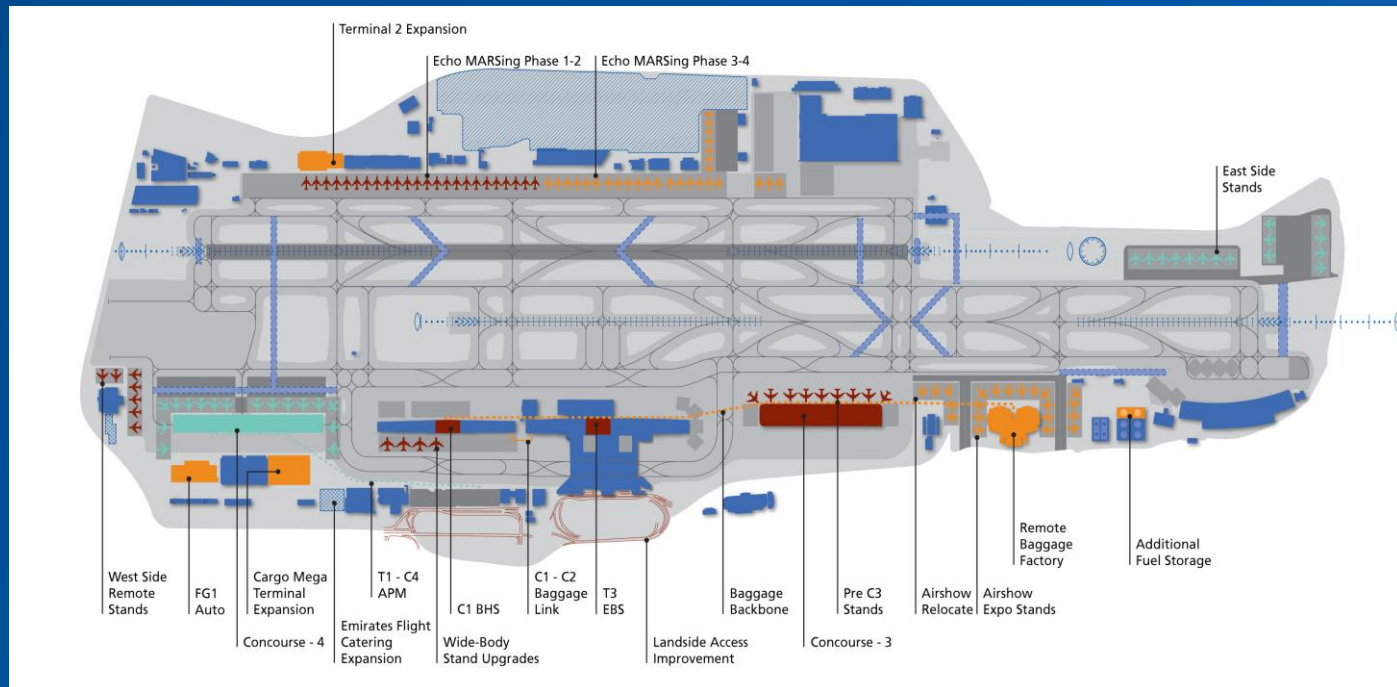


Thinking Differently Tomorrow



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SP2020 – a \$7.8bn investment



60%
increase in the number
of stands by 2015

90 million
capacity for 90m passengers
by 2018

675,000 sqm
additional passenger facility
floorspace

30,000 sqm
additional cargo processing
capacity



The first truly passenger-concentric airport facility

20 gates designed to handle **A380**

Capacity to **75** million by **Q1 2013**



Concourse D will take the passenger experience to the next level

Capacity for **18** million passengers

Changing the shape of airports forever



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- Direct to Concourse
- Ground transportation integration
- Concentrated retail hubs
- Market tailoring of connection routes within airport
- Pre-conditioning the consumer mind
- Product showcasing

Dubai World Central – the shape of the future



The Retail Revolution



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Bricks to Clicks



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Music Store (1990)



Music Store (2000)



Music Store (2010)

Evolution

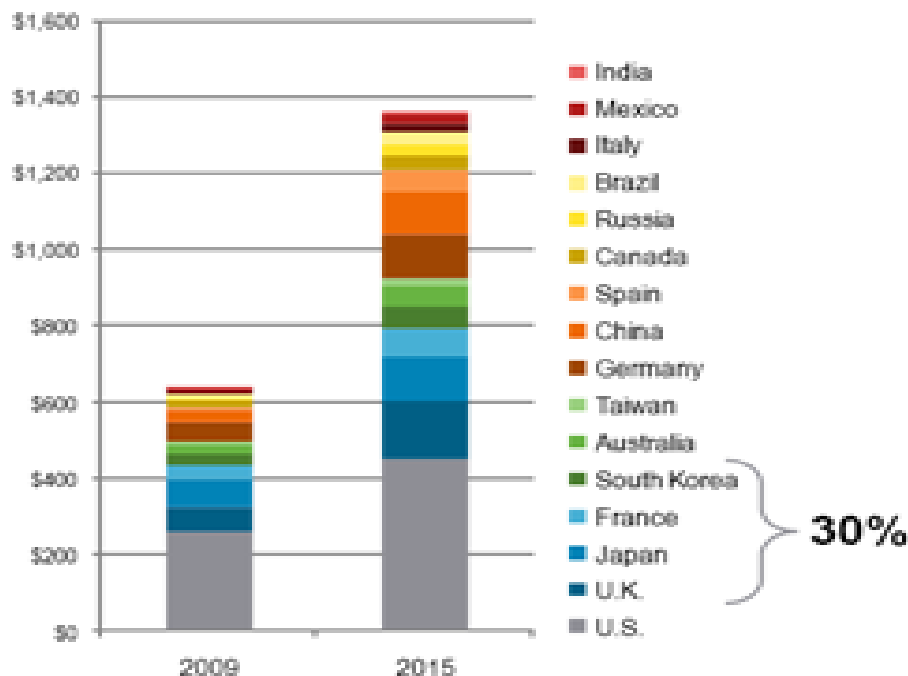
“It is not the strongest that will survive
but the one most responsive to change.”



Things are changing – Fast!

E-Commerce 2015: \$1.4T, Still High Percentage in Developed, Non-U.S. Markets

E-Commerce Spending (US\$B)



Source: Cisco IBSG, 2010

- Global e-commerce, including travel, will reach \$1.36T by 2015—13.5% CAGR over six years
- This study focuses primarily on highly developed e-commerce and technology markets in Europe and Asia
 - Generally, high penetration of broadband and mobile, sophisticated delivery infrastructure
 - Example: U.K., Japan, France, and S. Korea will still represent almost 30% of the global e-commerce market in 2015

Things are changing – Fast!



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Virtual retailing - Tesco Gatwick Experiment





amazon.com®

2010 Global Sales :
Amazon – US\$34bn
Travel Retail – US\$39bn



amazon.com®

2012 Global Sales :
Amazon – US\$60bn (+76%)
Travel Retail – US\$52bn (+33%)

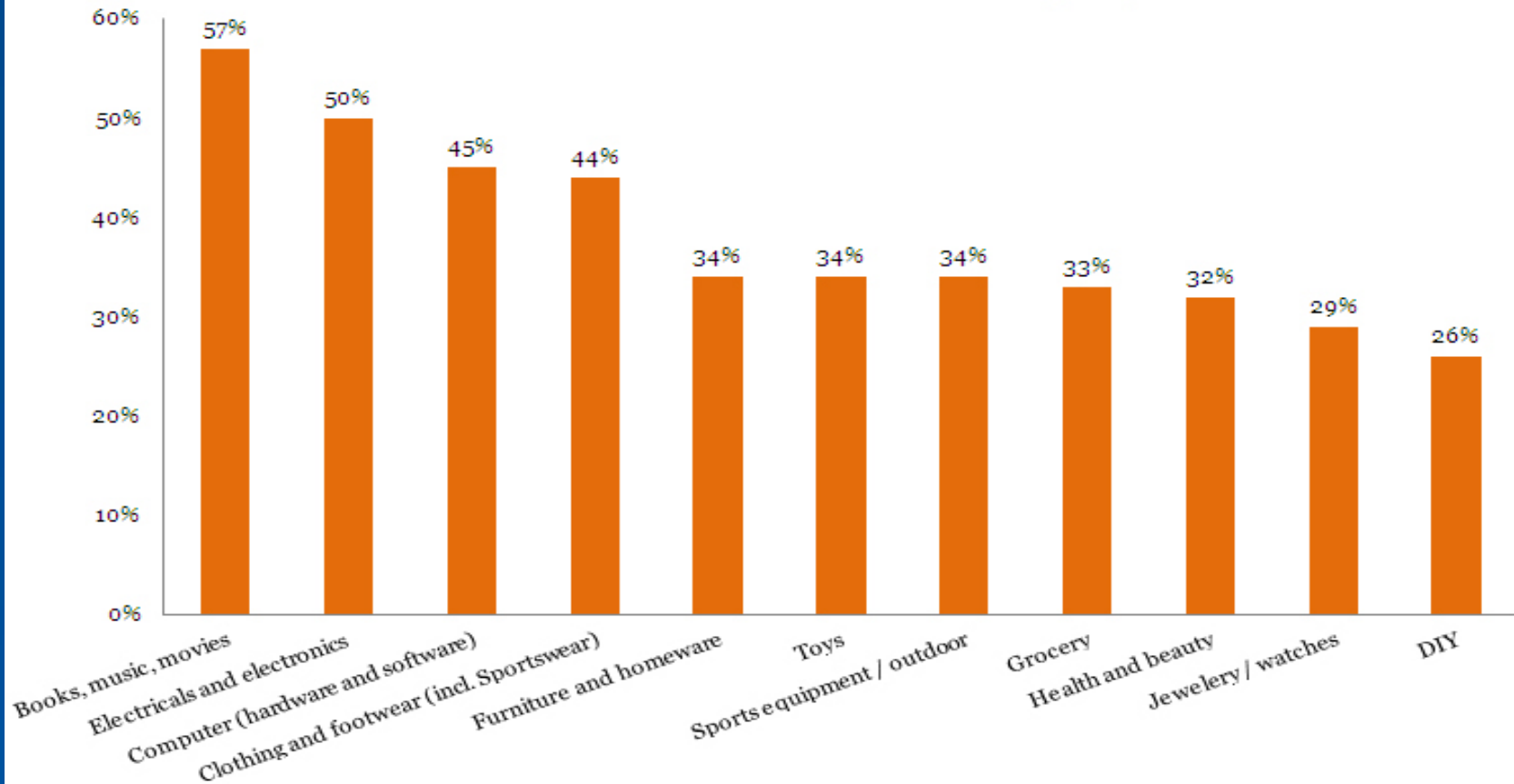


The on-line revolution



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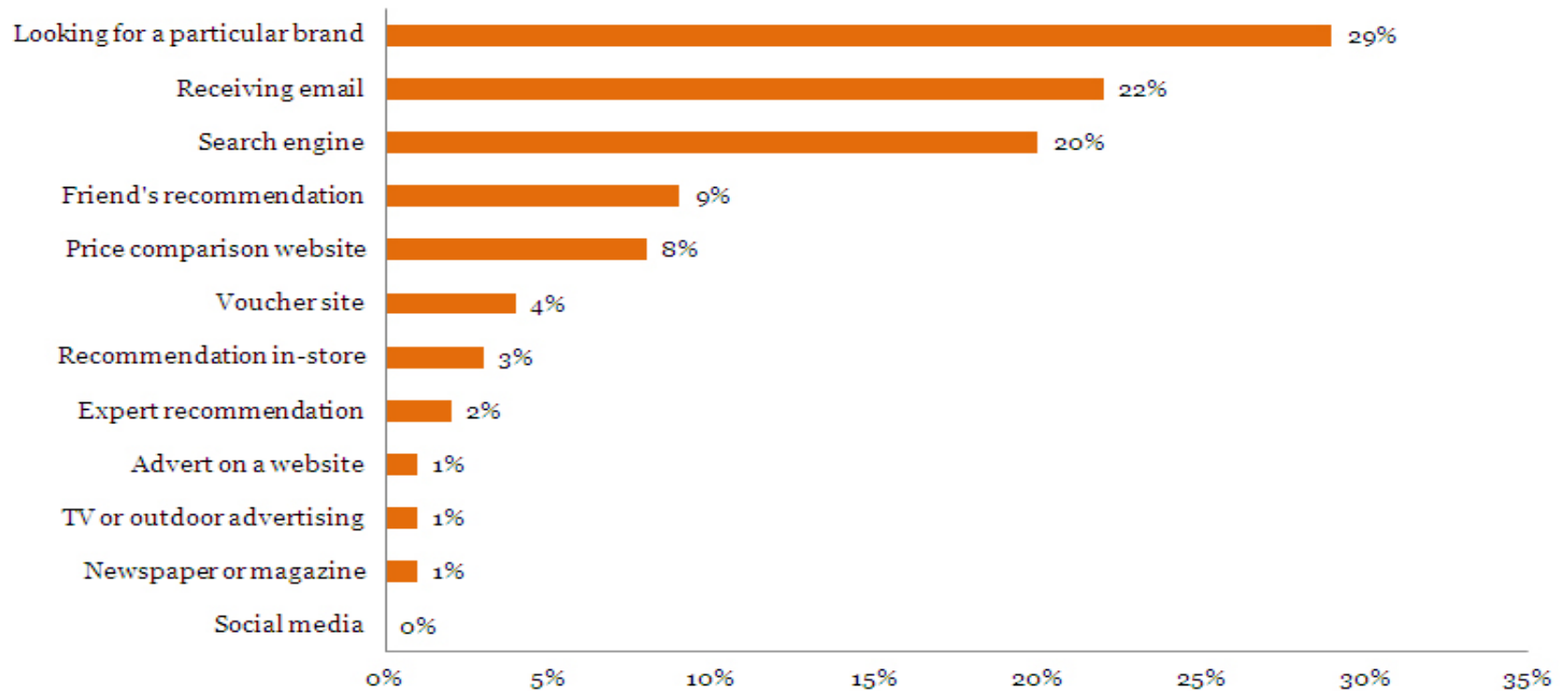
What percentage of your purchases have you made online over the last 12 months in each category?



Base: Number of consumers purchasing in each category
PwC



What prompts you to visit an online store? (top mention)



Base: 1,000
PwC



Four Predictions



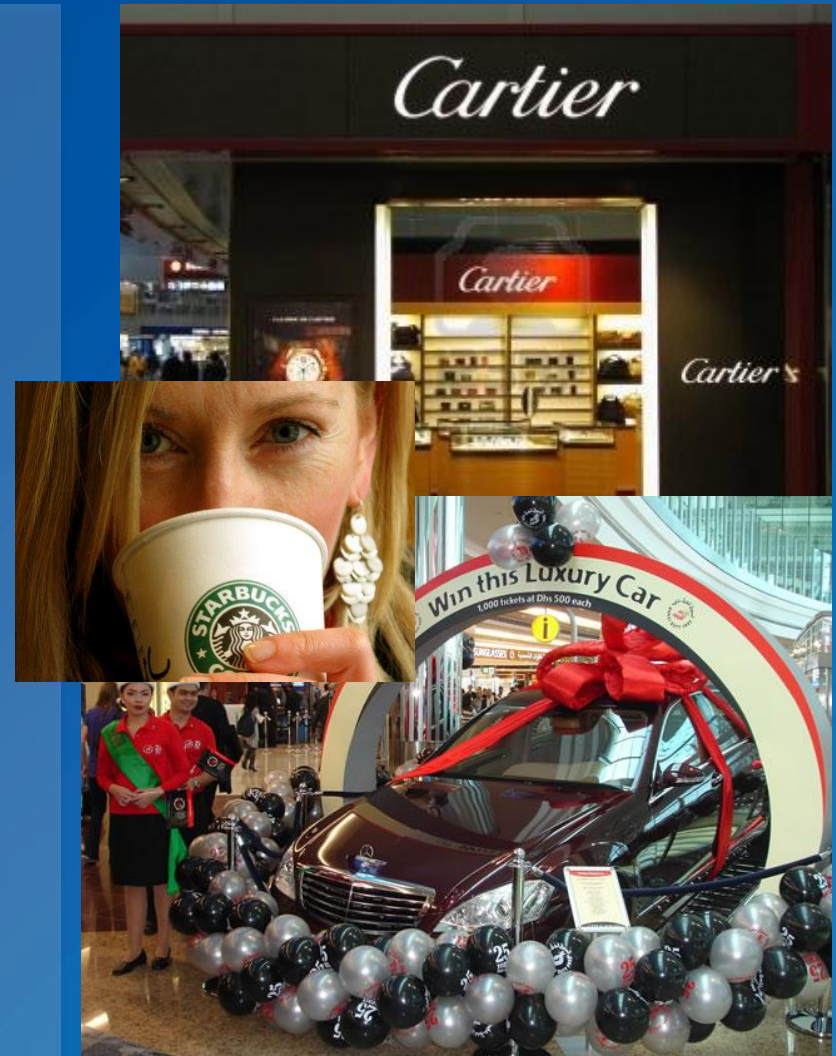
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Predictions for the Travel Retail Industry



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1. Emphasis will be on showcasing global brands



Predictions for the Travel Retail Industry



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1. Emphasis will be on showcasing global brands
2. Fulfilment will become an external commodity





1. Emphasis will be on showcasing global brands
2. Fulfilment will become an external commodity
3. Travel Retail will become a global value proposition

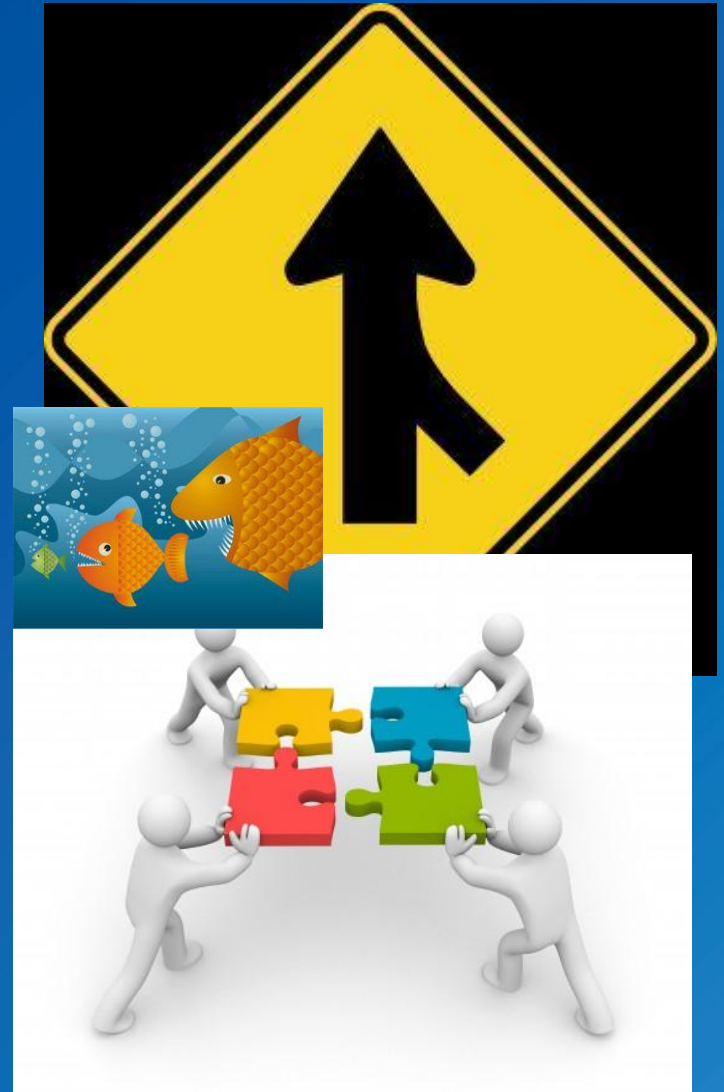


Save time and money





1. Emphasis will be on showcasing global brands
2. Fulfilment will become an external commodity
3. Travel Retail will become a global value proposition
4. Industry consolidation is inevitable



Be bold - think differently



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Thank You!



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